

DECLARATIONKITTY HAWK CONDOMINIUMSPHASE I

THIS DECLARATION, pursuant to the provisions of ORS 91.500 to 91.671, is made and executed in Deschutes County, Oregon, this 31 day of July, 1978, by DANARA CONSTRUCTION, INC., hereafter called "Declarant", pursuant to the provisions of the Unit Ownership Act of Oregon,

W I T N E S S E T H :

WHEREAS, Declarant is the owner of certain real property located at Sunriver, Oregon;

WHEREAS, Declarant is constructing condominium units upon that premises and making certain other improvements thereon;

WHEREAS, Declarant intends to submit the premises and improvements to the provisions of the Unit Ownership Act of Oregon, ORS 91.500 to 91.671, and to sell and convey the same to the public, or to Resort Condominiums, Inc., for public sale to various purchasers, subject to the covenants, conditions and restrictions herein reserved to be kept and observed;

WHEREAS, together herewith, Declarant files for record in the office of the recording officer of Deschutes County, Oregon, (1) the floor plans of the units described in this Declaration, showing the vertical and horizontal boundaries, designation, location and dimensions of each unit and the common elements to which each has access, and also showing the types of units available, there being attached to the floor plans a statement of a registered architect or registered professional engineer certifying that the plans fully and accurately depict the boundaries of the units and the date construction of the improvements on the floor plans and plat was completed; (2) a plat of that portion of the land subject to this Declaration, complying with ORS 92.080 and based upon a survey showing the bearing and length of each line, the initial point of the survey

giving ties to a corner or corners of record or to monuments set and found and the location of all buildings, roads, roadways and other improvements to which is attached a surveyor's affidavit, complying with ORS 92.070; and (3) the Bylaws of Kitty Hawk Condominiums;

WHEREAS, Declarant desires and intends by filing this Declaration, the aforesaid floor plans and plat to submit the above-described real property, condominiums and other improvements constructed thereon, together with all the appurtenances, to the provisions of the Unit Ownership Act as a condominium project and to impose upon the land, building and improvements mutually beneficial restrictions under a general plan of improvements for the benefit of the condominiums and the owners thereof; now, therefore,

DECLARANT HEREBY PUBLISHES AND DECLARES that the land in fee simple above-described is held and shall be held, conveyed, hypothecated, encumbered, leased, rented, used, occupied and improved subject to the following covenants, conditions, restrictions, uses, limitations and obligations, all of which are declared and agreed to be in furtherance of a plan for the improvement of the land and the division thereof into condominium units, and shall be deemed to run with the land and be a burden and a benefit to Declarant, its successors and assigns, and any person acquiring or owning an interest in the land, condominiums and improvements, their grantees, successors, heirs, executors, administrators, devisees and assigns.

1. Definitions. Certain terms as used in this Declaration are defined in ORS 91.500, and other terms used herein shall be defined as follows, unless the context clearly indicates a different meaning:

- (a) "Declarant" shall mean Danara Construction, Inc., an Oregon corporation;
- (b) "Declaration" shall mean this instrument;
- (c) "Project" shall mean the "property" as defined in ORS 91.500(18);

- (d) "Condominium" shall mean the entire estate owned by any owner, consisting of an undivided interest in the land, in the general common elements and any attributable limited common elements and the ownership of a separate interest in a unit;
- (e) "Owner" shall mean any person, natural or artificial, or any group of persons, with an ownership interest in a condominium in the project;
- (f) "Board of Directors" shall mean the Board of Directors of the Association of Unit Owners;
- (g) "Mortgage" shall mean a deed of trust as well as a mortgage;
- (h) "Mortgagee" shall mean a beneficiary under, or holder of, a deed of trust as well as a mortgage; and
- (i) "Association of Unit Owners" shall mean the Association of Unit Owners of Kitty Hawk Condominiums formed pursuant to ORS 91.500 et seq.

2. Land Description. The description of the land which will comprise Phase I is as follows:

A tract of land containing 0.993 acres lying in the West 1/2 of Section 5, T.20S., R11E., W.M., Deschutes County, Oregon, described as follows: Commencing at the South 1/4 corner of Section 6, as marked by a brass cap; thence N 87° 59' 26" E 2648.54 feet to a brass cap at the southeast corner of said Section 6; thence N 05° 32' 06" E 2270.07 feet to the initial point of the plat of the South Great Hall Site marked by a 2" iron pipe set six inches below the surface of the ground; thence N 30° 55' 42" W 323.29 feet to the point of beginning; thence N 36° 53' 29" E 80.77 feet along the boundary of said South Great Hall Site; thence N 24° 50' 58" E 45.38 feet; thence leaving said boundary and going S 65° 09' 02" E 44.85 feet; thence N 87° 45' 33" E 180.18 feet; thence S 02° 14' 27" E 155.00 feet; thence S. 76° 25' 56" W

150.00 feet; thence S 59° 59' 04" W 30.76 feet; thence N 86° 10' 00" W 32.0 feet; thence N 03° 50' 00" W 70.00 feet; thence N 65° 09' 02" W 94.00 feet to the point of beginning.

