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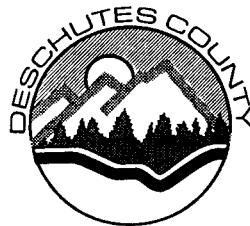
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DESCHUTES COUNTY CLERK

CERTIFICATE PAGE



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PLANNED COMMUNITY SUBDIVISION
DECLARATION
of
COVENANTS, CONDITIONS AND RESTRICTIONS
for
AWBREY COURT

Awbrey Court Development Co., LLC ("Declarant"), an Oregon limited liability company, adopts the following Declaration for the Awbrey Court subdivision:

RECITALS

Declarant is the owner of all the real property described in Exhibit "A" hereto attached, which includes Lots 1 through 19 depicted in the plat of Awbrey Court subdivision filed in the Plat Records of Deschutes County, Oregon (the "Property"). Declarant desires to create thereon a planned community to be known as Awbrey Court with permanent roadways, utility installations and open spaces for the benefit of such community. Awbrey Court is classified as a Class II planned community

Declarant desires to provide for the preservation and enhancement of the property values, amenities and opportunities in Awbrey Court and for the maintenance of the Property and improvements thereon, and to this end desires to subject the Property to the covenants, restrictions, easements, charges and liens hereinafter set forth, each and all of which is and are for the benefit of the Property and each owner of any Lot thereof.

Declarant has deemed it desirable for the efficient preservation of the values and amenities in such community to create a non-profit corporation to which should be delegated and assigned the powers of owning, maintaining and administering the common property and facilities and administering and enforcing the covenants and restrictions and collecting and disbursing the assessments and charges hereinafter created, and promoting the recreation, health, safety and welfare of the residents.

NOW, THEREFORE, the Declarant declares that the Property shall be held, transferred, sold, conveyed and occupied subject to the provisions of the Oregon Planned community Act, ORS 94.550 et seq., and to the covenants, restrictions, easements, charges and liens hereinafter set forth in this Declaration.

ARTICLE 1
DEFINITIONS

1.1 "Articles" shall mean the Articles of Incorporation for the Awbrey Court Homeowners' Association, Inc., as filed with the Oregon Corporation Commissioner .

1.2 "Association" shall mean and refer to Awbrey Court Homeowners Association, Inc., its successors and assigns.

1.3 "Bylaws" shall mean and refer to the Bylaws of the Association, which must be recorded with the clerk of Deschutes County, Oregon.

1.4 "Common Property" shall mean and refer to that area of land shown on the recorded plat of the Property, including any improvements thereon, which are intended to be devoted to the common use and enjoyment of the members and which land has been conveyed to the Association.

1.5 "Declaration" shall mean the covenants, restrictions, and all other provisions set forth in this Declaration of Covenants, Conditions and Restrictions for Awbrey Court.

1.6 "Declarant" shall mean and refer to Awbrey Court Development Co., LLC, its successors or assigns, or any successor or assign to all remainder of its interest in the development of the Property.

1.7 "General Plan of Development" shall mean the Declarant's general plan of development of the Property as approved by appropriate governmental agencies and as set forth in this Declaration which shall represent the total general plan and general uses of land within the boundaries of the Property, as may be amended from time to time.

1.8 "Living Unit" or "Unit" shall mean and refer to any portion of a structure situated upon the Property designed and intended for use and occupancy as a residence.

1.9 "Lot" shall mean and refer to each and any of Lots 1 through 19 of Awbrey Court. Provided, however, that "Lot" shall not include any Lot depicted on any plat of the Property which is designated for use as Common Property on such plat or declaration of Awbrey Court.

1.10 "Occupant" shall mean and refer to the occupant of a Living Unit who shall be either the owner, lessee or any other person authorized by the owner to occupy the premises.

1.11 "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot or a purchaser in possession under a land sale contract. The foregoing does not include persons or entities who hold an interest in any Lot merely as security for the performance of an obligation.

1.12 "Property" shall mean and refer to all real property, including Lots 1 through 19, the Common Property and all improvements located on the real property subject to this Declaration, as more particularly set forth on Exhibit "A" hereto attached, together with such additional Lots and Common Property as may, from time to time, be annexed to the Association.

1.13 "Rules and Regulations" shall mean and refer to the documents containing rules and regulations and policies adopted by the Board of Directors of the Association or the Architectural Review Board, as may be from time to time amended.

1.14 "Awbrey Court" shall mean and refer to that certain development in Deschutes County, Oregon including Lots 1 through 19 and all Common Property included within the plat of Awbrey Court subdivision.

ARTICLE 2 PROPERTY SUBJECT TO THIS DECLARATION

The real property which is and shall be held, transferred, sold, conveyed and occupied subject to this Declaration is located the city of Bend, in Deschutes County, Oregon and consists of Lots 1 through 19 and the adjoining Common Property of Awbrey Court subdivision which is included within the legal description in Exhibit "A."

ARTICLE 3 GENERAL PLAN OF DEVELOPMENT

3.1 General. The Declarant has developed the Property with 18 buildable residential Lots, on which each Lot one Living Unit is to be located. Lot 19 is currently developed with a residence.

