



After Recording Return To:
Chris Hatfield
Hurley, Lynch & Re, P.C.
747 SW Mill View Way
Bend, OR 97702

**DECLARATION OF
COVENANTS, CONDITIONS AND
RESTRICTIONS FOR
LADERA RIDGE P.U.D.**

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These Covenants, Conditions, and Restrictions are made this 3 day of October, 2005, by Bri-Lin Construction, Inc., an Oregon corporation, (the "Declarant"), the owner of Ladera Ridge P.U.D., Deschutes County, Oregon.

Declarant has recorded the plat of Ladera Ridge P.U.D. in the plat records of the County of Deschutes, Oregon at Volume 2005, Page 68101 Ladera Ridge P.U.D. is being developed as a Class II Planned Community and is subject to ORS 94.550 to 94.783. Except where this Declaration conflicts with any applicable government law or regulation, this Declaration shall be binding upon Declarant, all Owners of Lots in Ladera Ridge P.U.D., and their successors in interest as set forth herein. In the event any of the development standards or use restrictions of this Declaration should conflict with a more restrictive standard or requirement set by an applicable zoning ordinance of the City of Bend, the more restrictive standard or requirement of the applicable City of Bend ordinance shall apply.

NOW, THEREFORE, Declarant hereby declares that the property covered in the plat of Ladera Ridge P.U.D., more particularly described in Exhibit A attached hereto, shall be held, sold, and conveyed subject to the following easements, covenants, conditions, restrictions, and changes, which shall run with such property and shall be binding upon all parties having or acquiring any right, title or interest in such property or any part thereof and shall inure to the benefit of each owner thereof.

SECTION 1 DEFINITIONS.

- 1.1 Architectural Guidelines: The term shall mean the design standards established pursuant to Section 6 herein.
- 1.2 Architecture Review Committee (the "ARC"): The term shall mean the Architectural Review Committee appointed pursuant to Section 6 herein.
- 1.3 Assessment: The term shall mean a regular or special assessment, as the case may be, imposed in accordance with the provisions on Section 8 herein.
- 1.4 Association: The term shall mean the nonprofit corporation to be known as Ladera Ridge Homeowner's Association and its successors and assigns as provided in Section 7 herein.

- 1.5 Board: The term shall mean the Board of Directors of the Ladera Ridge Homeowner's Association.
- 1.6 Capital Improvement Assessments: The term shall mean assessments to cover the cost of capital improvements made pursuant to Section 8 herein.
- 1.7 Common Area: The term shall mean the property described on Exhibit B.
- 1.8 Declarant: The term shall mean Bri-Lin Construction Inc., an Oregon corporation, or its assigns or successors in interest.
- 1.9 Declaration: The term shall mean this Declaration of Covenants, Conditions, and Restrictions for Ladera Ridge P.U.D., and any duly adopted amendments thereto.
- 1.10 Improvements: The term shall mean every temporary or permanent structure or improvement of any kind, including but not limited to buildings, outbuildings, private roads, driveways, parking areas, fences, and barriers, retaining walls, stairs, decks, signs, storage areas, hedges, windbreaks, planted trees and shrubs, and all exterior landscaping, vegetation or ground cover of every type and every kind above the land surface, including every alteration, painting or reconstruction thereof.
- 1.11 Lot: The term shall mean a platted, legally partitioned or lot line adjusted lot within Ladera Ridge P.U.D., but not including any Common Area.
- 1.12 Mortgage: The term shall mean a mortgage, trust deed, or land sales contract.
- 1.13 Mortgagee: The term shall mean a mortgagee, beneficiary of a trust deed, or vendor under a land sales contract.
- 1.14 Mortgagor: The term shall mean a mortgagor, grantor of a trust deed, or vendee under a land sales contract.
- 1.15 Operating Assessments: The term shall mean the assessments to cover operating expenses referred to in Section 8 herein.
- 1.16 Owner: The term shall mean the person or persons, including Declarant, owning any Lot, including any vendee under a recorded land sales contract to whom possession has passed, but does not include a tenant or holder of a leasehold interest or a person holding only a security interest in a Lot, including any vendor under a recorded land sales contract who has given up possession. The rights, obligations, and other status of being an Owner commence upon acquisition of the ownership of a Lot and terminate upon disposition of such ownership, but termination of ownership shall not discharge an Owner from obligations incurred prior to termination.

- 1.17 Rules and Regulations: The term shall mean the rules and regulations adopted as provided in Section 7 herein.
- 1.18 Public Street: The term shall mean any public street, highway or other thoroughfare, as defined herein, on or adjacent to the Ladera Ridge P.U.D. and shown on any recorded subdivision or partition map, or survey map of record, whether designated thereon as street, boulevard, place, drive, road, terrace, way, lane, circle, or otherwise.

SECTION 2 PROPERTY SUBJECT TO THE COVENANTS, CONDITIONS, AND RESTRICTIONS FOR LADERA RIDGE HOMEOWNER'S ASSOCIATION.

- 2.1 General Declaration Creating Ladera Ridge Homeowner's Association. Declarant hereby declares that all of the real property located in Deschutes County, Oregon, shall be hypothecated, encumbered, leased, occupied, built upon or otherwise used, improved or transferred in whole or in part subject to this Declaration. All of said restrictions are declared and agreed to be established with the purpose of protecting the desirability and attractiveness of said real property and every part thereof. All of the Covenants, Conditions, and restrictions of Ladera Ridge P.U.D. run with all of said real property for all purposes and shall be binding upon and inure to the benefit of Declarant and all owners, and their successors in interest as set forth in this Declaration.
- 2.2 Amendment of Subdivision. Each Owner, by acceptance of legal or equitable interest to such Owner's Lot, appoints Declarant as such Owner's attorney in fact to execute all documents and take all action to obtain approval of such amendments to Ladera Ridge P.U.D. land use approval as Declarant deems reasonable; provided that no such amendment has a material adverse affect on the value of such Owner's Lot.
- 2.3 Declarant Improvements. Declarant has built improvements necessary for public streets, utilities, common area, open space and lighting in accordance with the Ladera Ridge P.U.D.'s approval. Declarant does not agree to build any additional improvements but does not choose to limit Declarant's rights to add improvements not described in this Declaration.

