

DESCHUTES COUNTY OFFICIAL RECORDS
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DESCHUTES COUNTY CLERK

CERTIFICATE PAGE



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**PLANNED COMMUNITY SUBDIVISION
DECLARATION
of
COVENANTS, CONDITIONS AND RESTRICTIONS
for
MOUNTAIN RIVER ESTATES**

Jess Alway, Inc. ("Declarant"), an Oregon corporation, adopts the following Declaration for Mountain River Estate subdivision:

RECITALS

RECORDED BY FIRST AMERICAN TITLE
INSURANCE COMPANY OF OREGON AS AN
ACCOMMODATION ONLY NO LIABILITY IS
ACCEPTED FOR THE CONDITION OF TITLE
OR FOR THE VALIDITY, SUFFICIENCY, OR
EFFECT OF THIS DOCUMENT

Declarant is the owner of all the real property described in Exhibit "A" hereto attached, which includes Lots 1 through 19 depicted in the plat of Mountain River Estates subdivision filed in the Plat Records of Deschutes County, Oregon (the "Property"). Declarant desires to create thereon a planned community to be known as Mountain River Estates with permanent roadways, utility installations and open spaces for the benefit of such community. Mountain River Estates is classified as a Class Type 2 planned community.

Declarant desires to provide for the preservation and enhancement of the property values, amenities and opportunities in Mountain River Estates and for the maintenance of the Property and improvements thereon, and to this end desires to subject the Property to the covenants, restrictions, easements, charges and liens hereinafter set forth, each and all of which is and are for the benefit of the Property and each owner of any Lot thereof.

Declarant has deemed it desirable for the efficient preservation of the values and amenities in such community to create a non-profit corporation to which should be delegated and assigned the powers of owning, maintaining and administering the common property and facilities and administering and enforcing the covenants and restrictions and collecting and disbursing the assessments and charges hereinafter created, and promoting the recreation, health, safety and welfare of the residents.

NOW, THEREFORE, the Declarant declares that the Property shall be held, transferred, sold, conveyed and occupied subject to the provisions of the Oregon Planned Community Act, ORS 94.550 et seq., and to the covenants, restrictions, easements, charges and liens hereinafter set forth in this Declaration.

**ARTICLE 1
DEFINITIONS**

1.1 "Articles" shall mean the Articles of Incorporation for the Mountain River Estates Homeowners' Association, Inc., as filed with the Oregon Corporation Commissioner.

1.2 "Association" shall mean and refer to Mountain River Estates Homeowners Association, Inc., its successors and assigns.

1.3 "Bylaws" shall mean and refer to the Bylaws of the Association, which must be recorded with the clerk of Deschutes County, Oregon.

1.4 "Common Property" shall mean and refer to that area of land shown on the recorded plat of the Property, including any improvements thereon, which are intended to be devoted to the common use and enjoyment of the members and which land has been conveyed to the Association.

1.5 "Declaration" shall mean the covenants, restrictions, and all other provisions set forth in this Declaration of Covenants, Conditions and Restrictions for Mountain River Estates.

1.6 "Declarant" shall mean and refer to Jess Alway, Inc., its successors or assigns, or any successor or assignee to all remainder of its interest in the development of the Property.

1.7 "General Plan of Development" shall mean the Declarant's general plan of development of the Property as approved by appropriate governmental agencies and as set forth in this Declaration which shall represent the total general plan and general uses of land within the boundaries of the Property, as may be amended from time to time.

1.8 "Living Unit" or "Unit" shall mean and refer to any portion of a structure situated upon the Property designed and intended for use and occupancy as a residence.

1.9 "Lot" shall mean and refer to each and any lots 1 through 19 of Mountain River Estates. Provided, however, that "Lot" shall not include any Lot depicted on any plat of the Property which is designated for use as Common Property on such plat or declaration of Mountain River Estates.

1.10 "Occupant" shall mean and refer to the occupant of a Living Unit who shall be either the owner, owner's family, guests or invitees or any other person authorized by the owner to occupy the premises; provided, however, an owner is prohibited from leasing or renting his/her living unit or receiving money or other consideration for the right of a person(s) to occupy a living unit.

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

1.12 "Property" shall mean and refer to all real property, including Lots 1 through 19, the Common Property and all improvements located on the real property subject to this Declaration, as more particularly set forth on Exhibit "A" hereto attached,

together with such additional Lots and Common Property as may, from time to time, be annexed to the Association.

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

1.14 "Mountain River Estates" shall mean and refer to that certain development in Deschutes County, Oregon including Lots 1 through 19 and all Common Property included within the plat of Mountain River Estates subdivision.

ARTICLE 2 PROPERTY SUBJECT TO THIS DECLARATION

The real property which is and shall be held, transferred, sold, conveyed and occupied subject to this Declaration is located in the city of Bend, in Deschutes County, Oregon and consists of Lots 1 through 19 and the adjoining Common Property of Mountain River Estates subdivision which is included within the legal description in Exhibit "A."