TOGETHER WITH and SUBJECT TO a roadway easement located in the West one-half of Section 5, Township 20 South, Range 11 East, Willamette Meridian, Deschutes County, Oregon, being 20 feet in width and lying 10 feet on either side of the following described centerline: Commencing at the Initial Point for the recorded subdivision plat "South Great Hall Site", said point being also North 05° 32' 06" East a distance of 2270.07 feet from the Southwest corner of said Section 5; thence North 55° 41' 12" West along the Southerly line of the aforesaid subdivision a distance of 25.00 feet; thence North 01° 02' 25" East a distance of 141.16 feet to the point of beginning for the centerline being described; thence North 74° 04' 38" East a distance of 76.63 feet; thence North 41° 11' 09" East a distance of 42.52 feet; thence North 08° 55' 50" East distance of 70.86 feet; thence North 52° 54' 45" East a distance of 210.60 feet; thence North 35° 44' 08" East a distance of 101.02 feet; thence North 65° 17' 51" East a distance of 110.07 feet; thence North 47° 03' 36" East a distance of 98.35 feet; thence North 23° 33' 08" East a distance of 43.92 feet; thence South 72° 46' 20" East a distance of 22.49 feet to the Westerly right-of-way line of Meadow Road and terminus for this easement.

3. Name. The name by which the project shall be known is "Kitty Hawk Condominiums".

4. Unit Description. Phase I consists of 4 buildings with 2 buildings containing 8 units and 2 single unit buildings. Each multiple unit building consists of a 3 level building (excluding lofts, if any). Each building is of wood frame construction without basement and has a cedar shake roof, cedar siding on the exterior walls, and interior and partition walls of gypsum wall board and wood. Each unit is bounded by the undecorated interior surface of its perimeter walls, ceilings, floors, decks and chimney area. The dimension, design and approximate area of each unit are set forth in the attached Floor Plans marked Exhibit A.

5. Common Elements. General common elements consist of the land, decks which are not made a part of any unit, parking areas, driveways, pathways, fences, grounds, and the exterior walls and roofs of each building, together with an unrevocable easement for ingress and egress as set forth on page 3A herein until such time as the easement merges with the fee as provided in the easement agreement.

The limited common elements are those common elements designated herein as reserved for the use of the owners of the units in each building, and consist of all those elements and components of each building not otherwise included in the units, including, but not limited to, the foundations, columns, girders, beams, supports, main walls, heating system, halls, staircases, installations of central services such as electricity, water, sewage, telephone and television, wiring and electrical wiring and conduit, wood storage areas, excepting those portions of the foregoing which are included within the condominium units, and all other elements of the building necessary or convenient to its existence, maintenance and safety, or normally in common use by the unit owners of the units contained in the individual multiple unit building. The use of the limited common elements by an owner is restricted to those common elements that are part of the building that houses his condominium unit. Each unit owner in a multiple unit building has an undivided interest in the limited common elements of his multiple unit building in the ratio that the interest in the general common elements assigned to such unit bears to the interests in the general common elements of all units in such building. Each of the above-described limited common elements in a multiple unit building are contained in a single unit building, and each unit owner in a single unit building is entitled to the exclusive use of the limited common elements of his single unit building.

6. Limitation on Use. The use for which each of the units is intended and limited is as follows:

(a) No owner shall occupy or use his unit, or permit the same or any part thereof to be occupied or used, for any purpose other than a private residence for the owner, the owner's family, and his guests; except that an owner may lease his unit for continuous periods in excess of 364 days; except that through, and only through, a professional hotel or condominium hotel management company or an agent which retains for day-to-day operations a professional hotel or condominium hotel management company selected by a majority of the unit owners at Kitty Hawk Condominiums and Tennis Village Townhouses seeking to rent their units as transient hotel guest accommodations, any owner may cause his unit or any separable part thereof to be rented as such transient hotel or motel guest accommodations during periods when the owner shall not be in occupancy thereof; and except that Declarant or its assignee may occupy and use one unit as a model and sales office until all the units in the project are sold. A professional hotel or condominium hotel management company is one which operates four or more hotels or condominium hotels. No unit may be occupied as a temporary or permanent residence by more than the maximum number of persons specified for that type of unit by the Board of Directors of the Association of Unit Owners. The owner or owners of units designed or constructed as lobby, offices, front desk areas, housekeeping areas, maintenance areas, restaurants, lounges, meeting rooms and other hotel or motel facilities may use such units for such purposes as they were constructed to serve.

(b) There shall be no obstruction of the common areas. Nothing shall be stored in the common areas without the manager's prior consent;

(c) Nothing shall be done or kept in any unit or in common areas which will increase the rate of insurance on the common areas without the manager's prior consent. No owner shall permit anything to be done or kept in his unit or in the common areas which will result in cancellation of insurance on any unit or any part of the common areas, or which will be in violation of any law. No waste shall be committed in the common areas;

(d) No sign of any kind shall be displayed to public view on or from any unit or the common areas without the manager's prior consent;

(e) No animals, livestock or poultry shall be raised, bred or kept in any unit or in the common areas,

except that dogs, cats and other household pets may be kept in units, subject to rules and regulations adopted by the Board of Directors;

(f) No noxious or offensive activity shall be carried on in any unit or in the common areas, nor shall anything be done therein which may be or become an annoyance or nuisance to the other owners;

(g) Nothing shall be altered or constructed in, or removed from, the common areas, except upon the written consent of the manager; and

(h) None of the rights and obligations of the owners created herein or by the deed conveying the condominiums shall be altered in any way by encroachment due to settlement or shifting of structures or any other cause. There shall be valid easements for the maintenance for said encroachments so long as they shall exist; provided, however, that in no event shall a valid easement for encroachment be created in favor of an owner, or owners, if encroachment occurred due to the willful conduct of the owner or owners.

7. Service of Process. The name of the person to receive service of process in the cases provided in Subsection (1) of ORS 91.578 is Daniel E. Kearns, and his place of business within Deschutes County, Oregon, is 63950 Tyler Road, Bend, Oregon 97701.

