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After recording return to:
The Mayberry Group, Inc.
10801 SW Riverside Drive
Portland, Oregon 97219

**COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
FORREST COMMONS**

THIS DECLARATION OF BUILDING AND USE RESTRICTIONS AND ARCHITECTURAL CONTROL, the "Declaration," made this 9th day of September, 2003, by The Piculell Mayberry Group, hereinafter collectively referred to as "Grantor".

WHEREAS, Grantor are the Sellers and/or owners of the real property in Deschutes County, Oregon, known as Forrest Commons, the same appears in the Plat recorded in Book G Page 46 & 47 of Plat records of Deschutes County and also property described on Exhibit A.

WHEREAS, Grantor desire to declare of public record their intention to create certain protective Covenants, Conditions and Restrictions (CC&R's) in order to effectuate a general scheme of development creating benefits and obligations for the owners of said property.

NOW, THEREFORE, Grantor hereby declares that all of the properties described 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 the real property which shall run with the land and shall inure to the benefit of each owner thereof. These easements and (CC&R's) shall be binding on all parties having any right, title or interest in the described properties or any parts thereof, their heirs, successors and assigns.

ARTICLE I

RESIDENTIAL COVENANTS

1. LAND USE AND BUILDING TYPE

No lot shall be used except for residential purposes. No building shall be erected, altered or permitted to remain on any lot other than one single family site built dwelling not to exceed thirty (30) feet in height and a private garage for not less than two (2) cars. The foregoing provisions shall not exclude construction of a private greenhouse, storage unit, private swimming pool or a shelter or port for the protection of such swimming pool, provided the location of such structures is in conformity with the applicable municipal regulations and is compatible in design and decoration with the residence constructed on such lot and has been approved by the Architectural Control Committee, as designated by Grantor.

A. No alteration shall be made in the exterior design or color of any structure unless the Architectural Control Committee shall have first approved such alteration, including any addition, in writing. The exterior finish of all construction on any lot shall be designed, built and maintained in such a manner as to blend in with the existing structures and landscaping within this subdivision. Exterior colors must be approved by the Architectural Control Committee in accordance with Article II. Exterior trim, fences, doors, railings, decks, eaves, gutters and exterior finish on garages and other accessory buildings shall be designed, built and maintained to be compatible with the exterior of the structures they adjoin. Irrespective of the foregoing, Grantee or Owner, without prior approval of the Architectural Control Committee shall not enclose any porch area of any residential unit constructed by Grantor. Enclosing shall include screening, glass or any solid construction material. Porches shall remain as a roofed-over deck area and constitute part of the architectural theme of Forrest Commons.

B. Lighting shall not glare onto neighboring properties.

The provisions of this section shall not be deemed to prohibit the right of any licensed builder to construct a residence on any lot, to store construction materials and equipment on said lots in the normal course of construction and to use any single family residence as a home.

2. **DWELLING SIZE**

The minimum square footage of any home within this subdivision shall be 1,500 square feet for a single level and 1,800 square feet for a multi-level. These minimums are exclusive of garages and open porches.

3. **OFFENSIVE ACTIVITIES**

No noxious, offensive or illegal activity shall be carried out upon any lot, nor shall anything be done, grown or placed upon any lot which interferes with or jeopardizes the enjoyment of other lot owners within this subdivision.

4. **ANIMALS**

No animals, livestock or poultry of any kind shall be raised, bred or kept on any lot, except that a reasonable number (not to exceed three (3) dogs, cats or other household pets) may be kept provided that they are not kept, bred or maintained for commercial purposes and are reasonably controlled so as not to be a nuisance.

5. **SIGNS**

No signs shall be erected or maintained on any lot (excluding Forrest Commons entry signs) except that not more than one "FOR SALE" or "FOR RENT" sign placed by the owners, Grantors or by a licensed real estate agent, not exceeding twenty-four inches high and thirty-six inches long, may be temporarily displayed on any lot. This restriction shall not prohibit the temporary placement of "political" signs on any lot by Owner or appointees provided the same shall not be a violation of the controlling governmental sign ordinances.

6. PARKING

Parking of boats, trailers, motor homes, motorcycles, trucks, truck-campers and like equipment shall not be allowed on any part of the property nor on public street adjacent thereto excepting only within the confines of an enclosed garage or screened from view from all Public Right of Ways by a sight obscuring fence of approved design. Overnight parking is permitted for the purpose off loading and loading. Each dwelling must have off street parking spaces for at least four vehicles. Garage bays may be counted for the purposes of meeting this requirement. Visitor RV parking is permitted for not more than 5 calendar days in any one month period.