ARTICLE 3 GENERAL PLAN OF DEVELOPMENT

3.1 General. The Declarant has developed the Property with 19 buildable residential Lots, on which each Lot one Living Unit is to be located.

3.2 Ownership of Common Property. The Declarant shall convey the Common Property to the Association within sixty (60) days after 75% of the Lots have been conveyed to purchasers. In the event the Common Property is ever assessed for property tax purposes separately from the Lots, the Association, by and through its Board of Directors, shall take such steps as may be necessary to assess all Owners equally for their share of such taxes and to pay such property taxes on a current basis.

3.3 Improvements in the Common Property. The Common Property will be improved with stone monuments at two entrances and gates that are "fixed open." The largest stone entry monuments are located at Hollygrape and on a portion of Lot 10. The smaller stone entry monuments and gates are located on Dry Canyon and on a portion of Lots 14 and 15.

ARTICLE 4
USE RESTRICTIONS; ARCHITECTURAL CONTROLS
AND MAINTENANCE RESPONSIBILITIES

4.1 General.

4.1.1 Governmental Restrictions. All uses, occupancy, construction and other activities conducted on any Lot and the general streets, village landscaping, etc., shall conform with and be subject to applicable zoning, use restrictions, setback requirements, construction and building codes of all local, state and federal public authorities.

4.1.2 Construction Completion; Construction Hours of Operation. Declarant will have the exclusive right to build all improvements including, but not limited to the residences. Once actual construction has begun, Declarant shall complete construction, ready occupancy within one (1) year. Construction hours shall be not earlier than 7:00 a.m. or later than 6:00 p.m.

4.2 Architectural, Design & Construction Restrictions:

(a) **Approved Material:** Roofing and 40 year Composition cedar siding and wood garage materials are to be of high quality and in harmony with the aesthetic design and style of the dwellings in Mountain River Estates. All residences are to include double wall construction. All construction by Declarant is presumed to have been approved by the ARB and to meet any Design Guidelines of the Association; and

(b) **Excluded Materials:** Items specifically excluded from use are: aluminum windows; T-1-11 plywood siding on front elevations; exposed metal chimneys (excepting metal caps on pipe enclosed in a wood chase); metal roofing; and garage doors other than "roll-up" style.

(c) **Minimum Material Standards:** Roofing Material on all Improvements shall be forty (40) year Dimensional/Architectural composition. All improvements shall have horizontally installed lap bevel siding (siding material shall be cedar or other similarly appearing siding product not otherwise prohibited herein). Vinyl and aluminum siding is prohibited.

(d) **Building Size:** 2000 square feet minimum (excluding exterior porch, decks, patios, or garages).

(e) **Structure Location:** No dwelling, other structure or improvement (excluding fencing) shall be placed or located within any set back areas set forth on the Plat, as provided by applicable planning and zoning ordinances, or as established in the No Disturbance Zone in the Settlement Agreement, including driveways or any parking areas in the Building Setback Area as established in Exhibit A. No dwelling, permanent or temporary structure, block or rock wall, or swimming pool (above or below ground)

shall be placed or constructed within any private easement, or within any public easement without the prior written approval of the City of Bend.

(f) **Garages:** Each homesite will have a minimum two bay garage which may be oversized for storage. If a home has more than two bays, then at least one of the bays must be offset at least three feet.

(g) **Roofs:** 40 year Composition.

(h) **Exterior Walls and Trim:** See (a)(b)(c) above.

(i) **Porches, Decks and Patios:** Patios are to be concrete and any lot that requires a deck is to be wrought iron with tile, concrete or TrexDecks flooring, or approved by the ARB.

(j) **Accessory Buildings:** Only buildings to be used as temporary construction shelter may be placed on a homesite during construction of the main residence. Structures such as separate garages, tool sheds, greenhouses, wood storage, etc., which are not integrated as part of the main residence are prohibited.

(k) **Adjacent Private Property:** Adjacent property may not be used for access to any construction site or as a parking or staging area by any contractor or subcontractor working on the homesite. Any damage to adjacent property will be the responsibility of the offending party and may result in forfeiture of the construction refund. Adjoining property will be kept free of construction litter. Daily clean-up is required.

(l) **Exterior Lighting:** Shall be of a type and so placed as to eliminate glare and annoyance to adjacent property owners and passersby.

(m) **Colors:** The colors of all improvements and materials used thereon shall be aesthetically consistent with the color plan or scheme of Mountain River Estates and shall be approved by the ARB. The color plan of Mountain River Estates will be neutral, earth-tone colors that are aesthetically consistent with existing Structures, Improvements, landscaping and vegetation. Declarant and owners to abide by the State of Oregon Scenic Waterway Act.