8. Development in Phases. Declarant proposes to develop the project in seven phases, and annex each phase when completed. Each phase shall contain not more than the following number of units:

- (a) Phase I - 4 buildings with 18 units
- (b) Phase II - 4 buildings with 4 units
- (c) Phase III - 2 buildings with 16 units
- (d) Phase IV - 2 buildings with 16 units
- (e) Phase V - 3 buildings with 17 units
- (f) Phase VI - 2 buildings with 9 units
- (g) Phase VII - 3 buildings with 17 units

(h) The percentage of interest in the general common elements of units in each phase will change when the

succeeding phases are annexed to Kitty Hawk Condominiums. A chart showing the percentage of interest in the general common elements of each unit upon the filing of this declaration and after the annexation of each phase is attached thereto as Exhibit B.

(i) Declarant intends to presell condominium units prior to construction and may require that 75 per cent of the units of each phase be sold prior to electing to proceed with the construction of the units in that phase.

(j) Additional common elements which Declarant proposes to annex at each phase of development, which elements might substantially increase the proportionate amount of the common expenses payable by existing unit owners, are streets and parking areas.

(k) Declarant reserves the right to limit the Kitty Hawk to less than seven phases and fewer than 97 units. In order to limit Kitty Hawk to fewer than seven phases or fewer than 97 units, Declarant may file a declaration in Deschutes County, Oregon, prior to January 1, 1983, so stating. In any event, no additional phases shall be added to Kitty Hawk Condominiums after seven years following the filing of this Declaration; and, in any event, the construction of each phase and the recreational amenities, if any, to which the units in such phase are incidental shall be completed within two years after it is first offered for sale.

(l) The order of proposed phases of development may be changed without the necessity of complying with Section 25(a) below.

9. Powers of Board of Directors. The Board of Directors shall have the exclusive right to contract for insurance upon the units and general and limited common elements and for all goods and services necessary for the repair, maintenance and improvement of all general and limited common elements and shall have the power to assess the unit owners on account thereof in the manner provided in the Bylaws of the Association of Unit Owners. Until the first meeting of the Board of Directors, Declarant shall exercise all the powers of the Board of Directors, and shall have the power and authority to contract for insurance, goods and services on behalf of the Association of Unit Owners for terms extending to, or beyond, the first meeting of the Board of Directors; provided, however, that such insurance, goods and services shall not be contracted for a period in excess of that normally to be contracted for by a prudent property owner.

10. Improvement of Common Areas. The Board of Directors shall not make any structural alterations, capital additions to, or capital improvements of, the common areas requiring an expenditure in excess of \$10,000 without the prior approval of owners holding a majority percentage interest in the general common elements of the project.

11. Owner's Obligation to Repair. Except for those portions which the Board of Directors is required to maintain and repair hereunder (if any), each owner shall, at the owner's expense, keep the interior of his unit and its equipment and appurtenances in good order, condition and repair and in a clean and sanitary condition, and shall do all redecorating, painting and varnishing which at any time may be necessary to maintain the good appearance and condition of his unit. In addition to decorating and keeping the interior of the unit in good repair, the owner shall be responsible for the maintenance, repair or replacement of any plumbing fixtures, refrigerators, ranges and other appliances that may be in his unit.

12. Failure of Board of Directors to Insist On Strict Performance. The failure of the Board of Directors or manager to insist, in any one or more instances, upon strict performance of any of the terms, covenants, conditions or restrictions of this Declaration, or to exercise any right or option herein contained, or to serve any notice or to institute any action, shall not be construed as a waiver or a relinquishment with respect to the future enforcement of such term, covenant, condition or restriction, but such term, covenant or restriction shall remain in full force and effect. The receipt by the Board of Directors or manager of any charge from any owner with the knowledge of the breach of any covenant hereof shall not be deemed a waiver of such breach, and no waiver by the Board of Directors or manager of any provision hereof shall be deemed to have been made unless expressed in writing and signed by the Board of Directors or manager.

13. Limitation of Liability. The Board of Directors or/and manager, and each thereof, shall not be liable for any failure of water supply or other service to be obtained and paid for by the Board of Directors hereunder, or for any injury or damage to person or property caused by the elements or by another owner or person in the project, or damage from electricity, water, rain, snow or ice which may leak or flow from outside or from any part of the building, or from any of its pipes, drains, conduits, appliances or equipment or from any other place unless caused by gross negligence of the Board of Directors or the manager, as the case may be. No diminution or abatement of common expense assessments shall be claimed or allowed for

inconvenience or discomfort arising from the making of repairs or improvements to the common areas or from any action taken to comply with any law, ordinance or orders of a governmental authority.

14. Indemnification of Directors. Each director and the manager shall be indemnified by the owners against all expenses and liabilities, including attorney fees, reasonably incurred or imposed upon him in connection with any proceeding to which he may be a party, or in which he may become involved, by reason of his being, or having been, a director or manager, or any settlement thereof, whether or not he is a director or manager at the time such expenses are incurred, except in such case wherein the director or manager is adjudged guilty of willful nonfeasance, misfeasance or malfeasance in the performance of his duties; provided that, in the event of a settlement, the indemnification shall apply only when the Board of Directors approves such settlement as being for the best interest of the Association of Unit Owners and the Board of Directors.

15. Insurance. The Board of Directors shall obtain and maintain at all times insurance of the type and kind and in the amounts hereafter provided, and including insurance for such other risks of a similar or dissimilar nature as are or shall hereafter customarily be covered with respect to other condominium projects similar in construction, design and use, which insurance shall be governed by the provisions in this numbered section.