7. VEHICLES IN DISREPAIR

No lot shall permit any vehicle which is in an extreme state of disrepair to be abandoned or to remain parked upon any lot or on any street for a period in excess of forty-eight (48) hours. A vehicle shall be deemed to be in an "extreme state of disrepair" when due to its continued inoperability or significant damage it offends the occupants of the neighborhood.

8. RUBBISH AND TRASH

No lot shall be used as a dumping ground for trash or rubbish of any kind. All garbage and other waste shall be kept in appropriate sanitary containers for proper disposal and out of public view. Yard rakings and dirt resulting from landscaping work shall not be dumped onto streets or on any lots.

9. TEMPORARY STRUCTURES

No structure of a temporary character, trailer, motor home, basement, tent, shack, garage, barn or other outbuilding shall be used on any lot at any time as a residence. Freestanding basketball hoops may be left on the parking strip at curbside or on the residence driveway they are not permitted in the street.

10. UTILITIES

No outdoor overhead wire or service drop for the distribution of electric energy or telecommunication purposes, nor any pole, tower or other structure supporting said overhead wire shall be erected, placed or maintained within this subdivision. All owners of lots within this subdivision, their heirs, successors and assigns shall use underground wires to connect their premises and the structures built thereon to the underground electric T.V. cable, or telephone utility facilities provided.

11. COMPLETION OF CONSTRUCTION

The construction of any building on any lot, including private lot drainage, painting and all exterior finish, shall be completed within six (6) months from the beginning of construction so as to present a finished appearance when viewed from any angle. In the event of undue hardship due to weather conditions, this provision may be extended for a reasonable length of time upon written approval from the Architectural Control Committee.

12. LANDSCAPE COMPLETION

All front, rear and side yard landscaping and tree removal must be completed pursuant to a

landscaping plan approved by the Architectural Control Committee. Front yard and side yard landscaping on corner lots must be installed upon substantial completion of the residence. All remaining landscaping must be completed within six (6) months of occupancy of the dwelling. In the event of undue hardship due to weather conditions, this provision may be extended for a reasonable time, but only after a written application is made to the Architectural control Committee and the Committee's approval is obtained.

13. FENCES AND HEDGES

No fence greater than three (3) feet six (6) inches in height shall be permitted in the front yard on any residential unit. The maximum height of a site obscuring fence or hedge on any lot shall be six (6) feet. The location of any fences or hedges erected shall be along the rear lot line and/or along the side lot lines or along easement lines if applicable, but said fence or hedge may not be placed forward of the front setback line for the residence. All fences shall be of wood construction. No fence, hedge or wall shall be erected without prior written approval of the Architectural Control Committee. All fencing added or replaced by an Owner shall be similar in appearance to any fencing provided by the Grantor. This provision is not meant to prohibit or restrict the developer of Forrest Commons from erecting an entrance monument and fence, whose architecture and composition shall be determined at the developer's sole discretion.

14. ANTENNAS AND SERVICE FACILITIES

No exterior antennas or satellite dishes of any kind shall be permitted, except "**Digital Satellite Systems**" are permitted. The dish may not exceed 25 inches in diameter. Clotheslines and other service equipment shall be screened so as not to be viewed from any street.

15. EXTERIOR MATERIALS

Exterior materials must be approved for use by the Architectural Control Committee, and in accordance with the provisions appearing in the Real Estate Contract for purchase of lots in this subdivision. Roofing materials must be cedar shingle, cedar shake, and tile or composition shingle (G.A.F.) Timberline Ultra 25 year limited warranty or like quality. The exterior siding material shall be cedar, stone, bricks, stucco or composite lap siding, T-111 plywood or other pressed wood sheet siding. Windows and exterior doors shall be wood or approved vinyl. Garage doors can be either of wood or metal construction. In appropriate circumstances the Architectural Control Committee can approve other materials, if necessary, to facilitate design, provided they are in keeping with the character of Forrest Commons.

16. WINDOW COVERINGS

Window coverings, other than commercially produced curtains, shutters, drapes or blinds, or those non-commercially produced but of comparable quality, shall not be permitted to be visible from any street at any time after occupancy of dwelling.

17. STREET TREES AND PARK STRIP LANDSCAPING WITHIN THE CITY RIGHT OF WAY

After planting, street trees and the parking strip landscaping must be maintained by the homeowner whose property is contiguous. If street trees and landscaping die, for any reason, they must be replaced by the individual lot owners with similar vegetation.

18. HOMEOWNERS ASSOCIATION.

In addition to the covenants and conditions set forth herein, Lots 1-11 within the property are subject to the bylaws and governing documents of, and the owners thereof shall be members of, the Forrest Commons Homeowners Association, in accordance with the terms set forth Article IV, below.

