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AMENDED AND RESTATED
DECLARATION OF
COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR JUNIPER GLEN NORTH

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P.O. BOX 323
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**AMENDED AND RESTATED
DECLARATION OF
COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR JUNIPER GLEN NORTH**

THIS AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR Juniper Glen North ("Declaration") is made this 31st day of January, 2005 by Sunset Ridge Village, LLC, an Oregon limited liability company ("Declarant").

The Declaration of Covenants, Conditions and Restrictions for Juniper Glen North was recorded in the official records of Deschutes County, Oregon on December 27, 2004 as Document No. 2004-77142 ("Original Declaration"). This Declaration supersedes and replaces the Original Declaration in its entirety. Due to a scrivener's error, the original Declaration incorrectly referenced the Declarant as Sunridge Village, LLC. The correct name of the Declarant is Sunset Ridge Village, LLC.

RECITALS

Declarant is the record owner of Lots 1-72 and Tract "A" of Juniper Glen North located in the County of Deschutes, State of Oregon. Declarant has conveyed Lots 73-80 to George A. Hale, who is executing this Declaration for purposes of consenting to its terms with respect to Lots 73-80. In addition, Declarant is the contract vendor and Wood Hill Homes, LLC is the contract vendee of Lots 1 through 68 pursuant to the terms of a Land Sale Contract dated January 19, 2005, a Memorandum of which was recorded in the real property records of Deschutes County, Oregon on January 24, 2005 as Fee No. 2005-04189. Accordingly, Wood Hill Homes, LLC is executing this Declaration for purposes of consenting to its terms with respect to Lots 1-68. Lots 1-80 and Tract "A" of Juniper Glen North are collectively referenced herein as the "Property".

Declarant intends to develop Juniper Glen North as a Class I planned community. To establish Juniper Glen North as a planned community, Declarant desires to impose these mutually beneficial covenants, conditions, restrictions, easements, assessments and liens on the Property, under a comprehensive general plan of improvement and development for the benefit of all Lots and Common Area in Juniper Glen North.

Declarant has deemed it desirable for the efficient preservation of the values and amenities in Juniper Glen North to create a nonprofit corporation, to which will be delegated and assigned the powers and authority to own, maintain and administer the Common Area and facilities, maintain, repair and replace certain portions of the Lots and administer, enforce the covenants, conditions, and restrictions of this Declaration, and to collect and disburse the assessments and charges hereinafter created.

Most of the Lots in Juniper Glen North will be improved with one side of a duplex structure; however, it is permissible to construct single-family detached homes on the Lots.

The Declarant shall convey Tract "A" to the Juniper Glen North Homeowners' Association ("Association"). The Association shall assume the maintenance obligation of such Tracts for the benefit of the Owners and assess the Owners of Lots 1 through 80 equally for the expenses.

The plat of Juniper Glen North includes two commercially zoned lots. Such lots are not subject to this Declaration and the owners of such lots are not members of the Association.

NOW THEREFORE, Declarant declares that the Property shall be held, transferred, sold, conveyed and occupied subject to the Oregon Planned Community Act as may be amended from time to time (ORS 94.550 to 94.783) and subject to the following covenants, conditions, restrictions, easements, charges and liens, which shall run with the land, which shall be binding upon all parties having or acquiring any right, title or interest in the Property or any part thereof, and which shall inure to the benefit of the Association and of each Owner.

ARTICLE 1

DEFINITIONS

1.1 "Architectural Review Committee" or "ARC" shall refer to that committee constituted and acting pursuant to Article 6 of this Declaration.

1.2 "Articles" shall mean the Articles of Incorporation for the nonprofit corporation, Juniper Glen North Homeowners' Association, as filed with the Oregon Secretary of State.

1.3 "Association" shall mean and refer to Juniper Glen North Homeowners' Association, its successors and assigns.

1.4 "Board" shall mean the Board of Directors of the Association.

1.5 "Bylaws" shall mean and refer to the Bylaws of the Association which shall be recorded in the Deschutes County, Oregon, deed records.

1.6 "Common Area" shall mean and refer to Tract "A" shown on the recorded Plat of Juniper Glen North, including any improvements located thereon, which areas and improvements are intended to be devoted to the common use and enjoyment of the members and which land will be conveyed to the Association. Tract "A" includes private roads serving all of the Lots, which private roads shall be maintained at the expense of the Association, and open space which shall be maintained by the Association in a manner consistent with that required by the City of Redmond.

1.7 "Declaration" shall mean the covenants, conditions, restrictions, and all other provisions set forth in this Declaration.

1.8 "Declarant" shall mean and refer to Sunset Ridge Village LLC, an Oregon limited liability company, and its successors or assigns, or any successor or assign to all or the remainder of its interest in the Property.

1.9 "Duplex" shall mean each and every duplex constructed on the Lots with a party wall on the boundary between the two Lots.

1.10 "General Plan of Development" shall mean Declarant's general plan of development of the Property, as approved by appropriate governmental agencies, as may be amended from time to time.

1.11 "Home" shall mean and refer to any portion of a structure situated on a Lot and designed and intended for use and occupancy as a residence by a single family or household.

1.12 "Initial Builder" shall mean George A. Hale and any entity in which George A. Hale has a controlling (more than fifty percent (50%)) interest.

1.13 "Lot" shall mean and refer to each and any of Lots 1 through 80; provided, however, that "Lot" shall not include Tract "A."

1.14 "Members" shall mean and refer to the Owners of any of Lots 1 through 80.

1.15 "Mortgage" means a recorded first mortgage, first trust deed, a first contract of sale that creates a first lien against a Lot, and "mortgagee" means the holder, beneficiary or vendor of such mortgage, trust deed or contract of sale, but only when such holder, beneficiary or vendor notifies the Association in writing of the existence of such mortgage and gives the Association a current name and mailing address.

1.16 "Occupant" shall mean and refer to the occupant of a Home, whether such person is an Owner, a lessee or any other person authorized by the Owner to occupy the Home.

1.17 "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot or a purchaser in possession of a Lot under a land sale contract. The foregoing does not include persons or entities who hold an interest in any Lot merely as security for the performance of an obligation.

1.18 "Planned Community Act" or "PCA" shall mean the Oregon Planned Community Act (ORS 94.550 to 94.783).

1.19 "Plat" shall mean and refer to the Plat of Juniper Glen North recorded in the Plat Records of Deschutes County, Oregon, at Book 2004, Page 77141, on December 27, 2004.

1.20 "Private Road" shall mean the roadways within Tract "A" on the Plat of Juniper Glen North which serve as a means of access to all of the Lots.

1.21 "Property" shall have the meaning attributed to such term in the Recitals of this Declaration.

1.22 "Reserve Account(s)" shall mean and refer to an account set up by the Board to hold funds for construction, improvements or maintenance of the Common Area.

1.23 "Rules and Regulations" shall mean and refer to the documents containing rules, regulations, resolutions and policies adopted by the Board or the Architectural Review Committee, as may be from time to time amended.

1.24 "Tract" shall mean and refer to Tract "A" as shown on the Plat.

ARTICLE 2

PROPERTY SUBJECT TO THIS DECLARATION

2.1 Development. The development of Juniper Glen North shall consist of the Property, which shall be held, transferred, sold, conveyed and occupied subject to this Declaration. Declarant does not intend to build any Common Area improvements on Tract "A" other than the private streets delineated on the Plat and landscaping or improvements as may be required by the City of Redmond.

2.2 No Right to Annex Additional Property or to Withdraw Property. The Declarant reserves no right to annex additional property to or to withdraw property from Juniper Glen North.

ARTICLE 3

OWNERSHIP AND EASEMENTS

3.1 Non-Severability. The interest of each Owner in the use and benefit of the Common Area shall be appurtenant to the Lot owned by the Owner. No Lot shall be conveyed by the Owner separately from the interest in the Common Area. Any conveyance of any Lot shall automatically transfer the right to use the Common Area without the necessity of express reference in the instrument of conveyance. There shall be no judicial partition of the Common Area. Each Owner, whether by deed, gift, devise or operation of law, for such Owner's benefit and for the benefit of all other Owners, specifically waives and abandons all rights, interests and causes of action for judicial partition of any interest in the Common Area and agrees that no action for judicial partition shall be instituted, prosecuted or reduced to judgment. Ownership interests in the Common Area and Lots are subject to the easements granted and reserved in this Declaration. Each of the easements granted or reserved herein shall be deemed to be established upon the recordation of this Declaration and shall thenceforth be deemed to be covenants running with the land for the use and benefit of the Owners and their Lots and shall be superior to all other encumbrances applied against or in favor of any portion of Juniper Glen North.

3.2 Ownership of Lots. Title to each Lot in Juniper Glen North shall be conveyed in fee to an Owner. If more than one person and/or entity owns an undivided interest in the same Lot, such persons and/or entities shall constitute one Owner.

3.3 Ownership of Common Area. Title to any Common Area shall be conveyed to the Association not later than the date of the Turnover Meeting.

3.4 Easements. Individual deeds to Lots may, but shall not be required to, set forth the easements specified in this Article.

3.4.1 Easements on Plat. The Common Area and Lots are subject to the easements and rights-of-way shown on the Plat.

3.4.2 Easements for Common Area. Every Owner shall have a non-exclusive right and easement of use and enjoyment in and to the Common Area, which shall be appurtenant to and shall pass with the title to every Lot. Such easement is subject to ORS 94.665, as may be amended from time to time.

3.4.3 Easements Reserved by Declarant. So long as Declarant or the Initial Builder owns any Lot, Declarant reserves and grants an easement over, under and across the Common Area for the benefit of the Declarant and the Initial Builder in order to carry out sales activities necessary or convenient for the sale of Lots. Declarant, for itself and the Initial Builder and their successors and assigns, hereby retains and grants a right and easement of ingress and egress to, from, over, in, upon, under and across the Common Area and the right to store materials thereon and to make such other use thereof as may be reasonably necessary or incident to the construction of the improvements on the Property in such a way as not to interfere unreasonably with the occupancy, use, enjoyment or access to an Owner's Lot by such Owner or such Owner's family, tenants, employees, guests or invitees.

3.4.4 Additional Easements. Notwithstanding anything expressed or implied to the contrary, this Declaration shall be subject to all easements granted by Declarant for the installation and maintenance of utilities and drainage facilities necessary for the development of Juniper Glen North.