SECTION 3 LAND CLASSIFICATIONS AND PROPERTY RIGHTS.

- 3.1 Common Area. The common area shall consist of the area described on Exhibit B and shall be subject to easements as shown on any plat regarding Ladera Ridge P.U.D. and as set forth herein.

- 3.2 Owners' Easements of Enjoyment. Subject to the provisions of this Declaration, every Owner and such Owner's invitees and tenants shall have a right and easement of enjoyment in and to the Common Area.
- 3.3 Title to Common Area. Fee title to the Common Area shall, on or before the Turnover meeting described in Section 7, be conveyed by Declarant to, and must be accepted by, the Association free and clear of liens and encumbrances other than those created pursuant to this Declaration.
- 3.4 Extent of Owners' Rights. The rights and easements of enjoyment in the Common Area created hereby shall be subject to the following and all other provisions of this Declaration:
- (a) Owners' Easements. Lots 1 through 7 of Ladera Ridge P.U.D. adjoin the Common Area. As each of these Lots is sold the Declarant shall give the Owner an exclusive use easement regarding the portion of the Common Use Area immediately adjoining the subject Lot. The Owner of Lot 4 shall also receive an exclusive use easement regarding the portion of the Common Area that lies between Lot 4 and Lot 5. The easement shall terminate upon a majority vote of the Owners. The easement shall be subject to the easements described in Section 3.4(b). Until such time as the Owners vote to terminate the exclusive use easements given to Lot Owners 1 through 7, those Owners shall be responsible for the maintenance of the Common Area subject of their respective easements.
 - (b) Association's and Owners' Easements. Declarant grants to the Association for the benefit of the Association and all Owners of Lots within Ladera Ridge P.U.D. the following easements over, under, and upon the Common Area:
 - (i) An easement for installation and maintenance of power, gas, electric, water and other utility and communication lines and services installed by Declarant or with the approval of the Board of Directors of the Association and any such easement shown on any recorded plat of property within Ladera Ridge P.U.D.
 - (ii) An easement for construction, maintenance, repair, and use of the Common Area and common facilities thereon, including, but not limited to, walkways, bike paths, fences, landscaping, irrigation systems, entry way structures, decorative ornamentation, and signs, and for any purposes and uses adopted by the Association and the Owners.
 - (iii) An easement for the purpose of making repairs to any existing structure or improvement on the Common Area.

- (c) Declarant's Easements. So long as Declarant owns any Lot, and in addition to any other easements to which Declarant may be entitled, Declarant reserves an easement over, under, and across the Common Area in order to carry out development, construction, and sales activities by Declarant and for such other purposes as may be necessary or convenient for discharging Declarant's obligations or for exercising any of Declarant's rights hereunder. As long as Declarant has any maintenance obligations with respect to Ladera Ridge P.U.D., Declarant shall have an easement across the Common Area as required to carry out its maintenance responsibilities with respect to Ladera Ridge P.U.D.
- (d) Utility Easements. Declarant or the Association may (and, to the extent required by law, shall) grant or assign easements to municipalities, communications companies, or other utilities over Common Area performing utility services, and the Association may grant free access thereon to police, fire, and other public officials and to employees of utility companies and communications companies serving Ladera Ridge P.U.D.
- (e) Use of the Common Area. Except as otherwise provided in this Declaration, the Common Area shall be reserved for the use and enjoyment of all Owners, and no private use may be made of the Common Area. Nothing herein shall prevent the placing of a sign or signs upon the Common Area for the purpose of indicating path directions, or identifying trails or other items of interest, provided such signs are approved by the ARC. The Board of Directors of the Association shall have authority to abate any trespass or encroachment upon the Common Area at the time, by any reasonable means and with or without having to bring legal proceedings.
- (f) Alienation of the Common Area. Except as otherwise provided herein, the Association may not by act or omission seek to abandon, partition, subdivide, encumber, cause the Common Area to be subject to any security interest, sell or transfer the Common Area unless the holders of at least 80 percent of the Class A voting rights (as described in Section 7.5(b)(i) herein) and the Class B member (as described in Section 7.5(b)(ii) herein), if any have given their prior written approval. This provision shall not apply to the easements described in Section 3.5(a) above. A sale, transfer, or encumbrance of the Common Area or any portion of the Common Area in accordance with this Section may provide that the Common Area so conveyed shall be released from any restriction imposed on such Common Area by this Declaration. No sale, transfer, or encumbrance may, however, deprive any Owner of such Owner's right of access to or support for the Owner's Lot without the written consent of the Owner.

- (g) Restrictions on Use of Common Area. Use of the Common Area by the Owners shall be subject to the provisions of this Declaration and to the following:
 - (i) The right of the Association to suspend such use rights of an Owner to the extent provided in Section 9 herein.
 - (ii) The right of the Association to adopt, amend, and repeal rules and regulations in accordance with this Declaration and the Bylaws of the Association, including, without limitation, the right to require reservations for use of the Common Area or Common Area facilities and the right to impose reasonable fees in connection with such use.
 - (iii) The exclusive use easement given to Lot Owners 1 through 7 as described in Section 3.4(a).

3.5 Delegation of Use. Any Owner may delegate, in accordance with the Bylaws of the Association, such Owner's right of enjoyment of the Common Area to the members of such Owner's family or tenants who reside on the Lot.

SECTION 4 EASEMENTS.