ARTICLE II

ARCHITECTURAL CONTROL COMMITTEE

1. ARCHITECTURAL REVIEW

No structure, including storage shelters, shall be commenced, erected, placed or altered on any lot until construction plans and specifications and a plat showing the nature, shape, heights, material, colors and proposed location of the structure or change have been submitted to and approved in writing by the Architectural Control Committee. It is the intention and purpose of this Architectural to assure quality of workmanship and materials, harmony of external design with the existing structures as to location, topography and finished grade elevations to avoid plan repetition. In all cases, the Architectural Control Committee's consent is required.

(a) MAJOR CONSTRUCTION

In the case of initial or substantial additional construction of a dwelling the owner shall prepare and submit to the Architectural Control Committee such plans and specifications for the proposed work as the Committee may require. Materials required by the Committee may include, but not necessarily be limited to the following:

(A-1) A Plan indicating location of all improvements, including private drainage.

(A-2) Drawings showing elevations, exterior materials and exterior color scheme of all improvements including fencing.

(A-3) Drawings showing yard landscape design and location including a description of plant materials. The parking strip shall be included in the landscaping plan.

The Architectural Control Committee shall render its decision with respect to the proposal after it has received all required materials.

(b) MINOR WORK

In the case of minor additions or remodeling, change of existing exterior color scheme or exterior materials, greenhouse, swimming pools construction or any other work not referred to in (a) above, the owner shall submit to the Architectural Control Committee such plans and specifications for the proposed work as the Committee determines to be necessary to enable it to evaluate the proposal. The Architectural Control Committee shall render its decision with respect to

the proposal after it has received all material required by it with respect thereto.

2. ARCHITECTURAL CONTROL COMMITTEE:

(a) There shall be An Architectural Control Committee, consisting of three (3) persons, for the purpose of exercising the power and functions conferred upon said Committee by this section. The initial Committee shall be appointed by Grantor, each of said persons so appointed being subject to removal at Grantor's sole and absolute discretion. All vacancies on said Committee shall be filled by appointment by Grantor. Upon the sale by Grantor of all Ownerships or, at the Grantor's discretion, after the period of one (1) year, a new Committee of three (3) members shall be appointed by Grantor.

(b) Said Committee shall have the right and power to interpret and enforce all restrictions in its sole discretion, exercised in good faith and independently of the Owners. Decisions by the Architectural Control Committee are final and legally binding pertaining to judgments rendered regarding claims of covenant breach.

(c) This appointed Committee shall serve until such time as there may be an election by a majority of fifty-one percent (51%) of the Residential Unit Owners, each Unit being entitled to one (1) vote. Upon such elections, the powers of the Committee first appointed shall cease and the newly elected Committee shall exercise those powers in its stead. In the event of the death, resignation or incapacity to serve of a member or members so elected, a successor or successors shall be elected by a majority of fifty-one percent (51%) of the Residential Unit Owners. In the event that there is no election of a successor or successors within thirty (30) days of such death, resignation or incapacity to serve, the remaining member or members of the Committee shall appoint a successor or successors by a majority vote of the remaining Committee membership.

(d) Any decision of the Committee shall be in writing and signed by at least two (2) members. The Committee shall adopt rules and regulations for the conduct of these proceedings and may fix the time and place for its regular meetings and for such extraordinary meetings as may be necessary.

(e) Unless otherwise specified, enforcement of the restrictions set forth herein shall be by proceedings at law or equity brought by any member of the Committee, pursuant to the authorization of the Committee, against any person or persons violating or attempting to violate any provision or covenant, either to restrain violation or to recover damages. Neither Grantor nor the Arc Control Committee, nor any member or successor member thereof, shall ever be liable because of any action they take, or fail to take, or for any defect in any building erected pursuant to this section, or at all, as a result of these restrictions, and the Owners of the Residential Units, and each of them, agree jointly and severally to hold Grantors and the members of the Architectural Control Committee (as the membership of that body may be changed from time to time) free and harmless and to indemnify them accordingly from any claims and liabilities whatsoever arising from the operation of this section.

(f) If a violation of these restrictions occurs and if the Architectural Control Committee fails to act pursuant to its powers as set forth in this Declaration of Conditions, Covenants and Restrictions to enforce said provision, and after making unsuccessful demand in writing upon said Committee to carry out said enforcement by any Residential Unit Owner within this Project, said Owner shall have the right to act as plaintiff in any action against the violating party at said Owner's sole cost and expense, and to recover said cost and expense from the violating party in any legal action said Owner may bring.

(g) Should legal action be instituted as a result of any claim of breach as described in Paragraph 3 Article II, below, or any restriction contained herein, the prevailing party shall be reimbursed for all costs and attorneys' fees actually incurred, regardless of whether the action proceeds to judgment.

3. NONWAIVER

Consent by the Architectural Control Committee to any matter proposed to it within its jurisdiction under these Architectural shall not be deemed to constitute a precedent or waiver impairing its rights to withhold approval as to any similar matter thereafter proposed or submitted to it for consent.

