



AFTER RECORDING RETURN TO:

Ball Janik LLP
15 SW Colorado, Suite K
Bend, OR 97702
Attn: Laura Craska Cooper

**SUPPLEMENTAL DECLARATION OF COVENANTS, CONDITIONS, AND
RESTRICTIONS FOR CASCADE HIGHLANDS AT BROKEN TOP**

THIS SUPPLEMENTAL DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR THE HIGHLANDS AT BROKEN TOP (this "Supplemental Declaration") is made this ^{15th} day of December 2005, by Cascade Highlands LLC, an Oregon limited liability company as successor-in-interest to Cascade Highlands Limited Partnership, an Oregon limited partnership ("Declarant").

Recitals:

A. Declarant's predecessor-in-interest recorded that certain Declaration of Protective Covenants, Conditions, and Restrictions for The Highlands at Broken Top, on September 29, 2003, in the Official Records of Deschutes County, State of Oregon, at Volume 2003, Page 67685 and re-recorded the same on October 28, 2003 at Volume 2003, Page 74724 (as amended or supplemented from time to time, the "Declaration").

B. Pursuant to Section 11.1 of the Declaration, Declarant desires to annex the property described in attached **Exhibit A** (the "Annexed Property") to the real property that is subject to the Declaration, upon the terms and conditions contained in this Supplemental Declaration. The Annexed Property has been platted to include single-family residential lots (the "Annexed Lots") and certain Common Areas and Common Maintenance Areas.

NOW, THEREFORE, Declarant hereby declares that the Annexed Property shall be held, sold and conveyed subject to the Declaration, this Supplemental Declaration, the Bylaws of The Highlands at Broken Top Community Association, Inc. (as the same may be amended from time to time, the "Bylaws") 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 Property, 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 Property is hereby annexed to and made a part of the Property, and is owned and shall be owned, 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 Property in the same manner as if it were originally covered by the Declaration. Each of the Annexed Lots shall constitute a "Lot" under the Declaration.

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. Ownership of each Annexed Lot shall be subject to the terms of the Bylaws.

ARTICLE 4 ASSESSMENTS

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 the plat for the Annexed Lots is recorded.

ARTICLE 5 COMMON MAINTENANCE AREAS

5.1 Common Areas. Declarant hereby declares that the Common Areas, which shall be conveyed to the Association not later than the Turnover Meeting, shall include that portion of the Annexed Property identified on the Plat of the Annexed Property as Tract E, including all Improvements located thereon now or in the future. Without limiting the foregoing, Common Areas include all private roads, if any, on the Annexed Property.

5.2 Restrictive Covenant Regarding Common Areas and Open Spaces. Declarant hereby declares that no party shall construct a residential dwelling upon any portion of the Annexed Property identified on the Plat of the Annexed Property as "Common Area" or "Open Space" so long as such lot, parcel or tract is outside an urban growth boundary. The terms of this Section 5.2 may not be deleted or amended without the written consent of Deschutes County.

5.3 Common Maintenance Areas. The following are hereby designated as Common Maintenance Areas: (i) drainage facilities located on Lots 49, 51, 52 and 53; (ii) all slopes supporting roadways throughout the Property; (iii) all trails on the Annexed Property, if any, as shown on the Plat; and (iv) entry monument improvements located on Lot 53 (within an easement area noted on the Plat of the Annexed Property, which easement shall include the right of Declarant and the Association to install, maintain and use decorative monument wall(s), related landscaping, irrigation and gate and wall appurtenances, all of which shall be Common Maintenance Areas). The Association's obligations to maintain trails and related fences shall be subject to the terms of any recorded easement agreements.

ARTICLE 6 FIRE SPRINKLER SYSTEMS

Each Owner of an Annexed Lot shall be responsible for compliance with City of Bend Fire Department regulations, which may include installation of a fire sprinkler system. Each Owner of an Annexed Lot shall be solely responsible for consulting with the Fire Marshal to assure that Owner's Lot and improvements are in compliance with all City of Bend Fire Department regulations.

ARTICLE 7 TREE MAINTENANCE ON LOTS 51-53

Pursuant to Condition of Approval No. 13 ("Condition No. 13") in that certain Findings and Decision issued October 5, 2005 by Deschutes County, Oregon, File No. CU-05-54 & TP-05-959, Declarant installed trees on Lots 51, 52 and 53 that screen improvements on the Lots from the view from Skyline Ranch Road. Each Owner of Lots 51, 52 and 53 shall be responsible for maintaining such trees located on his or her Lot in a healthy condition as required by Condition No. 13.

ARTICLE 8 AMENDMENTS

8.1 Term and Amendments. The covenants and restrictions of this Supplemental Declaration shall run with and bind the Annexed Property 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.

8.2 Regulatory Amendments. Notwithstanding the provisions of Section 8.1 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.

ARTICLE 9 MISCELLANEOUS PROVISIONS

9.1 Non-Waiver. 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.

9.2 Construction; Severability. This Supplemental Declaration and the Declaration shall be liberally construed as one document to effect the annexation of the Annexed Property 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.

9.3 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 Property.

9.4 Termination. 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.

CASCADE HIGHLANDS LLC,
an Oregon limited liability company

By: [Signature]
Name: T B DAME
Title: Owners Rep.

STATE OF OREGON)
)ss.
County of Multnomah)

~~November~~ December The foregoing instrument was acknowledged before me on this 15 day of December 2005 by T. B. Dame, the owner's representative of Cascade Highlands LLC, an Oregon limited liability company, on behalf of the company.

[Signature]
Notary Public for Oregon
My Commission Expires: 2/23/08

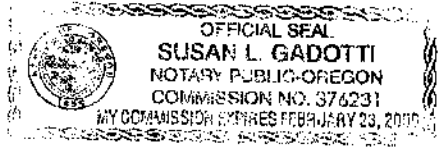


Exhibit A

Annexed Property

The property known as The Highlands at Broken Top, Phase 4, as shown in the duly recorded plat of The Highlands at Broken Top, Phase 4, recorded in Cabinet "6," Page 985 under Recorder's No. Volume 2005, on 86376, 2005 in the Official Records, Deschutes County, Oregon.