(a) For the benefit of the Association and the owners, the Board of Directors shall obtain and maintain at all times, and shall pay for out of the common expense funds, the following insurance:

i. A master policy, or subscription policies, of fire insurance on all units and common areas with endorsements providing extended coverage, vandalism coverage, special extended coverage, earthquake coverage and use and occupancy coverage for at least 90 percent of the insurance replacement value of all units and common areas, and such other fire and casualty insurance as the Board of Directors shall determine to give substantially equal or greater protection to the owners, and their mortgagees, as their respective interests appear, which policy or policies shall provide for a separate loss payable endorsement in favor of the mortgagee, or mortgagees, of each unit, if any;

ii. A master policy, or subscription policies, insuring the Association, its Board of Directors, the unit owners and the manager against any liability to the public and/or the owners of units and their invitees or tenants, occurring in, on, or about the units and common elements, or either thereof, arising out of, or incident to, the ownership or any use of the project, and including the personal liability exposure of the owners. Limits of liability under such insurance shall be not less than \$500,000 for all persons injured in any one accident, and shall not be less than \$100,000 for property damage in each occurrence (such limits and coverage to be reviewed at least annually by the Board of Directors and to be increased in its discretion). In addition, the directors shall maintain an umbrella liability policy of \$1,000,000 insuring against the same risks. The policy or policies shall be issued on a comprehensive liability basis and shall provide cross liability endorsements wherein the rights of named insureds under the policy or policies shall not be prejudiced as respects his, her or their action against another named insured;

iii. Workers' compensation insurance to the extent necessary to comply with any applicable laws; and

iv. A fidelity bond naming the manager and such other person as may be designated by the Board of Directors as principals, and the Association and the owners as obligees for the first year in the amount at least equal to 50 percent of the estimated cash requirement for that year as determined by the Board of Directors, and for each year thereafter in an amount at least equal to 50 percent of total sum collected through the common expense fund during the preceding year.

(b) All policies shall be written by a company licensed to do business in Oregon and holding a financial rating of "AAA" or better by Best's Insurance Reports.

(c) Exclusive authority to adjust losses under policies hereafter in force on the project shall be vested in the Board of Directors, or its authorized representative acting on behalf of all insureds, including the individual unit owners.

(d) In no event shall the insurance coverage obtained and maintained by the Board of Directors hereunder be brought into contribution with insurance purchased by individual owners or their mortgagees.

(e) Each owner may obtain additional insurance at his own expense; provided, however, that no owner shall be entitled to exercise his right to maintain insurance coverage in such a way as to decrease the amount which the Board of Directors, on behalf of all the owners, may realize under any insurance policy which the Board of Directors may have in force on the project at any particular time.

(f) Each owner must notify the Board of Directors when he makes any improvements to his unit, the value of which improvements is in excess of \$1,000.

(g) Any owner who obtains individual insurance policies covering any portion of the project, other than personal property belonging to such owner, shall file a copy of such individual policy or policies with the Board of Directors within 30 days after purchase of such insurance.

(h) The Board of Directors must make every effort to secure insurance policies that will provide for the following:

i. A waiver of subrogation by the insurer as to any claim against the Board of Directors, the manager, the unit owners and their respective servants and agents;

ii. A provision that the master policy on the project cannot be cancelled, invalidated or suspended on account of the conduct of any unit owner, the Board of Directors, any officer or employee of the Board of Directors, or the manager, without demand in writing 30 days prior to such cancellation, invalidation or suspension that the Board of Directors or manager cure the defect and notice of the failure thereof to do so within such period;

iii. A provision that any "no other insurance" clause in the master policy exclude individual owner's policies from consideration; and

iv. A provision that the insurer issue certificates of insurance specifying the portion of the master policy earmarked for each owner's interest and that un-

til the insurer furnishes written notice and a grace period of 30 days to the mortgagee insured under the loss payable clause thereof, the mortgagee's coverage is neither jeopardized by the conduct of the unit mortgagor-owner, the Association or other unit owners, nor cancelled for non-payment of premiums.

(i) At least annually, the Board of Directors shall review all insurance carried by the Association of Unit Owners and such review shall include an appraisal of all improvements to the project by a representative of the insurance carrier writing the master policy.

16. Damage and Destruction. In case of fire, casualty or any other disaster, the insurance proceeds of the policy and the individual owner's policies, if sufficient to reconstruct the building damaged or destroyed, shall be applied to such reconstruction. Reconstruction of the damaged or destroyed building, as used in this paragraph, means restoring the building to substantially the same condition in which it existed prior to the fire, casualty or disaster, with each unit and the common areas having the same vertical and horizontal boundaries as before. Such reconstruction shall be accomplished under the direction of the manager or the Board of Directors.

If the insurance proceeds are insufficient to reconstruct the damaged or destroyed building, the damage to, or destruction of, such building shall be promptly repaired and restored by the manager or the Board of Directors, using the proceeds of insurance, if any, on such building for that purpose and the owners of the damaged or destroyed building shall be liable for assessment for any deficiency, such deficiency to take into consideration as the owner's contribution any individual policy insurance proceeds provided by such owner. However, if three-fourths, or more, of the buildings within the project are destroyed or substantially damaged and if the owners, by vote of at least three-fourths of the voting power, do not voluntarily, within 60 days after such destruction or damage, make provision for reconstruction, the manager or Board of Directors shall record, with the recording officer of Deschutes County, a notice setting forth such facts and upon the recording of such notice:

(a) The property shall be deemed to be owned in common by the owners;

(b) The undivided interest in the property owned in common which shall appertain to each owner shall be the percentage of undivided interest previously owned by such owner in the general common elements;

(c) Any liens affecting any of the units shall be deemed to be transferred in accordance with the existing priorities to the undivided interests of the owners in the property; and

(d) The property shall be subject to an action for partition at the suit of any owner, in which the net proceeds of sale, together with the net proceeds of the master policy of insurance on the property, if any, shall be considered as one fund and shall be divided among all the owners in a percentage equal to the percentage of undivided interest owned by each owner in the general common areas, after first paying out of the respective shares of the owners, to the extent sufficient for the purpose, all liens on the undivided interest in the property owned by each owner.