4. EFFECTIVE PERIOD OF CONSENT

The Committee's consent to any proposed work shall automatically be revoked one year after issuance unless construction of the work has commenced or the owner has applied for and received an extension of time from the Committee.

ARTICLE III

GENERAL PROVISIONS

1. TERM AND AMENDMENT

These Covenants and Restrictions shall run with and bind all the property within this subdivision 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 often (10) years. This declaration or parts hereof can be terminated, revoked or amended only by duly recording an instrument which contains the amendment or the order of revocation or termination and which is signed by the owners of seventy-five (75) percent of the owners of the lots in Forrest Commons. The Grantors have the sole and exclusive authority to terminate, revoke, or amend these Covenants and restrictions until the last lot has been sold and built upon.

2. ENFORCEMENT

In the event of any violation of any of the provisions of this declaration, the Grantors or any other person or persons owning real property within the plat may, at their option, exercise the right to enforce these Covenants by bringing action in a court of law. Failure by any party to enforce any Architectural or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. The prevailing party in any action brought to enforce the provisions of the declarations shall be entitled to recover all costs, including reasonable attorney fees, incurred.

3. NOTICES:

Any notice permitted or required to be delivered as provided herein may be delivered personally or by mail. If delivery is made by mail, it shall be deemed to have been delivered forty-eight (48) hours after a copy of the same has been deposited in the United States mail, postage prepaid, by certified mail, addressed to each such person at the last known residence or domicile address of such person.

4. PAINING, MAINTENANCE AND REPAIRS:

In the event that the Architectural Control Committee, in its sole discretion, determines that painting, maintenance or repair (hereinafter "work") of a Residential Unit or lot is reasonably necessary to preserve the appearance and value of said Residential Unit or lot or an adjacent Residential Unit or lot, the Architectural Control Committee shall give written notice of the necessity of such work to the Owner of such Residential Unit or lot, in which event said Owner shall be obligated, at his sole cost and expense, to perform said work.

5. ACCESS TO SLOPES OR DRAINWAYS:

Each Grantee of a Residential Unit agrees for himself, his assigns, heirs or successors in interest, that he will permit access by owners of adjacent lots to slopes or drainage ways located on his property which affect said adjacent lots, when such access is essential for the maintenance of the drainage facilities for the protection and use of property other than the lot on which the slope or drainage way is located.

6. DRAINAGE:

Each Grantee of a Residential Unit agrees for himself and his assigns that he will not, in any way, interfere with the established drainage pattern of his lot from adjacent lots or other lots in said Project or that he will make adequate provisions for property drainage in the event it is necessary to change the established drainage over his lots. For purposes hereof, "established" drainage is defined as the drainage which occurred at the time the overall grading of said Project, including landscaping of each lot in the Project, was completed by the undersigned Grantor.

7. SEVERABILITY

Invalidation of anyone of these Covenants by judgment or court order shall in no way affect any of the other provisions which shall remain in full force and effect.

8. LIMITATION OF LIABILITY OF GRANTOR

Neither Grantors nor any officer or director thereof shall be liable to any owner on account of action or failure to act by Grantors in performing their duties or rights hereunder, provided that Grantors have, in accordance with actual knowledge possessed by them, acted in good faith.

9. ADDITIONAL PROPERTY:

Grantor is owner of additional real property contiguous to Real Property described in Exhibit "A" to this Declaration. Grantor reserves the right to record a Memorandum incorporating this Declaration by reference to include all or any part of such contiguous property (contiguous to include property separated by public street) to the effect that this Declaration would apply to the property described in the Memorandum, the same as if it had been described in exhibit "A:" of this declaration, and that so long as Grantor owns Real Property subject to the effect to this Declaration, including real property subsequently subjected to the restrictions of this Declaration, Grantor shall retain the rights set forth in paragraph 3(a) above, the same as if such real property had been subject to the Declaration at the time of its recordation.

ARTICLE IV.
FORREST COMMONS HOMEOWNERS ASSOCIATION

SECTION I. DEFINITIONS

Subsection 1. "Bylaws" shall refer to the Bylaws of FORREST COMMONS OWNERS ASSOCIATION, INC, an Oregon non-profit corporation to be created and organized upon the recording of the Declaration.

Subsection 2. "Common Area" shall mean the private access alley accessing Lots 1-11 of Forest Commons Subdivision.

Subsection 3. "Common Expenses" shall mean and include the actual and estimated expenses of operating the Association, including any reasonable reserve, all as may be found to be necessary and appropriate by the Board pursuant to the Declaration, the Bylaws, and the Articles of Incorporation of the Association.