3.2 Ownership of Common Property. The Declarant shall convey the Common Property to the Association within sixty (60) days after 75% of the Lots have been conveyed to purchasers. In the event the Common Property is ever assessed for property tax purposes separately from the Lots, the Association, by and through its Board of Directors, shall take such steps as may be necessary to assess all Owners equally for their share of such taxes and to pay such property taxes on a current basis.

3.3 Improvements in the Common Property. The Common Property will be improved with private roads, and stone entry monuments on lots 1 and 13. The area designated "Common Area" on the plat will not have any improvements constructed thereon.

ARTICLE 4 USE RESTRICTIONS; ARCHITECTURAL CONTROLS AND MAINTENANCE RESPONSIBILITIES

4.1 General.

4.1.1 Governmental Restrictions. All uses, occupancy, construction and other activities conducted on any Lot shall conform with and be subject to applicable zoning, use restrictions, setback requirements, construction and building codes of all local, state and federal public authorities.

4.1.2 Construction Completion; Construction Hours of Operation. Once actual construction has begun, the owner must complete construction, ready for occupancy, within one year. Construction hours shall be not earlier than 7 a.m. or later than 6 p.m.

4.2 Architectural & Design Rules:

(a) Building Size: 2000 square feet minimum excluding garage and unheated storage.

(b) Garages: Each homesite will have a minimum two bay garage which may be oversized for storage. If a home has more than two bays, then at least one of the bays must be offset at least three feet.

(c) Roofs: Roofs shall be required to have a Class A fire rated covering. Wood shakes and shingles will not be permitted. A minimum of 4/12 pitched roof is required in Awbrey Court.

(d) Exterior Walls and Trim: Shall be approved by the ARB. Color samples will be submitted for approval. The following materials and conditions are prohibited:

1. Exposed plain concrete except at foundation.
2. Plain concrete block.
3. Corrugated metal.
4. Inarticulated panel siding (e.g., T-1-11, plain plywood, sheet press board).
5. Other similar quality, non-durable products.

(e) Accessory Buildings: Only buildings to be used as temporary construction shelter may be placed on a homesite during construction of the main residence. Structures such as separate garages, tool sheds, greenhouses, wood storage, etc., which are not integrated as part of the main residence will generally not be allowed but will require written ARB approval.

(f) Adjacent Private Property: Adjacent property may not be used for access to any construction site or as a parking or staging area by any contractor or subcontractor working on the homesite. Any damage to adjacent property will be the responsibility of the offending party and may result in forfeiture of the construction refund. Adjoining property will be kept free of construction litter. Daily clean-up is required.

(g) Exterior Lighting: Shall be of a type and so placed as to eliminate glare and annoyance to adjacent property owners and passersby.

(h) Colors: It is the intention that exterior colors shall be compatible with neighboring homes. All exterior colors and stains are subject to review and written approval by the ARB for both original painting and subsequent repainting.

(i) Fences: The design concept at Awbrey Court is one that promotes a feeling of open space. However, whether fencing will be installed shall be at property owner's discretion. All fencing must have written approval by the ARC. Wherever possible, fencing of an open nature is encouraged. With that in mind, the following guidelines shall apply:

1. Fences shall be no more than six (6) feet in height measured from the natural contour of the ground.

2. If fencing is of a closed nature, then it shall not extend beyond the front of the house and connected to the house.

3. Rear boundary fences do not need to be connected to the house.

4. No enclosed fencing of entire property shall be permitted unless of an open nature.

5. Private enclosures are not encouraged but shall be allowed.

6. Wood fences exposed to passersby shall be sealed or painted.

7. Chain link fencing is not permitted unless used for a pet enclosure. In this instance, this type of enclosure must be shielded from view of passersby.

(j) Appearance: Each lot and its improvements, including landscaping, shall be maintained in a clean and attractive fashion so as not to create a fire hazard or visual nuisance to the neighborhood.

(k) Type of Building: No mobile home or manufactured home shall be allowed.

(l) Landscaping: Each owner shall be responsible for maintaining their property in a manner that will minimize any fire dangers.

(m) Removal of Trees: The cutting and removal of trees will only be permitted where necessary for the construction of buildings or thinning for the beautification of the property and enhancement of view. Limbing up is encouraged. All cutting and thinning of trees must be approved by the ARB.

(n) Outdoor Play Equipment: Location of placed outdoor equipment such as swing sets, basketball backboards, trampolines and other such items must have prior ARB written approval. Such equipment must be screened as not to cause visual nuisance to the neighborhood.

(o) **Driveways:** Driveways shall be paved with either asphalt, concrete or pavers. If driveway is asphalt paved, then a ribbon not less than eight inches wide shall border each side of paved driveway. Ribbon may be of pavers, concrete, or an imprint. Cinder or dirt driveways will not be allowed.

(p) **Post Light:** A post light shall be required at the entrance of each driveway.

(q) **Satellite Dishes:** Particularly large satellite dishes must be screened from view.

4.3 Restrictions on Use of Property:

(a) **Activities:** No offensive or commercial activity shall be permitted nor anything be done which may be or become an annoyance to the other owners.

(b) **Use:** Unless the ARB has consented in writing, no parts of said property shall be used as a parking or storage place for unused vehicles, trailers, trucks, campers, RVs, boats, boat trailers, snowmobiles or other off-road vehicles. However, such may be stored provided they are garaged or reasonably screened, preferably at the rear or side of the dwelling.