Notwithstanding all other provisions hereof, the owners may, by an affirmative vote of all owners affected thereby, cause an amendment to be made to the project documents so as to facilitate architectural changes that the owners affected thereby and the Association deem desirable if, and only if, the partial or total destruction of the project, by fire, casualty or any other disaster is so great as to require the substantial reconstruction of the whole of the project. Any such amendment of such project documents shall be valid only upon (1) the recording thereof with the recording officer of Deschutes County and (2) the recording with that recording officer of the approval thereof of each mortgagee and each other lienholder of record having a lien against any part of the project, or building, affected by such amendment.

17. Enforcement. Each owner shall comply strictly with the provisions of this Declaration and with the Bylaws of the Association of Unit Owners and rules and regulations promulgated pursuant thereto, as the same shall be lawfully amended from time to time. Failure so to comply shall be grounds for an action to recover sums due for damages, or for injunctive relief, or both, maintainable by the Board of Directors or manager on behalf of the owners, or in a proper case, by an aggrieved owner.

18. Personal Property. The Board of Directors or manager may acquire and hold, for the benefit of the Unit Owners, tangible and intangible personal property and may dispose of the same by sale or otherwise; and the beneficial interest in such personal property shall be owned by the owners in the same proportion as their respective interest in the general common elements, and shall not be transferable except with a transfer of a unit. A transfer of a unit shall transfer ownership of the transferor's beneficial interest in such personal property to the transferee.

19. Reserves. The Board of Directors, in its discretion, may establish such reserves as good business judgment warrants for the repair, improvement or other needed expenditures of the Association of Unit Owners. To fund such reserves, the Board of Directors, in its discretion, may include the reserve fund assessment in any monthly assessment made against the Unit Owners. All such reserves shall be held by the Board of Directors in trust for the Unit Owners as their contribution thereto shall appear, and shall not become the funds of the Association until the expenditure for which such reserve is created has become due and payable.

20. Liability For Unpaid Share of Common Expenses. Where the purchaser of a unit obtains title to the unit as a result of foreclosure of the first mortgage or trust deed, such purchaser, his successors and assigns, shall not be liable for any of the common expenses chargeable to such unit which became due prior to the acquisition of title to such unit by such purchaser. Such unpaid share of common expenses shall be a common expense of all the Unit Owners, including such purchaser, his successors and assigns.

21. Lien of Association Against Unit.

(1) Whenever an Association of Unit Owners, acting through its manager, furnishes to a unit any services, labor or material lawfully chargeable as common expenses, the Association of Unit Owners, upon complying with Subsection (2) of this Section, shall have a lien upon the individual unit and the undivided interest in the common elements appertaining to such unit for the reasonable value of such common expenses, and for any unpaid assessments and interest as provided in Paragraph (b) of Subsection (2) of this Section. The lien shall be prior to all other liens or encumbrances upon the unit except:

(a) Tax and assessment liens; and

(b) A first mortgage or trust deed of record.

(2) (a) An Association of Unit Owners claiming the benefits of Subsection (1) of this Section shall record in Deschutes County a claim containing a true statement of the account due for such common expenses after deducting all just credits and offsets; the name of the owner of the unit, or reputed owner, if known; a description of the property where the common expenses were furnished and the designation of the unit, sufficient for identification.

(b) Where a claim has been filed and recorded pursuant to this Section and the owner of the unit or undivided interest subject to the claim thereafter fails to pay any assessment chargeable to such unit or undivided interest, then so long as the original or any subsequent unpaid assessment remains unpaid such claim shall automatically accumulate the subsequent unpaid assessments and interest thereon without the necessity of further filings under this section.

22. Overassessment. At the end of each fiscal year of the Association, the Board of Directors shall cause to be repaid promptly to each owner any amount by which his assessment during such fiscal year shall have exceeded the amount necessary to conduct the business of the Association during that fiscal year and shall collect promptly from each owner any amount by which his assessments during that fiscal year shall have been less than his aliquot share of the expenses of the Association. Such repayments shall not include any sums held as reserves, which sums shall then be, and thereafter until expended shall continue to be, the property of the individual Unit Owners.

23. Legal and Accounting Service And Audit. The Board of Directors, or the manager, from time to time, shall contract for the services of lawyers and certified public accountants as the needs of the Association shall demand. At any time, any owner may, at his own expense, cause an audit or inspection to be made of the books and records of the manager or the Board of Directors. The Board of Directors, at the expense of the Association, shall obtain an audit of all books and records pertaining to the Association of Unit Owners at no greater than annual intervals and furnish copies thereof to the owners.

24. Interpretation. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development and operation of a condominium project. Failure to enforce any provision hereof shall not constitute a waiver of the right thereafter to enforce that provision or any other provision hereof.

25. Amendment.

(a) Except as otherwise provided herein, the provisions of this Declaration may be amended by an instrument in writing signed and acknowledged by record owners holding 75 percent of the total vote hereunder. A copy of the Declaration as amended or the amendment thereto, certified by the Chairman and secretary of the Association of Unit Owners, shall be effective when recorded in the office of the recording officer of Deschutes County, Oregon. Before any amended declaration or amendment to a declaration may be recorded, it must be approved by the Real Estate Commissioner.

