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STATE OF OREGON
COUNTY OF DESCHUTES



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DO NOT REMOVE THIS CERTIFICATE

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**I hereby certify that the attached instrument was received
and duly recorded in Deschutes County records:**

DATE AND TIME: Jun. 23, 2000; 10:27 a.m.

RECEIPT NO: 22447

DOCUMENT TYPE: Planned Community
 Subdivision Declaration

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A handwritten signature in cursive script, reading "Mary Sue Penhollow".

MARY SUE PENHOLLOW
DESCHUTES COUNTY CLERK

2000.24959.1

After recording, return to:

Brent S. Kinkade
Karnopp, Petersen, Noteboom, Hansen,
Arnett & Sayeg, LLP
1201 NW Wall Street, Suite 301
Bend, OR 97701

**DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR
THE PINES AT SISTERS, PUD**

THIS DECLARATION is made this 22nd day of June 2000, by The Pines of Sisters, LLC
an Oregon limited liability company ("Declarant").

OBJECTIVES

The Pines at Sisters, PUD is made up of two distinct single-family manufactured housing communities located in the City of Sisters in Deschutes County, Oregon. The two communities are distinct in that one community, known as Brooks Camp Village and currently made up of Lots 1-54 as shown on the final subdivision plat referenced below, is a single-family manufactured housing community for older persons (55+) as that term is used in the Fair Housing Act (FHA), the Housing for Older Persons Act of 1995 (HOPA) and the regulations thereunder. The other housing community within The Pines at Sisters, PUD, known as Trout Creek Village and currently made up of Lots 55-79 as shown on the final subdivision plat referenced below, is a single-family manufactured housing community available for all single-family residents, regardless of age or familial status. The two communities are separate and distinct in that they are separated by a public road, both are gated and locked, both have separate homeowner's associations, separate common areas and both are governed by separate rules, regulations and architectural guidelines. The two communities, however, share certain amenities including a clubhouse and community drainfield and are designed with similar architectural and design guidelines to create neighboring communities that emphasize livability and cohesion through a uniform and comprehensive design. The two communities create a feeling of openness by providing for an orderly transition from one community to the other and an orderly transition within each community from private area to shared open space. Both Brooks Camp Village and Trout Creek Village were designed to foster a neighborhood feeling with controlled architectural design and landscape maintenance, private streets, and shared recreational areas. By providing and enforcing high standards for the improvements and maintenance of private and non-private areas in both communities, Declarant intends to ensure that the private property at both village communities within The Pines at Sisters, PUD will maintain and return maximum values.

Declarant recorded the plat of The Pines at Sisters, PUD, in the Office of the County Clerk for Deschutes County, Oregon on January 11, 2000 and it is filed in Plat Cabinet #E-371. Declarant desires to subject the property described in such plat to the covenants, conditions, restrictions and charges set forth herein for the benefit of such property and its present and subsequent owners, and to establish such property as two distinct communities to be known as The Pines at Sisters - Brooks Camp Village and The Pines at Sisters - Trout Creek Village. Additional areas may be annexed to either village community in accordance with the provisions set forth in this Declaration.

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NOW, THEREFORE, Declarant hereby declares that the property covered in the plat of The Pines at Sisters, PUD, more particularly described on Exhibit A attached hereto shall be held, sold, and conveyed subject to the following easements, covenants, conditions, restrictions, and charges, 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**

As used in this Declaration, the terms set forth below shall have the following meanings:

- 1.1 "Architectural Review Committee" or "ARC" means the Architectural Review Committees appointed for each village community pursuant to Section 7.
- 1.2 "Assessment" means a regular or special assessment, imposed in accordance with the provisions of Section 10.
- 1.3 "Association(s)" means the nonprofit corporations to be formed to serve the communities as the association of owners as provided in Section 8 and their successors and assigns.
- 1.4 "Board(s)" means the Board(s) of Directors of the Associations.
- 1.5 "Brooks Camp Village" means the residential housing community intended for occupancy for persons age 55 and older comprising Lots 1-54 and Common Areas 3, 4, 5 and 6, all of which are located to the south of McKinney Butte Road and east of Brooks Camp Road, within The Pines at Sisters, PUD as shown on the final subdivision plat recorded in the Office of the County Clerk of Deschutes County on January 11, 2000 and filed in Plat Cabinet #E-371, together with any improvements thereon.
- 1.6 "Capital Improvement Assessments" means assessments to cover the cost of capital improvements made pursuant to Section 10.4.
- 1.7 "Common Area" means any area which is described in Section 3 and designated as such on the recorded subdivision plat for The Pines at Sisters, PUD, any amendments thereto, any property so designated in any Supplemental Declaration or designated as such on any supplemental plat.
- 1.8 "Cotenancy Agreement" means the Cotenancy Agreement between the two Associations governing the management obligations for the jointly owned and/or managed property for the two communities which is attached hereto as Exhibit "B."
- 1.9 "Declarant" means the Developer of the PUD which is The Pines of Sisters, LLC, an Oregon limited liability company, any person who succeeds to any special Declarant right and to whom all of the Declarant's ownership interest in The Pines at Sisters is transferred, or any person, other than the Associations, to whom the Declarant has transferred, for purposes of resale, all of Declarant's ownership interest in the PUD.

- 1.10 "Declaration" means this Declaration of Covenants, Conditions and Restrictions applicable to the property as set forth herein, along with any and all Supplemental Declarations or subsequent amendments.
- 1.11 "Design Guidelines" means the design standards established by the ARCs pursuant to Section 7.
- 1.12 "Improvement" means every temporary or permanent structure or improvement of any kind, including but not limited to a house, garage, shed, fence, wall, driveway, club house, water feature, pump house, service building or other product of construction efforts on or in respect to any property within any village community at The Pines at Sisters, including landscaping, and every alteration, painting or reconstruction thereof.
- 1.13 "Jointly Owned and/or Managed Property" means that real or personal property described in Section 3 and/or designated as such on the recorded subdivision plat for The Pines at Sisters, PUD, any amendments thereto, any property so designated in any Supplemental Declaration or designated as such on any supplemental plat.
- 1.14 "Lot" means a platted lot as shown on the recorded subdivision plat for The Pines at Sisters, PUD, any amendments thereto, any property so designated in any Supplemental Declaration or designated as such on any supplemental plat, but not including any private street, private way or Common Area.
- 1.15 "Operating Assessments" means the assessments to cover operating expenses referred to in Section 10.2.
- 1.16 "Owner" means 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 "The Pines at Sisters, PUD" means the property designated in Section 2.1 of this Declaration and any other property designated in any supplemental declaration.
- 1.18 "Reserve Account Assessment" means assessments to cover the reserve fund for replacements pursuant to Section 10.5.
- 1.19 "Rules and Regulations" means the rules and regulations adopted for each village community as provided in Section 8.
- 1.20 "Trout Creek Village" means the single-family residential housing community comprising Lots 55-79 and Common Areas 1, 2 and 7, all of which are located to the north of McKinney Butte Road and east of Brooks Camp Road, within The Pines at Sisters, PUD as shown on the final subdivision plat recorded in the Office of the County Clerk for Deschutes County and filed in Plat Cabinet #E-371, together with any improvements thereon.

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SECTION 2
PROPERTY SUBJECT TO THIS DECLARATION

- 2.1 **Initial Development.** Declarant hereby declares that all of the real property described on Exhibit A attached hereto is owned and shall be owned, conveyed, hypothecated, encumbered, used, occupied, and improved subject to this Declaration. The Initial Development consists of 79 lots, divided into two village communities: Brooks Camp Village (Lots 1-54 and Common Areas 3, 4, 5 and 6) for persons age 55 and older and Trout Creek Village (Lots 55-79 and Common Areas 1, 2 and 7) and any improvements thereon. Declarant commits to building a clubhouse for the benefit of both village communities to be located on jointly owned property described in Section 3. Other than the clubhouse, Declarant makes no commitment to build or maintain any improvements and Declarant does not choose to limit its right to build or add improvements not described in this Declaration.
- 2.2 **Annexation of Additional Property.** Declarant reserves the right to annex other real property owned by Declarant in subsequent phases. Declarant may from time to time and in its sole discretion pursue an amendment to the PUD which would allow it to annex to either village community within The Pines at Sisters, PUD any adjacent real property now owned or hereafter acquired by it. The annexation of real property shall be accomplished as follows:
- (a) **Supplemental Declaration.** Declarant shall record a Supplemental Declaration which shall be executed by the Declarant and which shall, among other things, contain a description of the real property to be annexed, contain a designation as to which village community it will be annexed, establish any additional limitations, uses, restrictions, covenants, and conditions which such property is held and shall be held, conveyed, hypothecated, encumbered, used, occupied, and improved subject to this Declaration.
 - (b) **Provisions of Supplemental Declaration.** Notwithstanding any provisions apparently to the contrary, a Supplemental Declaration with respect to any annexed property may:
 - (i) Establish such new land classifications and such limitations, uses, restrictions, covenants, and conditions with respect thereto as Declarant may deem to be appropriate for the development of the annexed property.
 - (ii) With respect to existing land classifications, establish additional or different limitations, uses, restrictions, covenants, and conditions with respect thereto as Declarant may deem to be appropriated for the development of such annexed property.
 - (c) **Effect of Annexation.** The property included in any such annexation shall thereby become a part of the designated village community within The Pines at Sisters, PUD and this Declaration, and the Declarant and the respective Association shall have and shall accept and exercise administration of this Declaration with respect to such property.