(n) **Fences:** The design concept at Mountain River Estates is one that promotes a feeling of open space. However, whether fencing will be installed shall be at property's owner's discretion. All fencing must have written approval by the ARB and Central Oregon Irrigation District (COID). With that in mind, the following guidelines shall apply:

1. All fencing and trellis type structures are to be predetermined and approved by Declarant for the highest and best use for privacy taking into consideration the Lot location and view. Fencing, gates and trellis works should be of wrought iron. Chain link fencing and wood/cedar fencing is prohibited. See Exhibit "B" for styles.

(o) **Appearance:** Each lot and its improvements, including landscaping, shall be maintained in a clean and attractive fashion so as not to create a fire hazard or visual nuisance to the neighborhood. HOA, in addition to the common areas, shall maintain front and rear yards, landscaping and sprinkler systems.

(p) **Type of Building:** No mobile home or manufactured home shall be allowed. Rich Walton is to be the exclusive architect for all homes to be built.

(q) **Landscaping:** Each owner shall be responsible for maintaining their property in a manner that will minimize any fire dangers. HOA, in addition to the common areas, shall edge and mow front and rear yards and maintain landscaping, including replacement of plants, shrubbery, trees, bark dust, etc., in a neat and orderly manner. Owner shall permit access for sprinkler maintenance.

(r) **Removal of Trees:** Owners may limb and thin trees as needed. Limbing up is encouraged. The addition of new trees and/or shrubs must be first approved by ARB and may not block views or corridor views of any residence and may not be a species anticipated to grow past fifteen (15) feet high.

(s) **Outdoor Play Equipment:** No outdoor play equipment is allowed, including but not limited to temporary basketball hoops or sport courts.

(t) **Driveways:** Driveways will be constructed with concrete.

(u) **Satellite Dishes:** Particularly large satellite dishes must be screened from view.

4.3 Restrictions on Use of Property:

(a) **Activities:** No offensive or commercial activity shall be permitted nor anything be done which may be or become an annoyance to the other owners.

(b) **Use:** No overnight parking shall be allowed for vehicles, trailers, trucks, campers, RVs, boats, boat trailers, snowmobiles or any other off road vehicles. This prohibition does not apply to vehicles parked within the garage of the residence.

(c) **Refuse:** All garbage, trash cuttings, refuse and containers, fuel tanks, clotheslines and other service facilities shall be screened from view of neighboring lots.

(d) **Overnight Parking:** Overnight parking on the street of recreational vehicles, boat trailers, incapacitated motor vehicles or trailers of any sort is prohibited.

(f) **Off Road Vehicles:** Operation of "off-road" motorized vehicles is not permitted within the partitioned property.

4.4 Violation Fines. A violation of any of the design guidelines or use restrictions shall be punishable by a fine not to exceed \$500.00 per each offense.

4.5 Common Property. No Owner shall construct or place any structure, material, planting, equipment or any object of any kind on any portion of the Common Property, unless granted written permission by the ARB and Board of Directors, and then only in strict compliance with such authorization.

4.6 Owner Responsibilities. Each owner shall be responsible for the maintenance, repair and replacement of any improvements or materials located within or on such owners lot including the maintenance, repair and replacement of sanitary sewer lines within and under an owners lot.

4.7 Architectural Review Board.

4.7.1 Composition. The Board of Directors of the Association shall serve also as an Architectural Review Board. A quorum for the Architectural Review Board action shall be a majority of its members.

4.7.2 Duties. It shall be the duty of the Architectural Review Board to regulate the external design, appearance, location and maintenance of all the Property and of improvements thereon, whether on a Lot or Common Property, and to regulate use of such Property as described in this Declaration. Upon conveyance of the first Lot to an Owner, the Architectural Review Board may adopt general rules to implement the purposes and interpret the covenants of this Article, including, but not limited to, rules not less restrictive than those contained in this Declaration to regulate animals and tenants, storage and use of recreational vehicles, storage and use of machinery, use of outdoor drying liens, trash containers, planting, maintenance and landscaping.

4.7.3 Approval Required. Except as allowed under these CC&R's, no outbuilding, fence, wall or other structure of any type shall be commenced, erected or maintained upon the Property, nor shall any exterior addition to, change in, painting or staining of, or alteration to any Living Unit, outbuilding, fence, wall, or other structure on the Property of any type be made until the plans and specifications showing the nature, kind, shape, height, materials, color and location of the same shall have been submitted to and approved in writing by the Architectural Review Board as to the harmony of external design, materials, color and location in relation to surrounding structure and topography. The ARB exists for the purpose of maintaining high standards in the design development and property use in Mountain River Estates. The ARB review submittals and makes rulings that, in all cases, supersede the City of Bend.

