Recorded By:
Western Title & Escrow Co.
10-042 U & OZ

AFTER RECORDING RETURN TO:

Ball Janik LLP 15 SW Colorado, Suite K Bend, OR 97702

Attn: Laura Craska Cooper

DESCHUTES COUNTY OFFICIAL RECORDS NANCY BLANKENSHIP. COUNTY CLERK

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SUPPLEMENTAL DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR DESCHUTES RIVER RANCH

THIS SUPPLEMENTAL DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR DESCHUTES RIVER RANCH (this "Supplemental Declaration") is made this a day of December 2003, by Deschutes River Ranch Group, LLC, an Oregon limited liability company ("Declarant").

Recitals:

- A. Declarant recorded that certain Declaration of Protective Covenants, Conditions, and Restrictions for Deschutes River Ranch, on March 11, 2003, in the Official Records of Deschutes County, State of Oregon, at Volume 2003, Page 16201 (as amended or supplemented from time to time, the "Declaration").
- B. Pursuant to Section 10.1 of the Declaration, Declarant desires to annex the four (4) separate parcels of real property described in attached **Exhibit A** (each, an "Annexed Lot" and collectively, the "Annexed Lots") to the real property that is subject to the Declaration, upon the terms and conditions contained in this Supplemental Declaration. Each of the Annexed Lots will be leased by Declarant to one or more third parties as an Estate Lot (as defined in the Declaration).

NOW, THEREFORE, Declarant hereby declares that the Annexed Lots shall be held, leased, sold and conveyed subject to the Declaration, this Supplemental Declaration and the Bylaws of Deschutes River Ranch Community Association, Inc. and that the easements, covenants, restrictions and charges contained in the Declaration, the Bylaws and herein shall run with the land and shall be binding upon all parties having or acquiring any right, title or interest in the Annexed Lots, or any part thereof, and shall inure to the benefit of each owner thereof.

ARTICLE 1 DEFINITIONS

Except to the extent otherwise defined herein, capitalized terms used in this Supplemental Declaration shall have the meanings given to such terms in the Declaration.

ARTICLE 2 ANNEXATION OF PROPERTY

The Annexed Lots are hereby annexed to and made a part of the Property, and are owned and shall be owned, leased, held, conveyed, hypothecated, encumbered, used, occupied and improved in perpetuity, subject to the easements, covenants, restrictions and charges

contained in the Declaration, as modified or supplemented by the terms of this Supplemental Declaration. Commencing as of the date hereof, all of the covenants, conditions and restrictions of the Declaration as modified or supplemented by the terms of this Supplemental Declaration shall apply to the Annexed Lots in the same manner as if such Annexed Lots were originally covered by the Declaration. Each of the Annexed Lots shall constitute a "Lot" under the Declaration. Declarant intends to execute ground leases for each of the Annexed Lots to lease each such Lot to one or more third parties.

ARTICLE 3 MEMBERSHIP IN ASSOCIATION

The Owner of each Annexed Lot shall become a member of the Association and shall be entitled to voting rights as set forth in the Declaration and the Bylaws for Deschutes River Ranch Community Association (as the same may be amended from time to time, the "Bylaws"). Ownership of each Annexed Lot shall be subject to the terms of the Bylaws. As defined in the Declaration, "Owner" for an Estate Lot shall mean the lessee under a ground lease rather than the fee owner of such Estate Lot.

ARTICLE 4 ASSESSMENTS AND VOTING RIGHTS

The Annexed Lots shall be subject to assessment in the manner and on the terms set forth in the Declaration. Assessments for the Annexed Lots shall commence on the day this Supplemental Declaration is recorded. The Annexed Lots shall be entitled to the voting rights as set forth in Section 2.2 of the Declaration, and assessments shall be reallocated and reapportioned in the manner set forth in Section 2.14 of the Declaration.