- (d) No Limitation on Annexation. There is no limitation on the amount or kind of property which Declarant may create or annex to The Pines at Sisters, PUD. There is no limitation or restriction as to the land classifications which Declarant may assign to any annexed property.
- (e) Voting Rights. Upon annexation, additional Lots so annexed shall be entitled to voting rights as set forth in Section 8.5.
- (f) Adjustment of Association Expenses. The formula to be used for reallocating the common expenses if additional Lots are annexed and the manner of reapportioning the common expenses if additional Lots are annexed during a fiscal year is set forth in Section 10.8.

SECTION 3 LAND CLASSIFICATIONS

- 3.1 Private Areas/Lots. Private areas or Lots shall consist of all areas designated as such or shown as Lots on the plat of the Initial Development or in any Supplemental Declaration or on the plat of any land annexed by Supplemental Declaration. Restrictions, rules and regulations governing the use of private areas are set forth in this Declaration, the ARC Guidelines and Rules for each village community and the Rules and Regulations for each village community adopted pursuant to Section 8.4. By accepting a deed or lease to a private area or Lot, the grantee is deemed to have covenanted that he or she will use and permit the use of the property only in accordance with such restrictions, rules and regulations.
- 3.2 Private Ways. Private ways shall consist of all areas designated as such or shown as private streets on the plat of the Initial Development or in any Supplemental Declaration or on the plat of any land annexed by Supplemental Declaration. Each Owner of a Lot in Brooks Camp Village or Trout Creek Village, both of which are within The Pines at Sisters, PUD, is hereby granted a non-exclusive easement to use the private ways within the village community where the Lot is located for the purpose of traveling thereon by appropriate means. The easement herein granted shall be appurtenant to and assignable with the Lot with respect to which it is granted, but shall not otherwise be assignable. Use of private ways within each village community shall be subject to the Rules and Regulations for that village community. The Association for each village community may also grant free access on private ways to police, fire and other public officials, employees of utility companies, and to such other persons as the respective Association reasonably believes access should be given for the benefit of the Owners. The Association for each village community, in its discretion, may dedicate private ways to the public. In no event shall such dedication arise by implication and the Associations shall have deemed to have dedicated such ways to the public only if they shall record in the records of Deschutes County, Oregon an instrument clearly evidencing their intention to dedicate such ways to the public.
- 3.3 Sewage Disposal Area. All real property located within The Pines at Sisters, PUD is currently served by a private sewage disposal system owned and operated by Declarant and located on a portion of the real property described on Deschutes County Assessor's map as 10-15-05, Tax Lots 800 and 1100. This property is not located within the boundaries of The Pines at Sisters, PUD as shown on the final subdivision plat. Instead, Declarant has granted and recorded in the official records at Deschutes County an easement for the shared, private sewage disposal system in favor of both Associations for the village communities within The Pines at Sisters, PUD. All installation, maintenance, repair,

replacement, and similar decisions regarding the sewage disposal system and easement shall be made in accordance with the provisions of the sewage disposal easement and the Cotenancy Agreement. The sewage disposal system and easement is intended to provide interim sewage disposal until such time as a public sanitary sewer system becomes available to the Lots within the village communities at The Pines at Sisters, PUD. Once a public sanitary sewer system is available to serve the Lots, each Owner of a Lot in a village community within The Pines at Sisters, PUD shall hook up to the public system and the private sewage disposal system shall be abandoned. Once the system is abandoned, Declarant may elect to annex all or part of the area to a village community within The Pines at Sisters, PUD and may elect to build common facilities or create additional Lots by declaration recorded in the official records of Deschutes County.

- 3.4 **Common Areas.** Common Areas shall consist of all areas designated as such or designated as "open space", "bike paths", "sidewalks" or "walking paths" on the plat of the Initial Development or in any Supplemental Declaration or on the plat of any land annexed by Supplemental Declaration. Common Areas shall be subject to easements as provided in Section 4. Each Owner of a Lot in a village community within The Pines at Sisters, PUD is hereby granted a non-exclusive easement to use the Common Areas located within the village community where the Lot is located for such recreational purposes as may be permitted by this Declaration and the Rules and Regulations for that village community adopted under Section 8. Each Owner may permit his or her lessees and guests to use the respective Common Areas for such purposes and in such manner. Common Areas shall not be platted or otherwise divided into parcels for residential use. Common Areas within one village community at The Pines at Sisters, PUD are not open to or available for use by Owners of Lots in another village community at The Pines at Sisters, PUD. The Association for each village community may develop special recreational or service facilities of a permanent nature on portions of the Common Areas for the general use and benefit of all Owners within that community, their lessees and guests, subject to any requirement set forth herein for obtaining a vote of prior approval by the Owners. The Association for each village community may from time to time and only by written permission may permit the use of designated portions of Common Areas within that village community for temporary recreational uses or sporting events or tournaments, including events for Owners of Lots within another village community at The Pines at Sisters, PUD provided that (i) adequate provision is made to protect the Association from incurring any loss arising from such temporary use, and (ii) the Association will be held harmless from any liability for damage or injuries arising from such temporary use. The easement and rights herein granted shall be appurtenant to and assignable with the Lot in respect of which it is granted, but shall not otherwise be assignable. The Association for each village community may, in its discretion, use Common Areas for the purpose of the location of utilities thereon. The Association for each village community may bar any Owner, members of his family, tenants, guests and invitees from using Common Areas and the improvement thereon during periods in which the Owner's assessments are delinquent.
- 3.5 **Jointly Owned and/or Managed Property.** Jointly Owned and/or Managed Property shall consist of all real and personal property, together with any improvements, developed or provided by Declarant for the common benefit of both village communities, including but not limited to the clubhouse, the sewage disposal system and easement and the portion of Brooks Camp Road and McKinney Butte Road, which are public roads but which may require maintenance, snow removal and other repairs by private property owners within the village communities at The Pines at Sisters, PUD. All decisions regarding

the management, maintenance, repair, upgrades and other management issues, including budgeting and setting the amount of assessments shall be made in accordance with the provisions of the Cotenancy Agreement.

- 3.6 Additional Land Classifications. Additional land classifications and uses may hereafter be established in any Supplemental Declaration.
- 3.7 Conversion of Lots to Common Areas. Declarant may elect to build common facilities on one or more Lots and designate such Lots as Common Areas by a declaration recorded in the official records of Deschutes County. Declarant shall execute such declaration, as owner of the Lots.
- 3.8 Prohibition on Consolidation and Partition of Lots. No Lot in any of the village communities as shown on the recorded subdivision plat for The Pines at Sisters, PUD or on any supplemental plat may be consolidated or partitioned.
- 3.9 Amendment of PUD. Each Owner, by acceptance of legal or equitable title 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 the PUD as Declarant deems reasonable; provided that no such amendment has a material adverse affect on the value of such Owner's Lot.