3.4.5 Association's Easements. Declarant grants to the Association and its duly authorized agents and representatives such easements over the Lots and Common Area as are necessary to perform the duties and obligations of the Association, as set forth in this Declaration, the Bylaws, and the Articles, as the same may be amended.

3.4.6 Easement to Governmental Entities. Declarant grants a non-exclusive easement over the Common Area to all governmental and quasi-government entities, agencies, utilities, and their agents for the purposes of performing their duties as utility providers.

3.4.7 Perimeter Easement Benefiting Association. Declarant grants to the Association and its duly authorized agents and representatives an easement over that perimeter portion of each Lot that is included within the building setbacks set by applicable ordinances for

the purposes of installation, maintenance, repair, and replacement of utilities, communication lines, and drainage. The Board may assign all or portions of the easements granted to it by this Section 3.4.7 to any governmental body or agency and/or any public or private utility company or provider, upon a two-thirds (2/3) vote of the Board members at a duly called and held Board meeting.

3.4.8 Perimeter Easements Benefiting Owners. Every Owner shall have an easement over that perimeter portion of other Lots that is included within the building setbacks set by applicable ordinances as may be reasonably necessary to reach such Owner's Lot for purposes of exterior maintenance and repair of the Owner's Home and for maintaining the landscaping on the Owner's Lot.

3.4.9 Emergency Vehicles. Declarant grants a non-exclusive easement over the roadways within Tract "A" to emergency vehicles for ingress and egress.

ARTICLE 4 **LOTS AND HOMES**

4.1 Residential Use. Lots shall only be used for residential purposes. Except with the Board's consent no trade, craft, business, profession, commercial or similar activity of any kind shall be conducted on any Lot, and no goods, equipment, vehicles, materials or supplies used in connection with any trade, service or business shall be kept or stored on any Lot. Nothing in this Section 4.1 shall be deemed to prohibit (a) activities relating to the sale of residences, (b) the right of Declarant and the Initial Builder or any contractor or homebuilder to construct residences on any Lot, to store construction materials and equipment on such Lots in the normal course of construction, and to use any residence as a sales office or model Home for purposes of sales in Juniper Glen North, and (c) the right of the Owner of a Lot to maintain such Owner's personal business or professional library, keep such Owner's personal business or professional records or accounts, handle such Owner's personal business or professional telephone calls or confer with business or professional associates, clients or customers in such Owner's residence in conformance with all City and County ordinances. The Board shall not approve commercial activities otherwise prohibited by this Section 4.1 unless the Board determines that only normal residential activities would be observable outside of the residence and that the activities would not be in violation of applicable local government ordinances.

4.2 Landscaping. The Association shall maintain the lawns and landscaping on the front yard of each Lot and on that portion of the side yards adjacent to any Common Area. Landscaping for all portions of the Lot shall commence within sixty (60) days after final building inspection by the local government jurisdiction and shall be completed within six (6) months after such inspection. The water charge for irrigation shall be borne by the Association if connected to the common water system and borne by the individual Owners where the water system is connected to the individual Home around which landscaping is installed. The Association may irrigate from hose bibs connected to individual Homes of Owners if the irrigation system fails or is insufficient. If plantings in the backyards of Lots have died or are dying because the Owner of the Lot neglected to properly care for and irrigate the plants, or if

plantings on any Lot have died or are dying because of other harm to the plants caused by such Owner, the Association shall replace the plantings and may assess the Owner for the cost as a Reimbursement Assessment, which may be collected and enforced as any other assessments imposed pursuant to the Declaration and Bylaws.

4.3 Maintenance of Lots and Homes. Each Owner shall maintain such Owner's Lot and all improvements thereon in a clean and attractive condition, in good repair and in such fashion as not to create a fire hazard. Such maintenance shall include, without limitation, painting, staining, maintenance of windows, doors, garage doors, walks, patios, chimneys and other exterior improvements and glass surfaces. All repainting or restaining and exterior remodeling shall be subject to prior review and approval by the ARC. Each Owner shall repair damage caused to such Owner's Lot or improvements located thereon by fire, flood, storm, earthquake, riot, vandalism, or other causes within a reasonable period.

4.4 Rental of Homes. An Owner may rent or lease such Owner's Home or a portion thereof, provided that the following conditions are met:

4.4.1 Written Rental Agreements Required. The Owner and the tenant enter into a written rental or lease agreement specifying that (i) the tenant shall be subject to all provisions of the Declaration, Bylaws and Rules and Regulations, and (ii) a failure to comply with any provision of the Declaration, Bylaws and Rules and Regulations shall constitute a default under the rental or lease agreement;

4.4.2 Minimum Rental Period. The period of the rental or lease is not less than thirty (30) days; and

4.4.3 Tenant Must be Given Documents. The Owner gives each tenant a copy of the Declaration, Bylaws and Rules and Regulations.

4.5 Animals. No animals, livestock or poultry of any kind, other than a reasonable number of dogs and cats that are not kept, bred or raised for commercial purposes and that are reasonably controlled so as not to be a nuisance, shall be raised, bred, kept or permitted within any Lot. Any Lot owner who maintains any pet upon any portion of the owner's Lot shall be deemed to have agreed to indemnify and hold the Association, each of its members and the Declarant and Initial Builder free and harmless from any loss, claim or liability of any kind or character whatever arising by reason of keeping or maintaining such pet. Such owner shall further abide by all governmental sanitary laws and regulations, leash and other local and state laws relating to pets and rules or regulations of the Association created by the Board of Directors. The Board of Directors shall have the right to order any person whose pet is a nuisance to remove such pet from the premises upon the Association's delivery of the third notice in writing of a violation of any rule, regulation or restriction governing pets within Juniper Glen North. All pets shall be registered with the Board of Directors and shall otherwise be registered and inoculated as required by law.

4.6 Nuisance. No noxious, harmful or offensive activities shall be carried on upon any Lot or Common Area, nor shall anything be done or placed on any Lot or Common Area that

interferes with or jeopardizes the enjoyment of, or that is a source of annoyance to, the Owners or other Occupants.

4.7 Parking. Boats, trailers, commercial vehicles, mobile homes, campers, and other recreational vehicles or equipment, regardless of weight, shall not be parked on any part of the Common Area, or on any streets on or adjacent to the Property at any time or for any reason, including loading or unloading, and may not be parked on any Lot for more than six (6) hours or such other period as may be permitted by the Association Rules and Regulations. The garage on each Lot shall be used to park the occupant's primary passenger vehicle, and for no other purpose. Parking of passenger vehicles on roadways within Tract "A" shall be limited to short term, as determined by the Board of Directors, and shall be subject to all other regulations adopted by the Board of Directors and applicable governmental ordinances.

4.8 Vehicles in Disrepair. No Owner shall permit any vehicle that is in a state of disrepair or that is not currently licensed to be abandoned or to remain parked upon the Common Area or on any street on or adjacent to the Property at any time and may not permit them on a Lot for a period in excess of forty-eight (48) hours. A vehicle shall be deemed in a "state of disrepair" when the Board reasonably determines that its presence offends the occupants of the neighborhood. If an Owner fails to remove such vehicle within five (5) days following the date on which the Association mails or delivers to such Owner a notice directing such removal, the Association may have the vehicle removed from the Property and charge the expense of such removal to the Owner which may be collected and enforced as any other assessments imposed pursuant to the Declaration and Bylaws.

4.9 Signs. No signs shall be erected or maintained on any Lot except that not more than one (1) "For Sale" or "For Rent" sign placed by the Owner or by a licensed real estate agent, not exceeding twenty-four (24) inches high and thirty-six (36) inches long, may be temporarily displayed on any Lot. The restrictions contained in this Section 4.9 shall not prohibit the temporary placement of "political" signs on any Lot by the Owner or Occupant. Provided, however, political signs shall be removed within three (3) days after the election day pertaining to the subject of the sign. Real estate signs shall be removed within three (3) days after the sale closing date.

4.10 Rubbish and Trash. No Lot or 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 containers for proper disposal and within the Owner's garage except on the collection days. Yard rakings, dirt and other material resulting from landscaping work shall not be dumped onto streets, the Common Area or any other Lots. If an Owner fails to remove any trash, rubbish, garbage, yard rakings or any similar materials from any Lot, any streets or the Common Area where deposited by such Owner or the Occupants of such Owner's Lot after notice has been given by the Board to the Owner, the Association may have such materials removed and charge the expense of such removal to the Owner. Such charge shall constitute a Reimbursement Assessment, which may be collected and enforced as any other assessments imposed pursuant to the Declaration and Bylaws.

4.11 Fences and Hedges. No fences or boundary hedges shall be installed or replaced without prior written approval of the ARC. No fences or boundary hedges shall be permitted forward of the front boundary line of a Home. All such fences and hedges shall have convenient access ways to allow the Association to carry out its exterior maintenance and landscaping responsibilities. Invisible fences shall be installed at the risk of the Owners who install them. Each Owner shall repair and replace all landscaping damaged when installing any underground wire for the invisible fence system. In addition, each Owner shall repair the invisible fence system if it is damaged by the Association for any reason and shall indemnify, defend, and hold harmless the Association for any and all claims, damages, and fees (including attorney fees) incurred in connection therewith.

4.12 Service Facilities; Utilities. All service facilities (garbage containers, clotheslines, heat pumps, etc.) shall be screened such that such facilities are not visible at any time from the street or a neighboring property. All telephone, electrical, cable television and other utility installations shall be placed underground in conformance with applicable law and subject to approval by the ARC.

4.13 Antennas and Satellite Dishes. Except as otherwise provided by law or this section, no exterior antennas, satellite dishes, microwave, aerial, tower or other devices for the transmission or reception of television, radio or other forms of sound or electromagnetic radiation shall be erected, constructed or placed on any Lot. Without prior written consent from the ARC, exterior satellite dishes or antennas with a surface diameter of one (1) meter or less and antennas designed to receive television broadcast signals only may be placed on any Lot if they are not visible from the street and are screened from neighboring Lots. Any exterior satellite dishes or antennas not screened as provided by the preceding sentence shall be subject to approval by the ARC. The Board or ARC may adopt reasonable rules and regulations governing the installation, safety, placement and screening of such antennas, satellite dishes and other transmission devices. Such rules shall not unreasonably delay or increase the cost of installation, maintenance or use or preclude reception of a signal of acceptable quality. (The ARC, in its sole discretion, may determine what constitutes a signal of acceptable quality.)