4.7.4 Procedure. An Owner wishing to take any action requiring approval under this Article shall give written notice of such proposed action to the Architectural Review Board, together with complete plans and specifications therefore. The Architectural Review Board shall meet to review the Owner's request within thirty (30) days of receipt and shall render a decision by the vote of a majority of Board Members

present within forty-five (45) days of receipt. Interested Owners shall have an opportunity to comment on the request at all such meetings, which shall be open to all Owners. If the Architectural Review Board fails to render a written decision within the time allowed, the request shall be deemed to be approved.

4.7.5 Appeal. The decision of the Architectural Review Board under this Article (including any failure to approve or disapprove within the time allowed) shall be subject to appeal by any interested owner as set forth in this Article. Upon the payment of a reasonable fee established by the Architectural Review Board to cover administrative costs, any interested owner may appeal the decision of the Architectural Review Board to the Association members. The appeal shall be made in writing and shall be filed with the Secretary of the Association within thirty (30) days of the decision of the Architectural Review Board. The Board of Directors shall call a special or ballot meeting to be held after ten (10) days notice and within thirty (30) days after the appeal has been filed with the Secretary of the Association. It shall require a vote of at least a majority of the votes to reverse or modify the decision of the Architectural Review Board.

4.7.6 Exemptions. The following actions by the following persons shall be exempt from the provisions of this Article:

(a) Any act of the Declarant in implementing its General Plan of Development with respect to any Lot or any portion of the Common Property in the development whether or not annexed to Mountain River Estates or a part of the Association.

4.7.7 Delegation. The Board of Directors may delegate the fact finding and ministerial duties of the Architectural Review Board to a committee appointed by the Board composed of not less than three Owners. All final decisions shall be made by the Architectural Control Board.

ARTICLE 5 ASSOCIATION MEMBERSHIP AND VOTING RIGHTS

5.1 Members. Each Owner shall be a mandatory member of the Association. Membership in the Association shall be appurtenant to, and may not be separated from, ownership of any Lot. Transfer of ownership of a Lot automatically transfers membership in the Association. Occupants and Owners shall be governed and controlled by this Declaration, the Articles, Bylaws, and rules and regulations of the Association and any amendments thereof.

5.2 Proxy. Each Owner may cast his or her vote by absentee ballot or pursuant to a proxy executed by the Owner. An Owner may not revoke a proxy given pursuant to this section except by actual notice of revocation to the person presiding over a meeting of the Association. A proxy shall not be valid if it is undated or purports to be

revocable without notice. A proxy shall terminate one (1) year after its date, unless the proxy specifies a shorter term.

5.3 Voting Rights. The Association shall have one class of voting members. Owners shall be entitled to one vote per each Lot owned. When more than one person or entity owns a Lot, the vote for such Lot/Unit may be cast as they shall determine, but in no event will fractional voting be allowed. If the co-owners cannot agree upon the vote, the vote associated with such Lot shall be disregarded completely in determining the proportion of votes given with respect to such matter.

The Declarant, its successors and assigns, shall have three votes for each Lot or Unit owned. Provided, however, that these special Declarant's voting rights shall cease upon the earlier of a date seven years from the recording of this Declaration or the conveyance by the Declarant of Lots or Units representing 75% of the total number of votes. Thereafter, the Declarant, shall be entitled to one (1) vote for each Lot or Unit owned. The total number of votes shall be equal to the total number of Lots annexed to the Property and subjected to this Declaration.

5.4 Procedure. All meetings of the Association, the Board of Directors, the Architectural Review Board, and Association committees shall be conducted in accordance with such rules of order as may from time to time be adopted by the Board of Directors. A tie vote does not constitute a majority or approval of any motion or resolution.

ARTICLE 6 DECLARANT CONTROL

6.1 Interim Board and Officers. The Declarant hereby reserves administrative control of the Association. The Declarant, in its sole discretion, shall have the right to appoint and remove members of a three-member Interim Board of Directors to manage the affairs of the Association, and which shall be invested with all powers and rights of the Board of Directors. Notwithstanding the provisions of this Section, at the Turnover Meeting at least one (1) Director shall be elected by Owners other than the Declarant, even if the Declarant otherwise has voting power to elect all Directors.

6.2 Turnover Meeting. The Declarant shall call a meeting for the purpose of turning over administrative control of the Association from the Declarant to the members within ninety (90) days of the date of relinquishment of Declarant's control reserved herein. The Declarant shall give notice of the meeting to each Owner as provided in the Bylaws. If the Declarant does not call the meeting required under this section, any Owner may do so.

ARTICLE 7 COMMON PROPERTY

7.1 Obligations of the Association. Subject to the rights of Owners set forth in this Declaration, the Association shall be responsible for the exclusive management and control of the Common Property and any improvements thereon, and shall keep the same in good, clean, attractive and sanitary condition, order and repair, including, but not limited to, the removal of snow, trash and debris, the maintenance, cleaning and repair of the streets, parking areas, landscaped and unlandscaped land located on the Common Property.