ARTICLE 5 AMENDMENTS

- 5.1 Term and Amendments. The covenants and restrictions of this Supplemental Declaration shall run with and bind the Annexed Lots for so long as the Declaration is valid. This Supplemental Declaration may be amended in the same manner as the Declaration may be amended, pursuant to the terms of the Declaration. Declarant reserves the right at any time to amend this Supplemental Declaration, or any amendment hereto, in order to correct scrivener's errors. In no event shall an amendment pursuant to this Section create, limit, or diminish Declarant's special rights without Declarant's written consent or change the boundaries of any Lot or any use to which any Lot is restricted unless the Owners of the affected Lots consent to the amendment.
- 5.2 Regulatory Amendments. Notwithstanding the provisions of Section 5.1 of this Supplemental Declaration, until the Turnover Meeting described in the Bylaws and Declaration, Declarant shall have the right to amend this Supplemental Declaration, the Declaration or the Bylaws in order to comply with the requirements of any applicable statute, ordinance, regulation or guideline of 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 States or the State of Oregon that insures, guarantees or provides financing for a planned community or lots in a planned community or to comply with the Oregon Planned Community Act.

5.3 <u>FHA/VA Approval of Amendments</u>. Amendments shall be subject to prior approval of FHA and/or VA in accordance with the procedure as described in Section 10.1 of the Declaration, for so long as there is Class B membership in the Association.

ARTICLE 6 MISCELLANEOUS PROVISIONS

- 6.1 <u>Non-Waiver</u>. Failure by the Association or by any Owner of an Annexed Lot to enforce a covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.
- 6.2 <u>Construction; Severability</u>. This Supplemental Declaration and the Declaration shall be liberally construed as one document to effect the annexation of the Annexed Lots to the Property. Nevertheless, each provision of this Supplemental Declaration and the Declaration 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.
- 6.3 Run with Land. This Supplemental Declaration and the covenants, restrictions and changes described herein shall run with the land and shall be binding on the parties and any person acquiring any right, title, or interest in the Annexed Lots.
- 6.4 <u>Termination</u>. This Supplemental Declaration shall terminate upon the termination of the Declaration in accordance with the terms thereof.

IN WITNESS WHEREOF, Declarant has executed this Supplemental Declaration as of the date first set forth above.

"Developer":

DESCHUTES RIVER RANCH GROUP, LLC, an Oregon limited liability company

Name: Title:

By:

Name Title:

STATE OF OREGON

COUNTY OF DESCHUTES }

The foregoing instrument was acknowledged before me the 52 day of December 2003, by Craig S. Morton, co-managing member of Deschutes River Ranch Group LLC, an Oregon limited liability company, on behalf of the company.



Notary Public, State of Oregon

My Commission Expires: 12-25-03

STATE OF OREGON

COUNTY OF DESCUUTED }

The foregoing instrument was acknowledged before me the day of December 2003, by Gary B. Blake, co-managing member of Deschutes River Ranch Group LLC, an Oregon limited liability company, on behalf of the company.

OFFICIAL SEAL

CAL APPLEBEE

NOTARY PUBLIC-OREGON
COMMISSION NO. 327588
MY COMMISSION EXPIRES DEC. 25, 2003

Notary Public State of Oregon

My Commission Expires: 12-25-03

So long as there is Class B membership, Declarant shall submit a written request for approval of any annexation under this Section to the FHA and the VA accompanied by a copy of the Declaration of Annexation. If neither FHA nor VA notifies Declarant of objections to the annexation within fifteen (15) days of the date of Declarant's request for approval, such approval shall be deemed to have been granted.