(c) **Refuse:** All garbage, trash cuttings, refuse and containers, fuel tanks, clotheslines and other service facilities shall be screened from view of neighboring lots.

(d) **Overnight Parking:** Overnight parking of recreational vehicles, boat trailers, incapacitated motor vehicle or trailer of any sort are not permitted on the street. In the event that it is necessary for one of the above vehicles to be parked on a homesite in view of roadways and/or neighboring homesites, the ARB must be notified in advance in writing. Such items may be parked at owner's homesite and not on the street for no longer than 48 hours.

(f) **Off Road Vehicles:** Operation of "off-road" motorized vehicles is not permitted within the partitioned property.

4.4 Violation Fines. A violation of any of the design guidelines or use restrictions shall be punishable by a fine not to exceed \$500.00 per each offense.

4.5 Common Property. No Owner shall construct or place any structure, material, planting, equipment or any object of any kind on any portion of the Common Property, unless granted written permission by the ARB and Board of Directors, and then only in strict compliance with such authorization.

4.5 Owner Responsibilities. Each Owner shall be responsible for the maintenance, repair and replacement of any improvements, or materials located within or on such Owner's Lot. Each Owner shall perform all maintenance, planting, pruning,

mowing and cleaning of all lawns and landscaping on such Owner's Lot. Each Owner shall be responsible for the maintenance, repair and replacement of sanitary sewer lines within and under an Owner's Lot.

4.6 Architectural Review Board.

4.6.1 Composition. The Board of Directors of the Association shall serve also as an Architectural Review Board. A quorum for the Architectural Review Board action shall be a majority of its members.

4.6.2 Duties. It shall be the duty of the Architectural Review Board to regulate the external design, appearance, location and maintenance of all the Property and of improvements thereon, whether on a Lot or Common Property, and to regulate use of such Property as described in this Declaration. Upon conveyance of the first Lot to an Owner, the Architectural Review Board may adopt general rules to implement the purposes and interpret the covenants of this Article, including, but not limited to, rules not less restrictive than those contained in this Declaration to regulate animals and tenants, storage and use of recreational vehicles, storage and use of machinery, use of outdoor drying lines, trash containers, planting, maintenance and landscaping.

4.6.3 Approval Required. No outbuilding, fence, wall or other structure of any type shall be commenced, erected or maintained upon the Property, nor shall any exterior addition to, change in, painting or staining of, or alteration to any Living Unit, outbuilding, fence, wall, or other structure on the Property of any type be made until the plans and specifications showing the nature, kind, shape, height, materials, color and location of the same shall have been submitted to and approved in writing by the Architectural Review Board as to the harmony of external design, materials, color and location in relation to surrounding structures and topography. The ARB exists for the purpose of maintaining high standards in the design development and property use in Awbrey Court. The ARB reviews submittals and makes rulings that, in all cases, supersede the City of Bend.

4.6.4 Procedure. An Owner wishing to take any action requiring approval under this Article shall give written notice of such proposed action to the Architectural Review Board, together with complete plans and specifications therefore. The Architectural Review Board shall meet to review the Owner's request within thirty (30) days of receipt and shall render a decision by the vote of a majority of Board Members present within forty-five (45) days of receipt. Interested Owners shall have an opportunity to comment on the request at all such meetings, which shall be open to all Owners. If the Architectural Review Board fails to render a written decision within the time allowed, the request shall be deemed to be approved.

4.6.5 Appeal. The decision of the Architectural Review Board under this Article (including any failure to approve or disapprove within the time allowed) shall be subject to appeal by any Interested Owner as set forth in this Article. Upon the payment of a reasonable fee established by the Architectural Review Board to cover administrative

costs, any interested Owner may appeal the decision of the Architectural Review Board to the Association members. The appeal shall be made in writing and shall be filed with the Secretary of the Association within thirty (30) days of the decision of the Architectural Review Board. The Board of Directors shall call a special or ballot meeting to be held after ten (10) days notice and within thirty (30) days after the appeal has been filed with the Secretary of the Association. It shall require a vote of at least a majority of the votes to reverse or modify the decision of the Architectural Review Board.

4.6.6 Exemptions. The following actions by the following persons shall be exempt from the provisions of this Article:

(a) The planting of any shrubs, flowers or other plants (excepting trees) by any Owner within an enclosed courtyard or fenced area on such Owner's Lot; and

(b) Any act of the Declarant in implementing its General Plan of Development with respect to any Lot or any portion of the Common Property in the development, whether or not annexed to Awbrey Court or a part of the Association.

4.6.7 Delegation. The Board of Directors may delegate the duties of the Architectural Review Board to a committee appointed by the Board composed of not less than three Owners.

ARTICLE 5 ASSOCIATION MEMBERSHIP AND VOTING RIGHTS

5.1 Members. Each Owner shall be a mandatory member of the Association. Membership in the Association shall be to appurtenant to, and may not be separated from, ownership of any Lot. Transfer of ownership of a Lot automatically transfers membership in the Association. Occupants and Owners shall be governed and controlled by this Declaration, the Articles, Bylaws, and rules and regulations of the Association and any amendments thereof.

