

DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS

THIS DECLARATION, made on the date hereinafter set forth by EAGLEWOOD LIMITED PARTNERSHIP, an Oregon limited partnership (hereinafter referred to as "Declarant").

W I T N E S S E T H :

WHEREAS, Declarant is the owner of certain property in the City of Sunriver, the County of Deschutes, State of Oregon, known as EAGLEWOOD, which is more particularly described on the plat therefor recorded in Deschutes County.

NOW THEREFORE, Declarant hereby declares that all of the Properties described above shall be held, sold and conveyed subject to the following easements, restrictions, covenants, and conditions, which are for the purpose of protecting the value and desirability of said Properties, and which shall run with said Properties and be binding on all parties having any right, title or interest in said Properties or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I

DEFINITIONS

Section 1.1. "Association" shall mean and refer to Eaglewood Homeowners Association, an Oregon nonprofit corporation, its successors and assigns.

Section 1.2. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee

simple title to any Lot which is a part of the Properties, including contract buyers, but excluding those having title merely as security for the performance of an obligation.

Section 1.3. "Properties" shall mean and refer to that certain real property subject to the plat for EAGLEWOOD recorded in Book C at Page 3/3rd 3/4 of the Plat Records of Deschutes County, Oregon (hereinafter "the Plat"), and such additions as may hereafter be brought within the jurisdiction of the Association.

Section 1.4. "Common Area" shall mean and refer to the real property (including any improvements thereto) identified as common area on the Plat.

Section 1.5. "Lot" shall mean and refer to any plot of land shown upon the Plat, as well as any plot of land hereafter annexed to the Properties pursuant to Section 10.4 hereof, with the exception of the Common Area, including all improvements located upon any such plot.

Section 1.6. "Declarant" shall mean and refer to Eaglewood Limited Partnership, an Oregon limited partnership, and its successors and assigns if such successors or assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development.

Section 1.7. "Member" shall mean and refer to every person or entity who holds membership in the Association.

ARTICLE II

PROPERTY RIGHTS

Section 2.1. Owners' Easements of Enjoyment. Every Owner shall have a right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Lot, subject to the right of the Association to dedicate or transfer upon the affirmative vote of at least two-thirds of the Members of each class all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members.

Section 2.2. Delegation of Use. Any Owner may delegate, in accordance with the Bylaws, his right of enjoyment to the Common Area and facilities to the members of his family or his tenants who reside on the Owner's Lot.

Section 2.3. Common Area. The Common Area shall consist of all portions of the Properties not part of a Lot including a swimming pool, roadways, walkways, landscaping, and utilities and all the appurtenances thereto.

Section 2.4. Conveyance of Common Area. Prior to conveyance by the Declarant to an Owner of any Lot within the Properties, the Declarant shall convey the Common Area to the Association by executing and delivering to the Association a good and sufficient deed thereto.

Section 2.5. General Description of the Lots. There shall be a total of 29 Lots, each with a frame structure located upon it. 16 of said structures shall share eight

common walls. Each Lot is designated for use as a single family residence.

Section 2.6. Construction by the Declarant. In addition to constructing all the residential units heretofore described, the Declarant shall construct a swimming pool and a private street within the Properties as designated on the recorded plat for EAGLEWOOD, which shall be transferred to the Association at the time the Declarant conveys the Common Area to the Association. Ownership of each Lot shall entitle the Owner thereof to the use of said swimming pool for recreational purposes and the use of said street for ingress and egress to the Owner's Lot.

Section 2.7. Subdividing or Combining Lots. No Lot shall be divided or combined with any other Lot. No such dedication or transfer shall be effective unless an instrument agreeing to such dedication or transfer signed by two-thirds of each class of Members has been recorded with Deschutes County, Oregon.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

Section 3.1. Every Owner of a Lot which is subject to assessment shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

Section 3.2. The Association shall have two classes of voting membership:

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

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

(a) when the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership, or

(b) five (5) years from the date of recording this Declaration in the records of Deschutes County, Oregon.