- 4.1 Easements Reserved. In addition to any easements shown on any recorded plat for Ladera Ridge P.U.D. Declarant hereby reserves the following easements for the benefit of Declarant and the Association:
- (a) Adjacent Common Area. The Owner of any Lot which blends together visually with any Common Area shall permit the Association or Declarant, as the case may be, to enter upon such Lot to perform the construction, maintenance or such alterations as might be needed of such Common Area.
 - (b) Right of Entry. Declarant, the ARC, and any representative of the Association authorized by it may at any reasonable time, and from time to time at reasonable intervals, enter upon any Lot for the purpose of determining whether or not the use of and/or Improvements on such Lot are then in compliance with this Declaration. No such entry shall be deemed to constitute a trespass or otherwise create any right of action in the Owner of such Lot.
 - (c) Utility Easements. Easements for installation and maintenance of utilities are reserved over portions of certain Lots as shown on the recorded plat. Within the easements, no structure or other material shall be placed or permitted to remain which may damage or interfere with the installation or maintenance of utilities. The easement area of each Lot and all

Improvements in it shall be maintained continuously by the Owner of the Lot, except for those improvements for which a public authority or utility company is responsible.

SECTION 5 RESTRICTIONS ON USE OF PROPERTY.

- 5.1 Occupancy. No Owner shall occupy, use, or permit his Lot or any part thereof to be used for any purpose other than a private residence for the Owner, his family, or his guests, except that each Owner shall be permitted to rent the Lot when the Owner is not in occupancy.
- 5.2 Improvements. Each Lot shall be maintained in a clean and attractive condition, in good repair and in such a fashion as not to create a fire hazard. Each Lot shall be seeded or sodded and irrigated continuously within 18 months of the first conveyance from Declarant to any Owner.
- 5.3 Appearance. All garbage, trash, cuttings, refuse, garbage and refuse containers, clothes drying apparatus, and other service facilities located on any Lot shall be screened from view in a manner approved by Declarant.
- 5.4 Construction and Alteration. No improvement shall be altered or constructed in or removed from or placed on a Lot or Common Area except with the prior written consent of Declarant.
- 5.5 Offensive or Commercial Activity. No offensive or commercial activity which may be or become an annoyance or nuisance to the other Owners shall be done within Ladera Ridge P.U.D.
- 5.6 Signs. No sign of any kind shall be displayed to public view on or from any Lot without the Declarant's prior written consent, provided, however, that an Owner may display not more than one (1) "for sale" sign per Lot which has a maximum area not to exceed 300 square inches, the longest dimension being not greater than 20 inches.
- 5.7 Fencing Standards. The construction of any fence within Ladera Ridge P.U.D. shall be submitted for design review to Declarant pursuant to Section 6. Any fence allowed to be constructed must be solid cedar or redwood not exceeding five (5) feet in height.
- 5.8 Tree Preservation. Removal of any tree or vegetation must first receive written approval of Declarant or the ARC pursuant to the procedures set forth herein. All trees outside the footprint of the home shall be preserved. No trees in the common area or in the setback requirements shall be removed. To remove any tree a report by a certified arborist shall be required. The only acceptable reasons for tree removal are if the trees are diseased, dying or pose a health hazard to the

general public. A tree survey has been conducted and is available to Owners for a copying fee.

- 5.9 Exterior Lighting. No exterior lighting shall be placed on a Lot or any portion thereof without the Declarant's prior written consent. Exterior lighting which faces the exterior boundaries of Ladera Ridge P.U.D. must be shielded and directed downward.
- 5.10 Antennas. No television antenna, radio antenna, satellite antenna, or other receiving device shall be placed on any Lot without the Declarant's prior written consent, except as otherwise required by law.
- 5.11 Limitation on Transfer. No Owner shall transfer either by conveyance, contract of sale or lease any interest in his Lot which would result in ownership of such Lot being held by more than ten persons.
- 5.12 Prohibited Structures. No house trailer, mobile home, manufactured home, tent, shed, shack, barn, carport, or other similar outbuilding or structure, whether permanent or temporary, shall be erected or placed on any Lot.
- 5.13 Single family residences. No more than one single family residence shall be erected or placed on any Lot.
- 5.14 Utilities. No aboveground utilities, pipes, or wires shall be used to connect improvements with supplying facilities.
- 5.15 View. The height of improvements or vegetation and trees on a Lot shall not materially restrict the view of another Lot Owner. The Declarant shall be the sole judge of the suitability of such heights. If the Declarant determines there is such restriction in the view of another Lot Owner, written notice shall be delivered to the offending Lot Owner. If after 30 days the improvement, vegetation, or trees are not removed or reduced in height as directed by the Declarant, the Declarant shall enter the offending Lot, complete the removal or reduction, charging the Owner of the Lot the reasonable costs for the work done, plus interest at 10% per annum until paid. This section is not to be read as justification to create views not present when the Lot was originally purchased.
- 5.16 Parking. A minimum of two parking places must be provided for each Lot and must meet the standards set by the Declarant.
- 5.17 Control of Pets. No pets or domestic animals shall be permitted to run loose or unattended. Owners of pets shall be responsible for compliance with all leash laws and other laws related to the control of pets within the City of Bend as well as the Rules and Regulations of the Association. Behavior of pets that, in the sole discretion of the Board, deprives any Owner of the Owner's privacy or constitutes a nuisance, shall be in violation of this Declaration and the Board may require

removal of the offending pet from Ladera Ridge P.U.D. No animals shall be kept or raised on any Lot except household pets and domestic animals not used for commercial purposes.

- 5.18 Firearms or Other Weapons. No firearms, air pistols, archery, sling shots, fireworks, or any other weapons or projectiles shall be used or discharged within Ladera Ridge P.U.D. except in such areas as may be designated in writing by the Board.
- 5.19 Motor Vehicles. No motorized vehicle shall be operated anywhere within Ladera Ridge P.U.D. except upon a surfaced roadway or driveway, nor shall any motor vehicle, trailer, boat, recreational vehicle, or camper be parked in other than a designated parking area. Except for construction equipment not required to be licensed, no onstreet parking is allowed in Ladera Ridge P.U.D. No unlicensed motor vehicles shall be operated within Ladera Ridge P.U.D.