5.2 Proxy. Each Owner may cast his or her vote by absentee ballot or pursuant to a proxy executed by the Owner. An Owner may not revoke a proxy given pursuant to this section except by actual notice of revocation to the person presiding over a meeting of the Association. A proxy shall not be valid if it is undated or purports to be revocable without notice. A proxy shall terminate one (1) year after its date, unless the proxy specifies a shorter term.

5.3 Voting Rights. The Association shall have one class of voting members. Owners shall be entitled to one vote per each Lot owned. When more than one person or entity owns a Lot, the vote for such Lot/Unit may be cast as they shall determine, but in no event will fractional voting be allowed. If the co-owners cannot agree upon the vote, the vote associated with such Lot shall be disregarded completely in determining the proportion of votes given with respect to such matter.

The Declarant, its successors and assigns, shall have three votes for each Lot or Unit owned. Provided, however, that these special Declarant's voting rights shall cease upon the earlier of a date seven years from the recording of this Declaration or the conveyance by the Declarant of Lots or Units representing 75% of the total number of votes. Thereafter, the Declarant, shall be entitled to one (1) vote for each Lot or Unit owned. The total number of votes shall be equal to the total number of Lots annexed to the Property and subjected to this Declaration.

5.4 Procedure. All meetings of the Association, the Board of Directors, the Architectural Review Board, and Association committees shall be conducted in accordance with such rules of order as may from time to time be adopted by the Board of Directors. A tie vote does not constitute a majority or approval of any motion or resolution.

ARTICLE 6 DECLARANT CONTROL

6.1 Interim Board and Officers. The Declarant hereby reserves administrative control of the Association. The Declarant, in its sole discretion, shall have the right to appoint and remove members of a three-member Interim Board of Directors to manage the affairs of the Association, and which shall be invested with all powers and rights of the Board of Directors. Notwithstanding the provisions of this Section, at the Turnover Meeting at least one (1) Director shall be elected by Owners other than the Declarant, even if the Declarant otherwise has voting power to elect all Directors.

6.2 Turnover Meeting. The Declarant shall call a meeting for the purpose of turning over administrative control of the Association from the Declarant to the members within ninety (90) days of the date of relinquishment of Declarant's control reserved herein. The Declarant shall give notice of the meeting to each Owner as provided in the Bylaws. If the Declarant does not call the meeting required under this section, any Owner may do so.

ARTICLE 7 COMMON PROPERTY

7.1 Obligations of the Association. Subject to the rights of Owners set forth in this Declaration, the Association shall be responsible for the exclusive management and control of the Common Property and any improvements thereon, and shall keep the same in good, clean, attractive and sanitary condition, order and repair, including, but not limited to, the removal of snow, trash and debris, the maintenance, cleaning and repair of the streets, parking areas, landscaped and unlandscaped land located on the Common Property.

7.2 Members' Easement of Enjoyment. Subject to the provisions of this Declaration, the Bylaws, and Rules and Regulations of the Association, every Owner

shall have a nonexclusive right and easement of enjoyment in and to the Common Property, which shall be appurtenant to and shall pass with the title to every Lot.

7.3 Extent of Members' Easements. The members' easements of enjoyment created hereby shall be subject to the following:

7.3.1 Subject to Rules and Fees. The right of the Association to establish reasonable rules and to charge reasonable assessments and fees for capital expenditures on the Common Property and the maintenance and upkeep of the Common Property and payment of all Association expenses.

7.3.2 Suspension of Member's Right. The right of the Association to suspend the right of an Owner or any occupant of a Lot to use the Common Property and facilities for any period during which any assessment against such Owner or occupant's Lot remains unpaid for more than thirty (30) days after notice of such nonpayment; the right of the Association to suspend the right of a member to use any Common Property for a period not to exceed sixty (60) days for any other infraction of the Declaration, Bylaws or the Rules and Regulations of the Association. Provided, however, that no such suspension pursuant to this subsection 3.2 shall deprive an Owner of access to his or her Lot.

7.3.3 Sale of Common Property. Except as otherwise provided herein, the Association may sell, dedicate or transfer any portion of the Common Property or create a security interest therein. Except as to the grant of easements for utilities and similar or related purposes, no such sale, dedication or transfer shall be effective unless approved by eighty percent (80%) of the votes of members, and the Declarant. If the Declarant's special voting rights have ceased, such sale, dedication or transfer (except for utility and similar easements) must be approved by eighty percent (80%) of the votes held by Owners other than the Declarant.

7.4 Declaration of Use. Any Owner may delegate his or her right of enjoyment to the Common Property and facilities to the members of the Owner's family and to a reasonable number of guests subject to general regulations as may be established from time to time by the Association and included within the Book of Resolutions.

7.5 Damage or Destruction of Common Property by Owner. In the event any Common Property is damaged or destroyed by an Owner or any of his or her guests, tenants, licensees, agents or members of his or her family in a manner that would subject such Owner to liability for such damage under Oregon law, such Owner does hereby authorize the Association to repair such damage. The Association shall repair damage in a good and workmanlike manner as originally constituted or as the area may be modified or altered subsequently by the Association in the discretion of the Association. The reasonable cost necessary for such repairs shall become a special assessment upon the Lot of the Owner who caused or is otherwise responsible for such damage.