SECTION 4 PROPERTY RIGHTS IN COMMON AREAS

- 4.1 Owners' Easements of Enjoyment. Subject to provisions of this Declaration, every Owner and such Owner's family, tenants, guests and invitees shall have a non-exclusive right and easement of enjoyment to use the Common Areas located within the village community where the Lot is located for such recreational or other purposes as may be permitted by this Declaration and the Rules and Regulations for that village community adopted pursuant to Section 8.
- 4.2 Title to Common Areas. Fee title to the Common Areas within each village community shall be conveyed by Declarant to, and must be accepted by, the Association for the village community where the particular common area is located free and clear of liens and encumbrances other than those created pursuant to this Declaration.
- 4.3 Extent of Owners' Rights. The rights and non-exclusive easement of enjoyment in the Common Areas created hereby shall be subject to the following and all other provisions of this Declaration and the Rules and Regulations for each village community:
 - (a) Association's and Owners' Easements. Declarant grants to the Association of each village community for the benefit of the Association and all Owners of Lots within each village community at The Pines at Sisters, PUD the following easements over, under, and upon the Common Areas within the village community where the owner's Lot is located:

- (i) An easement for installation and maintenance of power, gas, electric, water, sewer, and other utility and communication lines and services installed by Declarant or with the approval of the Board of Directors of the Association of each village community and any such easement shown on any plat of property within The Pines at Sisters, PUD.
 - (ii) An easement for construction, maintenance, repair, and use of the Common Areas and common facilities thereon, including, but not limited to, walkways, bike paths, fences, landscaping, irrigation systems, and signs, and for any purposes and uses adopted by the Association of each village community and the Owners.
 - (iii) An easement for the purpose of making repairs to any existing structure on the Common Areas.
 - (iv) A sewage disposal easement across a portion of the real property identified on Deschutes County Assessor's Map 5-10-15, Tax Lots 800 and 1000 as more specifically described and set forth in the sewage disposal system easement recorded in the official records for Deschutes County.
- (b) 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 Areas of each village community in order to carry out development, construction, and sales activities necessary or convenient for the development of The Pines at Sisters, PUD and the sale of Lots and for such other purposes as may be necessary or convenient for the development of The Pines at Sisters, PUD and the sale of Lots 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 The Pines at Sisters, PUD, Declarant shall have an easement across the Common Areas of each village community as required to carry out its maintenance responsibilities with respect to The Pines at Sisters, PUD.
- (c) Utility Easements. Declarant or the Associations may (and, to the extent required by law, shall) grant or assign easements to municipalities, communications companies, or other utilities over Common Areas performing utility services, and the Associations may grant free access thereon to police, fire, and other public officials and to employees of utility companies and communications companies serving the village communities within The Pines at Sisters, PUD.
- (d) Use of the Common Areas. Except as otherwise provided in this Declaration, the Common Areas within each village community shall be reserved for the use and enjoyment of all Owners of Lots within that particular village community, and no private use may be made of the Common Areas. Notwithstanding the above, the Association of each village community may give an Owner permission to use Common Area for the benefit of that Owner only provided that such permission is in writing and is revocable. Nothing herein shall prevent the placing of a sign or signs upon the Common Areas for the purpose of identifying The Pines at Sisters, PUD or any of the village communities located therein, indicating path directions, or identifying trails or other items of interest, provided such signs are approved by the ARC for that village community. The Board of Directors of the Association for each village community shall have authority to abate

any trespass or encroachment upon the Common Area at any time, by any reasonable means and with or without having to bring legal proceedings.

- (g) **Alienation of the Common Areas.** The Associations may not by act or omission seek to abandon, partition, subdivide, encumber, cause the Common Areas to be subject to any security interest, sell or transfer the Common Areas unless the holders of the at least 80 percent of the Class A voting rights (as described in Section 8) for that village community and the Class B member for that village community (as defined in Section 8), if any, have given their prior written approval. This provision shall not apply to the easements described in Section 4.3. A sale, transfer, or encumbrance of the Common Area or any portion of the Common Area in accordance with this Section 4 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 or support to his or her Lot without the written consent of the Owner.
- (f) **Restrictions on Use of Common Areas, Jointly Owned or Managed Property.** Use of the Common Areas and the Jointly Owned and/or Managed Property by the Owners shall be subject to the provisions of this Declaration, the Rules and Regulations for each village community, the Cotenancy Agreement and to the following:
 - (i) The right of the Association for each village community to suspend such use rights of an Owner to the extent provided in Section 11.
 - (ii) The right of the Association for each village community to adopt, amend, and repeal Rules and Regulations in accordance with this Declaration and the Bylaws of each Association, including, without limitation, the right to require reservations for use of the Common Area or Common Area facilities, the Jointly Owned and/or Managed Property and facilities and the right to impose reasonable fees in connection with such use.

- 4.4 **Delegation of Use.** Any Owner may delegate, in accordance with the Bylaws and Rules and Regulations of each Association, such owner's right of enjoyment of the Common Areas and the Jointly Owned and/or Managed Property to the members of such Owner's family or tenants who reside on such Owner's Lot. In the event of such delegation, the family member or tenant shall abide by and be bound by the provisions of this Declaration, the Bylaws, ARC Guidelines and Rules and Rules and Regulations.

SECTION 5

EASEMENTS

- 5.1 **Easements Reserved.** In addition to any easements shown on the recorded plat, Declarant hereby reserves the following easements for the benefit for Declarant and the Associations:
 - (a) **Adjacent Common Area.** The Owner of any Lot which blends together visually with any Common Area or Declarant Area shall permit the Association for that village community or Declarant to enter upon such Lot to perform the construction, maintenance or such necessary alterations.

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- (b) Right of Entry. Declarant, the ARC for that village community and any representative of the Association for that village community 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, utility company or the respective Association is responsible.

SECTION 6

RESTRICTIONS ON USE OF LOTS

- 6.1 Occupancy. Unless otherwise provided herein, 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, his invitees or his guests, except that each Owner shall be permitted to rent the residence located on his Lot, for a minimum of thirty (30) days' duration and to a maximum of two (2) people per bedroom when he is not in occupancy according to the Rules and Regulations of the Association for that village community.

Brooks Camp Village is intended to be a housing community for persons who are age 55 or older in accordance with the provisions of the FHA, HOPA and the regulations promulgated thereunder. Therefore, all Lots within Brooks Camp Village are reserved for those persons who are age 18 or over and will have at least one occupant who is age 55 or older. Prior to purchase, each prospective purchaser of a Lot in Brooks Camp Village shall certify that at least one occupant of the dwelling will be age 55 or older and that no occupant will be under the age of 18. In accordance with the Rules and Regulations established by the Association for Brooks Camp Village, and by accepting a deed for a Lot within Brooks Camp Village, each Owner of a Lot within Brooks Camp Village agrees to abide by these occupancy restrictions and to participate in surveys at least once every two years to verify and/or update the initial information supplied at the time of purchase. Each Owner shall comply with or insure compliance with these occupancy requirements regardless of whether that Owner occupies or rents the dwelling.

- 6.2 Improvements. Each Lot in a village community within The Pines at Sisters, PUD shall be maintained in a clean and attractive condition, in good repair, and in such a fashion as not to create a fire hazard. All exterior surfaces shall be neatly painted or stained, with no flaking or chipping.
- 6.3 Appearance. There shall be no outside storage of any kind. All hot tubs, garbage, trash, cuttings, refuse, garbage, and refuse containers, clothes drying apparatus, outdoor play equipment and other service facilities located on any Lot shall be screened from view in a manner approved by the ARC for that village community. Driveways, porches, decks and yards are to be kept free and clear of trash and litter. The hanging of laundry, clothing, towels, bedding or other items outside the home is not permitted.

- 6.4 Construction and Alteration. Nothing shall be materially altered or constructed in or removed from or placed on a Lot except with the prior written consent of the ARC for that village community. This includes but is not limited to the installation and removal of landscaping and the painting, staining, refinishing or alteration of any exterior surface.
- 6.5 Offensive or Commercial Activity. No offensive or commercial activity shall be carried on, nor shall anything be done on any Lot that may be or become an annoyance or nuisance to the other Owners.
- 6.6 Signs. No signs shall be erected or maintained on any Lot except signs which are approved as to appearance and location by Declarant. The restrictions contained in this paragraph shall not apply to:
- (a) Political Signs. The temporary placement of "political" signs, not to exceed 144 square inches in size, on any Lot by the Owner thereof;
 - (b) Declarant's Sales Office and Model Home Signs. The placement by the Declarant or Declarant's agent of one or more signs identifying the name of the Declarant and/or the location of a sales office or model home; or
 - (c) For Sale Signs. The temporary placement of not more than one "For Sale" sign on any Lot meeting the guidelines of Declarant or the ARC for that village community.
- 6.7 Exterior Lighting or Noise Making Device. No exterior lighting or noise-making device shall be placed on a Lot, or any portion thereof, without the prior written consent of the ARC for that village community.
- 6.8 Antennas and Satellite Dishes. No exterior satellite receivers, transmission dishes, or exterior antennas shall be placed upon any Lot except as approved by the ARC for that village community and except as otherwise permitted by law. All such devices shall be unobtrusive and concealed from the view of roads, paths, Lots and residences.
- 6.9 Prohibited Structures. No structure of any kind may be placed on any Lot except as authorized by the ARC for that village community.
- 6.10 Single Family Residences. No more than one single family manufactured home shall be placed on any Lot.
- 6.11 Utilities. No above-ground utilities, pipes, or wires shall be used to connect improvements with supplying facilities. All electrical, water and sewer connections must be kept in a safe and leak-proof condition. Owner is responsible for the maintenance and repair of all utility connections.
- 6.12 Parking. No parking is allowed on the private streets within the village communities. All parking shall be in accordance with the PUD approval and the Rules and Regulations adopted for each village community as provided in Section 8.
- 6.13 Pets. 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 Sisters as well as the Rules and Regulations adopted for each village community.

community as provided in Section 8. No animals shall be kept or raised on any Lot except household pets and domestic animals not used for commercial purposes.