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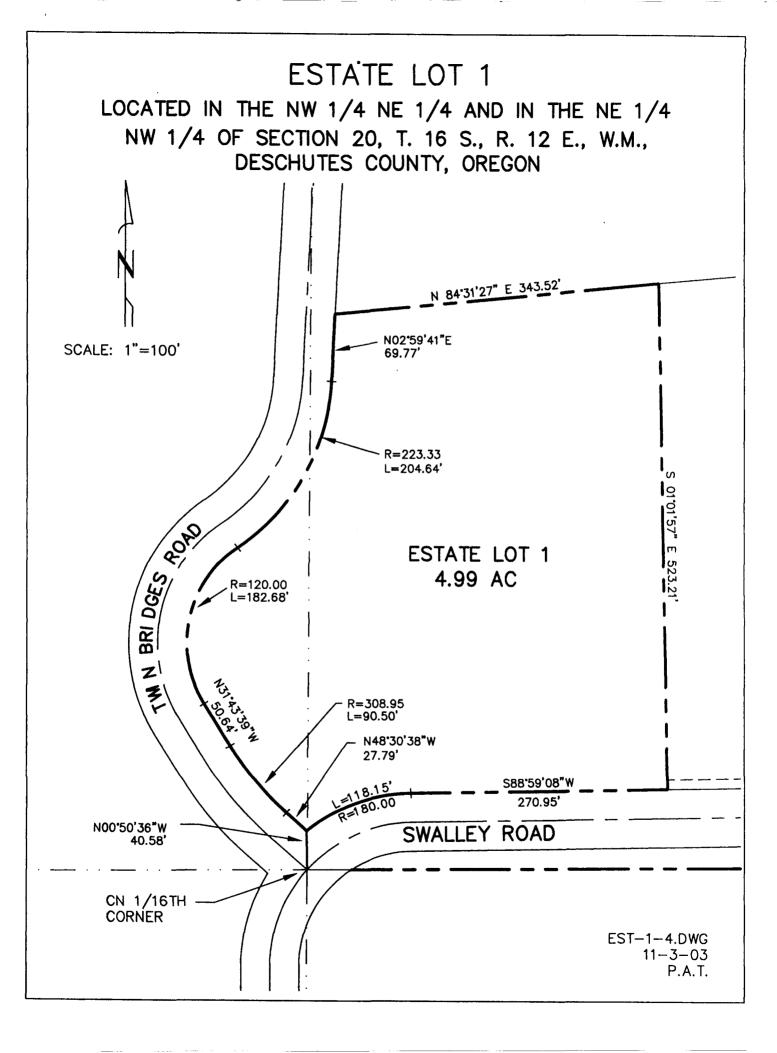
ESTATE LOT 1 PROPERTY DESCRIPTION

A tract of land located in the Northwest one-quarter of the Northeast one-quarter and in the Northeast one-quarter of the Northwest one-quarter of Section 20, Township 16

South, Range 12 East, of the Willamette Meridian, in Deschutes County, Oregon, being more particularly described as follows:

Commencing at the Center North one-sixteenth corner of said Section 20, thence North 00°50'36" West 40.58 feet to a point common to the Northerly right of way of Swalley Road and the Westerly right of way of Twin Bridges Road and the POINT OF BEGINNING; thence along said Westerly right of way of Twin Bridges Road along the following courses: thence North 48°30'38" West 27.79 feet; thence 90.50 feet along the arc of a 308.95 foot radius curve right, the chord of which bears North 40°07'08" West 90.17 feet; thence North 31°43'39" West 50.64 feet; thence 182.68 feet along the arc of a 120.00 foot radius curve right, the chord of which bears North 11°53'03" East 165.54 feet: thence 204.64 feet along the arc of a 223.33 foot radius curve left, the chord of which bears North 29°14'43" East 197.56 feet; thence North 02°59'41" East 69.77 feet; thence leaving said Westerly right of way of Twin Bridges Road North 84°31'27" East 343.52 feet; thence South 01°01'57" East 523.21 feet to a point on the Northerly right of way of Swalley Road: thence along said Northerly right of way South 88°59'08" West 270.95 feet; thence continuing along said right of way 118.15 feet along the arc of a 180.00 foot radius curve left, the chord of which bears South 70°10'52" West 116.04 feet to the point of beginning.