Section 3.3. Turnover Meeting. Not later than 120 days after the Class B Membership is converted to Class A membership, the Declarant shall call and hold a meeting of the Members of the Association and at such meeting shall turn over administrative responsibility for the Properties in accordance with applicable statutes.

ARTICLE IV

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 4.1. Creation of the Lien and Personal

Obligation of Assessments. The Declarant, for each Lot owned within the Properties, hereby covenants, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges, and (2) special assessments for capital improvements, such annual and special assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs, and reasonable attorney fees, shall be a charge on the land and shall be a continuing lien upon the Lot against which each such assessment is made. Each such assessment, together with interest, costs, and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such Lot at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

Section 4.2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the residents in the Properties and for the improvement and maintenance of the Common Area and the residences and any other structures located upon the Properties.

Section 4.3. Maximum Annual Assessment. Until

January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment shall be Eighty Five dollars (\$ 85.00) per Lot. From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased each year not more than 5% above the maximum assessment for the previous year without a vote of the membership. From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased above 5% by a vote of two-thirds (2/3) of each class of Members who are voting in person or by proxy, at a meeting duly called for this purpose. The Board of Directors may fix the annual assessment at an amount not in excess of the maximum.

Section 4.4. Special Assessments for Capital

Improvements. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of Members who are voting in person or by proxy at a meeting duly called for this purpose.

Section 4.5. Notice and Quorum for Any Action

Authorized Under Sections 4.3 and 4.4. Written notice of any meeting called for the purpose of taking any action authorized under Section 4.3 or 4.4 shall be sent to all Members not less than 30 days nor more than 60 days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast sixty percent (60%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than 60 days following the preceding meeting.

Section 4.6. Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all Lots and may be collected on a monthly basis.

Section 4.7. Date of Commencement of Annual Assessments; Due Dates. The annual assessments provided for herein shall commence as to all Lots on the first day of the month following the conveyance of the Common Area by the Declarant to the Association. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every

Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a Lot is binding upon the Association as of the date of its issuance.

Section 4.8. Effect of Nonpayment of Assessments, Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of 12 percent per annum. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the Lot. The Association may suspend the voting rights of an Owner for any period during which any assessment against his or her Lot remains unpaid. No Owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the Common Area or abandonment of his Lot.

Section 4.9. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage. 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 or deed in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer

shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

Section 4.10. Reserve Account. The Declarant or the Board of Directors of the Association may establish a reserve account for replacement of any items of common property which will normally require replacement, in whole or in part, in more than three years. Any reserve account established under this section shall be funded by assessments against the Lots for maintenance of items for which the reserves are established. The amounts assessed shall take into account the estimated remaining life of the items for which the reserve is created and the current replacement costs of those items. The reserve account shall be established in the name of the Association. The Association shall be responsible for administering the account and for making periodic payments into it. The Association shall adjust the amount of the payments at regular intervals to reflect changes in current replacement costs over time. The account may be used only for replacement of common property and is to be kept separate from assessments for maintenance. However, after the Association has assumed responsibility for administration of the Properties, the Board of Directors of the Association may borrow funds from the reserve account to meet high seasonal demands on the regular operating funds or to meet other temporary expenses. Funds borrowed to meet temporary expenses under this subsection must be repaid later from special assessments or maintenance fees. Following the second year after the Association has assumed

administrative responsibility for the Properties, if Owners of Lots representing 75 percent (75%) of the votes agree to the action, the Association may increase, reduce or eliminate future assessments for the reserve account. Assessments paid into the reserve account are the property of the Association and are not refundable to sellers or Owners of Lots.

ARTICLE V

ARCHITECTURAL CONTROL

No building, fence, wall or other structure shall be commenced, erected or maintained upon the Properties, nor shall any exterior addition to or change or alteration of any structure (including painting) be made until the plans and specifications showing the nature, color, kind, shape, height, materials, and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors of the Association, or by an architectural committee composed of three (3) or more representatives appointed by the Board. In the event said Board, or its designated committee, fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully satisfied.