ARTICLE 8
COVENANTS FOR MAINTENANCE ASSESSMENTS/SPECIAL
ASSESSMENTS; AND COMMON PROFITS

8.1 Creation of the Lien and Personal Obligation of Assessments. The Declarant hereby covenants, and each Owner of any Lot by acceptance of a deed thereof, whether or not it shall be so expressed in such deed, is deemed to covenant and agrees to pay the Association (1) regular assessments or charges for common expenses, and (2) special assessments as provided in Section 8.7. All such assessments, together with interest thereon at the rate established from time to time by resolution of the Board of Directors and together with all other costs, fees, charges and fines allowed by law, shall be a lien and charge on the land and shall be a continuing lien upon the Lot against which each such assessment is made. Such lien shall exist and be executed, recorded and foreclosed in the manner provided by law.

8.2 General Assessments.

8.2.1 Purpose of Assessments. The assessments levied under this Article shall be used exclusively for the purpose of promoting the recreation, health, safety and welfare of the residents of the Property, and for the improvement and maintenance of such Property, including payment of premiums for insurance required under this Declaration and to fund a replacement reserve for those items the Association has maintenance responsibility, and for payment of any common operating expenses such as landscaping, maintenance, Association water, sewer and garbage collection, management services, legal and accounting services and the like. Neither the Association, nor any assessments of the Owners shall be used to engage in lobbying or to exert political influence.

8.2.2 Basis for Assessment. There shall be two levels of assessments against Lots dependent upon whether such Lots have been improved with a substantially completed Living Unit.

(a) Unimproved Lots. Lots that have not been improved with a substantially completed Living Unit shall be assessed equally with other such Lots. The assessment against such unimproved Lots shall include only amounts attributable to the Common Property Reserve Account as set forth in Section 8.5, together with amounts attributable to the liability insurance premium covering the Common Property.

The Declarant, at the Declarant's option, may accrue the Common Property Reserve Account portion of the assessment for an unimproved Lot until such Lot is conveyed to an Owner other than the Declarant as set forth in Section 8.5, but may not accrue the liability insurance portion. The Declarant may require the Owner to whom such Lot is conveyed to reimburse the Declarant for these amounts. In the alternative, the Declarant may assess itself on the Lots it owns at one-half the rate assessed against other Lots not owned by the Declarant.

(b) **Improved Lots.** Lots that have been improved with a substantially completed Living Unit shall be assessed equally with other such Lots. The assessment of Lots improved with substantially complete Living Units shall include the following items:

- (1) Expenses of administration.
- (2) Expenses of maintenance, repair or replacement of all improvements and buildings on the Common Property.
- (3) Any deficit in common expenses for any prior period.
- (4) Utilities for the Common Property and other utilities with a common meter or commonly billed, such as water and sewer.
- (5) The cost of any professional management desired by the Board of Directors.
- (6) Any other items properly chargeable as an expense of the Association.
- (7) Reserve items as more particularly set forth in Sections 8.5 and 8.6.

All initial, general and special assessments shall be equally allocated among the Lots, except that improved and unimproved Lots shall be assessed in different manners as described herein.

8.2.3 Method of Assessment. The Board of Directors shall determine the annual assessment in accordance with the provisions hereof, provided, however, the annual assessment shall be sufficient to meet the obligations imposed by the Declaration. The budget shall be presented to Association and may be amended by a majority of the votes of each class of members. Both annual and special assessments must be fixed at a uniform rate for all Lots. The Board shall set the date(s) such assessment shall become due. The Board may provide for collection of assessments annually or in monthly, quarterly or semi-annual installments; provided, however, upon the default in the payment of any one or more installments, the entire balance of such assessment may be accelerated at the option of the Board and be declared due and payable in full, together with interest and attorneys fees and costs as hereinafter provided.

Notwithstanding any other provisions of this Section 8.2, the general assessments of the Association may not be increased by more than twenty percent (20%) in any one year without approval of a majority of the Owners at a meeting at which a quorum exists, or a majority of the votes of all Owners, if the vote is taken by written ballot.

8.3 Date of Commencement of Annual Assessments. The general assessments with respect to the Lots shall commence at the time the Directors declare, but in no event later than the first day of the month following the conveyance of a Lot to an Owner other than the Declarant. Following such declaration, the pro rata annual assessment shall commence with respect to an improved Lot within the Property upon the substantial completion of a Living Unit on such Lot.

8.4 Initial Assessment. Upon the closing of the sale of each Lot to an Owner other than the Declarant in Awbrey Court (regardless of whether such Lot has been improved with a Living Unit), each Owner shall be assessed through closing escrow the then current annual assessment prorated to June 30 of the following year.

8.5 Common Property Reserve Account. The assessment against each Lot, regardless of whether it has been improved with a substantially complete Living Unit, shall include an amount allocated to a reserve account established for the purpose of funding replacements of those elements of the Common Property that will normally require replacement, in whole or in part, in more than three (3) and less than thirty (30) years. Amounts assessed with respect to reserves shall take into account the estimated remaining life of the items for which the reserve is created and the current replacement cost of such items. The assessments pursuant to this section shall accrue from the date of conveyance of the first Lot in the Property. The Declarant, at the Declarant's option, may defer payment of the accrued assessments for a Lot pursuant to this section until the date the Lot is conveyed to an Owner other than the Declarant, at which time such accrued assessments shall be paid to the Association. The Declarant may require the Owner to whom such Lot is conveyed to reimburse the Declarant for such portion of the assessment.