Subsection 4. "Eligible Mortgage Holder" shall mean a holder, insurer, or guarantor of a first mortgage on a Lot who has requested notice of certain matters from the Association as hereinafter and in the Association's By-laws provided.

Subsection 5. "Eligible Votes" shall mean those votes available to be cast on the issue at hand. A vote which is for any reason suspended is not available to be cast.

Subsection 6. "Lot" shall mean a portion of the Properties other than the Common Area intended for any type of independent ownership and use as may be set out in the Declaration to which this is attached and as shall be shown on the plats of survey filed with this Declaration or amendments thereto. Where the context indicates or requires, the term Lot includes any structure on the Lot.

Subsection 7. "Majority" means those eligible votes, Owners, or other groups as the context may indicate totaling more than fifty (50%) percent of the total eligible number.

Subsection 8. "Member" shall mean and refer to a person or entity entitled to membership in the Association, as provided herein.

Subsection 9. "Mortgage" means any mortgage, deed to secure debt, and any and all other similar instruments used for the purpose of conveying or encumbering real property as security for the payment or satisfaction of an obligation.

Subsection 10. "Mortgagee" shall include a beneficiary or holder of a deed of trust, as well as a mortgagee.

Subsection 11. "Mortgagor" shall include the trustor of a deed of trust, as well as a mortgagor.

Subsection 12. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of any Lot which is part of the Properties, but excluding any party holding the fee simple title merely as security for the performance of an obligation.

Subsection 13. "Property or Properties" shall mean and refer to Lots 1-11 of the Forrest Commons Subdivision.

Subsection 14. "Declaration" shall mean the Covenants, Conditions, and Restrictions for Forrest Commons.

SECTION II: PROPERTY RIGHTS

Subsection 1. OWNER'S EASEMENT OF ENJOYMENT. Every Owner shall have a right and easement of ingress and egress, use and enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Lot.

Subsection 2. STORAGE AND PARKING OF VEHICLES. There shall be no outside storage or parking upon the Common Area of any automobile, commercial vehicle, truck, tractor, mobile home or trailer (either with or without wheels), camper, camper trailer, boat or other watercraft, boat trailer, or any other transportation device of any kind, except for Owners within the parking spaces in the Owner's garage and designated parking spaces on a Lot, and for visitors temporarily parking in spaces and in accordance with rules and regulations designated and promulgated by the Board. No owners or tenants shall repair or restore any vehicle of any kind upon the Common Area, except for emergency repairs, and then only to the extent necessary to enable movement thereof to a proper repair facility.

Subsection 3. RUBBISH AND TRASH. No part of the Common Area shall be used as a dumping ground for trash or rubbish of any kind. All garbage and other waste shall be kept in appropriate sanitary containers for proper disposal and out of public view. Yard rakings, dirt and other material resulting from landscaping work shall not be dumped onto streets or Common Areas. If any default under this Subsection exists for a period longer than ten (10) days after written notice of such default is mailed to the responsible Owner by the

Association, the Association shall have, in addition to any other rights at law or in equity, the remedies specified in this Article IV.

SECTION III. MEMBERSHIP AND VOTING RIGHTS

Subsection 1. MEMBERSHIP. Every Owner shall be deemed to have a membership in the Association. Membership shall be appurtenant to and may not be separated from such ownership. The foregoing is not intended to include persons who hold an interest merely as security for the performance of an obligation, and the giving of a security interest shall not terminate the Owner's membership. No Owner, whether one or more persons, shall have more than one (1) membership per

Lot owned. In the event the Owner of a Lot is more than one person or entity, votes and rights of use and enjoyment shall be as provided herein. The rights and privileges of membership, including the right to vote, may be exercised by a Member or the Member's spouse, but in no event shall more than one (1) vote be cast for each Lot.

Subsection 2. VOTING RIGHTS. Voting rights within the Association shall be allocated as follows: one vote per Lot.

Subsection 3. POWERS AND OBLIGATIONS. The Association shall have, exercise and perform all of the following powers, duties and obligations:

(a) Article IV. The powers, duties and obligations granted to the Association as set forth in this Article IV to the Declaration.

(b) Statutory Powers. The powers, duties and obligations of a nonprofit corporation pursuant to the general nonprofit corporation laws of the State of Oregon and of a homeowners association of a planned community pursuant to the Oregon Planned Community Act, as either or both may be amended from time to time.

(c) General. Any additional or different powers, duties and obligations necessary or desirable for the purpose of carrying out the functions of the Association pursuant to this Exhibit to the Declaration or otherwise promoting the general benefit of the Owners within Forest Commons.

The powers and obligations of the Association may from time to time be amended, repealed, enlarged or restricted by changes in this Declaration made in accordance with the provisions herein, accompanied by changes in the Articles of Incorporation or Bylaws of the Association made in accordance with such instruments and with the nonprofit corporation laws of the State of Oregon.