ARTICLE VI

COMMON AREA AND EXTERIOR MAINTENANCE

Section 6.1. Standard Maintenance. The Association shall provide maintenance of the Common Area and the improvements thereon and exterior maintenance of each Lot which is subject to assessment hereunder, as follows: paint, repair, replacement and care of roofs, driveways and parking areas, gutters, downspouts, retaining walls, exterior building surfaces, trees, shrubs, grass, walks, and any other exterior improvements. Such exterior maintenance shall not include glass surfaces.

Section 6.2. Nonstandard Maintenance. In the event that the need for maintenance or repair of a Lot or the improvements thereon is caused through the willful or negligent acts of its Owner, or through the willful or negligent acts of the family, guests or invitees of the Owner of the Lot needing such maintenance or repair, the cost of such exterior maintenance shall be added to and become part of the assessment to which such Lot is subject.

ARTICLE VII

PARTY WALLS

Section 7.1. General Rules of Law to Apply. Each wall which is built as a part of the original construction of the residence upon the Properties and placed on the dividing line between the Lots shall constitute a party wall, and, to the extent not inconsistent with the provisions of this

Article, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

Section 7.2. Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall shall be shared by the Owners who make use of the wall in proportion to such use.

Section 7.3. Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, any Owner who has used the wall may restore it, and if the other Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however, to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

Section 7.4. Weatherproofing. Notwithstanding any other provision of this Article, an Owner who by his negligent or willful act causes the party wall to be exposed to the elements shall bear the whole cost of repairing the damage caused thereby and of furnishing the necessary protection against such elements.

Section 7.5. Right to Contribution Runs With Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the former Owner's Lot and shall pass to such Owner's successors in title.

Section 7.6. Arbitration. In the event of any dispute arising concerning a party wall, or under the provisions of this Article, the dispute shall be conclusively resolved by arbitration. Each party shall choose one arbitrator, and such arbitrators shall choose one additional arbitrator. The decision of a majority of all the arbitrators shall be final and binding.

ARTICLE VIII

RESIDENTIAL COVENANTS

Section 8.1. Permitted Uses. No Lot shall be used except for residential purposes.

Section 8.2. Temporary Structures. No structure of a temporary nature, trailer, basement, tent, shack, garage, barn or other outbuilding shall be permitted on any Lot at any time.

Section 8.3. Parking. Parking of cars and similar passenger vehicles shall be allowed only in designated parking areas. Parking of vehicles other than cars and similar passenger vehicles will not be allowed on any part of the Properties for any period in excess of four hours and only on an occasional basis, consistent with guidelines the Association may, from time to time, adopt. No Owner shall permit any vehicle which is in state of disrepair to be abandoned or to remain parked upon any Lot or on the Common Area for a period in excess of forty-eight (48) hours.

Section 8.4. Offensive Activity. No noxious or offensive activity shall be carried on upon any Lot, nor shall

anything be done thereon which may be, or may become, an annoyance or a nuisance to the neighborhood. No Lot shall be used or maintained as a dumping ground for rubbish, garbage or trash. Garbage and other waste shall be kept in sanitary containers.

Section 8.5. Business and Commercial Uses. No trades, crafts, businesses, professions, or commercial or similar activity of any kind shall be conducted on any Lot, nor shall any goods, equipment, vehicles, materials, or supplies used in connection with any trade, service, or business be kept or stored on any Lot, excepting the right of the Declarant while constructing residences on Lots to store construction materials and equipment on said Lots in the normal course of said construction and to use completed residences as sales models.

Section 8.6. Signs. No sign of any kind shall be displayed to the public view on any Lot or improvement, except one professionally made of not more than six (6) square feet advertising the Lot for sale. This restriction shall not prohibit the temporary placement of political signs on any Lot by the Owner of the Lot. This restriction does not apply to signs used by the Declarant, realtors or agents during construction and sales.

Section 8.7. Animals. No animals, livestock or poultry of any kind shall be raised, bred, or kept on any Lot except that dogs, cats, or other household pets may be kept, provided that they are not kept, bred, or maintained for any

commercial purpose, and provided further that no animal shall be permitted to run free but at all times shall be kept on a leash not to exceed six feet in length.