8.6 Special Assessments. The Board of Directors shall have the power to levy special assessments against an owner or all owners in the following manner for the following purposes:

(a) To correct a deficit in the operating budget by vote of a majority of the Board;

(b) To collect amounts due to the Association from an owner for breach of the owner's obligations under the Declaration, these Bylaws, or the Association's rules and regulations, by vote of a majority of the Board;

(c) Upon vote of a majority of the Board of Directors, to make repairs or renovations to the common property for which the Association has the responsibility of maintenance and replacement if sufficient refunds are not available from the operating budget or replacement reserve accounts; or

(d) To make capital acquisitions, additions or improvements, by vote of at least seventy-five percent (75%) of all votes allocated to the Lots.

8.7 Effect of Non-Payment of Assessments: Remedies of the Association. In addition to any other remedies provided by law, the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose a lien upon the Property. No such action or a judgment entered therein shall be a waiver of the lien of the Association. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Property or abandonment of his or her Lot.

8.8 Subordination of the Lien to Mortgages. The lien with respect to any assessment provided for herein shall be prior to any homestead exemption and all other liens and encumbrances on a Lot, except:

(a) A first mortgage of record; and

(b) A lien for real estate taxes and other governmental assessments or charges; and

(c) Liens and encumbrances recorded before the recordation of this Declaration.

Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to mortgage foreclosure or any proceeding in lieu thereof shall extinguish the lien of such assessments which became due prior to such sale or transfer.

8.9 Common Profits. Profits arising from any operation or from the sale of any Association asset shall be shared among the Owners in proportion to their liability for payment of assessments, i.e. equally, unless some Lots are unimproved.

ARTICLE 9 DECLARANT'S SPECIAL RIGHTS

Until all Lots on the Property have been sold, with respect to the Common Property and each Lot on the Property, the Declarant shall have the following special rights:

9.1 Sales Office and Model. The Declarant shall have the right to maintain a sales office and model on one of the Lots which the Declarant owns. The Declarant and prospective purchasers and their agents shall have the right to use and occupy the sales office and models during reasonable hours any day of the week.

9.2 "For Sale" Signs. The Declarant may maintain a reasonable number of "For Sale" signs and/or banners at reasonable locations on the Property, including, without limitation, the Common Property.

9.3 Declarant Easements. The Declarant has reserved easements over the Property as more fully described in Article 11 hereof.

ARTICLE 10 CONDEMNATION OF COMMON PROPERTY

In the event that all or any portion of the Common Property is appropriated as the result of condemnation or threat or imminence thereof, the following rules and guidelines shall apply:

10.1 Representation by Association. The Board of Directors of the Association shall have the sole authority, right and duty to represent each of the Owners for the purpose of negotiating and contesting, if it deems so doing to be necessary or appropriate, any condemnation award offered by the condemning authority in question and may authorize expenditures and assessments to retain adequate counsel or other experts for such purposes.

10.2 Allocation of Condemnation Award. The Board of Directors of the Association shall allocate and distribute any condemnation award received by it with respect to the Common Property to the Owners in proportion to the diminution in fair market value incurred by them with respect to their respective Lots and improvements as a result of said condemnation.

10.3 Arbitration. In the event of any controversy by, among or between any Owner or Owners and the Board of Directors arising under this Section, each of the disputing parties shall choose one (1) arbitrator and such arbitrators shall choose one (1) additional arbitrator. The three (3) arbitrators shall resolve the controversy by majority vote and said decision shall be final, binding and unappealable upon the disputing parties. Any action or decision of the Board of Directors pursuant to this Section shall carry a rebuttable presumption of correctness for purposes of arbitration pursuant to this Section. The disputing parties each shall pay all the fees and expenses of the arbitrator designated by each of them and shall pay equally all fees and expenses of the third arbitrator. The disputing parties each shall pay their own expenses in connection with the arbitration.

10.4 Retention of Rights. No provision of this Section shall be construed as negating the right of the individual Owners to such incidental relief as the law may provide as a result of the condemnation of the Common Property.

ARTICLE 11 EASEMENTS

11.1 Association's Easements. The Declarant hereby grants to the Association a blanket easement with respect to the Common Property, and all Lots on the Property for the purpose of maintaining, repairing and replacing sewer and water lines located on the Lots, and carrying out the Association's responsibilities. The easement granted in this Section shall be perpetual and shall run with the land.

11.2 Declarant's Easements. The Declarant hereby reserves to itself a blanket easement over, upon, through and under the Property, including, without limitation, all Lots and Common Property, for all purposes reasonably required in carrying out the General Plan of Development or otherwise developing the real property within Awbrey Court owned by Declarant, including, without limitation, ingress and egress, the construction, alteration, completion and decoration of Living Units or other improvements developed on the Property or on the real property within Awbrey Court owned by Declarant, the installation, maintenance, repair and replacement of all utility and service lines and systems serving Living Units or other homes or improvements developed on the Property or on the real property within Awbrey Court owned by Declarant, and the development and sale of additional property within Awbrey Court owned by Declarant, regardless of whether such additional property is subjected to this Declaration, and the sale of Lots and Living Units. The easement herein reserved shall include the right to store materials on the Common Property at such places and for such periods as may be

reasonably required to effect the purposes for which this easement is reserved. The easement shall be perpetual and shall run with the land and shall be freely assignable by the Declarant.

