



After Recording Return To:
Ball Janik LLP
101 SW Main Street
Suite 1100
Portland, OR 97204
Attn: Kristin Udvari

DECLARATION OF RESTRICTIVE COVENANT

This Declaration of Restrictive Covenant (this "Declaration") is made as of this ___ day of November, 2005 by CASCADE HIGHLANDS, L.L.C., an Oregon limited liability company ("Declarant"). Declarant owns that certain parcel of real property in Deschutes County, Oregon legally described on the attached **Exhibit 1** (the "Property") and desires to subject the Property to certain restrictions.

Declarations:

NOW, THEREFORE, Declarant hereby declares as follows:

1. Restrictive Covenant. The Property contains segments of an existing overhead powerline owned and operated by Midstate Electric Cooperative, as depicted on the attached **Exhibit 2** (the "Powerline"). A segment of the Powerline is within the portion of the Property located in the northern one-half (1/2) of Section 2, Township 18S, Range 11E, Deschutes County, Oregon (the "Northern Powerline Segment"), as depicted on the attached **Exhibit 2**. Declarant hereby declares and covenants, to and for the benefit of the owners of Lots 4, 5, 6, 42, and 43 of The Highlands at Broken Top, that Declarant shall not relocate the Northern Powerline Segment, nor shall Declarant grant permission to any other party to relocate the Northern Powerline Segment.

2. Exception to Restrictive Covenant. If any party desires to, and gains all necessary approvals to, bury the Northern Powerline Segment underground, Declarant shall grant an easement to Midstate Electric Cooperative to allow the Northern Powerline Segment to be relocated and buried within a forty (40) foot corridor immediately adjacent to the western boundary of the portion of the Property located within the northern one-half (1/2) of Section 2, Township 18S, Range 11E, Deschutes County, Oregon, as depicted on the attached **Exhibit 2**.

3. Effect of Declaration. This Declaration constitutes a restrictive covenant binding upon the Property. This Declaration shall be for the benefit of and enforceable by the owners of Lots 4, 5, 6, 42, and 43 of The Highlands at Broken Top, Deschutes County, Oregon, and their successors and assigns (the "Beneficiaries").

4. Successors and Assigns. This Declaration shall run with the land and be binding upon Declarant and Declarant's successors and assigns and shall inure to the benefit of the Beneficiaries.

5. Enforcement; Remedies. The Beneficiaries and their successors and assigns shall have the right to enforce the covenants and restrictions created herein. In the event of any

violation or threatened violation of the covenants and restrictions created herein, the Beneficiaries shall, in addition, have the right to seek money damages and/or seek to enjoin the violation or threatened violation in a court of competent jurisdiction. Failure of the Beneficiaries, in any one or more incidences, to enforce strict performance of the obligations or restrictions created herein or to exercise any remedy contained herein shall not be construed as a waiver or a relinquishment for the future of the enforcement rights.

6. Condemnation. In the event Midstate Electric Cooperative or its successors proposes relocation of the Northern Powerline Segment closer to the Beneficiaries' lots, Declarant and/or its successors shall oppose such relocation. If Midstate Electric Cooperative condemns an easement across Declarant's and/or its successors' Property for a relocation of the Northern Powerline Segment closer to the Beneficiaries' lots, then any compensation paid to Declarant and/or its successors for such condemnation shall be paid to the Beneficiaries in an amount equal to the loss of property value caused by the relocation. The amount due to the Beneficiaries pursuant to this Paragraph shall not exceed the compensation paid to Declarant and/or its successors by Midstate Electric Cooperative.

7. Attorneys' Fees. In the event of a suit, action, arbitration, appeal or other proceeding, or the services of an attorney are retained, to enforce any provision of this Declaration or with respect to any dispute relating to this Declaration, then the defaulting party or the party not prevailing in such dispute, as the case may be, shall pay any and all costs and expenses incurred by the other party on account of such default and/or in enforcing or establishing its rights hereunder, including, without limitation, arbitration costs, court costs and reasonable attorneys' fees and disbursements.