SECTION 6 ARCHITECTURAL CONTROLS.

- 6.1 Approval Required. No improvement, as defined in Section 1.10 herein, shall be erected, placed, altered, maintained, or permitted to remain on any land subject to this Declaration until final plans and specifications have been submitted to and approved in writing by Declarant or the ARC as provided herein. All approvals shall be in conformance with the building site established on each Lot by the Declarant or the ARC as provided herein.
- 6.2 Architectural Review Committee. After Turnover as provided in Section 7 herein, the Association shall establish an Architectural Review Committee (ARC) to implement architectural rules and guidelines for Ladera Ridge P.U.D. as they are specified in the subdivision land use approval and this Declaration. The ARC will be responsible for the approval of plans and specifications for the Improvements in Ladera Ridge P.U.D. and for the modification, promulgation and enforcement of its rules governing the improvement and maintenance of Lots and Improvements thereon, including but not limited to the rules stated in Sections 5 and 6 of this Declaration. Prior to Turnover, Declarant shall exercise sole and exclusive responsibility for the approval of Improvements and enforcement of rules governing the improvement and maintenance of Lots as set forth herein.

The ARC shall consist of three persons who shall be appointed by the Board. Members of the ARC may be removed and replaced at any time by the Board. The Association shall keep on file at its principal office a list of the names and addresses of the members of the ARC. The Declarant or its designated representative shall be a member of the ARC so long as the Declarant owns a Lot subject to this Declaration. The ARC may render its decisions only by written instrument setting forth the ARC's actions taken and the reasons therefor.

- 6.3 Procedure. Any Owner proposing to construct any Improvements within the Ladera Ridge P.U.D. (including any exterior alteration, addition, destruction, or modification to any such Improvements) shall follow the procedures and shall be subject to the approvals set forth herein and in any Architectural Guidelines as authorized herein. Failure to follow such procedures or obtain such approvals shall be deemed a breach of this Declaration.
- 6.4 Required Documents. Any Owner proposing to utilize, improve, or develop real property within the Ladera Ridge P.U.D. shall submit the following items for review:
- (a) A site plan showing the location, size, configuration and layout of any building, structure, or Improvement (or, where applicable, any alteration, addition, modification, or destruction thereto) including appurtenant facilities for parking, storage, fences, and vehicular and pedestrian traffic and circulation.
 - (b) Architectural plans and drawings showing the nature, style, and dimensions of any building, structure, fence, wall, barrier, or deck (or, where applicable, any alteration, addition, modification, or destruction thereof), including the exterior material types, colors, and appearance. The scale of plans shall be 1 inch = 20 feet or larger.
 - (c) A landscape plan showing the nature, type, size, location, and layout of all landscaping, vegetation ground cover, irrigation systems proposed to be planted or installed (or, where applicable, removed or destroyed).
- 6.5 Review. All plans and drawings identified herein, shall be submitted to Declarant or the ARC for review prior to the performance of any proposed work. Such plans and drawings shall be accompanied with a check payable to Declarant or the ARC in an amount to be determined by Declarant or the ARC from time to time. No plans shall be reviewed until the architectural review fee is paid in full and all items specified in this section are submitted. Within 30 days following receipt of such plans and drawings, and the full amount of the architectural review fee, Declarant or the ARC shall review the plans and shall inform the owner in writing whether the plans conform to the development concept for Ladera Ridge. In the event the Owner is not notified as to the conformity of the plans within the 30 day review period, the plans are conclusively presumed to be approved as submitted. In the event any of the plans do not conform to the Ladera Ridge development concept, the Owner shall resubmit those non-conforming portions of the plans for review in accordance with the procedures outlined herein. No work may be performed relating to any Improvement unless and until all aspects of all plans have been approved by Declarant or the ARC. Any site plans, construction plans, or similar plans and drawings submitted to the City of Bend in connection with the construction of any Improvement in the Ladera Ridge P.U.D. must bear the prior written approval of Declarant or the ARC.

6.6 Architectural Guidelines. The development concept for the Ladera Ridge P.U.D. shall be determined by Declarant or the ARC in accordance with applicable statutes, ordinances, regulations, zoning and other governmental land use controls. Architectural guidelines setting forth various aspects of the development concept, in addition to this Declaration, may be published from time to time by Declarant or the ARC. All such guidelines shall be in general conformity with this Declaration. The minimum house size shall be no smaller than 2200 square feet of interior living space except for the existing house on Lot #1. A minimum garage size of 2 cars is also required.

6.7 Inspection. All work related to any building, structure, or Improvement, or any landscaping, vegetation, ground cover, or other improvements within the Ladera Ridge P.U.D. shall be performed in strict conformity with the plans and drawings approved under the procedures outlined herein. Declarant or the ARC shall have the right to inspect any such work to determine its conformity with the approved plans and drawings, and reserves the right to order a stop to all work, if, in good faith, Declarant or the ARC believes that any such work is non-conforming. In the event that it is determined in good faith by Declarant or the ARC that certain work is non-conforming, a stop work notice may be issued, without necessity of court order, which shall require the Owner to correct all non-conforming work specified in the notice before the remainder of the proposed work may be completed. Continued work without correction of any such non-conforming items shall be deemed a breach of this Declaration. The Declarant, the Association, members of the ARC or officer, director, employee, agent, or servant of Declarant, the Association, or the ARC shall not be responsible for any damages, loss, delay, cost, or legal expense occasioned through a stop work notice given in good faith even if it is ultimately determined that such work was in conformity with the approved plans and drawings.

The Declarant or the ARC also have the right to seek injunctive or other equitable relief, and in addition to money damages, may apply for and obtain a temporary restraining order, preliminary injunction, permanent injunction, specific performance, or other appropriate relief, including but not limited to a court order or judgment requiring removal of a non-conforming improvement. The Declarant or the ARC shall not be required to post or otherwise provide a bond or security to obtain injunctive or equitable relief.