4.14 Exterior Lighting or Noise-making Devices. Except with the consent of the ARC, no exterior lighting or noise-making devices, other than security and fire alarms, shall be installed or maintained on any Lot.

4.15 Basketball Hoops. No Owner may install a permanent basketball hoop on any Lot without the ARC's prior approval. The ARC may, in its discretion, prohibit such basketball hoops. Basketball hoops shall be prohibited in the Common Area and on any Lot if the area of play is intended to be the street or any Common Area.

4.16 Damage or Destruction to Home and/or Lot. If all or any portion of a Lot or Home is damaged by fire or other casualty, the Owner shall either (i) restore the damaged improvements or (ii) remove all damaged improvements, including foundations, and leave the Lot in a clean and safe condition. Any restoration proceeding under (i) above must be performed so that the improvements are in substantially the same condition in which they existed prior to the damage, unless the provisions of Article 6 are complied with by the Owner. The Owner must

commence such work within sixty (60) days after the damage occurs and must complete the work within six (6) months thereafter. The Association and Owners whose Homes are in the same building shall cooperate in respect to repair and reconstruction and application of available insurance proceeds.

4.17 Right of Maintenance and Entry by Association. If an Owner fails to perform maintenance and/or repair that such Owner is obligated to perform pursuant to this Declaration, and if the Board determines, after notice, that such maintenance and/or repair is necessary to preserve the attractiveness, quality, nature and/or value of Juniper Glen North, the Board may cause such maintenance and/or repair to be performed and may enter any such Lot whenever entry is necessary in connection with the performance thereof. An Owner may request, and the Board shall conduct, a hearing on the matter. The Owner's request shall be in writing delivered within five (5) days after receipt of the notice, and the hearing shall be conducted within not less than five (5) days nor more than twenty (20) days after the request for a hearing is received. Entry shall be made with as little inconvenience to an Owner as practicable and only after advance written notice of not less than forty-eight (48) hours, except in emergency situations. The costs of such maintenance and/or repair shall be chargeable to the Owner of the Lot as a Reimbursement Assessment, which may be collected and enforced as any other assessments authorized hereunder.

4.18 Association Rules and Regulations. The Board from time to time may adopt, modify or revoke such Rules and Regulations governing the conduct of persons and the operation and use of Lots and the Common Area as it may deem necessary or appropriate to assure the peaceful and orderly use and enjoyment of the Property and the administration and operation of the Association. A copy of the Rules and Regulations, upon adoption, and a copy of each amendment, modification or revocation thereof, shall be delivered by the Board promptly to each Owner and shall be binding upon all Owners and occupants of all Lots upon the date of delivery or actual notice thereof. The method of adoption of such Rules and Regulations shall be provided in the Bylaws of the Association. Subject to approval or consent by the Board, the ARC may adopt rules and regulations pertinent to its functions.

4.19 Ordinances and Regulations. The standards and restrictions set forth in this Article 4 shall be the minimum required. To the extent that local governmental ordinances and regulations are more restrictive or provide for a higher or different standard, such local governmental ordinances and regulations shall prevail.

4.20 Temporary Structures. No structure of a temporary character or any trailer, basement, tent, shack, garage, barn or other outbuilding shall be used on any Lot as a residence, either temporarily or permanently.

4.21 Declarant and Initial Builder Exemptions. The Declarant and the Initial Builder shall be exempt from the application of Section 4.9.

4.22 Party Wall Agreements. Each wall which is built as part of the original construction of a Home within Juniper Glen North and placed upon the dividing line between any Lots shall constitute a "party wall." Homes within Juniper Glen North must be subject to

recorded Party Wall Agreements substantially in the form attached hereto as Exhibit "A" providing for maintenance and repair of the party wall and structural components of the building in which the Home is located. Provided, however, the owners of Lots subject to a Party Wall Agreement may amend the same without consent of the Association, provided no amendment diminishes the obligation of the Lot Owners to maintain the Duplex and Lots to the standard required by this Declaration.

4.23 Vicious Dog. Notwithstanding the provisions of Section 4.5 hereof, no Owner or Occupant of a Lot or Home on a Lot shall keep any dog on the Lot, in the Home or on the Common Area permanently or temporarily which is full bred or part bred Pit Bull Terrier, Mastiff, Doberman Pinscher and other dogs customarily bred, trained or kept to attack, protect and guard or engage in fighting.

ARTICLE 5

COMMON AREA

5.1 Use of Common Areas. Use of the Common Area is subject to the provisions of the Declaration, Bylaws, Articles and the Rules and Regulations adopted by the Board. There shall be no obstruction of any part of the Common Area. Nothing shall be stored or kept in the Common Area without the prior written consent of the Board.

5.2 Maintenance of Common Area. The Association shall be responsible for maintenance, repair, replacement, and upkeep of the Common Area. The Association shall keep the Common Area in good condition and repair, provide for all necessary services and cause all acts to be done which may be necessary or proper to assure the maintenance of the Common Area.

5.3 Alterations to Common Area. Only the Association shall construct, reconstruct, or alter any improvement located on the Common Area. A proposal for any construction or alteration, maintenance or repair to any such improvement may be made at any Board meeting. A proposal may be adopted by the Board, subject to the limitations contained in the Bylaws and this Declaration; provided, however, no improvements may be made to the Common Area except the construction, repair and reconstruction of the private streets, utility installations, landscaping, curbs and sidewalks and outdoor recreation equipment.

5.4 Funding. Expenditures for alterations, maintenance or repairs to an existing improvement for which a reserve has been collected shall be made from the Reserve Account. As provided in Section 10.5, the Board may levy a special assessment to fund any construction, alteration, repair or maintenance of an improvement (or any other portions of the Common Area) for which no reserve has been collected or for which the Reserve Account is insufficient to cover the cost of the proposed improvement.

5.5 Landscaping. All landscaping on any Lot or on the Common Area shall be maintained and cared for in a manner that is consistent with Declarant's or the ARC's original approval of such landscaping. Weeds and diseased or dead lawn, trees, ground cover or shrubs

shall be removed and replaced. Lawns shall be neatly mowed and trees and shrubs shall be neatly trimmed. The Association shall maintain all front yard landscaping on all Lots and all side yard landscaping on Lots with side yards adjacent to the Common Area, and, except as otherwise provided in Section 4.11, no Owner shall be permitted to install, remove or replace any landscaping within such areas without prior written approval of the ARC. The Owners shall maintain all other portions of the landscaping on their Lots. All landscaping shall be irrigated in a horticulturally proper manner, subject to water use restrictions or moratoria by government bodies or agencies.

5.6 Condemnation of Common Area. If all or any portion of the Common Area is taken for any public or quasi-public use under any statute, by right of eminent domain or by purchase in lieu of eminent domain, the entire award shall be received by and expended by the Board in a manner that, in the Board's discretion, is in the best interest of the Association and the Owners. The Association shall represent the interest of all Owners in any negotiations, suit, action or settlement in connection with such matters.

5.7 Damage or Destruction of Common Area. If all or any portion of the Common Area is damaged or destroyed by an Owner or any of an Owner's guests, Occupants, tenants, licensees, agents or members of Owner's family in a manner that would subject such Owner to liability for such damage under Oregon law, such Owner hereby authorizes the Association to repair such damage. The Association shall repair the damage and restore the area in workmanlike manner as originally constituted or as may be modified or altered subsequently by the Association in the discretion of the Board. Reasonable costs incurred in connection with effecting such repairs shall become a special assessment upon the Lot and against the Owner who caused or is responsible for such damage.

5.8 Power of Association to Sell, Dedicate or Transfer Common Area. As provided in ORS 94.665, the Association may sell, dedicate, transfer, grant a security interest in, or grant an easement for installation and maintenance of utilities or for similar purposes with respect to, any portion of the Common Area. Except for grants of easements to any governmental body or agency or granted for utility-related purposes, no such sale, dedication, transfer, or grant of a security interest shall be effective unless approved by eighty percent (80%) of the votes of both Class A and Class B members. Provided further, if there is only one class of votes, such sale, dedication, transfer, or grant of a security interest (other than a grant of an easement for utility-related purposes) must be approved by eighty percent (80%) of the votes held by Owners other than Declarant.

5.9 No Duty of City to Maintain Street. The maintenance and repair of the private street within Tract "A" is the responsibility of the Association. The City of Redmond has no duty to maintain or repair the street and has advised the Declarant that it will not accept dedication of the street or any responsibility for its maintenance.

5.10 Common Area Lighting / Outdoor Security Lights. Any lighting which is placed in the Common Areas by the Association shall be directed in such a fashion so as not to shine directly on homes within Juniper Glen North or any public streets, and shall be installed with timers or photoelectric cells so that the lights will be turned off during daylight hours. Any

security lighting maintained by homeowners on their Lots within Juniper Glen North shall be installed in such a fashion so that it does not directly shine onto the homes or yards of other Lots within Juniper Glen North or any public streets, and shall be on timers allowing automatic shutoff. The Association assessments shall include such amounts as are necessary to maintain, repair, and replace any lighting installed within the Common Areas of Juniper Glen North.

ARTICLE 6

ARCHITECTURAL REVIEW COMMITTEE

6.1 Architectural Review. No improvement shall be commenced, erected, placed or altered on any Lot until the construction plans and specifications showing the nature, shape, heights, materials, colors, and proposed location of the improvement have been submitted to and approved in writing by the ARC. This Article's purpose is to assure quality of workmanship and materials and harmony between exterior design and the existing improvements and landscaping and as to location with respect to topography and finished grade elevations. The ARC shall not be responsible for determining compliance with structural and building codes, solar ordinances, zoning codes or other governmental regulations, all of which are the applicant's responsibility. The procedure and specific requirements for review and approval of construction shall be set forth in design guidelines and standards adopted from time to time by the ARC. The provisions of this Article shall apply in all instances in which this Declaration requires the ARC's consent.