11.3 Owners' Easements. Declarant hereby grants to each Owner an easement over the Common Property. This easement shall be perpetual and shall run with the land.

ARTICLE 12 GENERAL PROVISIONS

12.1 Records. The Board of Directors shall preserve and maintain minutes of the meetings of the Association, the Board and any committees. The Board of Directors shall also keep detailed and accurate financial records including individual assessment accounts of owners, the balance sheet and income and expense statements. Individual assessment account shall designate the name and address of the Owner or Owners of the Lot, the amount of each assessment becomes due, the amounts paid upon the account, and the balance due on the assessments. The minutes of the Association, the Board and 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.

12.2 Indemnification of Directors, Officers, Employees and Agents. The Association shall indemnify any Director, officer, employee or agent who was or is a party or 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 or she 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 attorney 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 or she acted in good faith and in a manner he or she 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 or her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or with a plea of no contest 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 or she 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 reasonable cause to believe his or her 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 benefited from the acts which created said liability.

12.3 Enforcement. The Association and the Owners within the Property or any mortgagee on any Lot shall have the right to enforce all of the covenants, conditions, restrictions, reservations, easements, liens and charges now or hereinafter imposed by any of the provisions of this Declaration as may appertain specifically to such parties or Owners by any proceeding at law or in equity. Failure by either the Association or by any Owner or mortgagee to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of their right to do so thereafter. In the event suit or action is commenced to enforce the terms and provisions of this Declaration, the prevailing party shall be entitled to its attorney fees and costs in such suit or action to be fixed by the trial court, and in the event of an appeal, the cost of the appeal, together with reasonable attorney fees, to be set by the appellate court. In addition thereto, the Association shall be entitled to its reasonable attorney fees incurred in any enforcement activity taken to collect delinquent assessments, whether or not suit or action is filed.

12.4 Severability. Invalidity of any one of these covenants or restrictions by judgment or court order shall not affect the other provisions hereof and the same shall remain in full force and effect.

12.5 Duration. The covenants and restrictions of this Declaration shall run with and bind the land for a term of thirty-five (35) years from the date of this Declaration being recorded, after which time they shall be automatically extended for successive periods of ten (10) years, unless rescinded by a vote of at least ninety percent (90%) of the Owners. Provided however, amendments which do not constitute rescission of the planned community may be adopted as provided in Section 12.6. Additionally, any such rescission which affects the Common Property shall require the prior written consent of the City of Bend. Provided, however, that if any of the provisions of this Declaration would violate the rule against perpetuities or any other limitation on the duration of the provisions herein contained imposed by law, then such provision shall be deemed to remain in effect only for the maximum period permitted by law or, in the event the rule against perpetuities applies, until twenty-one (21) years after the death of the last survivor of the now living descendants of President George Bush.

12.6 Amendment. As provided by ORS 94.590 and except as otherwise provided in Sections 12.5 and 12.11, and the restrictions set forth elsewhere herein, this Declaration may be amended at any time by an instrument approved by not less than seventy-five percent (75%) of the total votes of each class of members that are eligible to vote. Any amendment must be executed, recorded and certified as provided by law. Provided, however, that no amendment of this Declaration shall effect an amendment of the Bylaws, the Articles of Incorporation without compliance with the provisions of such documents, and the Oregon Non-Profit Corporation Act. Provided further, no amendment affecting the general plan of development or any other right of the Declarant herein

contained may be effected without the express written consent of the Declarant or its successors and assigns.

12.7 Rights of Mortgagees. Any holder of a first mortgage or equivalent lien on any Lot and/or the improvements located thereon, upon written request to the Board of Directors of the Association, shall have the right to:

- (a) Receive timely written notice of meetings of the Association;
- (b) Receive timely written notice of any proposed abandonment, termination or contraction of this planned Unit development;
- (c) Receive timely written notice of any material amendment of the Declaration or the Articles of Incorporation or Bylaws of the Association;
- (d) Receive timely written notice of any decision by the Association to terminate professional management and to assume self-management of the Property, if the Association previously has retained professional management services;
- (e) Inspect the financial records and similar documents of the Association at reasonable intervals during normal business hours;
- (f) Receive written notice of substantial damage to or destruction of any Lot and/or the improvements thereon or the Common Property and/or any improvements thereon; and
- (g) Receive timely written notice of any condemnation or eminent domain proceeding affecting the Common Property or any portion thereof.

12.8 Notice of Default by Mortgagor. The Association shall give each mortgagee written notification of any default by the mortgagor of such Lot in the performance of such mortgagor's obligations under the Declaration and Bylaws which is not cured within thirty (30) days.

12.9 Prior Consent of Mortgagees. The termination of the status of the Property as a planned community, or any material amendment to this Declaration or the Bylaws of the Association shall require the prior written consent of all first mortgagees or equivalent liens on Lots and/or the improvements located thereon.