Subsection 4. LIABILITY. Neither the Association nor any officer or member of its Board of Directors shall be liable to any Owner for any damage, loss or prejudice suffered or claimed on account of any action or failure to act by the Association, any of its officers or any member of its Board of Directors, provided only that the officer or Board member has acted in good faith in accordance with the actual knowledge possessed by him.

SECTION IV. MAINTENANCE

Subsection 1. ASSOCIATION'S RESPONSIBILITY: The Association shall maintain and keep in good repair the Common Area; such maintenance to be funded as hereinafter provided. This maintenance shall include, but not be limited to, maintenance (including snow removal), repair and replacement, subject to any insurance then in effect.

Subsection 2. OWNER'S RESPONSIBILITY: Except as provided in Subsection 1 of this Section, all maintenance of any Lot and all or any part of the residence thereon shall be the sole responsibility of the Owner.

SECTION V. INSURANCE

The Board may obtain a public liability policy, or other insurance, covering the Common Area, the Association, and its Members for all damage or injury caused by the negligence of the Association or any of its Members or agents, with policy limits the Board deems reasonable. Premiums for all insurance shall be common expenses of the Association. The policy may contain a reasonable deductible, and the amount thereof shall be added to the face amount of the policy in determining whether the insurance at least equals the full replacement cost.

SECTION VI. RIGHTS AND OBLIGATIONS OF THE ASSOCIATION

Subsection 1. COMMON AREA. The Association shall be responsible for the exclusive management and control of the Common Area, and shall keep it in good, clean, attractive, sanitary condition, order, and repair, pursuant to the terms and conditions of this Declaration and the Bylaws.

Subsection 2. SERVICES. The Association may obtain and pay for the services of any person or entity to manage its affairs or any part thereof, to the extent it deems advisable, as well as such other personnel as the Association shall determine to be necessary or desirable for the proper operation of the Properties, whether such personnel are furnished or employed directly by the Association or by any person or entity with whom or with which it contracts. The Association may obtain and pay for legal and accounting services necessary or desirable in connection with the operation of the Properties or the enforcement of this Declaration.

Subsection 3. IMPLIED RIGHTS. The Association may exercise any other right or privilege given to it expressly by this Declaration or the By-laws, and every other right or privilege reasonably to be implied from the existence of any right or privilege given to it herein or reasonably necessary to effectuate any such right or privilege.

SECTION VII. ASSESSMENTS

Subsection 1. PURPOSE OF ASSESSMENT. The assessments provided for herein shall be used for the general purposes of maintenance, repair, and replacement of the Common Area, all as may be more specifically authorized from time to time by the Board of Directors.

Subsection 2. CREATION OF ASSESSMENTS. Each Owner of any Lot, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, covenants and agrees to pay to the Association; (a) annual assessments or charges; (b) special assessments, such assessments to be established and collected as hereinafter provided; and (c) specific assessments against any particular Lot which are established pursuant to the terms of this Declaration, including, but not limited to, reasonable fines as may be imposed in accordance with the terms of this Declaration. All such assessments, together with late charges, interest, not to exceed the maximum legal rate, costs, and reasonable attorney's fees actually incurred, shall be a charge on the land and shall be a continuing lien upon the Lot against which each assessment is made.

Subsection 3. COMPUTATION OF ASSESSMENT. It shall be the duty of the Board to prepare a budget covering the estimated costs of operating the Association during the coming year, which shall include a capital contribution or reserve in accordance with a capital budget separately prepared. The Board shall cause the budget and the assessments to be levied against each Lot for the following year to be delivered to each member at least thirty (30) days prior to the end of the current fiscal year. The budget and the assessment shall become effective unless disapproved at a meeting by a Majority of the Owners. Notwithstanding the foregoing, however, in the event the membership disapproved the proposed budget or the Board fails for any reason so to determine the budget for the succeeding year, then and until such time as a budget shall have been determined, as provided herein, the budget in effect for the then current year shall continue for the succeeding year.

Subsection 4. SPECIAL ASSESSMENTS. In addition to the other assessments authorized herein, the Association may levy special assessments in any year. So long as the total amount of special assessments allocable to each Lot does not exceed Five Hundred Dollars (\$500) in any one fiscal year, the Board may impose the special assessment. Any special assessment which would cause the amount of special assessments allocable to any Lot to exceed this limitation shall be effective only if approved by a Majority of the members. Special assessments shall be paid as determined by the Board, and the Board may permit special assessments to be paid in installments extending beyond the fiscal year in which the special assessment is imposed.