(b) At any time during pre-sales and prior to the transfer of possession and ownership of any unit to its owner, Declarant shall have, and hereby reserves the right, with the consent of the Oregon Real Estate Commissioner, to amend, alter or withdraw this Declaration in whole or in part. Declarant's withdrawal of this Declaration in full shall relieve the real property of its submission to unit ownership.


26. Severability. The provisions hereof shall be deemed independent and severable, and the invalidity or partial invalidity or unenforceability of any one provision or portion hereof shall not affect the validity or enforceability of any other provision hereof.

27. Effective Date. This Declaration shall take effect upon recording.

IN WITNESS WHEREOF, Declarant has caused its corporate name to be subscribed and its corporate seal to be affixed by its proper officers, thereunto duly authorized, on this 25 day of July, 1978.

DANARA CONSTRUCTION, INC.

Declarant

By 
Its President

STATE OF OREGON)
COUNTY OF DESCHUTES)

ss.

On this 25th day of July, 1978,
before me personally appeared Daniel E. Kearns, who, being
duly sworn, on oath did say: That he is the president of
DANARA CONSTRUCTION, INC., an Oregon corporation; and that
the instrument was signed on behalf of the corporation by
authority of its Board of Directors; and he acknowledged
the instrument to be its voluntary act and deed.

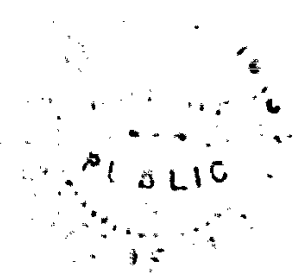

Suzanne H. Hicks
NOTARY PUBLIC FOR OREGON
My Commission Expires: 1-23-82

EXHIBIT A

KITTY HAWK CONDOMINIUMS

DESIGN A	Interior	1067	sq. ft.
	Deck	562.5	sq. ft.
	Total	1629.5	sq. ft.
DESIGN B	Interior	460	sq. ft.
	Deck	73.5	sq. ft.
	Total	533.5	sq. ft.
DESIGN C	Interior	542	sq. ft.
	Deck	93	sq. ft.
	Total	635	sq. ft.
DESIGN D	Interior	542	sq. ft.
	Loft	298	sq. ft.
	Deck	93	sq. ft.
	Total	933	sq. ft.

PHASE I

Building Number	Unit Number	Design	Approximate Square Feet
1	1	A	1629.5
2	2	A	1629.5
3	3	B	533.5
3	4	B	533.5
3	5	B	533.5
3	6	B	533.5
3	7	C	635
3	8	C	635
3	9	D	933
3	10	D	933
4	11	B	533.5
4	12	B	533.5
4	13	B	533.5
4	14	B	533.5
4	15	C	635
4	16	C	635
4	17	D	933
4	18	D	933

PHASE II

5	19	A	1629.5
6	20	A	1629.5
7	21	A	1629.5
8	22	A	1629.5

EXHIBIT A

PHASE III

Building Number	Unit Number	Design	Approximate Square Feet
19	82	B	533.5
19	83	B	533.5
19	84	B	533.5
19	85	B	533.5
19	86	C	635
19	87	C	635
19	88	D	933
19	89	D	933
20	90	B	533.5
20	91	B	533.5
20	92	B	533.5
20	93	B	533.5
20	94	C	635
20	95	C	635
20	96	D	933
20	97	D	933

PHASE IV

17	66	B	533.5
17	67	B	533.5
17	68	B	533.5
17	69	B	533.5
17	70	C	635
17	71	C	635
17	72	D	933
17	73	D	933
18	74	B	533.5
18	75	B	533.5
18	76	B	533.5
18	77	B	533.5
18	78	C	635
18	79	C	635
18	80	D	933
18	81	D	933

EXHIBIT A

PHASE V

Building Number	Unit Number	Design	Approximate Square Feet
15	49	B	533.5
15	50	B	533.5
15	51	B	533.5
15	52	B	533.5
15	53	C	635
15	54	C	635
15	55	D	933
15	56	D	933
13	57	A	1629.5
16	58	B	533.5
16	59	B	533.5
16	60	B	533.5
16	61	B	533.5
16	62	C	635
16	63	C	635
16	64	D	933
16	65	D	933

PHASE VI

14	41	B	533.5
14	42	B	533.5
14	43	B	533.5
14	44	B	533.5
14	45	C	635
14	46	C	635
14	47	D	933
14	48	D	933
14	40	A	1629.5

EXHIBIT A

PHASE VII

Building Number	Unit Number	Design	Approximate Square Feet
9	23	A	635
10	24	B	533.5
10	25	B	533.5
10	26	B	533.5
10	27	B	533.5
10	28	C	635
10	29	C	635
10	30	D	933
10	31	D	933
10	32	B	533.5
10	33	B	533.5
10	34	B	533.5
10	35	B	533.5
10	36	C	635
10	37	C	635
10	38	D	933
10	39	D	933