12.10 Release of Right of Control. The Declarant may give up its right of control in writing at any time by notice to the Association.

12.11 Unilateral Amendment by Declarant. The Declarant may amend this Declaration in order 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. Prior to the turnover meeting, no such amendment shall require notice to or approval by any Class A member.

12.12 Resolution of Document Conflicts. In the event of a conflict among any of the provisions in the documents governing Awbrey Court, such conflict shall be resolved by looking to the following documents in the order shown below:

- (1) Declaration of Covenants, Conditions and Restrictions;
- (2) Articles of Incorporation;
- (3) Bylaws;
- (4) Rules and Regulations, if any.

It is hereby certified that the foregoing Amendment to the Declaration of Covenants, Conditions and Restriction for Awbrey Court Development Co., LLC, has been adopted by Awbrey Court Development Co., LLC, Declarant of Awbrey Court, and will be recorded in the Deed Records of Deschutes County for said Planned Community.

Dated this 6 day of August, 2002.

Awbrey Court Development Co., LLC

By [Signature]
David Madrigal, member

State of Oregon)
County of Deschutes) ss.

Personally appeared before me this 6 day of August, 2002, David Madrigal and acknowledged that he is a member of Awbrey Court Development Co., LLC and that he is authorized to execute the foregoing instrument on behalf of the corporation.

[Signature]
Notary Public for Oregon
My Commission Expires: 10/26/04



EXHIBIT "A"

LEGAL DESCRIPTION

PARCEL 1:

A portion of Lot 2 in Block 14 of VALHALLA HEIGHTS, PHASE IV, CITY OF BEND, Deschutes County, Oregon, being more particularly described as follows:

Beginning at the Southwest corner of said Lot 2; thence along the Westerly line of said Lot 2 North 00°17'19" East, 197.62 feet; thence leaving said Westerly line North 62°56'30" East 179.05 feet; thence along on an arc of a 120.00-foot radius curve left 141.74 feet, the chord of which bears South 81°07'14" East, 133.65 feet; thence South 16°35'54" East, 133.59 feet; thence South 00°17'17" West, 130.00 feet to a point of the Southerly line of said Lot 2; thence along said Southerly line South 89°55'40" West, 330.00 feet to the point of beginning and terminus of this description.

EXCEPTING THEREFROM a portion located in the Southeast corner of said Lot 2 being more particularly described as follows:

Beginning at the Southeast corner of said Lot 2; thence along the Southerly line of said Lot 2, South 89°55'40" West, 35.00 feet; thence leaving said Southerly line North 15°19'55" East, 134.84 feet; thence South 00°17'17" West, 130.00 feet to the point of beginning and terminus of this description.

EXCEPTING THEREFROM a portion located along the Southerly line of said Lot 2, being more particularly described as follows:

Commencing at the Southeast corner of said Lot 2; thence along the Southerly lot line South 89°55'40" West, 35.00 feet to the point of beginning; thence South 89°55'40" West, 255.00 feet; thence leaving said Southerly line North 24°44'34" East, 5.51 feet; thence North 89°55'40" East, 254.07 feet; thence South 15°19'55" West, 5.19 feet to the point of beginning and terminus of this description.

Together with a portion of Lot 1 in Block 2 of FAWNVIEW, CITY OF BEND, Deschutes County, Oregon, being more particularly described as follows:

Beginning at the Northwest corner of said Lot 1; thence along the Northerly lot line of said Lot 1 North 89°55'40" East, 10.00 feet; thence leaving said Northerly lot line South 24°44'34" West, 22.01 feet; thence along on an arc of a 262.59-foot radius curve right, 20.00 feet, the chord of which bears North 02°15'15" West, 20.00 feet to the point of beginning and terminus of this description.

PARCEL 2:

Lot 3 in Block 14 and a portion of Lot 2 in Block 14 of VALHALLA HEIGHTS, PHASE IV, CITY OF BEND, Deschutes County, Oregon, that portion of said Lot 2 being more particularly described as follows:

LEGAL DESCRIPTION, continued

Beginning at the Northwest corner of said Lot 2; thence along the Northerly line of said Lot 2, North $62^{\circ}56'30''$ East, 730.68 feet to a point on the Westerly right-of-way line of Torsway Street; thence leaving said Northerly line and along said right-of-way line along on an arc of a 50.00-foot radius curve left, 66.17 feet, the chord of which bears South $64^{\circ}58'07''$ East, 61.45 feet; thence leaving said right-of-way line and along the Easterly line of said Lot 2, South $40^{\circ}14'46''$ West, 128.34 feet; thence South $49^{\circ}45'14''$ East, 40.00 feet; thence South $51^{\circ}03'21''$ West, 417.09 feet; thence leaving said Easterly line North $16^{\circ}35'54''$ West, 133.59 feet; thence along on an arc of a 120.00-foot radius curve right, 141.74 feet, the chord of which bears North $81^{\circ}07'14''$ West, 133.65 feet; thence South $62^{\circ}56'30''$ West, 179.05 feet to a point of the Westerly line of said Lot 2; thence along said Westerly line North $00^{\circ}17'19''$ East, 12.38 feet to the point of beginning and terminus of this description.