- 6.14 Firearms or other Weapons. No firearms, air pistols, archery, sling shots, fireworks, or any other weapons or projectiles shall be used or discharged within any village community at The Pines at Sisters, PUD except in such areas as may be designated in writing by the Association for that village community.
- 6.15 Motor Vehicles. All motorized vehicles shall be operated, parked or otherwise used within the village community in accordance with the Rules and Regulations for the respective village community as provided in Section 8. No motorized vehicle shall be operated anywhere except upon a surfaced roadway, nor shall any motor vehicle be parked in other than a designated parking area. Except for construction equipment not required to be licensed, no unlicensed motor vehicles shall be operated within any village community at The Pines at Sisters, PUD.

SECTION 7 ARCHITECTURAL REVIEW AND STANDARDS

- 7.1 Approval Required. No Improvement 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 the ARC for the village community in which the Lot is located.
- 7.2 Architectural Review Committee (ARC). Declarant has established an ARC to implement architectural Guidelines and Rules for each village community at The Pines at Sisters, PUD. The respective ARC will be responsible for the approval of plans and specifications for the improvements in the village communities at The Pines at Sisters, PUD, and for the modification, promulgation and enforcement of Guidelines and Rules governing the improvement and maintenance of Lots and the improvements thereon.

Each ARC shall consist of five persons who shall be appointed by the respective Board. Members of the ARC may be removed and replaced at any time by the respective Boards. The Associations shall keep on file at their principal offices 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 there is a Class B member (as defined in Section 8).

Except as otherwise provided herein, any three members of each of the ARC shall have the power to act on behalf of that ARC without the necessity of a meeting and without the necessity of consulting the remaining members of the ARC. The ARC may render decisions only by written instrument setting forth the ARC's actions taken and the reasons therefor.

- 7.3 Architectural Guidelines. Architectural Guidelines and Rules for each village community shall be established and may be amended from time to time by the respective ARC in accordance with the design concept delineated in the PUD approval and shown on the recorded plat. These Guidelines and Rules will establish the operating procedures for the ARC and the process by which the ARC will detail, interpret and implement the provisions of the instruments pursuant to which they are charged with responsibility. The Guidelines and Rules will also contain administrative provisions for enforcement,

the procedures for assessment of fines and penalties and appropriate appeals procedures. The ARC may establish a reasonable fee schedule to offset costs incurred in considering and acting upon matters submitted to the ARC. Such fees shall be paid into the general fund for the respective Association. A current copy of each of the respective ARC Guidelines and Rules and schedule of fees shall be kept on file at the principal office of the Association for that village community at all times. Once duly adopted, the Guidelines and Rules and any duly adopted amendments thereto will run with and bind any land subject to this Declaration and will be enforced as if specifically set forth herein.

- 7.4 Submittal and Approval Procedures. A checklist and copies of the ARC Guidelines and Rules, updated from time to time, shall be made available in the Associations' offices to guide applicants through the ARC's approval process.
- 7.5 Conformation to Approved Plans. Home improvements and landscaping added by Owner must conform to the plans approved in writing by the ARC for that village community. Variances from approved plans are permitted only with the prior written consent of the appropriate ARC.
- 7.6 Severability. If any provision of this Declaration, the Rules and Regulations for each village community or the ARC Guidelines and Rules for each village community 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, the Rules and Regulation or the ARC Guidelines and Rules.
- 7.7 Nonwaiver. Consent by the respective 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 Guidelines and Rules for the respective village community, 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.
- 7.8 Right of Appeal. All ARC decisions are subject to appeal to the Board for the respective Association utilizing the appeal procedures contained in the respective ARC Guidelines and Rules. The appeal procedures insure that ultimate responsibility for and authority over all ARC decisions rests with the Board for that respective community, which, by majority vote, may confirm, modify, or reverse any such decision thus appealed. The decision of the Board on any appeal will be binding on the parties absent fraud, bad faith or failure to exercise honest judgment.
- 7.9 Liability. The scope of 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. Neither the ARC nor any member thereof shall be liable to any Owner, occupant, builder, or developer for any damage, loss or prejudice suffered or claimed on account of any action or failure to act of the ARC or a member thereof, provided only that the ARC has, or the member has, in accordance with the actual knowledge possessed by the ARC or by such member, acted in good faith.

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**SECTION 8
HOMEOWNER'S ASSOCIATION**

- 8.1 Organization. Declarant shall, before the first Lot is conveyed to an owner other than the Declarant, organize associations of all the owners for each village community within The Pines at Sisters, PUD. The Associations shall be organized as nonprofit mutual benefit corporations under the Oregon Nonprofit Corporation Act and shall have such powers and obligations as are set forth herein for the benefit of the village communities within The Pines at Sisters, PUD and all owners of property located therein.
- 8.2 Membership. Every Owner of one or more Lots within a village community shall, immediately upon creation of the Association for that village community and thereafter during the entire period of such Owner's ownership, be a member of the Association for the village community where the Lot is located. Such membership shall commence, exist, and continue simply by virtue of such ownership, shall expire automatically upon termination of such ownership, and need not be confirmed or evidenced by any certificate or acceptance of membership.
- 8.3 Board of Directors. A board of directors for each Association shall be elected by the membership to administer the affairs of that Association by such procedure as specified in the Associations' Bylaws. The powers and duties of the Board are also delineated in the Bylaws of the particular Association.
- 8.4 Rules and Regulations. In the exercise of the powers and in the performance of its obligations, the Board for each village community Association may adopt, amend or repeal rules and regulations to provide for the manner in which all areas and classifications of property within that village community are to be used, and the procedure and mechanisms for interpretation and enforcement of the provisions of this Declaration or any Supplement Declarations. Once duly adopted, the Rules and Regulations and any duly adopted amendments thereto are incorporated by reference herein, will run with and bind any land subject to this Declaration and will be enforceable as if specifically set forth herein. A copy of the rules and regulations, upon adoption, and a copy of each amendment, modification or revocation thereof, shall be available to each owner upon request and shall be binding upon all owners and occupants of all Lots.
- (a) Approval. A petition signed by 15 percent of the owners within a village community proposing adoption of a rule or amendment or repeal of an existing rule for that village community 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 50% of the Owners, the Board shall submit the proposals contained in such petition to a vote of all Owners within that village community. The proposals contained in such petition shall be adopted upon their approval in writing by a majority of the Owners in that village community 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 Rules and Regulations for each village community 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 tenants, guests and invitees may use the Common Areas within the village community.
 - (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 tenants, guests, and invitees, and their pets, while in that village community.
 - (iv) For the conditions upon which the Owner's tenants, guests and invitees in the village community will be entitled to access to Common Areas.
 - (v) For the procedure for interpreting and enforcing the private restrictions contained herein.
 - (vi) For any other rule or regulation that the Board determines to be appropriate for regulating the use and enjoyment of the property within the village communities.

8.5 Voting Rights. The village communities will be governed by separate Associations with separate membership and separate Boards. All owners of property located within Brooks Camp Village shall be members of the Brooks Camp Village Owners Association and all owners with property located within Trout Creek Village shall be members of the Trout Creek Village Owners Association. Declarant shall be a member of both Associations. Voting rights within the Associations shall be allocated as follows:

- (a) Allocation of Votes. There shall be one vote per Lot, except as provided in Section 8.5(b) with respect to the Class B member.
- (b) Classes of Voting Membership. Each Association shall have two classes of voting membership:
 - (i) Class A. Class A members shall be all owners with the exception of the Declarant (except that beginning on the date on which the Class B membership is converted to Class A membership, and thereafter, Class A members shall be all owners including the Declarant). Class A members shall be entitled to voting rights for each Lot owned, computed in accordance with Section 8.5(a). 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 nine times the voting rights computed under Section 8.5 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 final phase of development of The Pines at Sisters, PUD 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.