EXHIBIT B

KITTY HAWK CONDOMINIUMS

Percentage of interest in general common elements
of each unit

Unit	Phase I	Phase II	Phase III	Phase IV	Phase V	Phase VI	Phase VII
1	.1180	.0868	.0587	.0393	.0344	.0304	.0254
2	.1180	.0868	.0587	.0393	.0344	.0304	.0254
3	.0387	.0240	.0162	.0129	.0095	.0084	.0070
4	.0387	.0240	.0162	.0129	.0095	.0084	.0070
5	.0387	.0240	.0162	.0129	.0095	.0084	.0070
6	.0387	.0240	.0162	.0129	.0095	.0084	.0070
7	.0460	.0293	.0198	.0153	.0116	.0103	.0086
8	.0460	.0293	.0198	.0153	.0116	.0103	.0086
9	.0676	.0427	.0289	.0225	.0169	.0150	.0125
10	.0676	.0427	.0289	.0225	.0169	.0150	.0125
11	.0387	.0240	.0162	.0129	.0095	.0084	.0070
12	.0387	.0240	.0162	.0129	.0095	.0084	.0070
13	.0387	.0240	.0162	.0129	.0095	.0084	.0070
14	.0387	.0240	.0162	.0129	.0095	.0084	.0070
15	.0460	.0293	.0198	.0153	.0116	.0103	.0086
16	.0460	.0293	.0198	.0153	.0116	.0103	.0086
17	.0676	.0427	.0289	.0225	.0169	.0150	.0125
18	.0676	.0427	.0289	.0225	.0169	.0150	.0125
19		.0868	.0587	.0393	.0344	.0304	.0254
20		.0868	.0587	.0393	.0344	.0304	.0254
21		.0868	.0587	.0393	.0344	.0304	.0254
22		.0868	.0587	.0393	.0344	.0304	.0254
82			.0162	.0129	.0095	.0084	.0070
83			.0162	.0129	.0095	.0084	.0070
84			.0162	.0129	.0095	.0084	.0070
85			.0162	.0129	.0095	.0084	.0070
86			.0198	.0153	.0116	.0103	.0086
87			.0198	.0153	.0116	.0103	.0086
88			.0289	.0225	.0169	.0150	.0125
89			.0289	.0225	.0169	.0150	.0125
90			.0162	.0129	.0095	.0084	.0070
91			.0162	.0129	.0095	.0084	.0070
92			.0162	.0129	.0095	.0084	.0070
93			.0162	.0129	.0095	.0084	.0070
94			.0198	.0153	.0116	.0103	.0086
95			.0198	.0153	.0116	.0103	.0086
96			.0289	.0225	.0169	.0150	.0125
97			.0289	.0225	.0169	.0150	.0125
66				.0129	.0095	.0084	.0070
67				.0129	.0095	.0084	.0070
68				.0129	.0095	.0084	.0070
69				.0129	.0095	.0084	.0070
70				.0153	.0116	.0103	.0086
71				.0153	.0116	.0103	.0086
72				.0225	.0169	.0150	.0125
73				.0225	.0169	.0150	.0125
74				.0129	.0095	.0084	.0070
75				.0129	.0095	.0084	.0070

EXHIBIT B

Unit	Phase I	Phase II	Phase III	Phase IV	Phase V	Phase VI	Phase VII
76				.0129	.0095	.0084	.0070
77				.0129	.0096	.0084	.0070
78				.0153	.0116	.0103	.0086
79				.0153	.0116	.0103	.0086
80				.0225	.0169	.0150	.0125
81				.0225	.0169	.0150	.0125
49					.0095	.0084	.0070
50					.0095	.0084	.0070
51					.0095	.0084	.0070
52					.0095	.0084	.0070
53					.0116	.0103	.0086
54					.0116	.0103	.0086
55					.0169	.0150	.0125
56					.0169	.0150	.0125
57					.0344	.0304	.0254
58					.0095	.0084	.0070
59					.0095	.0084	.0070
60					.0095	.0084	.0070
61					.0095	.0084	.0070
62					.0116	.0103	.0086
63					.0116	.0103	.0086
64					.0169	.0150	.0125
65					.0169	.0150	.0125
41						.0084	.0070
42						.0084	.0070
43						.0084	.0070
44						.0084	.0070
45						.0103	.0086
46						.0103	.0086
47						.0150	.0125
48						.0150	.0125
40						.0304	.0254
23							.0254
24							.0070
25							.0070
26							.0070
27							.0070
28							.0086
29							.0086
30							.0125
31							.0125
32							.0070
33							.0070
34							.0070
35							.0070
36							.0086
37							.0086
38							.0125
39							.0125

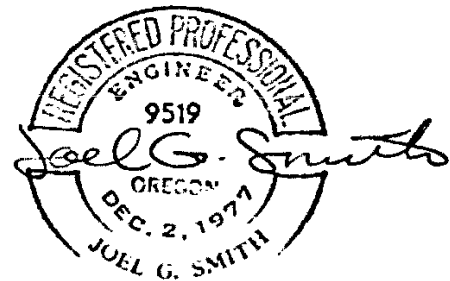
CERTIFICATE OF PLANS AND OF COMPLETION

I, Joel G. Smith of the firm of Mc Cullough, Bryant and Associates of 409 NE Greenwood; Bend, Oregon, 97701, do hereby certify that sheet two of three and sheet three of three of the Kitty Hawk Phase I Condominium plat accurately depicts the boundaries of the units and floors of buildings one through four.

I hereby certify that the date the construction of the buildings depicted on the accompanying floor plans and plat map was completed was 24 July, 1978.