6.8 Waiver. At any time prior to Turnover as provided herein, any condition or provision of Sections 6.3 through 6.7 above may be waived by Declarant in its exclusive discretion. Any waiver shall be in general conformity with the development concept and development standards for the Ladera Ridge P.U.D. Any such waiver shall not be deemed a general waiver of any aspect of the development concept or the required procedures and approvals specified under sections 6.3 through 6.7. The granting of a waiver as to one Owner shall not automatically entitle any other Owner to the waiver of the same or similar

conditions or provisions. No waiver shall be valid unless it is in writing, signed by Declarant or an authorized representative of Declarant.

- 6.9 Nonwaiver. Consent by the ARC to any matter proposed to it or within its jurisdiction, or failure by the ARC to enforce any violation of this Declaration or the Architectural Guideline, shall not be deemed to constitute a precedent or waiver impairing the ARC's right to withhold approval as to any similar matter thereafter proposed or submitted to it for consent or to enforce any subsequent or similar violation.
- 6.10 Fee Structure. The Declarant or the ARC shall establish a reasonable schedule of fees to cover costs related to review of submissions, inspection of work and appeals of decisions of the Declarant or the ARC. The fees are subject to change without notice. All fees shall be accounted for and invoiced to Owners.
- 6.11 Right of Appeal. All Declarant decisions are final and binding. After turnover as provided herein, all ARC decisions are subject to appeal to the Board utilizing the appeal procedure contained in the Bylaws of the Association. The appeal procedure insures that ultimate responsibility for and authority over all ARC decisions rests with the Board, which, by majority vote, may confirm, modify, or reverse any such decision thus appealed. The decision of the Board on any appeal will be final and binding on the parties absent fraud or bad faith on the part of the Board.
- 6.12 Liability. The scope of the Declarant's, the Association's, or the ARC's review is not intended to include any review or analysis of structural, geotechnical, or other engineering, building or zoning code compliance, or other similar considerations. The Declarant, the Association, and the ARC, or any member of these entities, shall not be liable to any Owner, occupant, builder, or developer for any damage, loss or prejudice suffered or claimed on account of any actions or failure to act on the part of the Declarant, the Association, or the ARC, or any member of these entities, provided only that the Declarant, the Association, or the ARC has, or any member of those entities, in accordance with the actual knowledge possessed by the Declarant, the Association, or the ARC, or any member of these entities, not acted in fraud or bad faith.
- 6.13 Severability. If any provision of this Declaration or the Architectural Guidelines is for any reason held by a court of competent jurisdiction to be invalid, such decision shall not affect the validity of the remainder of this Declaration or the Architectural Guidelines.

SECTION 7 ASSOCIATION.

- 7.1 Organization. Declarant shall, before the first Lot is conveyed to an Owner other than the Declarant, organize the Association as a nonprofit mutual benefit corporation under the Oregon Nonprofit Corporation Act. Such Association, its

successors and assigns, shall be organized under the name "Ladera Ridge Homeowner's Association" or such other similar name as Declarant shall designate and shall hold title to Common Area and have the powers and obligations set forth in this Declaration for the benefit of Ladera Ridge Homeowner's Association and all Owners or property located herein. The Association shall adopt bylaws as required by ORS 94.625, which shall be recorded in the Deschutes County Records.

- 7.2 Membership. Every Owner of one or more Lots shall, immediately upon creation of the Association and thereafter during the entire period of such Owner's ownership, be a member of the Association. Such membership shall commence, exist, and continue simply by virtue of such ownership, and shall expire automatically upon termination of such ownership, and need not be confirmed or evidenced by any certificate or acceptance of membership.
- 7.3 Board of Directors. A board of directors shall be elected by the membership to administer the affairs of the Association by such procedure as specified in the Association's Bylaws. The powers and duties of the Board are also delineated in the Bylaws of the Association.
- 7.4 Rules and Regulations. In the exercise of the powers and in the performance of its obligations, the Board may adopt, amend or repeal rules and regulations to provide for the manner in which all areas and classifications of property within Ladera Ridge P.U.D. are to be used. 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.
- (a) Approval. A petition signed by at least 25 percent of the Owners proposing adoption of a rule or amendment or repeal of an existing rule applying to the above areas must be considered by the Board. The Board, at its discretion, may approve, reject or abstain from acting on the proposals contained in such petition. In the event that the Board does not approve a petition duly and properly submitted, the petitioners may demand a vote of the Owners in accordance with the following: upon and pursuant to a second submission of the petition in original form but bearing the signatures of at least 50% of the Owners, the Board shall submit the proposals contained in such petition to a vote of all Owners. The proposals contained in such petition shall be adopted upon their approval in writing by a majority of the Owners who vote with respect to such petition. Such approval shall be valid only where votes shall have been cast by at least one-half of those Owners eligible to vote or their duly authorized proxies.

- (b) Authority. The Ladera Ridge Homeowner's Association Rules and Regulations may, among other things, but without limitation on the Board's authority as provided for above, provide for any of the following:
 - (i) For the times and manner in which owners, their lessees and guests may use the space within Common Area.
 - (ii) For charges for services to be supplied by the Association.
 - (iii) For the control of noise, control of litter, and disposal of trash and for the personal conduct of Owners, their lessees and guests, and their pets, while in Ladera Ridge P.U.D.
 - (iv) For the conditions upon which the guests of Owners, their lessees and guests in Ladera Ridge P.U.D. will be entitled to access to Common Area.
 - (v) For enforcement procedures, including a schedule of fines and appeal rights, to enforce any of the provisions of this Declaration, the Bylaws, the Rules and Regulations and the Architectural Guidelines.
 - (vi) For any other rule or regulation that the Board determines to be appropriate for regulating the use and enjoyment of Ladera Ridge P.U.D.