8. Amendment. This Declaration, or any portion hereof, may be amended or waived by written agreement of Declarant and the Beneficiaries, which written agreement is recorded in the real property records of Deschutes County, Oregon.

9. Governing Law. This Declaration shall be governed by and construed in accordance with the laws of the State of Oregon. Any action or suit to enforce or construe any provision of this Declaration by either party shall be brought in the Circuit Court of the State of Oregon for Deschutes County, Oregon. The Circuit Court of the State of Oregon for Deschutes County shall have exclusive jurisdiction over all lawsuits brought by any party against any other party with respect to the subject matter of this Declaration, and each party hereby irrevocably consents to such exclusive jurisdiction and waives any and all objections it might otherwise have with respect thereto.

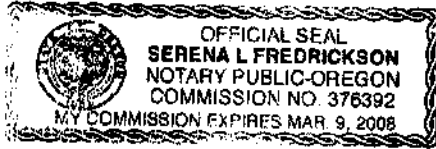
IN WITNESS WHEREOF, Declarant has executed this Declaration as of the date first set forth above.

CASCADE HIGHLANDS, L.L.C.,
an Oregon limited liability company

By: 

Title: 

STATE OF OREGON)
)
COUNTY OF _____)



The foregoing instrument was acknowledged before me the 15 day of November 2005, by Dike Dams, the Owner Rep. of Cascade Highlands LLC, an Oregon limited liability company, on behalf of the company.

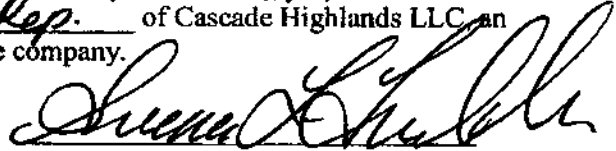

Notary Public, State of Oregon
My Commission Expires: March 9 2008

EXHIBIT 1

Legal Description of the Property

All that portion of Tract 'C' of Highlands at Broken Top, Phase 2 as per plat recorded July 23, 2004 in Volume 2004, page 43477, Deschutes County Official Records, located in Sections 1, 2, 11, and 12, Township 18 South, Range 11 East, Willamette Meridian, Deschutes County, Oregon, lying southerly of the following described line:

Commencing at the southeast corner of a right-of-way dedication for Skyline Ranch Road per dedication deed recorded in Volume 2004, page 02655, official records, Deschutes County, said corner also being on the west line of said Tract 'C';

Thence northerly along the east right-of-way of said Skyline Ranch Road, and the west line of said Tract 'C', along the arc of a 715.00 foot radius curve to the left, through a central angle of 8°31'32", an arc length of 106.39 feet to the Point of Beginning;

Thence leaving said right-of-way and west line of said Tract 'C', North 89°59'56" East, 23.73 feet;

Thence along the arc of a non-tangent 635.01 foot radius curve to the left, through a central angle of 68°00'08", an arc length of 753.66 feet, the chord of which bears South 38°42'51" East, 710.20 feet;

Thence North 17°17'05" East, 140.00 feet;

Thence along the arc of a non-tangent 495.01 foot radius curve to the left, through a central angle of 40°59'47", an arc length of 354.19 feet, the chord of which bears North 86°47'12" East, 346.68 feet to the west boundary of Skyliner Summit at Broken Top - Phase 11.