Containing 4.99 acres, more or less.





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ESTATE LOT 2 PROPERTY DESCRIPTION

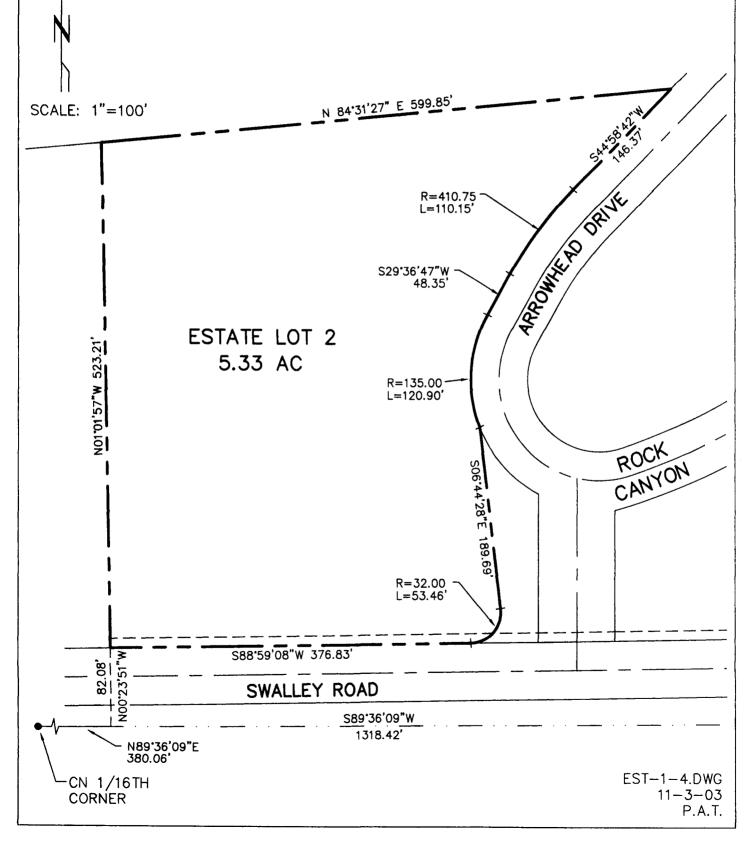
A tract of land located in the Northwest one-quarter of the Northeast one-quarter of Section 20, Township 16 South, Range 12 East, of the Willamette Meridian, in Deschutes County, Oregon, being more particularly described as follows:

Commencing at the Center North one-sixteenth corner of said Section 20; thence along the south line of the Northwest one-quarter of the Northeast one-quarter of said Section 20, North 89°36'09" East 380.06 feet; thence leaving said south line North 00°23'51" West 82.08 feet to a point on the Northerly right of way of Swalley Road and the POINT OF BEGINNING: thence leaving said Northerly right of way North 01°01'57" West 523.21 feet; thence North 84°31'27" East 599.85 feet; thence South 44°58'42" West 146.37 feet; thence 110.15 feet along the arc of a 410.75 foot radius curve left, the chord of which bears South 37°17'44" West 109.82 feet; thence South 29°36'47" West 48.35 feet; thence 120.90 feet along the arc of a 135.00 foot radius curve left, the chord of which bears South 03°57'22" West 116.90 feet; thence South 06°44'28" East 189.69 feet: thence 53.46 feet along the arc of a 32.00 foot radius curve right, the chord of which bears South 41°07'20" West 47.46 feet to a point on the Northerly right of way of Swalley Road; thence along said northerly right of wav South 88°59'08" West 376.83 feet to the POINT OF BEGINNING.

Containing 5.33 acres, more or less.