Joel G. Smith
Joel G. Smith

7/27/78
Date



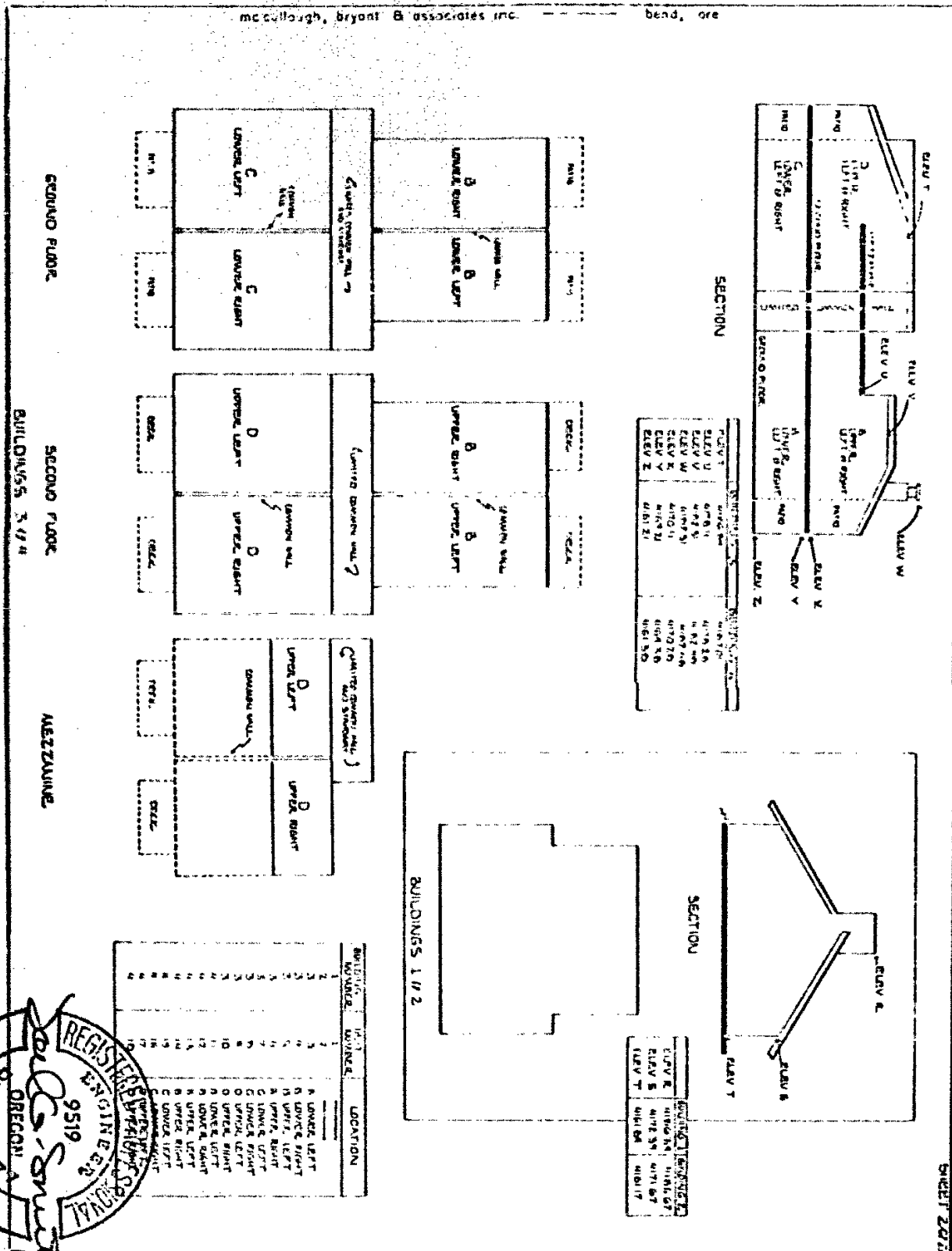


EXHIBIT C-4



Department of Commerce Real Estate Division

APPROVAL OF DECLARATION

THE UNDERSIGNED, pursuant to ORS 91.512, as Real Estate
Commissioner of the State of Oregon, hereby approves the
Declaration of Unit Ownership for

KITTY HAWK CONDOMINIUMS, PHASE I

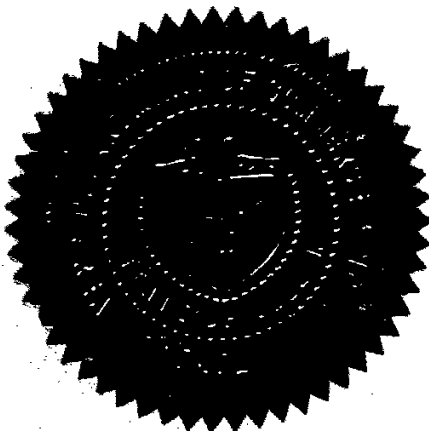
In Deschutes County, Oregon.

IN TESTIMONY WHEREOF, I have hereunto
set my hand and affixed hereto the
seal of the Real Estate Division of
the Department of Commerce of the
State of Oregon this

27th day of July, 1978.

GORDON W. BURBEE
Real Estate Commissioner

BY F. M. Roberts *ly B2K*




APPROVAL OF KITTY HAWK CONSOMINIUMS

We, the Assessor and Tax Collector, respectively,
of Deschutes County, Oregon, hereby approve the Bylaws and
Declaration of Stage I of Kitty Hawk Condominiums, a condo-
minium in Deschutes County, Oregon. All taxes, charges and
assessments have been paid as of this date.

DATED this 31 day of July, 1978.


Assessor, Deschutes County, Oregon


Tax Collector, Deschutes County, Oregon

3082
STATE OF OREGON
County of Deschutes
I hereby certify that the within instru-
ment of writing was received for Record
the 31 day of July A.D. 1978
at 3:56 o'clock P M., and recorded
in Book 279 on Page 338 Records
of Clatsop
ROSEMARY PATTERSON
County Clerk
By Janice Lindholm Deputy