6.2 Architectural Review Committee, Appointment and Removal. Declarant reserves the right to appoint all members of the ARC and all replacements thereto until Juniper Glen North is one hundred percent (100%) built out. The Declarant hereby assigns the power to appoint the ARC to the Initial Builder who shall have such power as long as it owns any Lot, has a right to purchase any Lot or relinquishes such power. After build out, the ARC shall consist of no fewer than three (3) members and no more than five (5) members. Each ARC member shall serve for one (1) year. After build out, Declarant and the Initial Builder shall assign to the Board the right to appoint and remove members of the ARC. Board members and persons who are not Owners but who have special expertise regarding the matters that come before the ARC may serve as all or some of the ARC's members. In the Board's sole discretion, non-Owner members of the ARC may be paid. The Board may appoint itself as the ARC or any of its members to the ARC. If an ARC has not been appointed, the Board shall serve as the ARC.

6.3 Majority Action. Except as otherwise provided in this Declaration, a majority of the members of the ARC shall have the power to act on behalf of the ARC, without the necessity of a meeting and without the necessity of consulting the remaining member or members of the ARC. The ARC may render its decision only by written instrument setting forth the action taken by the members consenting thereto.

6.4 Duties. The ARC shall consider and act upon the proposals and/or plans submitted pursuant to this Article. The ARC, from time to time and at its sole discretion, may adopt architectural rules, regulations and guidelines ("Architectural Standards"). The Architectural Standards shall interpret and implement the provisions of this Declaration for architectural review and guidelines for architectural design, placement of buildings, color schemes, exterior finishes and materials and similar features that may be used in Juniper Glen

North; provided, however, that the Architectural Standards shall not be in derogation of the minimum standards established by this Declaration.

6.5 ARC Decision. The ARC shall render its written decision approving or denying each application submitted to it within fifteen (15) working days after its receipt of all materials required with respect to such application. If the ARC fails to render such written decision within thirty (30) days of its receipt of all required materials or request an extension, the application shall be deemed approved. The ARC shall be entitled to request one or more extensions of time, not to exceed forty-five (45) days. In the event of such extension requests, if the ARC does not render a written decision within fifteen (15) days after the expiration of the extension(s), the application shall be deemed approved. Provided, however, the applicant may agree to further extensions to allow the applicant to complete or supplement the application.

6.6 ARC Discretion. The ARC, at its sole discretion, may withhold consent to any proposed work if the ARC finds the proposed work would be inappropriate for the particular Lot or incompatible with the design standards that the ARC intends for Juniper Glen North. The ARC may consider siting, shape, size, color, design, height, solar access or other effect on the enjoyment of other Lots or the Common Area, and any other factors that it reasonably believes to be relevant in determining whether or not to consent to any proposed work.

6.7 Nonwaiver. Consent by the ARC to any matter proposed to it or within its jurisdiction shall not be deemed to constitute precedent or waiver impairing its right to withhold approval as to any similar matter thereafter proposed or submitted to it for consent.

6.8 Appeal. After Declarant and the Initial Builder have assigned the right to appoint ARC members to the Board pursuant to Section 6.2, any Owner adversely impacted by action of the ARC may appeal such action to the Board. Such appealing Owner shall submit to the Board a written notice of appeal, setting forth specific objections or mitigating circumstances justifying the appeal, to the Board within ten (10) days after the ARC's action. The Board shall issue a final, conclusive decision within forty-five (45) days after receipt of such notice, and such decision shall be final and binding upon the appealing Owner and the ARC. Provided, however, the Board shall make reasonable efforts to reach a decision within twenty (20) days. If the Board is serving as the ARC, then such appeal shall be deemed a request for reconsideration.

6.9 Effective Period of Consent. The ARC's consent to any proposed work shall automatically expire three (3) months after issuance unless construction of the project has been commenced or the Owner has applied for and received an extension of time from the ARC.

6.10 Determination of Compliance. The ARC may inspect, from time to time, all work performed and determine whether it is in substantial compliance with the approval granted. If the ARC finds that the work was not performed in substantial conformance with the approval granted, or if the ARC finds that the approval required was not obtained, the ARC shall notify the Owner in writing of the noncompliance. The notice shall specify the particulars of noncompliance and shall require the Owner to remedy the noncompliance.

6.11 Noncompliance. If the ARC determines that an Owner has not constructed an improvement consistent with the specifications of an ARC approval or has constructed an improvement without obtaining ARC approval, sends a notice of noncompliance to such Owner, and such Owner fails to commence diligently remedying such noncompliance in accordance with such notice, then, effective at 5 p.m. on the third (3rd) day after issuance of such notice, the ARC shall provide notice of a hearing to consider the Owner's continuing noncompliance. The hearing shall be set not more than thirty (30) days from the date on which the notice of noncompliance was issued. At the hearing, if the ARC finds that there is no valid reason for the continuing noncompliance, the ARC shall determine the estimated costs of achieving compliance and may issue a fine against the noncomplying Owner for such amount. The ARC also shall require the Owner to remedy such noncompliance within ten (10) days after the date of the ARC's determination. If the Owner does not comply with the ARC's ruling within such period or any extension thereof granted by the ARC, at its sole discretion, the ARC may remove the noncomplying improvement, remedy the noncompliance, and/or record a notice of noncompliance in the county deed records. The costs of any such action shall be assessed against the Owner as a Reimbursement Assessment either before or after any remedial action is taken.

6.12 Liability. Neither the ARC nor any member thereof shall be liable to any person or entity for any damage, loss or prejudice suffered or claimed on account of any action or failure to act of the ARC or a member thereof, provided only that the ARC or the member has, in accordance with its or his actual knowledge, acted in good faith.

6.13 Estoppel Certificate. Within fifteen (15) working days after the ARC's receipt of a written request from an Owner and the ARC's receipt of payment of a reasonable fee fixed by the ARC to cover costs, the ARC shall provide such Owner with a certificate executed by the Chairperson or other authorized member of the ARC certifying with respect to any Lot owned by the Owner, that, as of the date thereof either (a) all improvements made or done upon such Lot comply with this Declaration, or (b) such improvements do not so comply, in which event, the certificate shall also identify the noncomplying improvements and set forth with particularity the nature of such noncompliance. The Owner and such Owner's heirs, devisees, successors and assigns shall be entitled to rely on the certificate with respect to the matters set forth therein. The certificate shall be conclusive as among Declarant, the Initial Builder, the ARC, the Association, all Owners, and all persons deriving any interest through any of them.

6.14 Fees. The ARC may charge applicants a reasonable application fee and additional costs incurred or expected to be incurred by the ARC to retain architects, attorneys, engineers and other consultants to advise the ARC concerning any aspect of the applications and/or compliance with any appropriate architectural criteria or standards, including, without limitation, those pertinent to house siting and height. Such fees shall be collectible as assessments pursuant to Article 10.

6.15 Declarant, Initial Builder and Successor Exempt From ARC. The Declarant and the Initial Builder or a successor to all of the unsold Lots shall be exempt from the requirement to submit and have plans approved by the ARC. However, the Declarant and the Initial Builder

and its successor shall not be exempt from the provisions of Article 4 of the Declaration, except as set forth in Section 4.21.

ARTICLE 7

MEMBERSHIP IN THE ASSOCIATION; MANAGEMENT

7.1 **Members.** Each Owner shall be a member of the Association. Membership in the Association shall be appurtenant to, and may not be separated from, ownership of any Lot. Transfer of ownership of a Lot shall transfer automatically membership in the Association. Without any other act or acknowledgment, Occupants and Owners shall be governed and controlled by this Declaration, the Articles, Bylaws, and the Rules and Regulations of the Association and any amendments thereof.

7.2 **Proxy.** Each Owner may cast such Owner's vote in person, by written ballot or pursuant to a proxy executed by such Owner. An Owner may not revoke a proxy given pursuant to this Section 7.2 except by actual notice of revocation to the person presiding over a meeting of the Association. A proxy shall not be valid if it is undated or purports to be revocable without notice. A proxy shall terminate one (1) year after its date, unless the proxy specifies a shorter term.

7.3 **Voting Rights.** The Association shall have two (2) classes of voting members:

7.3.1 **Class A.** Class A members shall be all Owners of Lots other than Declarant and the Initial Builder, and each Class A member shall be entitled to one (1) vote for each Lot owned with respect to all matters upon which Owners are entitled to vote.

7.3.2 **Class B.** The Class B member shall be Declarant and the Initial Builder, their successors and assigns. The Class B member shall have three (3) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership upon the earlier of the following dates (the "Termination Date"):

(a) The date on which seventy-five percent (75%) of the total number of Lots in Juniper Glen North have been sold and conveyed to Owners other than Declarant or the Initial Builder; and

(b) The date on which Declarant and the Initial Builder elects in writing to terminate Class B membership.

After the Termination Date, each Owner, including Declarant and the Initial Builder, shall be entitled to one (1) vote for each Lot owned with respect to all matters upon which Owners are entitled to vote, and the total number of votes shall be equal to the total number of Lots subject to this Declaration, initially or through annexation.

When more than one (1) person or entity owns a Lot, the vote for such Lot may be cast as they shall determine, but in no event shall fractional voting be allowed. Fractional or split votes shall be disregarded, except for purposes of determining a quorum.

7.4 Procedure. All meetings of the Association, the Board, the ARC, and Association committees shall be conducted with such rules of order as may from time to time be adopted by the Board. Notwithstanding which rule of order is adopted, the President shall be entitled to vote on all matters, not merely to break a tie vote. A tie vote does not constitute a majority or approval of any motion or resolution.

7.5 Professional Management. The Board may employ a professional manager to manage the affairs of the Association. Any agreement for professional management shall provide that the management contract may be terminated for cause on thirty (30) days' written notice.

ARTICLE 8

DECLARANT CONTROL

8.1 Interim Board and Officers. Declarant hereby reserves administrative control of the Association, but may assign such control to Initial Builder. Declarant (and the Initial Builder, as long as it owns Lots or has a right to purchase Lots), in its sole discretion, shall have the right to appoint and remove members of an interim board (the "Interim Board"), which shall manage the affairs of the Association and be vested with all powers and rights of the Board until the Turnover Meeting (as hereinafter defined). The Interim Board shall consist of from one (1) to three (3) members. Notwithstanding the provision of this Section 8.1, at the Turnover Meeting, at least one (1) Director shall be elected by Owners other than Declarant and the Initial Builder, even if Declarant and Initial Builder otherwise have voting power to elect all three (3) Directors.