ESTATE LOT 2

LOCATED IN THE NW 1/4 NE 1/4 AND IN THE NE 1/4 NW 1/4 OF SECTION 20, .T. 16 S., R. 12 E., W.M., DESCHUTES COUNTY, OREGON





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ESTATE LOT 3 "A" PROPERTY DESCRIPTION

A tract of land located in the Northwest one-quarter of the Northeast one-quarter of Section 20, Township 16 South, Range 12 East, of the Willamette Meridian, Deschutes County, Oregon, being more particularly described as follows:

Commencing at the Northeast one-sixteenth corner of said Section 20. North 00°10'23"East 561.09 feet along the East line of the Northwest onequarter of the Northeast one-quarter of said Section 20 to the POINT OF **BEGINNING:** thence leaving said East line of the Northwest one-quarter of the Northeast one-quarter of said Section 20, South 59°29'34" West 35.60 feet; thence 80.88 feet along the arc of a 180.00 foot radius curve left, the chord of which bears South 46°37'15" West 80.20 feet: thence 42.20 feet along the arc of a 120.00 foot radius curve right, the chord of which bears South 43°49'24" West 41.98 feet; thence South 53°53'51" West 139.59 feet; thence 197.55 feet along the arc of a 642.45 foot radius curve right, the chord of which bears South 62°42'23" West 196.77 feet: thence 180.77 feet along the arc of a 75.00 foot radius curve right, the chord of which bears North 39°26'09" West 140.08 feet; thence North 29°36'47" East 48.35 feet; thence 94.06 feet along the arc of a 350.75 foot radius curve right, the chord of which bears North 37°17'44" East 93.78 feet; thence North 44°58'42" East 441.04 feet; thence 24.45 feet along the arc of a 170.00 foot radius curve right, the chord of which bears North 49°05'52" East 24.42 feet; thence North 53°13'02" East 75.35 feet; thence South 00°06'21" West 87.74 feet; thence North 71°11'56" East 25.66 feet to a point on the East line of the Northwest one-quarter of the Northeast one-quarter of said Section 20; thence along said East line South 00°10'23" West 242.52 feet to the **POINT OF BEGINNING.**

Containing 3.23 acres, more or less.



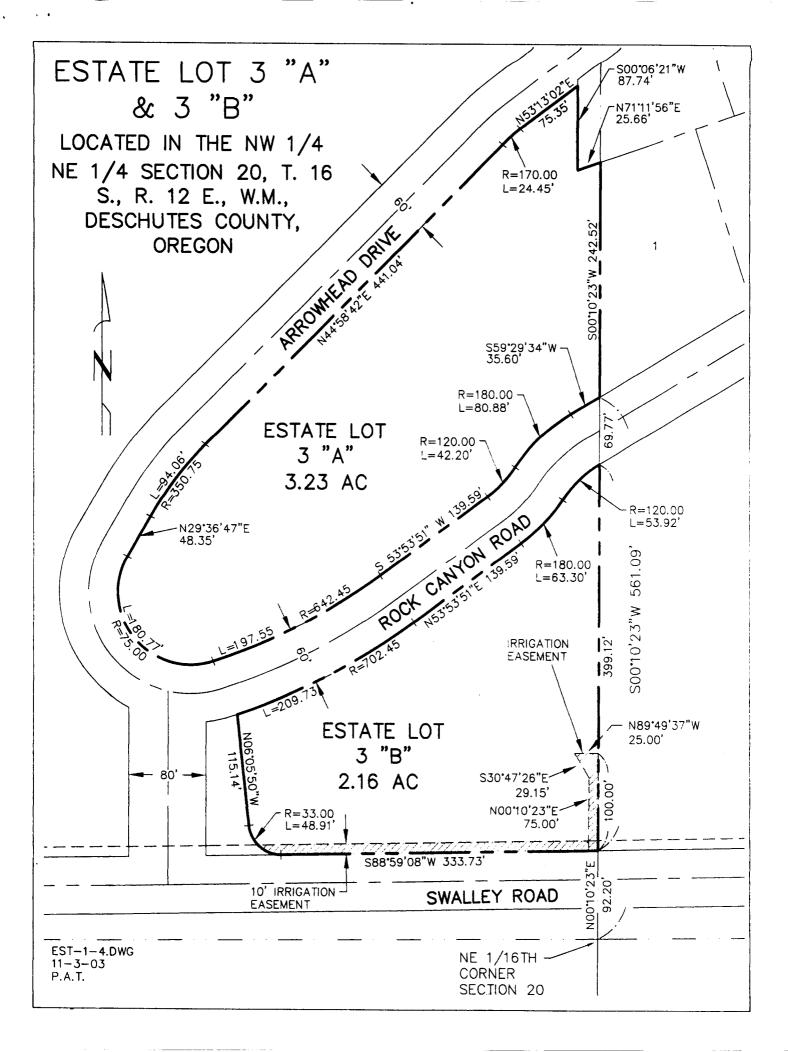
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ESTATE LOT 3 "B" PROPERTY DESCRIPTION