7.5 Voting Rights. Voting rights within the Association shall be allocated as follows:

- (a) Lots. Lots shall be allocated on vote per Lot, except as provided in Section 7.5(b) with respect to the Class B member.
- (b) Classes of Voting Membership. The Association shall have two classes of voting membership:
 - (i) Class A. Class A members shall be all Owners with the exception of the Declarant. Class A members shall be entitled to voting rights for each Lot owned, computed in accordance with Section 7.5(a) above. When more than one person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot.
 - (ii) Class B. The Class B member shall be Declarant and shall be entitled to three times the voting rights computed under Section 7.5(a) for each Lot owned by Declarant. The Class B membership shall cease and be converted to Class A membership on the

happening of either of the following events, whichever occurs earlier:

- a. When seventy-five percent (75%) of the Lots in the development of Ladera Ridge Homeowner's Association Subdivision have been sold and conveyed to Owners other than Declarant; or
- b. At such earlier time as Declarant may elect in writing to terminate Class B membership.

7.6 Powers and Obligations. The Association shall have, exercise, and perform all of the following powers, duties, and obligations:

- (a) The powers, duties, and obligations granted to the Association by this Declaration.
- (b) The powers, duties, and obligations of a mutual benefit nonprofit corporation pursuant to the Oregon Nonprofit Corporation Act and of a homeowners association of a planned community pursuant to the Oregon Planned Community Act, as either or both may be amended from time to time.
- (c) Construction and subsequent maintenance of such improvements on the Common Area and any other Association-owned areas as it deems will be of benefit to the Owners, their guests and tenants.
- (d) Enforcement of all covenants and restrictions contained in this Declaration, the Bylaws of the Association, the Rules and Regulations and the Architectural Guidelines.
- (e) Promulgation and enforcement of the Ladera Ridge Homeowner's Association Rules and Regulations and the enforcement of both the Architectural Guidelines and the decisions rendered by the ARC.
- (f) Payment of all ad valorem taxes and assessments imposed on any of the Common Area or Association-owned areas within Ladera Ridge P.U.D.
- (g) Provision of such services to the Owners as the Association shall deem to be appropriate and of benefit to the Owners.
- (h) Procurement and maintenance of property and liability insurance reasonable and necessary to protect the Association's interest in its assets. Such insurance shall also provide appropriate coverage for the directors and officers of the Association while in the performance of their duties on behalf of the Owners.

- (i) Collection of assessments, fees, and penalties.
- (j) Any additional or different powers, duties, and obligations necessary or desirable for the purpose of carrying out the functions of the Association pursuant to this Declaration or otherwise promoting the general benefit of the Owners within Ladera Ridge P.U.D.
- (k) The powers and obligations of the Association may from time to time be amended, repealed, enlarged or restricted by changes in this Declaration made in accordance with the provisions herein, accompanied by changes in the Articles of Incorporation or Bylaws of the Association made in accordance with such instruments and with the Oregon Nonprofit Corporation Act. All decisions made by the Board pursuant to the grant of powers in these covenants, conditions and restrictions shall be final. All such decisions shall be binding on Lot Owners absent fraud or bad faith.

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

7.8 Interim Board; Turnover Meeting. Declarant shall have the right to appoint an interim board of three directors or more, who shall serve as the Board of Directors of the Association until replaced by Declarant or their successors have been elected by the Owners at the turnover meeting described in this Section. Declarant shall call a meeting by giving notice of purpose to turn over administrative responsibility for Ladera Ridge to the Association no later than one hundred twenty (120) days after Lots representing seventy-five percent (75%) of all the votes in all phases of Ladera Ridge P.U.D. have been sold and conveyed to Owners other than Declarant. If Declarant does not call a meeting as required by this Section within the required time, the Transitional Advisory Committee described herein or any Owner may call a meeting and give notice as required in this Section. At the turnover meeting, the interim directors shall resign and their successors shall be nominated and elected by the Owners and Declarant as provided in the Bylaws of the Association.

7.9 Transitional Advisory Committee. Declarant or Owners shall form a transitional advisory committee (the "Transitional Advisory Committee") to provide for the transition from administrative responsibility by Declarant of Ladera Ridge P.U.D. to administrative responsibility by the Association. No later than the sixtieth (60) day after the Declarant has conveyed to Owners other than Declarant Lots representing fifty percent (50%) of Ladera Ridge P.U.D., Declarant shall call a meeting of Owners for the purpose of selecting the Transitional Advisory

Committee. The Transitional Advisory Committee shall consist of three or more members. The Owners, other than Declarant, shall select two or more members. Declarant may select no more than one member. The Transitional Advisory Committee shall have reasonable access to all information and documents which Declarant is required to turn over to the Association under ORS 94.616.

- (a) Declarant Failure to Call Meeting. An Owner may call a meeting of Owners to select the Transitional Advisory committee if the Declarant fails to do so as provided above.
- (b) Owners' Failure to Select Members. Notwithstanding the foregoing, if the Owners do not select members for the Transitional Advisory Committee as described above, Declarant shall have no further obligation to form the Transitional Advisory Committee.
- (c) Turnover meeting. The requirement for formation of a Transitional Advisory Committee shall not apply once the turnover meeting specified in Section 7.8 above has been held.

7.10 Declarant Control After Turnover. After the turnover meeting described above, Declarant shall continue to have the voting rights described in Section 7.5(b) above. In addition, a majority of the Board of Directors of the Association shall be elected by Declarant, as a Class B member, with the balance of the Board of Directors elected by the Class A members. After termination of Class B membership, all directors shall be elected by the Class A members.

SECTION 8 ASSESSMENTS.