8.2 Turnover Meeting. Declarant or the Initial Builder shall call a meeting for the purposes of turning over administrative control of the Association from Declarant to the Class A members within sixty (60) days of the earlier of the following dates:

8.2.1 Earliest Date. The date on which Lots representing seventy-five percent (75%) of the total number of votes of all Lots in Juniper Glen North have been sold and conveyed to persons other than Declarant or the Initial Builder;

8.2.2 Optional Turnover. The date on which Declarant and the Initial Builder have elected in writing to terminate Class B membership.

Declarant or the Initial Builder shall give notice of the Turnover Meeting to each Owner as provided in the Bylaws. If Declarant or the Initial Builder do not call the Turnover Meeting required under this Section, the transitional advisory committee or any Owner may do so.

ARTICLE 9
DECLARANT'S SPECIAL RIGHTS

9.1 General. Declarant is undertaking the work of developing Lots and other improvements within Juniper Glen North. The completion of the development work and the marketing and sale of the Lots is essential to the establishment and welfare of the Property as a residential community. Until the Homes on all Lots on the Property have been constructed, fully completed and sold, with respect to the Common Area and each Lot on the Property, Declarant and the Initial Builder shall have the special rights set forth in this Article 9.

9.2 Marketing Rights. Declarant and/or the Initial Builder shall have the right to maintain a sales office and model on one or more of the Lots which Declarant or the Initial Builder owns. Declarant, the Initial Builder and prospective purchasers and their agents shall have the right to use and occupy the sales office and models during reasonable hours any day of the week. Declarant and the Initial Builder may maintain a reasonable number of "For Sale" signs at reasonable locations on the Property, including, without limitation, on the Common Area.

9.3 Declarant Easements. Declarant reserves easements over the Property as more fully described in Sections 3.4 and 3.5 hereof.

9.4 Additional Improvements. Declarant does not agree to build any improvements not described in this Declaration.

ARTICLE 10
FUNDS AND ASSESSMENTS

10.1 Purpose of Assessments; Expenses. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, aesthetics and welfare of the Owners and Occupants of Juniper Glen North, for the improvement, operation and maintenance of the Common Area, for the administration and operation of the Association, and for property and liability insurance.

10.2 Covenants to Pay. Declarant, the Initial Builder and each other Owner covenant and agree to pay the Association the assessments and any additional charges levied pursuant to this Declaration or the Bylaws. All assessments for operating expenses, repairs and replacement and reserves shall be allocated among the Lots and their Owners as set forth in Section 10.4.2.

10.2.1 Funds Held in Trust. The assessments collected by the Association shall be held by the Association for and on behalf of each Owner and shall be used solely as set forth in Section 10.1. Upon the sale or transfer of any Lot, the Owner's interest in such funds shall be deemed automatically transferred to the successor in interest to such Owner.

10.2.2 Offsets. No offsets against any assessment shall be permitted for any reason, including, without limitation, any claim that the Association is not properly discharging its duties.

10.2.3 Right to Profits. Association profits, if any, shall be the property of the Association and shall be contributed to the Current Operating Account.

10.3 Basis of Assessment/Commencement of Assessments. The Declarant or the Initial Builder shall pay all common expenses of the Association until the Lots are assessed for common expenses. At that time, the obligation of the Declarant or the Initial Builder for paying common expenses shall cease and each Owner of a Lot, other than the Declarant and Initial Builder, shall pay the assessments levied against such Lot. The amount of the initial annual assessment to Owners other than the Declarant and the Initial Builder shall be determined by the Declarant and the Initial Builder. Assessments are to be levied against all Lots whether or not such Lots have been improved with a completed Home; provided, however, the Declarant and the Initial Builder shall be exempt from paying assessments on all Lots owned by either of them, and may defer the payment of reserve assessments, as more specifically set forth in Sections 10.3.1 and 10.3.2 below.

10.3.1 Commencement of Assessments. The date of commencement of all assessments shall be determined by the Declarant and the Initial Builder, but in no event shall assessments commence later than the turnover meeting. Notwithstanding the foregoing, the Declarant and the Initial Builder shall be exempt from paying both the operating portion and the reserve portion of the assessment on all Lots owned by either of them until the earlier of (a) the date a certificate of occupancy for a Home on the Lot is issued or (b) the date the Home is occupied by someone who uses the Home as a residence.

10.3.2 Deferral of Reserves. The Declarant and the Initial Builder may defer payment of accrued reserve assessments for any Lot owned by either which has become subject to assessment, until the Lot is conveyed to a third person. However, the Declarant and the Initial Builder may not defer payment of accrued reserve assessments beyond the date of the turnover meeting.

10.4 Annual Assessments. Annual assessments for each fiscal year shall be established when the Board approves the budget for that fiscal year. The initial annual assessment shall be determined by Declarant or the Initial Builder and shall be prorated on a monthly basis at the time of the closing of the first sale from Declarant or the Initial Builder to a purchaser other than the Initial Builder. For proration purposes, any portion of a month shall count as a full month. Annual assessments shall be payable on a periodic basis, not more frequently than monthly, as determined by the Board. The fiscal year shall be the calendar year unless another year is adopted by vote of the Association members.

10.4.1 Budgeting. Each year the Board shall prepare, approve and make available to each member of the Association a pro forma operating statement (budget) containing: (i) estimated revenue and expenses on an accrual basis; (ii) the amount of the total cash reserves of the Association currently available for replacement or major repair of the

Common Area and for contingencies; (iii) an itemized estimate for the remaining life of, and the methods of funding to defray repair, replacement or additions to major components of such improvements as provided in Section 10.6.2; and (iv) a general statement setting forth the procedures used by the Board in the calculation and establishment of reserves to defray the costs of repair, replacement or additions to major components of the Common Area. Notwithstanding that budgeting shall be done on an accrual basis, the Association's books shall be kept on a cash basis and the Association shall be a cash basis taxpayer, unless applicable governmental regulations require otherwise. For the first fiscal year, the budget shall be approved by the Board no later than the date on which annual assessments are scheduled to commence. Thereafter, the Board shall annually prepare and approve the budget and distribute a copy or summary thereof to each Member, together with written notice of the amount of the annual assessments to be levied against the Owner's Lot, within thirty (30) days after adoption of such budget.

10.4.2 Allocation of Assessments. The total amount in the budget shall be charged equally against all Lots, which are subject to assessment pursuant to Section 10.3.1, as annual assessments.

10.4.3 Nonwaiver of Assessments. If before the expiration of any fiscal year the Association fails to fix annual assessments for the next fiscal year, the annual assessments established for the preceding year shall continue until a new annual assessment is fixed.

10.5 Special Assessments. The Board and/or the Owners shall have the power to levy special assessments against an Owner or all Owners whose Lots are subject to assessment pursuant to Section 10.3.1 in the following manner for the following purposes:

10.5.1 Correct Deficit. To correct a deficit in the operating budget, by vote of a majority of the Board;

10.5.2 Special Obligations of an Owner. To collect amounts due to the Association from an Owner for breach of the Owner's obligations under this Declaration, the Bylaws, or the Rules and Regulations, by vote of a majority of the Board;

10.5.3 Repairs. To collect additional amounts necessary to make repairs or renovations to the Common Area if sufficient funds are not available from the operating budget or replacement reserve accounts, by vote of a majority of the Board; or

10.5.4 Capital Improvements. To make capital acquisitions, additions or improvements, by vote of at least eighty percent (80%) of all votes allocated to the Lots.

10.5.5 Reimbursement Assessments. The Association shall levy a reimbursement assessment against any Owner and such Owner's Lot if a failure to comply with this Declaration, Bylaws, Architectural Standards or any Rules and Regulations has (i) necessitated an expenditure of monies by the Association to effect compliance or (ii) resulted in the imposition of a fine or penalty against such Owner or such Owner's Lot (a "Reimbursement Assessment"). A Reimbursement Assessment shall be due and payable to the Association when levied. Except as elsewhere stated in this Declaration, Reimbursement Assessment shall not be levied by the

Association except upon at least ten (10) days' written notice to the Owner being assessed. If, within said ten (10) day period, the Owner makes a written request to the Board for a hearing, a hearing shall be held. Upon request for a hearing, the Board shall conduct it not less than ten (10) nor more than thirty (30) days after the request by the Owner, and shall make its decision within not more than thirty (30) days after the hearing is held. If a notice has been previously given, and the hearing has already been held or waived (in writing or by the Owner's failure to appear) for the violation resulting in the Reimbursement Assessment, no additional notice and hearing is required prior to levying the Reimbursement Assessment.

10.6 Accounts.

10.6.1 Types of Accounts. Assessments collected by the Association shall be deposited into at least two (2) separate accounts with a bank, which accounts shall be clearly designated as (i) the Current Operating Account and (ii) the Reserve Account. The Board shall deposit those portions of the assessments collected for current maintenance and operation into the Current Operating Account and shall deposit those portions of the assessments collected as reserves for replacement and deferred maintenance of capital improvements into the Reserve Account. Withdrawal of funds from the Association's Reserve Account shall require the signatures of either two (2) Directors or one (1) Director and an officer of the Association who is not a Director.

10.6.2 Reserve Account. Declarant (or the Initial Builder if the Initial Builder is in control of the Association) shall establish a Reserve Account, in the name of the Association, which shall be kept separate from all other funds held by the Association. The Association shall pay out of the Reserve Account only those costs that are attributable to the maintenance, repair or replacement of Common Area property that normally requires replacement, in whole or in part, within three (3) to thirty (30) years and not for regular or periodic maintenance and expenses. No funds collected for the Reserve Account may be used for ordinary current maintenance and operation purposes.

10.6.2.1 General Operating Reserve. The Board of Directors shall create and maintain a general operating reserve account by allocation and payment thereto monthly of an amount determined by the Board of Directors. This account shall be used to pay expenses which exceed budgeted amounts. The initial working capital required by Section 6.3.1 of the Bylaws shall be deposited into such operating reserve account.

10.6.2.2 Special Reserves. Other special reserve funds may be set up by the Board of Directors by special assessments of the Lot owners who benefit thereby as may be required by the Declaration or otherwise determined by the Association to be appropriate.