7.2 Members' Easement of Enjoyment. Subject to the provisions of this Declaration, the Bylaws, and Rules and Regulations of the Association, every Owner shall have a nonexclusive right and easement of enjoyment in and to the Common Property, which shall be appurtenant to and shall pass with the title to every Lot.

7.3 Extent of Members' Easements. The members' easements of enjoyment created hereby shall be subject to the following:

7.3.1 Subject to Rules and Fees. When escrow is opened for the sale of Lots, Seller shall provide a budget and estimate showing current costs and an estimate of initial assessments and fees including HOA dues.

7.3.2 Suspension of Member's Right. The right of the Association to suspend the right of an Owner or any occupant of a Lot to use the Common Property and facilities for any period during which any assessment against such Owner or occupant's Lot remains unpaid for more than thirty (30) days after notice of such nonpayment; the right of the Association to suspend the right of a member to use any Common Property for a period not to exceed sixty (60) days for any other infraction of the declaration, Bylaws or the rules and Regulations of the Association. Provided, however, that no such suspension pursuant to this subsection 3.2 shall deprive an Owner of access to his or her Lot.

7.3.3 Sale of Common Property. Except as otherwise provided herein, the Association may sell, dedicate or transfer any portion of the Common Property or create a security interest therein. Except as to the grant of easements for utilities and similar or related purposes, no such sale, dedication or transfer shall be effective unless approved by eighty percent (80%) of the votes of members, and the Declarant. If the Declarant's special voting rights have ceased, such sale, dedication or transfer (except for utility and similar easements) must be approved by eighty percent (80%) of the votes held by Owners other than the Declarant.

7.4 Declaration of Use. Any Owner may delegate his or her right of enjoyment to the Common Property and facilities to the members of the Owner's family and to a reasonable number of guests subject to general regulations as may be established from time to time by the Association and included within the book of Resolutions.

7.5 Damage or Destruction of Common Property by Owner. In the event any Common Property is damaged or destroyed by an Owner or any of his or her guests, licensees, agents or members of his or her family in a manner that would subject such Owner to liability for such damage under Oregon law, such Owner does hereby authorize the Association to repair such damage. The Association shall repair damage in a good and workmanlike manner as originally constituted or as the area may be modified or altered subsequently by the Association in the discretion of the Association. The reasonable cost necessary for such repairs shall become a special assessment upon the Lot of the Owner who caused or is otherwise responsible for such damage.

ARTICLE 8 COVENANTS FOR MAINTENANCE ASSESSMENTS/SPECIAL ASSESSMENTS; AND COMMON PROFITS

8.1 Creation of the Lien and Personal Obligation of Assessments. The Declarant hereby covenants, and each Owner of any Lot by acceptance of a deed thereof, whether or not it shall be so expressed in such deed, is deemed to covenant and agrees to pay the Association (1) regular assessments or charges for common expenses, and (2) special assessment as provided in Section 8.7. All such assessments, together with interest thereon at the rate established from time to time by resolution of the Board of Directors and together with all other costs, fees, charges and fines allowed by law, shall be a lien and charge on the land and shall be a continuing lien upon the Lot against which each such assessment is made. Such lien shall exist and be executed, recorded and foreclosed in the manner provided by law.

8.2 General Assessments.

8.2.1 Purpose of Assessments. The assessment levied under this Article shall be used exclusively for the purpose of promoting the recreation, health, safety and welfare of the residents of the Property, and for the improvement and maintenance of such Property, including payment of premiums for insurance required under this Declaration and to fund a replacement reserve for those items the Association has maintenance responsibility, and for payment of any common operating expenses such as landscaping, maintenance, Association water, sewer and garbage collection, management services, legal and accounting services and the like. Neither the Association, nor any assessments of the Owners shall be used to engage in lobbying or to exert political influence.

8.2.2 Basis for Assessment. There shall be two levels of assessments against Lots dependent upon whether such Lots have been improved with a substantially completed Living Unit.

(a) **Unimproved Lots:** Lots that have not been improved with a substantially completed Living Unit shall be assessed equally with other such Lots. The assessment against such unimproved Lots shall include only amounts attributable to the Common

Property Reserve Account as set forth in Section 8.5, together with amounts attributable to the liability insurance premium covering the Common Property.

The Declarant, at the Declarant's option, may accrue the Common Property Reserve account portion of the assessment for an unimproved Lot until such Lot is conveyed to an Owner other than the Declarant as set forth in Section 8.5, but may not accrue the liability insurance portion. The Declarant may require the Owner to whom such Lot is conveyed to reimburse the Declarant for these amounts. In the alternative, the Declarant may assess itself on the Lots it owns at one-half the rate assessed against other Lots not owned by the Declarant.