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

- (a) The powers, duties, and obligations granted to the Associations 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 Areas and any other Association-owned areas as it deems will be of benefit to the Owners, their tenants, guests and invitees. Enforcement of all covenants and restrictions contained in this Declaration, the Bylaws, the ARC Guidelines and Rules and the Rules and Regulations for each village community.
- (d) Promulgation and enforcement of the Rules and Regulations and the enforcement of both the ARC Guidelines and Rules and the decisions rendered by the ARC for each village community.
- (e) Payment of all ad valorem taxes and assessments imposed on any of the Common Areas or Association-owned areas within each village community.
- (f) Provision of such services to the Owners as the Associations shall deem to be appropriate and of benefit to the Owners.
- (g) Procurement and maintenance of property and liability insurance reasonable and necessary to protect the Associations' interests in their assets. Such insurance shall also provide appropriate coverage for the directors and officers of the Associations while in the performance of their duties on behalf of the Owners.
- (h) Collection of assessments, charges, fees, and penalties.
- (i) Any additional or different powers, duties, and obligations necessary or desirable for the purpose of carrying out the functions of the Associations pursuant to this Declaration or otherwise promoting the general benefit of the Owners within The Pines at Sisters, PUD.
- (j) The powers and obligations of the Associations 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 Associations

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made in accordance with such instruments and with the Oregon Nonprofit Corporation Act. All decisions made by the Boards pursuant to the grant of powers in these covenants, conditions and restrictions shall be final. All such decisions shall be binding on Lot owners within that particular village community absent fraud, bad faith or failure to exercise honest judgment.

- 8.7 Liability. Neither the Associations nor any officers or members of their Boards 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 Associations, any of their officers or any member of their Boards of Directors, provided only that the officer or Board member has acted in good faith in accordance with the actual knowledge possessed by him.
- 8.8 Interim Board; Turnover Meeting. Declarant shall have the right to appoint an interim board of three directors or more for each Association, who shall serve as the Board of Directors of that 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 for purpose of turning over administrative responsibility for each village community to the respective Associations not later than one hundred twenty (120) days after Lots representing seventy-five percent (75%) of all of the votes in all phases of The Pines at Sisters, PUD computed in accordance with Section 8.5 have been sold and conveyed to Owners other than Declarant. If Declarant does not call a meeting required by this Section within the required time, the Transitional Advisory Committee for each village community described in Section 8.9 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 particular Association.
- 8.9 Transitional Advisory Committee. Declarant or Owners within each village community shall form a Transitional Advisory Committee to provide for the transition from administrative responsibility by Declarant to administrative responsibility by the Associations. Not later than the sixtieth (60) day after the later of the date the Declarant has conveyed to Owners other than Declarant, fifty percent (50%) or more, of the Lots in the first or only phase of The Pines at Sisters, PUD or the date the Declarant has conveyed 10 Lots in The Pines at Sisters, PUD to Owners other than Declarant, Declarant shall call a meeting of owners for each village community for the purpose of selecting the Transitional Advisory Committees. The Transitional Advisory Committees shall consist of three or more members from each village community. The Owners, other than Declarant, shall select two or more members from each village community. Declarant may select no more than one member for each committee. The Transitional Advisory Committees shall have reasonable access to all information and documents which Declarant is required to turn over to the Associations under ORS 94.516.
- (a) Declarant's Failure to Call Meeting. An Owner may call a meeting of Owners to select the Transitional Advisory Committees 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 Committees as described above, Declarant shall have no further obligation to form the Transitional Advisory Committees.
- (c) Turnover meeting. The requirement for formation of the Transitional Advisory Committees shall not apply once the turnover meeting specified in Section 8.8 has been held.

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- 8.10 Declarant Control After Turnover. After the turnover meeting described in Section 8.8, Declarant shall continue to have the voting rights described in Section 8.5(b). In addition, a majority of the Board of Directors of the Associations 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 9

MAINTENANCE, UTILITIES AND SERVICES

- 9.1 Maintenance and Lighting. The Associations shall perform all maintenance upon, and where the Association deems appropriate, provide exterior lighting for the Common Areas Jointly Owned and/or Managed Property and all improvements situated thereon, including recreational facilities, provided that any such lighting shall require prior written consent of Declarant. Any improvements, maintenance, repairs or similar decisions and/or expenditures for the Jointly Owned and/or Managed Property shall be made in accordance with the Cotenancy Agreement.
- 9.2 Landscape Maintenance. The Associations are responsible for maintaining all landscaping on the Common Areas. Owner is responsible for maintaining all lawn within Owner's fenced pet area and other landscaping which is not original within Owner's Lot. Both installation and removal of any and all landscaping must be approved by the ARC for each village community prior to installation or removal. Lawns must be mowed on a regular basis during the spring/summer, and lawns, flowers and shrubbery must be kept free of weeds and watered as necessary. If the landscaping is not properly maintained, the Association for that village community reserves the right to perform whatever landscape maintenance may be required and charge the Owner directly.

All digging more than twelve inches (12") in depth must be approved by the ARC for that village community so that utility service lines will not be damaged. If damage occurs and the ARC has not approved the digging, the Owner will be responsible for the immediate costs of repair and/or any costs of long term damage.

- 9.3 Maintenance of Utilities. The Association of each village community shall perform or contract to perform maintenance of all private utilities within Common Areas, including but not limited to sanitary sewer service lines, domestic water service lines, storm water detention facilities, and storm drainage lines, except to the extent such maintenance is performed by the utilities furnishing such services. Any maintenance, repairs or similar decisions and expenditures for utilities located in or on Jointly Owned and/or Managed Property shall be made in accordance with the Cotenancy Agreement.
- 9.4 Road Maintenance. All streets within each village community are private streets owned by the respective Association. The Associations shall be responsible for maintenance and repair of such streets, the funding for which is paid for out of the Operating Assessments provided for in Section 10.

SECTION 10

ASSESSMENTS

- 10.1 Annual Operating Budgets. The Associations Board of Directors shall from time to time and at least annually prepare operating budgets for the Associations, taking into account the current costs of

maintenance and services, and future needs of the Associations, any previous over-assessment or under-assessment and any common revenues of the Associations. The budgets shall provide for such reserve or contingency funds as the Boards deem necessary or desirable or as may be required by law. The method of adoption of the budget shall be as provided in the Bylaws for each Association.

- 10.2 Operating Assessments. Each village community will have its own budget, operating costs, expenses, etc. Except as otherwise provided herein, all Lots within a village community shall be assessed equally for operating costs. The amount of the assessment per Lot shall be determined by dividing the annually budgeted expenses for that village community by the total number of Lots located with that village community.
- 10.3 Jointly Owned/Managed Property Assessments. Each Lot within a village community at The Pines at Sisters, PUD will be assessed for operating and other costs associated with the Jointly Owned and/or Managed Property. Each Lot within a village community shall be assessed equally for such costs in accordance with the provisions of the Cotenancy Agreement. In accordance with the provisions of the Cotenancy Agreement, the Associations shall cooperate to prepare an annual operating budget for the Jointly Owned and/or Managed Property, taking into account the current and future needs of the Associations, the current costs of maintenance and services, any previous over-assessment or under-assessment and any common revenues of the Associations. The method of adoption of the budget shall be as provided in the Cotenancy Agreement. Any capital improvement assessments for Jointly Owned and/or Managed Property shall be placed in a reserve account as described in Section 10.5 below.
- 10.4 Capital Improvement Assessments. The Associations 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 for that village community, 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 that particular village community on the same formula as set forth in Section 10.2. 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 \$300 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 in that village community 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.
- 10.5 Reserve Account for Replacing Common and Jointly Owned/Managed Property. Declarant shall establish reserve accounts for the common properties located within each village community and for the Jointly Owned and/or Managed Property which shall be called: Brooks Camp Village Common Property Reserve Account, Trout Creek Village Common Property Reserve Account and The Pines at Sisters, PUD Jointly Owned and/or Managed Property Reserve Account. These accounts shall be kept separate and apart from all other funds of the Associations. Except as provided in Section 10.5(b) below, these reserve accounts shall be used exclusively for replacement of items of common property or Jointly Owned and/or Managed property which will normally require replacement, in whole or in part, in more than three and less than thirty years and not for regular or periodic maintenance expenses.
 - (a) Reserve Account Assessments. Not less often than annually, the Associations shall inventory all items of common property which will normally require replacement, in whole or in part, in more

than three and less than thirty years, and shall estimate the remaining life of each item of common property and the current replacement cost of each of such items. The Associations may identify items for which reserve account assessments are required as those items which are insurable by a common carrier of all-purpose risk insurance. For the purpose of funding the common property reserve accounts described above, the Associations shall impose an assessment to be called the "Common Property Reserve Account Assessment" against each Lot in the village community based on the total number of Lots in that village community as shown on the final subdivision plat. The total Common Property Reserve Account Assessment shall take into account the current replacement cost of each item of common property, which has an estimated life of greater than three but less than thirty years and the estimated remaining life for such items of common property. For purposes of funding the Jointly Owned and/or Managed Property reserve account, the Associations shall impose an assessment to be called the "Jointly Owned/Managed Reserve Account Assessment" in accordance with the procedures set forth in the Cotenancy Agreement. Declarant shall not be required to pay any assessment under this Section 10.5 assessed to a Lot owned by Declarant until such date as the Lot is conveyed by the Declarant to an unaffiliated party in an arms-length transaction.