10.6.2.3 Calculation of Reserve Assessment; Reserve Study. The Board of Directors of the Association annually shall conduct a reserve study, or review and update an existing study, of the Common Area to determine the reserve account requirements. A reserve account shall be established for those items of the Common Area all or part of which will normally require replacement in more than three and less than 30 years, for the maintenance,

repair or replacement of other items as may be required under the Declaration or Bylaws or that the Board of Directors, in its discretion, may deem appropriate. The reserve account need not include items that could reasonably be funded from operating assessments. The reserve study shall include:

- (a) Identification of all items for which reserves are required to be established;
- (b) The estimated remaining useful life of each item as of the date of the reserve study;
- (c) The estimated cost of maintenance, repair or replacement of each item at the end of its useful life; and
- (d) A 30-year plan with regular and adequate contributions, adjusted by estimated inflation and interest earned on reserves, to meet the maintenance, repair and replacement schedule.

The reserve account assessment shall be allocated pursuant to Section 10.4.2.

10.6.2.4 Loan From Reserve Account. After the Turnover Meeting described in Section 8.2, the Board may borrow funds from the Reserve Account to meet high seasonal demands on the Association's regular operating fund or to meet unexpected increases in expenses. Funds borrowed must be repaid later from assessments if the Board has adopted a resolution, which may be an annual continuing resolution, authorizing the borrowing of funds. Not later than the adoption of the budget for the following year, the Board shall adopt by resolution a written payment plan providing for repayment within a reasonable period.

10.6.2.5 Increase, Reduction, or Elimination of Reserve Account Assessment. At any time after the second year after the Turnover Meeting, future assessments for the Reserve Account may be increased or reduced by the vote of Owners of Lots representing seventy-five percent (75%) of the votes computed in accordance with Section 7.3; provided, however, this authority of the Owners shall not limit the authority of the Board of Directors to increase or decrease future assessments for the Reserve Account based on reserve studies or updates to any reserve studies.

10.6.2.6 Investment of Reserve Account. Nothing in this Section 10.6 prohibits the prudent investment of Reserve Account funds, subject to any constraints imposed by the Board, the Bylaws or the Rules and Regulations.

10.6.2.7 Refunds of Assessments. Assessments paid into the Reserve Account are the property of the Association and are not refundable to sellers or Owners of Lots. Sellers or Owners of Lots may treat their outstanding share of the Reserve Account's balance as a separate item in the sales contract providing for the conveyance of their Lot.

10.6.3 Current Operating Account. All costs other than those to be paid from the Reserve Account pursuant to Section 10.6.2 may be paid from the Current Operating Account.

10.7 Default in Payment of Assessments, Enforcement of Liens.

10.7.1 Personal Obligation. All assessments properly imposed under this Declaration or the Bylaws shall be the joint and several personal obligation of all Owners of the Lot to which such assessment pertains. In a voluntary conveyance (that is, one other than through foreclosure or a deed in lieu of foreclosure), the grantees shall be jointly and severally liable with the grantors for all Association assessments imposed through the recording date of the instrument effecting the conveyance. A suit for a money judgment may be initiated by the Association to recover such assessments without either waiving or foreclosing the Association's lien.

10.7.2 Association Lien. The Association shall have a lien against each Lot for any assessment (of any type provided for by this Declaration or the Bylaws) or installment thereof which the Owner is delinquent in paying. Such lien shall include all future assessments or installments, interest, late fees, penalties, fines, attorneys' fees (whether or not suit or action is instituted), actual administrative costs, and other appropriate costs properly chargeable to an Owner by the Association, until such amounts are fully paid. Recording of the Declaration constitutes record notice and perfection of the lien. Said lien may be foreclosed at any time pursuant to the Planned Community Act. The Association shall record a notice of a claim of lien for assessments and other charges in the deed records of Deschutes County, Oregon, before any suit to foreclose may be filed. The lien of the Association shall be superior to all other liens and encumbrances except property taxes and assessments, any first mortgage, deed of trust or land sale contract recorded before the Association's notice of lien.

10.7.3 Interest; Fines; Late Fees; Penalties. The Board, in its reasonable discretion, may from time to time adopt resolutions to set the rate of interest and to impose late fees, fines and penalties on delinquent assessments or for violations of the provisions of this Declaration, the Bylaws, Architectural Standards and the Rules and Regulations adopted by the Board or the ARC. The adoption of such impositions shall be communicated to all Owners in writing not less than thirty (30) days before the effective date by a notice mailed to the assessment billing address of such Owners. Such impositions shall be considered assessments that are lienable and collectible in the same manner as any other assessments; provided, however, that fines or penalties for violation of this Declaration, the Bylaws or any rule and regulation, other than late fees, fines or interest arising from an Owner's failure to pay regular, special or reimbursement assessments may not be imposed against an Owner or such Owner's Lot until such Owner is given an opportunity for a hearing as elsewhere provided herein.

10.7.4 Acceleration of Assessments. If an Owner is delinquent in payment of any assessment or installment on any assessment, the Association, upon not less than ten (10) days' written notice to the Owner, may accelerate the due date of the full annual assessment for that fiscal year and all future installments of any special assessments.

10.7.5 Association's Right to Rents; Receiver. In any foreclosure suit by the Association with respect to such lien, the Association shall be entitled to collect reasonable rent from the defaulting Owner for the use of such Owner's Lot or shall be entitled to the appointment of a receiver.

ARTICLE 11

GENERAL PROVISIONS

11.1 Records. The Board shall preserve and maintain minutes of the meetings of the Association, the Board and any committees. The Board also shall keep detailed and accurate financial records, including individual assessment accounts of Owners, the balance sheet, and income and expense statements. Individual assessment accounts shall designate the name and address of the Owner or Owners of the Lot, the amount of each assessment as it becomes due, the amounts paid upon the account, and the balance due on the assessments. The minutes of the Association, the Board and Board committees, and the Association's financial records shall be maintained in the state of Oregon and reasonably available for review and copying by the Owners. A reasonable charge may be imposed by the Association for providing copies.

11.2 Indemnification of Directors, Officers, Employees and Agents. The Association shall indemnify any Director, officer, employee or agent who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by the Association) by reason of the fact that such person is or was a Director, officer, employee or agent of the Association or is or was serving at the request of the Association as a Director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by said person in connection with such suit, action or proceeding if such person acted in good faith and in a manner that such person reasonably believed to be in, or not opposed to, the best interest of the Association, and, with respect to any criminal action or proceedings, had no reasonable cause to believe that such person's conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or with a plea of nolo contendere or its equivalent, shall not of itself create a presumption that a person did not act in good faith and in a manner which such person reasonably believed to be in, or not opposed to, the best interest of the Association, and, with respect to any criminal action or proceedings, had reasonable cause to believe that such person's conduct was unlawful. Payment under this clause may be made during the pendency of such claim, action, suit or proceeding as and when incurred, subject only to the right of the Association to reimbursement of such payment from such person, should it be proven at a later time that such person had no right to such payments. All persons who are ultimately held liable for their actions on behalf of the Association as a Director, officer, employee or agent shall have a right of contribution over and against all other Directors, officers, employees or agents and members of the Association who participated with or benefited from the acts which created said liability.

11.3 Enforcement; Attorneys' Fees. The Association and the Owners and any mortgagee holding an interest on a Lot shall have the right to enforce all of the covenants, conditions, restrictions, reservations, easements, liens and charges now or hereinafter imposed by

any of the provisions of this Declaration as may appertain specifically to such parties or Owners by any proceeding at law or in equity. Failure by either the Association or by any Owner or mortgagee to enforce any covenant, condition or restriction herein contained shall in no event 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 Declaration (including without limitations, for the collection of assessments), the prevailing party shall be entitled to its actual administrative costs incurred because of a matter or event which is the subject of the suit or action, attorneys' fees and costs in such suit or action to be fixed by the trial court, and in the event of an appeal, the cost of the appeal, together with reasonable attorneys' fees, to be set by the appellate court. In addition thereto, the Association shall be entitled to its reasonable attorneys' fees and costs incurred in any enforcement activity or to collect delinquent assessments, together with the Association's actual administrative costs, whether or not suit or action is filed.

11.4 Association Litigation. No litigation shall be commenced against the Declarant or the Initial Builder or any Owner of a Lot in respect to any alleged defect in a Home or on any Common Area except in compliance with the process set forth in Oregon Revised Statutes 701.560 to 701.595.

11.5 Severability. Invalidation of any one of these covenants, conditions or restrictions by judgment or court order shall not affect the other provisions hereof and the same shall remain in full force and effect.

11.6 Duration. The covenants, conditions and restrictions of this Declaration shall run with and bind the land for a term of thirty-five (35) years from the date of this Declaration being recorded, after which time they shall be automatically extended for successive periods of ten (10) years, unless rescinded by a vote of at least ninety percent (90%) of the Owners and ninety percent (90%) of the first mortgagees; provided, however, that amendments that do not constitute rescission of the planned community may be adopted as provided in Section 11.7 and that if any of the provisions of this Declaration would violate the rule against perpetuities or any other limitation on the duration of the provisions herein contained imposed by law, then such provision shall be deemed to remain in effect only for the maximum period permitted by law or, in the event the rule against perpetuities applies, until twenty-one (21) years after the death of the last survivor of the now living descendants of ex-President George H.W. Bush.

11.7 Amendment. Except as otherwise provided in Section 11.6 or ORS 94.590, and the restrictions set forth elsewhere herein, this Declaration may be amended at any time by an instrument approved by not less than seventy-five percent (75%) of the total votes of each class of members that are eligible to vote. Any amendment must be executed, recorded and certified as provided by law; provided, however, that no amendment of this Declaration shall effect an amendment of the Bylaws or Articles without compliance with the provisions of such documents, and the Oregon Nonprofit Corporation Act and that no amendment affecting the general plan of development or any other right of Declarant or the Initial Builder herein contained may be effected without the express written consent of Declarant and the Initial Builder or their successors and assigns, including, without limitation, amendment of this Section 11.7.

11.8 Release of Right of Control. Declarant and the Initial Builder may give up the right of control in writing at any time by notice to the Association.

11.9 Unilateral Amendment by Declarant and Initial Builder. In addition to all other special rights of Declarant and Initial Builder provided in this Declaration, the Declarant and the Initial Builder may amend this Declaration in order to comply with the requirements of the Federal Housing Administration of the United States, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Home Mortgage Loan Corporation, any department, bureau, board, commission or agency of the United States or the State of Oregon, or any other state in which the Lots are marketed and sold, or any corporation wholly owned, directly or indirectly, by the United States or the State of Oregon, or such other state, the approval of which entity is required in order for it to insure, guarantee or provide financing in connection with development of the Property and sale of Lots. Prior to the Turnover Meeting, no such amendment shall require notice to or approval by any Class A member.