Excepting therefrom :

All that portion of said Tract 'C' lying within Highlands at Broken Top, Phase 3, as per the plat thereof recorded August 4, 2005, in Volume 2005, Page 51036, Official Records of said Deschutes County;

Also Excepting therefrom:

All that portion of said Tract 'C' lying within proposed Highlands at Broken Top, Phase 4, described as follows:

Beginning at the southeast corner of lot 47 of Highlands at Broken Top, Phase 3, said corner being on the south line of the southeast quarter of said Section 2;

Thence North 88°54'45" East 613.34 feet along said south line of the southeast quarter of said Section 2, and the boundary of said Tract 'C' of Highlands at Broken Top, Phase 2;

Thence leaving said south line and boundary, North $10^{\circ}12'48''$ East 514.94 feet;

Thence South $88^{\circ}37'49''$ East 50.14 feet;

Thence North $1^{\circ}02'41''$ West 403.55 feet;

Thence North $65^{\circ}59'00''$ East 1374.61 feet;

Thence North $56^{\circ}19'06''$ East 80.00 feet;

Thence northerly along the arc of a 2946.00 foot radius non-tangent curve to the right, through a central angle of $14^{\circ}22'21''$, an arc length of 739.00 feet, the chord of which bears North $26^{\circ}29'43''$ West 737.06 feet to a point of reverse curvature;

Thence continuing northerly along the arc of a 2080.00 foot radius curve to the left, through a central angle of $19^{\circ}23'29''$, an arc length of 703.96 feet, the chord of which bears North $29^{\circ}00'17''$ West 700.61 feet;

Thence south $49^{\circ}36'57''$ west, 495.68 feet;

Thence along the arc of a 970.00 foot radius curve to the left, through a central angle of $25^{\circ}42'21''$, an arc length of 435.19 feet (the chord of which bears south $36^{\circ}45'47''$ west, 431.55 feet) to a point of reverse curvature;

Thence along the arc of a 780.00 foot radius curve to the right, through a central angle of $63^{\circ}55'50''$, an arc length of 870.32 feet (the chord of which bears south $55^{\circ}52'31''$ west, 825.87 feet);

Thence south $44^{\circ}50'51''$ west, 27.28 feet;

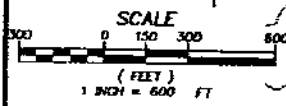
Thence south $01^{\circ}51'17''$ west, 346.49 feet;

Thence along the arc of a 703.00 foot radius curve to the right, through a central angle of $62^{\circ}01'58''$, an arc length of 761.12 feet (the chord of which bears south $32^{\circ}52'16''$ west, 724.49 feet);

Thence south $26^{\circ}17'47''$ east, 772.54 feet to the south line of the southeast quarter of said section 2 and the point of beginning.

CENTERLINE EXISTING OVERHEAD POWERLINES AND 40' WIDE POWERLINE EASEMENT TO MIDSTATE ELECTRIC, VOLUME 2003, PAGE 60943, DESCHUTES COUNTY RECORDS.

40' WIDE CORRIDOR FOR MIDSTATE ELECTRIC UNDERGROUND POWERLINE RELOCATION EASEMENT



LEGEND

RESORT PROPERTY
 40' WIDE CORRIDOR AREA FOR MIDSTATE ELECTRIC UNDERGROUND POWERLINE RELOCATION EASEMENT

CENTERLINE EXISTING 40' WIDE POWERLINE EASEMENT TO MIDSTATE ELECTRIC, VOLUME 2003, PAGE 60943, DESCHUTES COUNTY RECORDS.

Office: BEND / Station: WSP-BND-CANB051 / User: NBOGGS / Date: 10/13/2005 15:37:41

DESIGNED BY:	KSD/NWB	CHECKED BY:	KSD	
DRAWN BY:	NWB	APPROVED BY:	KSD	
LAST EDIT:	10/13/05	PLOT DATE:	10/13/05	
DATE	BY	REV#	REVISION	CK'D/APP'D

400 Highway, Suite 0-100
 Bend, Oregon
 97708-1002

**CASCADE HIGHLANDS, LLC
 CASCADE HIGHLANDS RESORT
 DECLARATION OF RESTRICTIVE COVENANT
 EXHIBIT 2**

BEND/DESCHUTES

SCALE: 1" = 600'	PROJECT NO: 32680	DRAWING FILE NAME: 32680-Bnd-04-0001.dwg 10-13-05	OREGON 1 SHEET 1/1
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EXHIBIT C