(b) **Improved Lots:** Lots that have been improved with a substantially completed Living Unit shall be assessed equally with other such Lots. The assessment of Lots improved with substantially complete Living Units shall include the following items:

- (1) Expense of administration.
- (2) Expenses of maintenance, repair or replacement of all improvements and buildings on the common Property.
- (3) Any deficit in common expenses for any prior period.
- (4) Utilities for the Common Property and other utilities with a common meter or commonly billed, such as water and sewer.
- (5) The cost of any professional management desired by the Board of Directors.
- (6) Any other items properly chargeable as an expense of the Association.
- (7) Reserve items as more particularly set forth in Sections 8.5 and 8.6.

All initial, general and special assessments shall be equally allocated among the Lots, except that improved and unimproved Lots shall be assessed in different manners as described herein.

8.2.3 Method of Assessment. The Board of Directors shall determine the annual assessment in accordance with the provisions hereof, provided, however, the annual assessment shall be sufficient to meet the obligations imposed by the Declaration. The budget shall be presented to the Association and may be amended by a majority of the votes of each class of members. Both annual and special assessments must be fixed at a uniform rate for all Lots. The Board shall set the date(s) such assessment shall become due. The Board may provide for collection of assessments annually or in monthly, quarterly or semi-annual installments; provided, however, upon the default in the payment of any one or more installments, the entire balance of such assessment may

be accelerated at the option of the Board and be declared due and payable in full, together with interest and attorneys fees and costs as herein provided.

8.3 Date of Commencement of Annual Assessments. The general assessments with respect to the Lots shall commence at the time the Directors declare, but in no event later than the first day of the month following the conveyance of a Lot to an Owner other than the Declarant. Following such declaration, the pro rata annual assessment shall commence with respect to an improved Lot with in the Property upon the substantial completion of a Living Unit on such Lot.

8.4 Initial Assessment. Upon the closing of the sale of each Lot to an Owner other than the Declarant in Mountain River Estates (regardless of whether such Lot has been improved with a Living Unit), each Owner shall be assessed through closing escrow the then current annual assessment prorated to June 30 of the following year. See Addendum "B."

8.5 Common Property Reserve Account. The assessment against each Lot, regardless of whether it has been improved with a substantially complete Living Unit, shall include an amount allocated to a reserve account established for the purpose of funding replacements of those elements of the Common Property that will normally require replacement, in whole or in part, in more than three (3) and less than thirty (30) years. Amounts assessed with respect to reserves shall take into account the estimated remaining life of the items for which the reserve is created and the current replacement cost of such items. The assessments pursuant to this section shall accrue from the date of conveyance of the first Lot in the Property. The Declarant, at the Declarant's option, may defer payment of the accrued assessments for a Lot pursuant to this section until the date the Lot is conveyed to an Owner other than the Declarant, at which time such accrued assessments shall be paid to the Association. The Declarant may require the Owner to whom such Lot is conveyed to reimburse the Declarant for such portion of the assessment.

8.6 Special Assessments. The Board of Directors shall have the power to levy special assessments against an owner or all owners in the following manner for the following purposes:

- (a) To correct a deficit in the operating budget by vote of a majority of the Board;
- (b) To collect amounts due to the Association from an owner for breach of the owner's obligations under the Declaration, these Bylaws, or the Association's rules and regulations, by vote of a majority of the Board;
- (c) Upon vote of a majority of the Board of Directors, to make repairs or renovations to the Common Property for which the Association has the responsibility of maintenance and replacement if sufficient refunds are not available from the operating budget or replacement reserve accounts; or

(d) To make capital acquisitions, additions or improvements, by vote of at least seventy-five percent (75%) of all votes allocated to the Lots.

8.7 Effect of Non-Payment of Assessments; Remedies of Association. In addition to any other remedies provided by law, the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose a lien upon the Property. No such action or a judgment entered therein shall be a waiver of the lien of the Association. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Property or abandonment of his or her Lot.

8.8 Subordination of the Lien to Mortgages. The lien with respect to any assessment provided for herein shall be prior to any homestead exemption and all other liens and encumbrances on a Lot, except:

- (a) A first mortgage of record; and
- (b) A lien for real estate taxes and other governmental assessments or charges; and
- (c) Liens and encumbrances recorded before the recordation of this Declaration.

Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to mortgage foreclosure or any proceeding in lieu thereof shall extinguish the lien of such assessments which became due prior to such sale or transfer.

8.9 Common Profits. Profits arising from any operation or from the sale of any Association asset shall be shared among the Owners in proportion to their liability for payment of assessments, i.e. equally, unless some Lots are unimproved.

ARTICLE 9 DECLARANT'S SPECIAL RIGHTS

Until all Lots on the Property have been sold, with respect to the Common Property and each Lot on the Property, the Declarant shall have the following special rights:

9.1 Sales Office and Model. The Declarant and its agents shall have the right to maintain the sale office and model on one of the Lots which the Declarant owns. The Declarant, its agents and prospective purchasers and their agents shall have the right to use and occupy the sales office and models during reasonable hours any day of the week.