11.10 Resolution of Document Conflicts. In the event of a conflict among any of the provisions in the documents governing Juniper Glen North, such conflict shall be resolved by looking to the following documents in the order shown below:

1. Declaration;
2. Articles;
3. Bylaws;
4. Rules and Regulations.

ARTICLE 12

MORTGAGEE PROVISIONS

12.1 Definitions. For the purposes of this Article 12, the following terms shall have the following meanings:

12.1.1 "Mortgage" shall have the meaning as set forth in Section 1.15 of this Declaration.

12.1.2 "Eligible Mortgage Holder" means a holder of a first mortgage on a Home who has requested notice of certain matters from the Association in accordance with Section 12.3 below.

12.2 Notice to Association. At the request of the Board of Directors, each Owner shall promptly supply to the Board the name and address of the mortgagee or mortgagees of their Home.

12.3 Notice to a Hold Insurer or Guarantor of a Mortgage. A holder, insurer or guarantor of a mortgage on a Home, who submits a written request to the Association stating the name and address of the holder, insurer or guarantor and the address of the mortgaged Home shall be entitled to timely written notice of the following:

12.3.1 Any condemnation or casualty loss that affects a material portion of the Properties or the Home securing its mortgage.

12.3.2 Any sixty (60) day delinquency in the payment of assessments or charges owned by the Owner of any Home on which it holds the mortgage.

12.3.3 A lapse, cancellation or material modification of any insurance policy of fidelity bond (if any) maintained by the Association; and

12.3.4 Any proposed action that required the consent of a specified percentage of eligible mortgage.

12.4 Consent to Termination of the Association. Except with respect to termination of the Association as a result of destruction, damage or condemnation of the Properties, any termination of the Association shall require the approval of eligible mortgage holders representing one hundred percent (100%) of the votes of Homes that are subject to mortgages held by eligible mortgage holders. This approval shall be in addition to such other approvals and procedures as may be required by the Declaration or Bylaws.

12.5 Consent to Amendment of Documents. The approval of eligible mortgage holders representing at least fifty-one percent (51%) of the votes of the Homes that are subject to mortgages held by eligible mortgage holders shall be required for any amendments of a material nature to the Declaration or for any amendments of a material nature to the Bylaws.

12.6 Request For Approval of Eligible Mortgage Holders. Any eligible mortgage holder or other mortgagee who receives a written request to approve additions or amendments to the Declaration, Bylaws or other action to be taken by the Board, Association or Owners, shall be deemed to have given such approval unless a negative response is delivered or posted to the requesting party within thirty (30) days after the request has been delivered.

12.7 Mortgagee's Request For Professional Management. Upon written request of eligible mortgage holders representing at least fifty-one percent (51%) of the votes of Homes that are subject to mortgages held by eligible mortgage holders, the Board shall employ a professional manager to manage the affairs of the Association.

12.8 Right to Receive Written Notice of Meetings. A holder of a first mortgage shall, upon written request to the Association, be entitled to receive notice of all meetings of the Association and shall be entitled to designate a representative to attend all such meetings.

[remainder of page blank; signatures on following page]

IN WITNESS WHEREOF, Declarant has executed this instrument this 31st day of January, 2005.

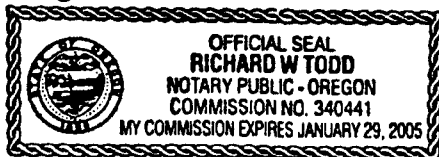
SUNSET RIDGE VILLAGE, LLC

By: [Signature]
Its: member

STATE OF OREGON)
County of Multnomah) ss.

1/31/05, 2005

Personally appeared Stephen Stoelt who, being duly sworn, did say that he/she is the member of Sunset Ridge Village, LLC, an Oregon limited liability company, and that the foregoing instrument was signed in behalf of said company, and acknowledged said instrument to be its voluntary act and deed.



[Signature]
NOTARY PUBLIC FOR OREGON

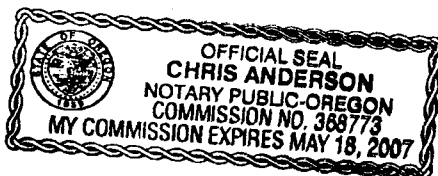
Executed by George A. Hale, the owner of Lots 73-80, for purposes of acknowledging his consent to the terms of the foregoing Declaration with respect to Lots 73-80.

Date: Feb. 03, 2005

[Signature]
George A. Hale

STATE OF OREGON)
County of Multnomah) ss. February 03, 2005

Personally appeared before me the above-named George A. Hale, and acknowledged the foregoing instrument to be his voluntary act and deed.



[Signature]
NOTARY PUBLIC FOR OREGON

Executed by Wood Hill Homes, LLC, the contract vendee of Lots 1-68, for purposes of acknowledging its consent to the terms of the foregoing Declaration with respect to Lots 1-68.

WOOD HILL HOMES, LLC

By: [Signature]
Its: member

STATE OF OREGON)
) ss.
County of Multnomah)

February 03, 2005

Personally appeared GEORGE HALE who, being duly sworn, did say that he/she is the Partner of Wood Hill Homes, LLC, an Oregon limited liability company, and that the foregoing instrument was signed in behalf of said company; and acknowledged said instrument to be its voluntary act and deed.

[Signature]
NOTARY PUBLIC FOR OREGON

EXHIBIT A

AFTER RECORDING RETURN TO:
Landye Bennett Blumstein LLP
1300 SW 5th Avenue, Suite 3500
Portland, OR 97201

DECLARATION OF PARTY WALL AND MAINTENANCE AGREEMENT (DUPLEX)

This Declaration of Party Wall and Maintenance Agreement ("Agreement") is made on this __ day of __, 2005 by __, an Oregon limited liability company, Owner of Lots __ and of Juniper Glen North, City of Redmond, County of Deschutes, State of Oregon.

RECITALS

__ is the owner of the two lots described above, which are within Juniper Glen North and are subject to the Declaration of Juniper Glen North, recorded in the Deed Records of Deschutes County, Oregon as Instrument No. __ and the Plat Records of Deschutes County, Oregon in Volume __, pages __ through __.

Each of the two lots will be improved with one side of a duplex structure located on the boundary line between these two lots.

This Declaration of Party Wall and Maintenance Agreement provides for the maintenance and repair, insurance, replacement and other rights and duties between the owners of the two lots in respect to the duplex.

ARTICLE 1 DEFINITIONS

1.1 "Agreement" shall mean this Party Wall and Maintenance Agreement.

1.2 "Association" shall mean the Juniper Glen North Homeowners' Association.

1.3 "Common Area" shall mean that real property, including any improvements thereon, designated on the recorded plat of Juniper Glen North (the "Plat") as a Tract and intended to be devoted to the common use and enjoyment of the members of the Association.

1.4 "Declaration" shall mean the covenants, conditions, restrictions, and all other provisions set forth in the Amended and Restated Declaration of Covenants, Conditions and Restrictions for Juniper Glen North, which was recorded in the Deed Records of Deschutes County, Oregon on _____, 2005, as Document No. _____.

1.5 "Declarant" shall mean Sunset Ridge Village, LLC, an Oregon limited liability company, and its successors or assigns, or any successor or assign to all or the remainder of its interest in the Property.

1.6 "Duplex" shall mean the building, which is divided by a Party Wall and which contains two Homes, that is the subject matter of this Agreement.

1.7 "Home" shall mean either of the two portions of the Duplex, each of which is located on a Lot, that are designed and intended for use and occupancy as a residence by a single family, including the wallboard that is attached to the interior of the Party Wall dividing the Duplex.

1.8 "Lot" shall mean Lot _____ or Lot _____ of Juniper Glen North. "Lots" shall mean both of said Lots.

1.9 "Mortgagee" shall have the meaning set forth in the Declaration.

1.10 "Occupant" shall mean the occupant of a Home, whether the Owner, lessee or any other person authorized by the Owner to occupy the Home.

1.11 "Owner" shall mean the owner of record, whether one or more persons or entities, of the fee simple title to either Lot or a purchaser in possession of either Lot under a land sale contract and shall not mean a person or entity that holds an interest in either Lot merely as security for the performance of an obligation.

1.12 "Party Wall" shall mean the wall dividing the Duplex into two Homes, as further defined in Section 2.1 below.

1.13 "Property" shall mean all of the Lots and Common Area that are subject to the Declaration.

1.14 All capitalized terms that are used but that are not defined herein shall have the meanings attributed to them in the Declaration.

ARTICLE 2
PARTY WALL; DESTRUCTION AND
MAINTENANCE OF PARTY WALL AND DUPLEX

2.1 **Party Wall Definition; General Rules of Law to Apply.** The Party Wall shall divide the Duplex into two Homes and shall be located on the dividing line between the two Lots. The Party Wall shall consist of the studs, blocking, insulation, cement and airspace located

between the wallboard of one Home and the wallboard of the other Home in the Duplex. It shall not consist of the wallboard, paneling, sheetrock, tiles, wallpaper and paint located on the interior sides of the Party Wall, all of which shall be considered part of the Home and the maintenance of which shall be the responsibility of the Owner of the Home. General rules of law regarding party walls shall apply to the Party Wall to the extent that such rules are consistent with the provisions hereof.

2.2 Destruction by Fire or Other Casualty. If the Party Wall or the Duplex is destroyed or damaged by fire or other casualty, the provisions of Article 5 of this Agreement shall apply with regard to repair or reconstruction thereof.

2.3 Weatherproofing. Notwithstanding any other provision hereof, an Owner who, by his negligent or willful act, causes the Party Wall or the Duplex to be exposed to the elements more than is usual shall bear the whole cost of furnishing the necessary protection against such elements, subject, however, to reimbursement and/or contributions from available insurance policies.

2.4 Maintenance and Repair. Each Owner shall provide the other with reasonable notice of any painting, roofing, repair, reconstruction or other maintenance to the Party Wall or exterior or structure of the Duplex ("Maintenance Work") that such Owner believes the Duplex reasonably needs. Subject to the provisions of Section 2.6, the Owners shall agree on all such Maintenance Work before any Maintenance Work commences. If the Owners are unable to agree with respect to the Maintenance Work, then such matter shall be arbitrated pursuant to Article 6 of this Agreement. Except as otherwise provided herein, the costs of all Maintenance Work shall be borne equally between the Owner of Lot ____ and the Owner of Lot ____.

