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AMENDMENT
to
DECLARATION
of
COVENANTS, CONDITIONS AND RESTRICTIONS
for
ELKAI WOODS HOMEOWNERS' ASSOCIATION, INC.

Pursuant to ORS 94.600 and Articles 6.1 and 13.6 of the Declaration of Covenants, Conditions and Restriction for Elkai Woods Homeowners' Association, Inc., Yamazoe International, Inc. adopts the following amendments to the Declaration:

1. Article 3.1 shall now read as follows:

3.1 General. The Declarant has developed the Property with 86 buildable residential Lots on which each Lot one Living Unit is to be located. The Declarant intends to construct Living Units in groups on adjacent platted Lots of Elkai Woods as Living Units and those Lots are pre-sold. Each such Lot that is developed will be developed with a single Living Unit. Any party walls or walls of Living Units will be constructed on the Lot line. Some of the Lots/Units will be sold via deeded one-tenth interests and the remainder of the Lots/Units will be sold as deeded full-ownership.

Through one or more supplemental declarations, the Declarant intends to create a planned community of up to 86 Lots. The Declarant reserves the right to re-plat any portion of Elkai Woods before it is annexed to the Association.

2. Article 4.6 shall now read as follows:

4.6 Leases/Rentals. Owners of deeded one-tenth interest Units may authorize rental of their Units on a nightly basis, while owners of the deeded single interest Units will be restricted to a 30-day minimum rental of their Units. The right to lease or rent a Living Unit for any period of time is subject to full compliance with applicable laws, the Articles, Declaration, Bylaws and Rules and Regulations of the Association and applicable local, state and federal laws and regulations.

All aspects of leasing and renting of all Units (one-tenth and full ownership) shall be governed and managed exclusively by a management company to be selected by the Declarant.

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INSURANCE COMPANY OF OREGON AS AN
ACCOMMODATION ONLY. NO LIABILITY IS
ACCEPTED FOR THE CONDITION OF TITLE
OR FOR THE VALIDITY, SUFFICIENCY, OR
EFFECT OF THIS DOCUMENT.

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P.O. BOX 323
BEND, OR 97709

All leases or rental agreements shall be in writing and shall be deemed to provide that their terms shall be subject in all respects to the provisions of this Declaration, the Articles, Bylaws and Rules and Regulations of the Association and that any failure by the lessee or renter to comply with the provisions of such documents shall constitute a default under said lease or rental agreement. The lessee's or renter's use and enjoyment of the Common property under such lease or rental agreement shall be subject to suspension by the Board of Directors for any of the causes set forth elsewhere in this Declaration, including, without limitation, the nonpayment of assessments with respect to the Lot occupied by the lessee or renter. Any such lessee or renter shall be entitled to the use and enjoyment of the Common Property; provided, that the right to the use and enjoyment of the Common Property may not be severed from the right to occupy a Lot, Unit and the improvements thereon, by means of a lease, rental agreement or otherwise.

3. Article 5.3 shall now read as follows:

5.3 Voting Rights. The Association shall have one class of voting members. For full ownership Lots/Units, the Owners shall be entitled to one vote. For full ownership Lots/Units, 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.

For the deeded one-tenth interest Lots/Units, each owner shall be entitled to a one-tenth vote. Each such Lot/Unit shall be accorded one vote based upon a majority (6/10) of the total votes cast within such Lot/Unit.

The Declarant, its successors and assigns, shall have three votes for each Lot or Unit owned; regardless of whether the Lot is within the one-tenth interest section of full ownership section. 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 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.

It is hereby certified that the foregoing Amendment to the Declaration of Covenants, Conditions and Restriction for Elkai Woods Homeowners' Association, Inc., has been adopted by Yamazoe International, Inc., Declarant of Elkai Woods, and will be recorded in the Deed Records of Deschutes County for said Planned Community.

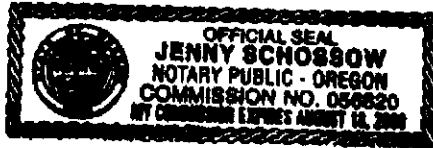
Dated this 27th day of March, 1998.

Yamazoe International, Inc.

By [Signature]
Dale Bernards, vice-president

State of Oregon)
County of Deschutes) ss.

Personally appeared before me this 27th day of March, 1998, Dale Bernards and acknowledged that he is the vice-president of Yamazoe International, Inc. and that he is authorized to execute the foregoing instrument on behalf of the corporation.



[Signature]
Notary Public for Oregon
My Commission Expires: _____

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:

98 MAR -6 AM 11:28

MARY SUE PENHOLLOW
COUNTY CLERK

BY: [Signature] DEPUTY

NO. 98-08761 FEE 15
DESCHUTES COUNTY OFFICIAL RECORDS