- (b) Loan From Common Property Reserve Account. After the turnover meeting described in Section 8.8, the Associations may borrow funds from the Common Property Reserve Accounts to meet high seasonal demands on the Associations' regular operating funds or to meet other temporary expenses. Funds borrowed to meet high seasonal demands or temporary expenses under this paragraph must be repaid from special or operating assessment within six months of the date such funds are borrowed.
 - (c) Increase, Reduction, or Elimination of Common Property Reserve Account Assessments. At any time after the second year after the turnover meeting described in Section 8.8, future assessments for the Common Property Reserve Accounts may be increased, reduced or eliminated by the vote of owners of Lots in that village community representing seventy-five percent (75%) of the votes computed in accordance with Section 8.5.
- 10.6 Special Assessments for Enforcement Expenditures. The Associations are authorized to obtain a Letter of Credit and impose a Special Assessment in the event the Associations should need to expend significant funds for legal expenses to enforce any provision of the Declaration, Bylaws, Rules and Regulations or ARC Guidelines and Rules.
- 10.7 Declarant's Assessments.
- (a) After the commencement of assessment payments as to any Lot, Developer covenants and agrees to pay the full amount of the assessments for each Lot that it owns; provided, however, that the Developer shall be required to pay only 50 percent of the assessments for unoccupied Lots that it owns.
 - (b) Notwithstanding anything to the contrary herein, the Developer may contribute assessments due from it in services or materials or a combination of services and materials, rather than in money (herein collectively called in-kind contribution) . The amount by which monetary assessments shall be decreased as a result of any in-kind contribution shall be the fair market value of the

contribution. If the Developer and the relevant Associations agree as to the value of any contribution, the value shall be as agreed. If the Association and the Developer cannot agree as to the value of any contribution, the Developer shall supply the Association with a detailed explanation of the service performed and material furnished, and the Association shall obtain bids for performing like services and furnishing like materials from three independent contractors approved by the Developer who are in the business of providing such services and materials. If the Association and the Developer are still unable to agree on the value of the contribution, the value shall be deemed to be the average of the bids received from the independent contractors.

- 10.8 Reallocation Upon Annexation or Withdrawal of Property. When additional property or phases are annexed to the village communities within The Pines at Sisters, PUD, the Association for that village community shall, within 60 days of the annexation, recompute the budget in accordance with Section 10.1 based upon the additional Common Areas and recompute assessments for each Lot based upon the formula set forth in Section 10.2. Assessments shall be due and payable on or before a date set forth in the notice which shall not be less than 30 days from the date that notice is mailed or at such other time or times set in accordance with this Declaration or the Bylaws as the Associations may specify in the notice. To the extent that any adjustment results in a credit for an Owner, such credit shall be applied towards the next occurring payment or payments on the annual assessment.
- 10.9 Payment of Assessments. The Associations 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 time 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 assessment's.
- 10.10 General Fund. The Associations shall keep all monies they 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.
- 10.11 Annual Accounting. Within a reasonable period of time following the close of each calendar year, the Associations for each community village 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 Associations at the close of such year. The Associations 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.
- 10.12 Creation of Lien and Personal Obligation of PUD Assessments. Declarant, for each Lot owned by it within any village community at The Pines at Sisters, PUD 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 respective Association all assessments or other charges as may be fixed, established, and collected from time to time in the manner provided in this Declaration, the respective Bylaws, the respective ARC Guidelines and Rules or the respective Rules and Regulations and the Cotenancy Agreement. Such assessments and charges, together with any interest, expenses or attorney fees imposed pursuant to Section 11.6, 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 in Section 11.

SECTION 11

ENFORCEMENT

- 11.1 **Use of Common Areas, Jointly Owned and/or Managed Property.** In the event any Owner, any member of an Owner's family, any tenant, guest or invitee of any Owner shall violate any provision of this Declaration, the respective Bylaws, the respective Rules or Regulations or the respective ARC Guidelines and Rules for that village community, then the respective Association, acting through its Board of Directors, may notify the Owner in writing that the violations exist and that such Owner is responsible for them, and may, after reasonable notice and opportunity to be heard, do any or all of the following: (a) suspend the Owner's voting rights and right to use the Common Areas and Jointly Owned and/or Managed Property for the period that the violations remain unabated, or for any period not to exceed sixty (60) days for any infraction of its Rules and Regulations, (b) bring suit or action against such Owner to enforce this Declaration, or (c) impose fines as provided in Section 11.7. Nothing in this Section, however, shall give the Association the right to deprive any owner of access to and from such Owner's Lot.
- 11.2 **Nonqualifying Improvements and Violations of Covenants.** In the event any Owner constructs or permits to be constructed on such Owner's Lot an improvement contrary to the provisions of this Declaration, the respective ARC Guidelines and Rules or the respective Rules and Regulations or causes or permits any improvements, activity, condition or nuisance contrary to the provisions of this Declaration, the respective ARC Guidelines and Rules or the respective Rules and Regulations, including the occupancy requirements and age verification obligations, to remain uncorrected or unabated on such Owner's Lot, then the Association for that particular village community, acting through the Board, may notify the Owner in writing of any such specific violations and may require the Owner to remedy or abate the same in order to bring the Owner's Lot, the improvements thereon, and the Owner's use thereof, into conformance. If the Owner is unable, unwilling, or refuses to comply with the Association's specific directives or remedy or abatement, or the Owner and the Association cannot agree to a mutually acceptable solution within the framework and intent of this Declaration, after notice and opportunity to be heard and within sixty (60) days of written notice to the Owner, then the Association acting through the Board, shall have, in addition to any other rights or remedies provided in this Declaration, at law or in equity, the right to do any or all of the following:
- (a) **Remove Cause of Violation.** Enter onto the offending Lot, without being subject to any trespass, conversion or any other claim for damages, and remove the cause of such violation, or alter, repair or change the item which is in violation in such a manner as to make it conform thereto, in which case the Association may assess such Owner for the entire cost of the work done.
 - (b) **Suit or Action.** Bring suit or action against the Owner on behalf of the Association and other Owners to enforce this Declaration, the respective ARC Guidelines and Rules or the respective Rules and Regulations.

- (c) Fines. Impose one or more fines as provided in Section 11.7.
- 11.3 Default in Payment of Assessments; Enforcement of Lien. If an assessment, fine or other charge levied under this Declaration is not paid within thirty (30) days of its due date, such assessment or charge shall become delinquent and shall bear interest from the due date until paid at the rate set forth below and, in addition, the Association for that village community may exercise any or all of the following remedies:
- (a) Suspension of Rights; Acceleration. The Association may suspend such Owner's voting rights, and right to use the Common Areas and Jointly Owned and/or Managed Property 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 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 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, the respective Bylaws, the respective ARC Guidelines and Rules or the respective Rules and Regulations 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 of liens established on real property under ORS Chapter 87 shall apply to the Association's lien. The lien shall be foreclosed in accordance with the provisions regarding the foreclosure of liens under ORS Chapter 88. 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 Association may bring an action to recover a money judgment for unpaid assessments and charges without foreclosing or waiving the lien described in Section 11.3(b). 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 Association shall have any other remedy available to it by law or in equity.
- 11.4 Notification of First Mortgagees. The Board of Directors may notify any first mortgagee of any Lot of any default in performance of this Declaration by the Lot Owner which is not cured within sixty (60) days.
- 11.5 Subordination of Lien to First Mortgages. The lien of the assessments or charges provided for in this Declaration shall be subordinate to the lien of any first mortgage on such Lot which was made in good faith and for value and which was recorded prior to the recordation of the notice of lien. Sale or transfer of any Lot shall not affect the assessment lien, provided however, that if a first mortgagee acquires a Lot by foreclosure or deed in lieu of foreclosure, such mortgagee and a subsequent purchaser (other than the Owner liable for payment of the assessment covered by the lien) shall not be liable for any of the common expenses chargeable to the Lot which became due before the mortgagee or purchaser acquired

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title to the Lot by foreclosure or deed in lieu of foreclosure. Such sale or transfer, however, shall not release the Lot from liability for any assessments or charges thereafter becoming due or from the lien of such assessments or charges.