Subsection 5. LIEN FOR ASSESSMENTS. All sums assessed against any Lot pursuant to this Declaration, together with late charges, interest, costs, and reasonable attorney's fees actually incurred, as provided herein, shall be secured by a lien on such Lot in favor of the Association. Such lien shall be superior to all other liens and encumbrances on such Lot, except for (a) liens for ad valorem taxes; or (b) liens for all sums unpaid on a first Mortgage or on any Mortgage to Declarant duly recorded in the land records of Deschutes County, Oregon, and all amounts advanced pursuant to such Mortgage and secured thereby in accordance with the terms of such instrument.

All other persons acquiring liens or encumbrances on any Lot after this Declaration shall have been recorded in such records shall be deemed to consent that such liens or encumbrances shall be inferior to future liens for assessments, as provided herein, whether or not prior consent is specifically set forth in the instruments creating such liens or encumbrances.

Subsection 6. EFFECT OF NONPAYMENT OF ASSESSMENTS; REMEDIES OF THE ASSOCIATION. Any assessments which are not paid when due shall be delinquent. Any assessment delinquent for a period of more than ten (10) days shall incur a late charge in an amount as the Board may from time to time determine. The Association shall cause a notice of delinquency to be given to any member who has not paid within ten (10) days following the due date. If the assessment is not paid within thirty (30) days, a lien, as herein provided, shall attach and, in addition, the lien shall include the late charge, interest at the rate of 12% per annum with monthly compounding on the principal amount due, and all late charges from the date first due and payable, all costs of collection, reasonable attorney's fees actually incurred, and any other amounts provided or permitted by law. In the event that the assessment remains unpaid after sixty (60) days, the Association may, as the Board

shall determine, institute suit to collect such amounts and to foreclose its lien. Each Owner, by acceptance of a deed or as a party to any other type of a conveyance, vests in the Association or its agents the right and power to bring all actions against him or her, personally, for the collection of such charges as a debt or to foreclose the aforesaid lien in the same manner as other liens for the improvement of real property. The lien provided for in this Section shall be in favor of the Association and shall be for the benefit of all other Owners. The Association, acting on behalf of the Owners, shall have the power to bid on the Lot at any foreclosure sale or to acquire, hold, lease, mortgage, or convey the Lot. No Owner may waive or otherwise except liability for the assessments provided for herein, including, by way of illustration, but not limitation, abandonment of the Lot.

All payments shall be applied first to costs and attorneys' fees, then to late charges, then to interest, then to delinquent assessments, then to any unpaid installments of the annual assessment or special assessments which are not the subject matter of suit in the order of their coming due, and then to any unpaid installments of the annual assessment or special assessments which are the subject matter of suit in the order of their coming due.

Subsection 7. CAPITAL BUDGET AND CONTRIBUTION. The Board of Directors shall annually prepare a capital budget, which shall take into account the number and nature of replaceable assets, the expected life of each asset, and the expected repair or replacement cost. The Board shall set the required capital contribution, if any, in an amount sufficient to permit meeting the projected capital needs of the Association, as shown on the capital budget, with respect to both amount and timing by annual assessments over the period of the budget. The capital contribution required shall be fixed by the Board and included within the budget and assessments, as provided in Subsection 3 of this Section. A copy of the capital budget shall be distributed to each member in the same manner as the operating budget.

Subsection 8. SUBORDINATION OF THE LIEN TO FIRST DEEDS OF TRUST AND FIRST MORTGAGES. The lien of the assessments, including interest, late charges, costs (including attorneys' fees) provided for herein, shall be subordinate to the lien of any first Mortgage upon any Lot. The sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to judicial or nonjudicial foreclosure of a first Mortgage 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 lien rights for any assessments thereafter becoming due. Where the Mortgagee of a first Mortgage of record or other purchaser of a Lot obtains title, his or her successors and assigns shall not be liable for the share of the common expenses or assessments by the Association chargeable to such Lot which became due prior to the acquisition of title to such Lot by such acquirer. Such unpaid share of common expenses or assessments shall be deemed to be common expenses collectible from all the Lots, including such acquirer, his or her successors and assigns.

Subsection 9. DATE OF COMMENCEMENT OF ANNUAL ASSESSMENTS. The annual assessments provided for herein shall commence as to all Lots then existing and subject to assessment under the Declaration on the first day of the month following the conveyance of the first Lot by the Declarant to a third party purchaser for value and shall be due and payable in a manner and on a

schedule as the Board of Directors may provide. The first annual assessment shall be adjusted according to the number of months then remaining in that fiscal year. The date any Lot becomes subject to assessment hereunder shall be the date on which the Lot becomes subject to the Declaration.