- 8.1 Annual Operating Budgets. The Association Board of Directors shall from time to time and at least annually prepare an operating budget for the Association, taking into account the current costs of maintenance and services and future needs of the Association, any previous over assessment and any common profits of the Association. The budget shall provide for such reserve or contingency funds as the Board deems necessary or desirable or as may be required by law. The method of adoption of the budget shall be as provided in the Bylaws.
- 8.2 Operating Assessments. All Lots, including those owned by Declarant, shall become subject to assessments as of the day this Declaration is recorded. All Lots shall be assessed equally for operating costs. The amount of the Assessment per Lot subject to assessment shall be determined by dividing the annual budget by the total number of Lots.
- 8.3 Capital Improvement Assessments. The Association may purchase, construct or otherwise acquire additional equipment, facilities or other capital improvements for the general use and benefit of all the members of the Association, and for that purpose may impose a special assessment to be called a "Capital Improvement

Assessment.” Any such assessment shall be assessed to the Lots within Ladera Ridge P.U.D. on the same formula as set forth in Section 8.2. No new Capital Improvement Assessment may be imposed under this section which, for any one purchase, construction or other acquisition, or group of related purchases, constructions or other acquisitions, in the aggregate exceeds \$500 per Lot, unless approved by the vote or written consent of the Class B member, if any, and by not less than sixty percent (60%) of the votes of the Class A members who are voting in person, by absentee ballot or by proxy at a meeting duly called for the purpose of approving the Capital Improvement Assessment.

- 8.4 Special Assessments for Enforcement Expenditures. The Association is authorized to obtain a Letter of Credit and impose a Special Assessment to collateralize thereof in the event the Association should need to expend significant funds for legal expenses to enforce any provision of the Declaration, Bylaws, Rules and Regulations, or Architectural Guidelines.
- 8.5 Payment of Assessments. The Association shall, not less than bi-annually, provide notice to the Owner of each Lot of the amount of the assessments for such Lot. Assessments shall be due and payable on or before a date set forth in the notice which shall be not less than 30 days from the date the notice is mailed or at such other time or times set in accordance with this Declaration or the Bylaws as the Association may specify in the notice. The Board shall have the right to give discounts for advance payment of assessments.
- 8.6 General Fund. The Association shall keep all monies that it may collect from assessments other than special assessments in a separate fund to be called the “general fund” and shall administer and account for the fund as provided in the Bylaws.
- 8.7 Annual Accounting. Within a reasonable period of time following the close of each calendar year, the Association shall render to each Owner an accounting which shall set forth the amount and nature of all income and all disbursements during such year together with a statement of the assets and liabilities of the Association at the close of such year. The Association shall maintain records of all income and disbursements, which records shall be open to inspection by any Owner at any reasonable time during normal business hours.
- 8.8 Creation of Lien; Personal Obligation of Assessments. Declarant, for each Lot owned by it within Ladera Ridge P.U.D. does hereby covenant, and each Owner of any Lot by acceptance of a conveyance thereof, whether or not so expressed in any such conveyance, shall be deemed to covenant to pay to the Association all assessments or other charges as may be fixed, established, and collected from time to time in the manner provided in this Declaration or the Bylaws. Such assessments and charges, together with any interest, expenses or attorney fees imposed pursuant to the provisions herein, the Bylaws, the Rules and Regulations and the Architectural Guidelines shall be a charge on the land and a continuing

lien upon the Lot against which each such assessment or charge is made. Such assessments, charges and other costs shall also be the personal obligation of the person who was the Owner of such Lot at the time when the assessment or charge fell due. Such liens and personal obligations shall be enforced in the manner set forth herein.

SECTION 9 ENFORCEMENT.

- 9.1 Remedies. This Declaration shall be specifically enforceable by Declarant, the Association or by any Owner of any Lot in the Ladera Ridge P.U.D. Any breach of this Declaration shall subject the breaching party to any and all legal remedies, including damages, fines established by the Declarant or the Board, liens, and/or the destruction, removal or the enjoining of any offending improvement or condition at the expense of the Owner.
- 9.2 Default in Payment of Assessments; Liens. Failure by an Owner to pay any assessment, fine or other charge levied by the Association shall be a default by such Owner of his or her obligations pursuant to this Declaration, the Bylaws and the Oregon Planned Community Act. In addition to interest which may be charged on delinquent assessments, the Declarant or the Board of Directors, at its option, may impose a late charge penalty in respect to any assessment, fine or other charge not paid within ten (10) days from its due date. Such penalty may not exceed 10% of the assessment, fine or other charge. In addition, the Declarant or the Association may exercise any or all of the following remedies:
- (a) Suspension of Rights, Acceleration. The Declarant or the Association may suspend such Owner's voting rights and right to use the Common Area until such amount, plus other charges under this Declaration, are paid in full and may declare all remaining periodic installments of any annual assessment or any other amounts owed by such Owner to the Declarant or the Association immediately due and payable. In no event, however, shall the Association deprive any owner of access to and from such Owner's Lot.
 - (b) Lien. The Declarant or the Association shall have a lien against each Lot for any assessment levied against the Lot and any fines or other charges imposed under this Declaration or the Bylaws against the Owner of the Lot from the date on which the assessment, fine or charge is due. The provisions regarding the attachment, notice, recordation, and duration or liens established on real property under ORS 94.704 to 94.733 shall apply to the Association's lien. The lien shall be foreclosed in accordance with the provisions regarding the foreclosure of liens under ORS Chapters 88 and 94. The Declarant or the Association, through its duly authorized agents, may bid on the Lot at such foreclosure sale, and may acquire and hold, lease, mortgage, and convey the Lot. If any assessment is payable in

installments, the full amount of the assessment is a lien from the date the first installment of the assessment becomes due.

- (c) Suit or Action. The Declarant or the Association may bring an action to recover a money judgment for unpaid assessments and charges under this Declaration without foreclosing or waving the lien described herein. Recovery on any such action, however, shall be operated to satisfy the lien, or the portion thereof, for which recovery is made.
- (d) Other Remedies. The Declarant or the Association shall have any other remedy available to it by law or in equity.

9.3 Fines. The Declarant or the Association may establish a schedule of fines applicable to violations of this Declaration, the ARC Guidelines, and the Rules and Regulations established pursuant to this Declaration. Fines may be imposed by the Board after giving the alleged violator notice of the proposed fine and an opportunity to be heard. Fines shall be payable within ten (10) days after receipt of written notice of the imposition of the fine. All fines shall be deposited in the Association's operating account. All unpaid fines shall be collected as assessments in the manner set forth herein.