2.5 Roofing. The roof of the entire Duplex must be replaced at one time.

2.6 Right to Maintain, Repair or Reconstruct Without Consent. If, in the reasonable opinion of an Owner, any Maintenance Work is needed, if the other Owner refuses to agree to such Maintenance Work, and if it would be imprudent to delay performance of such Maintenance Work, such Maintenance Work may be completed by the Owner who reasonably believes it is necessary. In such event, the cost of the Maintenance Work shall be divided between the Owners in the manner provided in Section 2.4 hereof, unless an arbitrator appointed pursuant to Article 6 determines that the Maintenance Work was unnecessary or that the cost should be allocated in a manner other than equally.

2.7 Right to Contribution Runs With Land. The right of an Owner to receive contribution from the other Owner under this Agreement, together with the obligation of an Owner to contribute to the other Owner under this Agreement, shall be appurtenant to and shall run with the land and shall pass to each Owner's successors in title.

2.8 Personal Obligation for Assessments. Each Owner, by acceptance of a deed for such Owner's Lot, whether or not so expressed in such deed, shall be deemed to covenant and to agree to pay such Owner's share of the costs of the Maintenance Work. No Owner may avoid

liability for the costs of Maintenance Work by non-use or abandonment of the Party Wall or such Owner's Lot or Home.

2.9 Effect of Non-Payment for Maintenance Work; Remedies. If an Owner fails to pay for Maintenance Work as required hereunder, the other Owner, in addition to all other remedies which may be available, shall be entitled to recover from the defaulting Owner the defaulting Owner's share of the costs for the Maintenance Work, together with interest thereon at the rate of twelve percent (12%) per annum from the date of expenditure by the non-defaulting Owner.

2.10 Utility Easements. Each Owner shall have an easement through the Party Wall for the purpose of installing, repairing, replacing, and maintaining utility lines, wires, pipes and conduits.

2.11 Damage Caused by or Attributed to Lot Owner. Notwithstanding any other provision hereof, in the event the Duplex or Party Wall is damaged by the Owner of Lot __ or Lot __ or such Owner's Occupants, agents, employees, contractors or invitees, the damage shall be repaired at the expense of the Owner who caused (or whose Occupants, agents, employees, contractors or invitees caused) the damage. However, if the damage is covered by the insurance policy(ies) required to be maintained under this Agreement, the damage shall be repaired as provided in Article 5.

ARTICLE 3

CONDEMNATION

If all or a portion of the Party Wall or the Duplex is appropriated as the result of condemnation or threat thereof, the following rules shall apply:

3.1 Allocation of Condemnation Award. Any condemnation award received by the Owners with respect to the Party Wall or the Duplex ("Condemnation Award") shall be allocated to the Owners in proportion to the diminution in fair market value incurred by them with respect to their respective Lots and Homes as a result of said condemnation.

3.2 Repair and Restoration. Any Condemnation Award shall be used to repair and restore the Duplex, Party Wall or the Lots if such repair or restoration is feasible.

3.3 Retention of Rights. This Article 3 shall not be construed to negate the Owners' individual rights to such incidental relief as the law may provide as a result of the condemnation of the Party Wall, the Duplex or the Lots or any portions thereof.

ARTICLE 4

INSURANCE

Each Owner shall purchase and maintain insurance sufficient to cover any loss relating to such Owner's Lot and Home, including extended coverage for full replacement value of all improvements on the Owner's Lot. Each Owner shall also purchase and maintain insurance

covering such Owner's interest in the Party Wall and the Duplex's structure and exterior. Each Owner shall provide the other with copies of such policies or other appropriate evidence of such insurance coverage at least ten (10) days before the expiration of all previous insurance coverage. If an Owner fails to furnish such evidence within such period, the other Owner may procure such policy in his own or both names and charge the defaulting Owner the cost of the premium.

Neither party shall be liable to the other (or to the other's successors or assigns) for any loss or damage caused by fire or any of the risks covered by the insurance policy required by this Article 4, and in the event of insured loss, neither party's insurance company shall have a subrogated claim against the other. This waiver shall be valid only if the insurance policy in question expressly permits waiver of subrogation or if the insurance company agrees in writing that such a waiver will not affect coverage under the policies. Each party agrees to use best efforts to obtain such an agreement from its insurer if the policy does not expressly permit a waiver of subrogation.

Upon the request of an Owner, the other Owner shall use his/her best efforts to have the first Owner's Mortgagee named as an additional insured party under the second Owner's property insurance policy in respect to the Duplex.

ARTICLE 5

DAMAGE AND DESTRUCTION

5.1 Insurance Proceeds Sufficient to Cover Loss. If the Party Wall or the Duplex is damaged by fire or other casualty, and if the proceeds of the Owners' insurance policies are sufficient to pay all costs of necessary repair or reconstruction, such proceeds shall be applied to such repair or reconstruction. The parties' respective insurance policies shall be responsible for the cost of repair or reconstruction of the Party Wall and the Duplex's exterior and structure in the following proportions: one-half (1/2) from the policy maintained by the Owner of Lot _____ and one-half (1/2) from the policy maintained by the Owner of Lot _____.

5.2 Insurance Proceeds Insufficient to Cover Loss. If proceeds of the Owners' insurance policies are insufficient to pay all costs of necessary repair or reconstruction, the Duplex nonetheless shall be promptly repaired or reconstructed. Any proceeds of the Owners' insurance policies shall be applied toward: (a) the costs of necessary repair or reconstruction of the Home so insured; and (b) for repair of the Party Wall and Duplex's structure and exterior in the proportions referenced in Section 5.1. Each Owner shall be liable for the costs incurred in repairing or reconstructing his Home, and his share of costs incurred in repairing or reconstructing the Party Wall and Duplex's structure and exterior that are not covered by proceeds from his own insurance policy. Notwithstanding the foregoing, if fire or another casualty has reduced the value of the Duplex by three fourths or more, and if either Owner wishes, and all mortgagees, trust deed beneficiaries, land sale contract vendors, and insurers who have issued policies on the Duplex agree, the Duplex shall not be repaired or reconstructed. In such case, insurance proceeds shall be paid to the covered Owner after the expenses of demolition, debris removal, and Lot restoration are paid.

5.3 Cooperation; Application of Proceeds. In the event of any insurable loss to the Duplex, the Owners shall cooperate with each other and their respective insurers to coordinate adjustment of the losses and application of insurance proceeds to reconstruction and repair of the Duplex. Provided, however, and notwithstanding anything in this Agreement apparently to the contrary, if either Lot Owner fails to maintain the insurance required by Article 4, or underinsures such Lot Owner's Home and interest in the Party Wall and the Duplex, the other Lot Owner shall be entitled to apply insurance proceeds received from such Owner's insurer to the repair and reconstruction of that portion of the Duplex (including the interior) which is located on the non-defaulting Owner's Lot.

5.4 Architectural Changes after Damage or Destruction. Repair or reconstruction of the damaged or destroyed Duplex means restoring the Duplex to substantially the same condition in which it existed before the fire or other casualty, unless other action is agreed to by the Owners and first trust deed holders, and/or land sale contract vendors. In any event, any architectural changes shall conform to the Declaration.

ARTICLE 6 **ARBITRATION**

In the event that a dispute arises between the Owners that arises out of or that relates to this Agreement, or to the interpretation or breach hereof, the dispute shall be resolved by binding arbitration in accordance with the then effective arbitration rules of (and by filing a claim with) Arbitration Service of Portland, Inc. or another organization mutually selected by the Owners that provides dispute resolution services in the State of Oregon. Filing a claim for arbitration shall be treated the same as filing in court for purposes of meeting any applicable statutes of limitation or for purposes of filing a lis pendens. The decision of the arbitrator shall be final, binding and conclusive, and judgment upon the award rendered pursuant to such arbitration may be entered in any court having jurisdiction thereof. Interest shall accrue upon the unpaid balance of any monetary arbitrator's award at a rate equal to twelve percent (12%) per annum.

In the event an Owner initiates arbitration as a result of the other Owner's failure to agree to the cost or necessity of any Maintenance Work, the arbitrator may award the initiating Owner an amount equal to the estimated cost of the Maintenance Work. In the event the arbitrator awards the initiating Owner an amount equal to the estimated cost of Maintenance Work to be completed, the initiating Owner shall be required to hold funds received pursuant to such award in trust, to apply such funds to the other Owner's pro rata share of the Maintenance Work costs, and to promptly refund any part of the award not utilized for the other Owner's pro rata share of the Maintenance Work costs.

ARTICLE 7 **ENFORCEMENT**

The Owners and the holder of a Mortgage, as defined in the Declaration, shall have the right to enforce all of the covenants, conditions, restrictions, reservations, easements, liens and charges now or hereinafter imposed under this Agreement as may appertain specifically to such Owner or entity. Failure by any Owner or Mortgagee to enforce any such covenant, condition,

restriction, reservation, easement, lien, or charge shall not be deemed a waiver of the right to do so thereafter.

ARTICLE 8
ATTORNEYS' FEES

In the event suit or action is brought, or an arbitration proceeding is initiated, to enforce or interpret any of the provisions of this Agreement, or that arise out of or relate to this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees in connection therewith and post-judgment fees of enforcing any judgment, in addition to all other sums provided by law. The determination of who is the prevailing party and the amount of reasonable attorneys' fees to be paid to the prevailing party shall be decided by the arbitrator(s) (with respect to attorneys' fees incurred prior to and during the arbitration proceedings) and by the court or courts, including any appellate court, in which such matter is tried, heard, or decided. However, notwithstanding the foregoing, the arbitrator has the power to require each party to pay its attorneys' fees, if the arbitrator determines that to be appropriate under the circumstances.

OWNER OF LOT _____

DATED: _____, 2004

By: _____

OWNER OF LOT _____

DATED: _____, 2005

By: _____

STATE OF OREGON)
) ss.
County of _____)

_____, 2005

Personally appeared before me the above-named _____, who, being duly sworn, did say that he is the _____ of _____, an _____, and that said instrument was signed in behalf of said company by authority of its members, and he acknowledged said instrument to be its voluntary act and deed.

Notary Public for Oregon