A tract of land located in the Northwest one-quarter of the Northeast one-quarter of Section 20, Township 16 South, Range 12 East, of the Willamette Meridian, Deschutes County, Oregon, being more particularly described as follows:

Commencing at the Northeast one-sixteenth corner of said Section 20, North 00°10'23"East 92.20 feet along the East line of the Northwest onequarter of the Northeast one-quarter of said Section 20 to a point on the Northerly right of way of Swalley Road and the POINT OF BEGINNING; thence South 88°59'08" West 333.73 feet along said Northerly right of way of Swalley Road; thence leaving said right of way 48.91 feet along the arc of a 33.00 foot radius curve right, the chord of which bears North 48°33'21" West 44.55 feet; thence North 06°05'50" West 115.14 feet; thence 209.73 feet along the arc of a 702.45 foot radius curve left, the chord of which bears North 62°27'02" East 208.95 feet; thence North 53°53'51" East 139.59 feet; thence 63.30 feet along the arc of a 180.00 foot radius curve left, the chord of which bears North 43°49'24" East 62.97 feet; thence 53.92 feet along the arc of a 120.00 foot radius curve right, the chord of which bears North 46°37'15" East 53.47 feet to a point on the East line of the Northwest one-quarter of the Northeast one-quarter of said Section 20; thence South 00°10'23" West along said East line 399.12 feet to the POINT OF BEGINNING.

Containing 2.16 acres, more or less.





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ESTATE LOT 4 PROPERTY DESCRIPTION

A tract of land located in the Northeast one-quarter of the Northeast one-quarter of Section 20, Township 16 South, Range 12 East, of the Willamette Meridian, Deschutes County, Oregon, being more particularly described as follows;

Beginning at the North one-sixteenth corner of said Section 20, thence North 00°04'07" East along the west line of said Section 20, 240.16 feet to a point on the Northerly right of way of Swalley Road; thence leaving said west line of said Section 20, 177.24 feet along the arc of a 439.26 foot radius curve left, the chord of which bears South 83°36'26" West 176.04 feet to the TRUE POINT OF BEGINNING; thence continuing along said Northerly right of way 32.01 feet along the arc of a 439.26 foot radius curve left, the chord of which bears South 69°57'39" West 32.00 feet; thence continuing along said right of way South 67°52'23" West 170.99 feet; thence continuing along said right of way 139.87 feet along the arc of a 700.00 foot radius curve right, the chord of which bears South 73°35'51" West 139.64 feet; thence leaving said northerly right of way of Swalley Road, North 04°25'41" West 729.83 feet to a point on the Southerly right of way of Rock Canyon Road; thence along said southerly right of way North 85°33'41" East 330.00 feet to the southeast corner of Lot 9, Deschutes River Ranch, a recorded subdivision in Deschutes County; thence South 04°27'24" East 640.33 feet to a point on the Northerly right of way of Swalley Road and the TRUE POINT OF BEGINNING.

Containing 5.23 acres, more or less.