9.4 Interest, Expenses and Attorney Fees. Any amount not paid to the Declarant or the Association when due in accordance with this Declaration shall bear interest from the due date until paid at the rate of twelve (12) percent per annum. A late charge may be charged for each delinquent assessment in an amount established from time to time by resolution of the Board not to exceed ten (10) percent of such assessment. In the event the Declarant or the Association shall file a notice of lien, the lien amount shall also include the recording fees associated with filing the notice, and a fee for preparing the notice of lien established from time to time by resolution of the Board. In the event the Declarant or the Association shall retain legal counsel to collect an assessment or shall bring any suit or action to enforce this Declaration, or to collect any money due hereunder or to foreclose a lien, the Owner-defendant shall pay to the Declarant or the Association all costs and expenses incurred by it in connection with retaining legal counsel and with such suit or action, including a foreclosure title report, and the prevailing party in such suit or action shall recover such amount as the court may determine to be reasonable as attorney fees at trial and upon any appeal or petition for review thereof or in any bankruptcy proceeding.

SECTION 10 DURATION AND AMENDMENT OF THIS DECLARATION.

10.1 Duration. The Covenants, Conditions, and Restrictions of Lader Ridge Homeowner's Association shall run with the land and shall continue to remain in full force and effect at all times with respect to all property, and each part thereof, now or hereafter made subject thereto (subject however, to the right to amend and repeal as provided for herein) for a period of thirty years from the date this

Declaration is recorded. Thereafter, this Declaration shall continue to run with the land and be and remain in full force and effect at all times with respect to all property in Ladera Ridge P.U.D. and the Owners thereof for successive additional periods of ten (10) years each. The continuation from the initial or any additional period into the next subsequent period shall be automatic and without the necessity of any notice, consent or another action whatsoever; provided, however, that this Declaration may be terminated at the end of the initial or any additional period by resolution approved not less than six (6) months prior to the intended termination date by the vote or written consent of Owners owning not less than seventy-five percent (75%) of the Class A votes and the vote or written consent of the Class B member. Any such termination shall become effective only if prior to the intended termination date a certificate of the president or secretary of the Association, certifying that termination as of a specified termination date has been approved in the manner required herein, is duly acknowledged and recorded in the Deed Records of Deschutes County, Oregon. Such termination shall not have the effect of denying any Owner access to such Owner's Lot unless such Owner and any mortgagee of such Lot have consented in writing to the termination.

10.2 Amendment. This Declaration or any provision thereof, or any Covenant, Condition or Restriction contained herein, may be terminated, extended, modified or amended, as to the whole of said property or any part thereof by the vote or written consent of Owners holding not less than seventy-five percent (75%) of the Class A votes, together with the vote or written consent of the Class B member, if such membership has not been terminated as provided herein. Any such amendment or repeal shall become effective only upon recordation in the Deed Records of Deschutes County, Oregon, or a certificate of the president or secretary of the Association setting forth in full the amendment, amendments, or repeal so approved and certifying that said amendment, amendments, or repeal have been approved in the manner required by this Declaration. In no event shall an amendment under this section create, limit or diminish special Declarant rights without Declarant's written consent.


10.3 Regulatory Amendments. Notwithstanding the provisions of Section 10.2 above, until termination of the Class B membership, Declarant shall have the right to amend this Declaration, the Bylaws of the Association, the ARC Guidelines or the Rules and Regulations in order to comply with the requirements of any applicable statute, ordinance, or regulation of the Federal Housing Administration of the United States, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Home Loan Mortgage Corporation, any department, bureau, board, commission or agency of the United States or the State of Oregon, or any corporation wholly owned, directly or indirectly, by the United State or the States of Oregon which insures, guarantees or provides financing for a planned community or lots in a planned community.

SECTION 11 MISCELLANEOUS PROVISIONS.

- 11.1 Lessees and Other Invitees. Lessees, invitees, contractors, family members, and other persons entering Ladera Ridge P.U.D. under rights derived from an Owner shall comply with all of the provisions of this Declaration, the Bylaws, the ARC Guidelines and the Rules and Regulations restricting or regulating the Owner's use, improvement, or enjoyment of such Owner's Lot and other areas within Ladera Ridge P.U.D. The Owner shall be responsible for obtaining such compliance and shall be liable for any failure of compliance by such persons in the same manner and to the same extent as if the failure had been committed by the Owner.
- 11.2 Nonwaiver. Failure by the Association or by an Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.
- 11.3 Construction; Severability. This Declaration shall be liberally construed as one document to accomplish the purpose stated herein. Nevertheless, each provision of this Declaration shall be deemed independent and severable, and the invalidity or partial invalidity of any provision shall not affect the validity or enforceability of the remaining part of that or any other provision.
- 11.4 Single/Plural. In construing this Agreement, it is understood that if the context so requires, the singular shall be taken to mean and include the plural, and that generally all grammatical changes shall be made, assumed and implied to make the provisions hereof apply equally to corporations and to individuals.

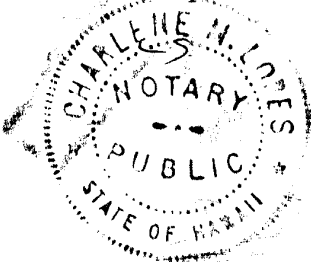
Bri-Lin Construction, Inc.

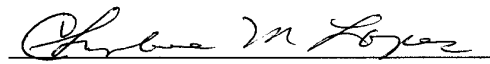
By


Brian Opdycke, President

State of Hawaii, County of Hawaii: ss.

The foregoing instrument was acknowledged before me this 3rd day of Oct, 2005, by Brian Opdycke, President of Bri-Lin Construction, Inc., an Oregon corporation, on behalf of the corporation.




NOTARY PUBLIC FOR HAWAII
My Commission Expires: 12/15/2007 **CHARLENE M. LOPES**