9.2 "For Sale" Signs. The Declarant and its agents may maintain a reasonable number of "For Sale" signs and/or banners at reasonable locations on the Property, including without limitation, the Common Property.

ARTICLE 10 CONDEMNATION OF COMMON PROPERTY

In the event that all or any portion of the Common Property is appropriated as the result of condemnation or threat or imminence therefore, the following rules and guidelines shall apply:

10.1 Representation by Association. The Board of Directors of the Association shall have the sole authority, right and duty to represent each of the Owners for the purpose of negotiating and contesting, if it deems so doing to be necessary or appropriate, any condemnation award offered by the condemning authority in question and may authorize expenditures and assessments to retain adequate counsel or other experts for such purposes.

10.2 Allocation of Condemnation Award. The Board of Directors of the Association shall allocate and distribute any condemnation award received by it with respect to the common Property to the Owners in proportion to the diminution in fair market value incurred by them with respect to the respective Lots and improvements as a result of said condemnation.

10.3 Arbitration. In the event of any controversy by, among or between any Owner or Owners and the Board of Directors arising under this Section, each of the disputing parties shall choose one (1) arbitrator and such arbitrators shall choose one (1) additional arbitrator. The three (3) arbitrators shall resolve the controversy by majority vote and said decision shall be final, binding and unappealable upon the disputing parties. Any action or decision of the Board of Directors pursuant to this Section shall carry a rebuttable presumption of correctness for purposes of arbitration pursuant to this Section. The disputing parties each shall pay all the fees and expenses of the arbitrator designated by each of them and shall pay equally all fees and expenses of the third arbitrator. The disputing parties each shall pay their own expenses in connection with the arbitration.

10.4 Retention of Rights. No provision of this Section shall be construed as negating the right of the individual Owners to such incidental relief as the law may provide as a result of the condemnation of the Common Property.

ARTICLE 11 EASEMENTS

11.1 Association's Easements. The Declarant hereby grants to the Association a blanket easement with respect to the Common Property, an all Lots on the Property for the purpose of maintaining, repairing and replacing sewer and water lines located on the

Lots, and carrying out the Association's responsibilities. The easement granted in this Section shall be perpetual and shall run with the land.

11.2 Declarant's Easements. The Declarant hereby reserves to itself a blanket easement over, upon, through and under the Property, including, without limitation, all Lots and Common Property, for all purposes reasonably required in carrying out the General Plan of Development or otherwise developing the real property within Mountain River Estates owned by Declarant, including, without limitation, ingress and egress, the construction, alteration, completion and decoration of Living Units or other improvements developed on the Property or on the real property within Mountain River Estates owned by Declarant, the installation, maintenance, repair and replacement of all utility and service lines and systems serving Living Units or other homes or improvements developed on the Property or on the real property with Mountain River Estates owned by Declarant, and the development and sale of additional property within Mountain River Estates owned by Declarant, regardless of whether such additional property is subjected to this Declaration, and the sale of Lots and Living Units. The easement herein reserved shall include the right to store materials on the Common Property at such places and for such periods as may be reasonably required to effect the purposes for which this easement is served. The easement shall be perpetual and shall run with the land and shall be freely assignable by the Declarant.

11.3 Owners' Easements. Declarant hereby grants to each Owner an easement over the Common Property. This easement shall be perpetual and shall run with the land.

ARTICLE 12 GENERAL PROVISIONS

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

12.2 Indemnification of Directors, Officer, Employees and Agents. The Association shall indemnify any Director, officer, employee or agent who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by the Association) by reason of the fact that he or she is or was a Director, officer, employee or agent of the Association or is or was serving at the request of the Association as a Director, officer, employee or agent of another corporation, partnership,

joint venture, trust or other enterprise, against expenses (including attorney fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by said person in connection with such suit, action or proceeding if he or she acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interest of the Association, and, with respect to any criminal action or proceedings, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or with plea of no contest or its equivalent, shall not of itself create a presumption that a person did not act in good faith and in a manner which he or she reasonably believed to be in, or not opposed to, the best interest of the Association, and, with respect to any criminal action or proceedings, had reasonable cause to believe his or her conduct was unlawful. Payment under this clause may be made during the pendency of such claim, action, suit or proceeding as and when incurred, subject only to the right of the Association, should it be proven at a later time that said person had no right to such payments. All persons who are ultimately held liable for this actions on behalf of the Association as a Director, officer, employee or agent shall have a right of contribution over and against all other Directors, officer, employees or agents and members of the Association who participated with or benefited from the acts which created said liability.