- 11.6 Interest, Expenses and Attorney Fees. Any amount not paid to the respective Association when due in accordance with this Declaration shall bear interest from the due date until paid at the rate of 12 percent per annum. A late charge may be charged for each delinquent assessment in an amount to be established from time to time by resolution of the Board of the particular Association not to exceed 10 percent of such assessment. In the event the Associations 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 of the Association. In the event the Associations shall retain legal counsel to collect an assessment or shall bring any suit or action to enforce this Declaration, the Bylaws, ARC Guidelines and Rules or Rules and Regulations, or to collect any money due or to foreclose a lien, the Owner-defendant shall pay to the particular 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.
- 11.7 Fines. The Board may establish a schedule of fines applicable to violations of this Declaration, the Bylaws, the ARC Guidelines and Rules or the Rules and Regulations. 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 days after receipt of written notice of the imposition of the fine. All fines shall be deposited in the Association's operating account.
- 11.8 Nonexclusive and Accumulation of Remedies. An election by the Associations to pursue any remedy shall not prevent concurrent or subsequent exercise of another remedy permitted hereunder or by law. The remedies provided in this Declaration are not exclusive but shall be in addition to all other remedies, including actions for damages and suits for injunctions and specific performance, available under applicable law to the Associations. In addition, any aggrieved Owner may bring an action against another Owner to recover damages or to enjoin, abate, or remedy any violation of this Declaration by appropriate legal proceedings.

SECTION 12

MISCELLANEOUS PROVISIONS

- 12.1 Amendment and Repeal. This Declaration, or any provision thereof, as from time to time in effect with respect to all or any part of the village communities of The Pines at Sisters, PUD may be amended or repealed by the vote or written consent of Owners of The Pines at Sisters, PUD 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 Associations 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, or change the

boundaries of any Lot or any uses to which any Lot is restricted unless the Owners of the affected Lot unanimously consent to the amendment.

- 12.2 Regulatory Amendments. Notwithstanding the provisions of Section 12.1 above, until termination of the Class B membership, Declarant shall have the right to amend this Declaration or the Bylaws of the Associations in order to comply with the requirements of any applicable statute, ordinance, or regulation or of the Federal Housing Administration, the Veterans Administration, the Farmers Home Administration, 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 States or the State of Oregon which insures, guarantees or provides financing for a planned community or lots in a planned community.
- 12.3 Duration. This Declaration shall run with the land and shall and remain in full force and effect at all times with respect to all property included in The Pines at Sisters, PUD and the Owners thereof for an initial period of thirty (30) years commencing with the date on which this document 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 The Pines at Sisters, PUD and the Owners thereof for successive additional periods of ten (10) years each. The continuation from that initial or any additional period into the next subsequent period shall be automatic and without the necessity of any notice, consent or other 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 of The Pines at Sisters, PUD owning not less than seventy-five percent (75%) of the Class A votes and the vote or written consent of the Class B member, if any, and the written approval of the holders of mortgages on Lots to the extent required by Section 12.4. 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 terminations as of a specified termination date has been approved in the manner, required herein, is duly acknowledged and recorded in the official records of Deschutes County, Oregon. Such termination on shall not have the effect of denying any Owner access to such Owner's Lot unless such Owner and any mortgage of such Lot have consented in writing to the termination.
- 12.4 Right of Mortgagees Relating to Maintenance. At any time that the Common Areas or Jointly Owned and/or Managed Properties are not maintained or repaired by the Associations to the extent reasonably necessary to protect and preserve the value of mortgaged property for security purposes, then the mortgagee of record, upon giving written notice as hereinafter provided, shall be entitled to exercise the right of the Owner of the Lot as a member of the respective Association to vote at all regular and special meetings of the members of the respective Association for a period of one year following the date of such notice. During this one-year period, the Association shall give notice of all regular and special meetings to both the Owner and the mortgagee and the Owner may attend such meetings as an observer. Notice from the mortgagee under this section shall quote this Section 12.4 and shall be sent postage prepaid by certified United States mail, return receipt requested, to the Owner with a copy by regular mail to the Association at the last known address of each.
- 12.5 Joint Owners. In any case in which two or more persons share the ownership of any Lot, regardless of the form of ownership, the responsibility of such person to comply with this Declaration, the respective

Bylaws, the respective ARC Guidelines and Rules and the respective Rules and Regulations shall be a joint and several responsibility and the act of consent of any one or more of such persons shall constitute the act or consent of the entire ownership interest; provided, however, that in the event such persons disagree among themselves as to the manner in which any vote or right of consent held by them shall be exercised with respect to a pending matter, any such person may deliver written notice of such disagreement to the respective Association, and the vote or right of consent involved shall then be disregarded completely in determining the proportion of votes or consents given with respect to such matter.

- 12.6 Tenants and Other Invitees. Tenants, guests, invitees, contractors, family members, and other persons entering any of the village communities within The Pines at Sisters, PUD under rights derived from an Owner shall comply with all of the provisions of this Declaration, the Bylaws, the ARC Guidelines and Rules, the Rules and Regulations for that village community and the Cotenancy Agreement restricting or regulating the Owner's use, improvement, or enjoyment of such Owner's Lot and other areas within The Pines at Sisters, PUD. 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.
- 12.7 Nonwaiver. Failure by the respective 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.
- 12.8 Construction; Severability. This Declaration and all declarations annexing property to the village communities within The Pines at Sisters, PUD shall be liberally construed as one document to accomplish the purpose stated in the introductory paragraphs hereof. Nevertheless, each provision of this Declaration and all declarations annexing property to the village communities at The Pines at Sisters, PUD 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.
- 12.9 Number. As used herein, the singular shall include the plural and the plural the singular, and the masculine neuter shall each include the masculine, feminine and neuter, as the context requires.
- 12.10 Captions. All captions used herein are intended solely for convenience of reference and shall in no way limit any of the provisions of this Declaration.
- 12.11 Notices and Other Documents. All notices and other communications under this Declaration shall be in writing and shall be deemed to have been given on the day of delivery when delivered by personal service and to have been given three business days after delivery to the United States mails certified or registered mail, return receipt requested, addressed to the party to which such notice is directed at its address determined as provided in this Section 12.11.
- (a) Addresses. All notices and other communications under this Declaration shall be given to the parties hereto at the following addresses:
- (i) If to an Owner, then to the last address for such Owner shown in the Association records.
- (ii) If to Declarant or to either Association, then to Declarant at:

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The Pines of Sisters, LLC
P.O. Box 40
Sisters, Oregon 97759
Attn: Cheresse Howard

and to either Association at

Brooks Camp Village Owners Association
612 N. Brooks Camp Road
Sisters, Oregon 97759

Trout Creek Village Owners Association
612 N. Brooks Camp Road
Sisters, Oregon 97759

- (b) Change of Address. Any party hereto may change the address which notices shall be directed by giving ten days written notice of such change delivered as provided herein.

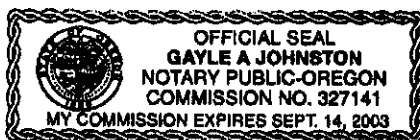
IN WITNESS WHEREOF, Declarant has executed this Declaration the date first above written.


**THE PINES OF SISTERS, LLC, an Oregon
limited liability company**

By 
ELDON J. HOWARD, Member

STATE OF OREGON)
) ss.
County of Deschutes)

The foregoing instrument was acknowledged before me on this 22nd day of June, 2000, by ELDON J. HOWARD as a Member of The Pines of Sisters, LLC.




Notary Public for Oregon

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Exhibit "A"

The Pines at Sisters, P.U.D. legal description:

The Pines at Sisters, P.U.D. is in a portion of Lot 3 of the Plat of Section 5 Subdivision (CS #09689) located in the West one-half of the West one-half of the Southeast one-quarter (W1/2 W1/2 SE1/4) of Section 5, in Township 15 South, Range 10 East, Willamette Meridian, Deschutes County, Oregon, and which is more particularly described as follows:

Beginning at the "initial point" being a 5/8" iron rod with yellow plastic cap marked "HWA" which bears North 02°58'22" East, 487.94 feet from a 2-1/2" brass cap marking the South one-quarter corner of said Section 5; thence North 00°19'01" West, 1055.68 feet; thence North 89°40'59" East, 54.75 feet; thence 22.48 feet along a 90.00 foot radius curve to the left, the long chord of which bears North 82°31'40" East, 22.42 feet; thence 271.06 feet along the arc of a 622.73 foot radius non-tangent curve to the right, the long chord of which bears North 45°55'33" East, 268.92 feet; thence South 31°26'37" East, 621.66 feet; thence South 00°46'44" West, 723.18 feet; thence North 89°15'15" West, 578.85 feet to the point of beginning, the terminum of this description.

SUBJECT TO: All easements, restrictions, and right-of-ways of record and those common and apparent on the land.