Section 8.8. Antennas and Service Facilities.

Exterior antennas or satellite receiving stations shall not be placed upon any Lot or on the roof of any structure.

Section 8.9. Structural Modifications. Nothing shall be done to any Lot, or any residence on a Lot or in, on or to any improvements on the Common Area which will impair the structural integrity of such residence or improvements or any part thereof or which would structurally change such residence or improvements or any part thereof except as is otherwise provided herein.

Section 8.10. No clothes, sheets, blankets, laundry of any kind or other articles shall be hung out or exposed on any part of the Common Area or on any Lot, unless the article is only visible from the Lot owned by the owner of the article. Each Owner shall keep his Lot free and clear of all rubbish, debris and other unsightly materials.

ARTICLE IX

GENERAL PROVISIONS

Section 9.1. Enforcement. The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or

by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 9.2. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no wise affect any other provisions which shall remain in full force and effect.

Section 9.3. Amendment. The covenants and restrictions of this Declaration shall run with and bind the Properties, for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years, unless at the end of such twenty (20) year period or subsequent ten (10) year period an instrument signed by 75 percent (75%) of the Members of the Association resolving to terminate this Declaration is recorded in the records of Multnomah County. This Declaration may be amended by an instrument signed by Owners holding not less than seventy-five percent (75%) of the total votes entitled to be cast by all classes of members. Any amendment must be recorded.

Section 9.4. Annexation. Additional residential property and Common Area may be annexed to the Properties with the consent of two-thirds (2/3) of each class of Members.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has executed this instrument this 4th day of MAY, 1989.

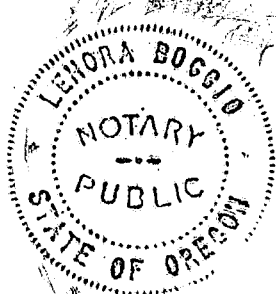
EAGLEWOOD LIMITED PARTNERSHIP

By: Westridge Construction Co.

Steinar R. Christiansen, President

STATE OF OREGON)
) SS
COUNTY OF Multnomah)

The foregoing instrument was acknowledged before me this 4 day of May, 1989, by Steinar R. Christiansen, who is president of Westridge Construction Co., an Oregon corporation, which is the general partner of Eaglewood Limited Partnership, an Oregon limited partnership, on behalf of said limited partnership.



Lenora Boggio
Notary Public for Oregon
My commission expires: 10-29-89

Key Bank of Oregon

A KeyCorp Bank

Head Office Commercial Banking Center
1211 S.W. Fifth Avenue • Suite 300
Portland, Oregon 97204
(503) 790-7520

May 11, 1989

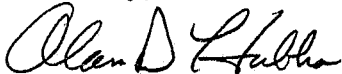
184 - 1225
KEY BANK

Deschutes County Planning Division
Attention: George Reed
1130 N.W. Harriman
Bend, Oregon

Dear Mr. Reed:

Key Bank of Oregon is in the process of underwriting the financing to develop and construct the Eaglewood project at Sun River. Funds are specifically designated for the completion of site improvements as required by the appropriate government agencies.

Sincerely,



Alan D. Hubka
Vice President

ADH/ds


STATE OF OREGON)
COUNTY OF DESCHUTES) SS.

I, MARY SUE PENHOLLOW, COUNTY CLERK AND
RECORDER OF CONVEYANCES, IN AND FOR SAID
COUNTY, DO HEREBY CERTIFY THAT THE WITHIN
INSTRUMENT WAS RECORDED THIS DAY:

89 MAY 18 PM 1:12

MARY SUE PENHOLLOW
COUNTY CLERK

✓
Westridge Const.
1607 S.W. Stephenson
Portland, Or 97219

BY.  DEPUTY
NO. 89-11619 FEE 95-
DESCHUTES COUNTY OFFICIAL RECORDS

Involved Innovative Professional