12.3 Enforcement. The Association and the Owners within the Property or any mortgagee on any Lot shall have the right to enforce all of the covenants, conditions, restrictions, reservations, easements, liens and charges now or hereinafter imposed by any of the provisions of this Declaration as may appertain specifically to such parties or Owners by any proceeding at law or in equity. Failure by either the Association or by any Owner or mortgagee to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of their right to do so thereafter. In the event suit or action is commenced to enforce the terms and provisions of this Declaration, the prevailing party shall be entitled to its attorney fees and costs in such suit or action to be fixed by the trial court, and in the event of an appeal, the cost of the appeal, together with reasonable attorney fees, to be set by the appellate court. In addition thereto, the Association shall be entitled to its reasonable attorney fees incurred in any enforcement activity taken to collect delinquent assessments, whether or not suit or action is filed.

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

12.5 Duration. The covenants and restrictions of this Declaration shall run with and bind the land for a term of thirty-five (35) years from the date of this Declaration being recorded, after which time they shall be automatically extended for successive periods of ten (10) years, unless rescinded by a vote of at least ninety percent (90%) of the Owners. Provided however, amendments which do not constitute rescission of the planned community may be adopted as provided in Section 12.6. Additionally, any such rescission which affects the Common Property shall require the prior written consent of the City of Bend. Provided, however, that if any of the provisions of this Declaration would violate the rule against perpetuities or any other limitation on the

duration of the provisions herein contained imposed by law, then such provision shall be deemed to remain in effect only for the maximum period permitted by law or, in the event the rule against perpetuities applies, until twenty-one (21) years after the death of the last survivor of the now living descendants of President George Bush.

12.6 Amendment. As provided by ORS 94.590 and except as otherwise provided in Sections 12.5 and 12.11, and the restrictions set forth elsewhere herein, this Declaration may be amended at any time by an instrument approved by not less than seventy-five percent (75%) of the total votes of each class of members that are eligible to vote. Any amendment must be executed, recorded and certified as provided by law. Provided, however, that no amendment of this Declaration shall effect an amendment of the Bylaws, the Articles of Incorporation without compliance with the provisions of such documents, and the Oregon Non-Profit Corporation Act. Provided further, no amendment affecting the general plan of development or any other right of the Declarant herein contained may be effected without the express written consent of the Declarant or its successors and assigns.

12.7 Rights of Mortgagees. Any holder of a first mortgage or equivalent lien on any Lot and/or the improvements located thereon, upon written request to the Board of Directors of the Association, shall have the right to:

- (a) Receive timely written notice of meetings of the Association;
- (b) Receive timely written notice of any proposed abandonment, termination or contraction of this planned unit development;
- (c) Receive timely written notice of any material amendment of the Declaration or the Articles of Incorporation or Bylaws of the Association;
- (d) Receive timely written notice of any decision by the Association to terminate professional management and to assume self-management of the Property, if the Association previously has retained professional management services;
- (e) Inspect the financial records and similar documents of the Association at reasonable intervals during normal business hours;
- (f) Receive written notice of substantial damage to or destruction of any Lot and/or the improvements thereon or the Common Property and/or any improvements thereon; and
- (g) Receive timely written notice of any condemnation or eminent domain proceeding affecting the Common Property or any portion thereof.

12.8 Notice of Default by Mortgagor. The Association shall give each mortgagee written notification of any default by the mortgagor of such Lot in the

performance of such mortgagor's obligations under the Declaration and Bylaws which is not cured within thirty (30) days.

12.9 Prior Consent of Mortgagees. The termination of the status of the Property as a planned community, or any material amendment to this Declaration or the Bylaws of the Association shall require the prior written consent of all first mortgagees or equivalent liens on Lots and/or the improvements located thereon.

12.10 Release of Right of Control. The Declarant may give up its right of control in writing at any time by notice to the Association.

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

12.12 Resolution of Document Conflicts. In the event of a conflict among any of the provisions in the documents governing Mountain River Estates, such conflict shall be resolved by looking to the following documents in the order shown below:

- (1) Declaration of Covenants, Conditions and Restrictions;
- (2) Articles of Incorporation;
- (3) Bylaws;
- (4) Rules and Regulations, if any.

It is hereby certified that the foregoing Amendment to the Declaration of Covenants, Conditions and Restriction for Jess Alway, Inc., Declarant of Mountain River Estates, and will be recorded in the Deed of Records of Deschutes County for said Planned Community.

Dated this 29th day of April, 2004.

Jess Alway, Inc.

By: _____

JPSS Alway Inc

STATE OF OREGON)

) ss.

County of Deschutes)

Personally appeared before me this 29th day of April, 2004,
Jess Alway and acknowledge that he/she is a member of Jess Alway,
Inc. and that he/she is authorized to execute the foregoing instrument on behalf of the
corporation.



Kim E. Peck
Notary Public for Oregon
My Commission Expires: 03/05/2008