SECTION VIII. GENERAL PROVISIONS

Subsection 1. AMENDMENT. Notwithstanding Article III, Section 1, of this Declaration, the provisions of this Article IV to the Declaration may be amended from time to time unilaterally by the Board (a) if such amendment is necessary to bring any provision hereof into compliance with any applicable governmental statute, rule, or regulation or judicial determination which shall be in conflict therewith; (b) if such amendment is reasonably necessary to enable any reputable title insurance company to issue title insurance coverage with respect to the Lots subject to this Declaration; (c) if such amendment is required by an institutional or governmental lender or purchaser of mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to enable such lender or purchaser to make or purchase mortgage loans on the Lots subject to this Declaration; or (d) if such amendment is necessary to enable any governmental agency or reputable private insurance company to insure mortgage loans on Lots subject to this Declaration, provided, however, any such amendment shall not adversely affect the title to any Owner's Lot.

In addition to the above, this Article IV to the Declaration may be amended upon the affirmative vote or written consent, or any combination thereof, of at least seventy-five percent (75%) of the members of the Association and the consent of the City of Redmond planning department. Amendments to this Article IV to the Declaration shall become effective upon recordation in the Deschutes County, Oregon, real property records, unless a later effective date is specified therein.

Subsection 3. INDEMNIFICATION. The Association shall indemnify every officer and director against any and all expenses, including counsel fees, reasonably incurred by or imposed upon any officer or director in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the then Board of Directors) to which he or she may be a party by reason of being or having been an officer or director. The officers and directors shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct, or bad faith. The officers and directors shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association (except to the extent that such officers or directors may also be Members of the Association), and the Association shall indemnify and forever hold each such officer and director free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer or director, or former officer or directors, may be entitled. The Association shall, as a common expense, maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such insurance is reasonably available.

Subsection 4. ENFORCEMENT; ATTORNEYS' FEES. Notwithstanding Article III, Subsection 2, of the Declaration, the Association and the Owners within the Property, any mortgagee on any Lot, and/or the City of Redmond, shall have the right to enforce all of the terms contained in this Article IV, by any proceeding at law or in equity. Failure by either the Association or by any other party with enforcement rights to enforce any covenant, condition or restriction herein contained in this Article IV shall not 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 Article IV, the Bylaws, or any rule or regulation of the Association, 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 or review, the cost of the appeal or review, 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.

Subsection 5. GENDER AND GRAMMAR. The singular, wherever used herein, shall be construed to mean the plural, when applicable, and the use of the masculine pronoun shall include the neuter and feminine.

Subsection 6. SEVERABILITY. Whenever possible, each provision of this Article IV shall be interpreted in such manner as to be effective and valid, but if the application of any provision of this Declaration to any person or to any property shall be prohibited or held invalid, such prohibition or invalidity shall not affect any other provision or the application of any provision which can be given effect without the invalid provision or application, and, to this end, the provisions of this Article IV are declared to be severable.

Subsection 7. CAPTIONS. The captions of each Section and Subsection hereof, as to the contents of each Section and Subsection are inserted only for convenience and are in no way to be construed as defining, limiting, extending, or otherwise modifying or adding to the particular Section or Subsection to which they refer.

Subsection 8. PERPETUITIES. If a covenant, condition, restriction, or other provision of this Article IV or elsewhere in this Declaration shall be unlawful, void, or voidable for violation of the rule against perpetuities, then such provisions shall continue only until twenty-one (21) years after the death of the last survivor of the now-living descendants of Elizabeth, Queen of England.

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IN WITNESS WHEREOF, the undersigned, being Grantors herein,

have hereto set their hands this day of ^{9th} September, 2003.

Tucker E. Mayberry

Tucker E. Mayberry, President of The Mayberry Group, Inc., General Partner, The Piculell/Mayberry Group

STATE OF Washington

COUNTY OF Walla Walla

I, BARBARA A. LOCATI, a Notary Public for the State of WASHINGTON, hereby certify that on the day of 9th September, 2003, personally appeared before me Tucker E. Mayberry, who being duly sworn did acknowledge the execution of the foregoing instrument to be their free and voluntary act.

Barbara A. Locati
Notary Public for ~~Oregon~~ WASHINGTON

My Commission expires: 07/26/07

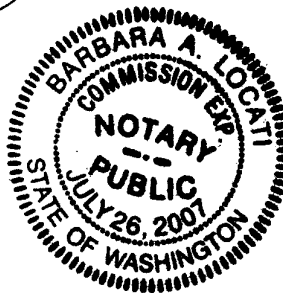


EXHIBIT A

FORREST COMMONS

A 9.15 ACRE SUBDIVISION LOCATED IN THE NW 1/4 OF
THE NW 1/4 OF SECTION 9, TOWNSHIP 15 SOUTH, RANGE
13 EAST, WM, CITY OF REDMOND, DESCHUTES COUNTY,
OREGON

SUBDIVISION PLAT RECORDING NUMBER 2003 - 64899,
BOOK G, PAGE 46 AND 47, DESCHUTES COUNTY REAL PROPERTY
RECORDS.