Contains 14.23 acres, more or less, of which 2.17 acres are to be dedicated as public streets, 1.85 acres are to be created as private ways, and 2.46 acres are to be created as common areas per this plat.

The foregoing property includes, but is not limited to Lots 1 through 79 and all common areas as set forth in the recorded plat of The Pines at Sisters, P.U.D., in the office of the County Clerk for Deschutes County, Oregon, on January 11, 2000, which is filed in Plat Cabinet No. E-371.

200.24959-29

COTENANCY AGREEMENT

THIS AGREEMENT is entered into as of the 23rd day of June, 2000, by **BROOKS CAMP VILLAGE OWNERS ASSOCIATION, INC. AT THE PINES AT SISTERS** ("BROOKS CAMP") and **TROUT CREEK VILLAGE OWNERS ASSOCIATION, INC. AT THE PINES AT SISTERS** ("TROUT CREEK").

The parties are joint owners and/or managers of property located in Deschutes County, Oregon which is a part of The Pines at Sisters, PUD, as filed in the office of the County Clerk for Deschutes County, Oregon on January 11, 2000 in Plat Cabinet # E-371. The "Jointly Owned and/or Managed Property" as used herein shall consist of the Jointly Owned and/or Managed Property as described in the declarations of Covenants, Conditions, and Restrictions for the Pines at Sisters to which this Agreement is attached (the "Declaration"). The parties desire to enter into an agreement setting forth their rights and obligations with respect to the Jointly Owned and/or Managed Property.

IT IS, THEREFORE, AGREED AS FOLLOWS:

1. Ownership Interests.

Each of the parties owns the following undivided interest in the jointly-owned portion of the Jointly Owned and/or Managed Property as tenants in common:

Brooks Camp	-	68% (54 of 79 lots)
Trout Creek	-	32% (25 of 79 lots)

The foregoing ownership percentages shall be adjusted to the extent that Lots are added to or removed from the Pines at Sisters, PUD and either of the Associations. For example, if ten more lots were added to Brooks Camp, then Brooks Camp would own 72% (64 of 89 lots) and Trout Creek 28% (25 of 89 lots). All percentages shall be rounded to the nearest whole number.

2. Term of Agreement.

This Agreement shall be binding upon the parties from the date hereof and shall be terminated only when the Jointly Owned and/or Managed Property has been sold and the proceeds distributed or as terminated pursuant to the terms of this Agreement.

3. Accounting

(a) Allocation of Expenses and Revenues.

The parties agree to pay and receive, as the case may be, their respective shares of any and all expenses or revenues arising out of or in connection with the Jointly Owned and/or Managed Property in proportion to their ownership interests; provided, however, it is anticipated

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that any revenue shall be placed in one of the accounts described in Section 4 below to defray future expenses.

(b) **Record Keeping.**

The parties may, from time to time by agreement, designate one of the parties or a third party to maintain the records, pay the expenses, deposit the income and render an accounting to the parties. The parties hereby designate Brooks Camp to fulfill the foregoing duties.

4. **Joint Management.**

(a) **Duties and Powers.**

All decisions regarding the management, maintenance, repair, upgrades and other management issues, including budgeting and setting the amount of assessments shall be made by vote of the parties. All meetings of the parties shall be open to the Owners to the same extent required under Oregon law for meetings of the Board of Directors of a homeowners association and the procedural requirements for such Board of Directors meetings outlined in the Bylaws of the Associations shall be observed to the extent applicable.

(b) **Annual Operating Budgets.**

The parties shall from time to time, and at least annually, prepare operating budgets for the Jointly Owned and/or Managed Property, taking into account the current costs of maintenance and services, and future needs of the parties, any previous over-assessment or under-assessment and any revenue. The Budget shall provide for such reserve contingency funds as the parties deem necessary or desirable or as may be required by law. The amount of the total assessment per Lot shall be determined by dividing the annually budgeted expenses for the Jointly Owned and/or Managed Property by the total number of Lots located in The Pines at Sisters, PUD. Each Lot within The Pines at Sisters, PUD shall be assessed equally for such costs.

(c) **Operating Assessments.**

Upon determination of the annual assessment, the parties shall cause their respective Associations to collect such assessment (and as needed to enforce collection) from the Owners as provided for collection and enforcement of assessments in the Declaration. All assessments collected shall be placed in The Pines at Sisters, PUD Jointly Owned and/or Managed Property Reserve Account.

(d) Capital Improvement Assessment.

The parties 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 Associations, and for that purpose may impose a special assessment to be called a "Capital Improvement Assessment." Any such assessment shall be assessed equally to all the Lots of the Associations under the same formula for "Annual Operating Budgets" as provided in subparagraph 4(b) above and shall be collected in the same manner as "Operating Assessments" as provided in subparagraph 4(c) above. Notwithstanding the foregoing, 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 \$300 per Lot, unless approved by the vote or written consent of the Class B member of each Association, if any, and by not less than sixty percent (60%) of the combined votes of the Class A members of all homeowners in Brooks Camp and Trout Creek (i.e. 60% of all homeowners combined and not 60% of homeowners in each Association) 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.

5. Use.**(a) Rules and Regulations.**

The Rules and Regulations of Brooks Camp and Trout Creek in effect as of the date of this Cotenancy Agreement are attached hereto as Exhibit 1. Such Rules and Regulations shall govern the use of all Jointly Owned and/or Managed Property during the term of this Cotenancy Agreement, unless the Rules and Regulations of both parties are amended in the same way for the same matter, in which case such amendment shall then govern the use of Jointly Owned and/or Managed Property.

(b) Access Rights.

Each owner shall have access to the Jointly Owned and/or Managed Property to the same extent as any Common Area within their respective village communities, subject to such scheduling procedures as the parties may put into effect.

6. Voting Rights.

All decisions to be made by the parties under the terms of this Agreement shall be by a vote of the parties. The parties shall be represented by the Presidents of the respective Associations for all voting. Unless specifically provided otherwise, an affirmative vote of more than 50 percent of the undivided interests shall be required for any action to be taken under the terms of this Agreement. Each party shall have a vote equal to such party's percentage undivided interest in the Jointly Owned and/or Managed Property. The entire undivided interest of each party shall be voted as one unit.

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7. **Dissolution.**

It is not anticipated that this cotenancy be dissolved so long as the Associations remain in existence, however this Cotenancy Agreement may be dissolved and terminated by agreement of the parties. In such event, the Jointly Owned and/or Managed Property shall either be sold, and the net proceeds divided among the parties in accordance with their respective percentage interest in the Jointly Owned and/or Managed Property, or one party's interest may be conveyed to the other as provided by the terms of this Agreement. The parties hereby irrevocably waive their rights to maintain any action for partition of any jointly-owned portions of the Jointly Owned and/or Managed Property or to otherwise compel the sale thereof which the parties may have under Oregon law as now existing or subsequently enacted.

8. **Liens.**

(a) Any lien or encumbrance on a party's undivided interest, including, but not limited to, any judicial attachment, any judgment lien, any lien arising out of the order or judgment of any court, any lien in connection with taxes claimed due by any governmental unit, and any lien arising under federal or state bankruptcy or insolvency laws, shall be discharged by the party whose interest is affected, within 10 days after the lien is filed or otherwise becomes effective.

(b) The failure to discharge the lien within the stated time shall constitute a default and, at the other party's election, be treated as an offer to sell the defaulting party's undivided interest in the Jointly Owned and/or Managed Property as provided in Section 10 below. In addition, the non-defaulting party shall have the right, but not the obligation, to pay all amounts required to remove the encumbrance and to receive from the defaulting party reimbursement for such payment on demand, including interest at the highest lawful rate.

9. **Default.**

The failure of a party to pay such party's share of any expense or to perform any other obligation under: (a) this Agreement; or (b) pursuant to a decision of the parties, shall constitute a default. In the event of a default, the non-defaulting party shall be entitled to pursue the remedies provided in paragraph 8(b) above, and in addition, all available remedies at law or in equity.

10. **Restrictions on Transfer.**

No party shall sell, convey, give, transfer or otherwise dispose of such party's interest in the Jointly Owned and/or Managed Property in any manner whatsoever except to be the other party to this Agreement and no such conveyance may be made without: 1) complying with the applicable provisions of Oregon law, the Declaration and the party's Bylaws regarding alienation of common property; and 2) following the procedures outlined in this paragraph 10:

(a) When any cotenant wishes to withdraw as a co-owner, the withdrawing party shall give written notice of such party's intent to withdraw to the other cotenant ("the remaining party"). The remaining party shall have the option of purchasing the interest of the withdrawing party for the price and on the terms hereinafter set forth.

(b) The parties shall attempt to agree on a price for the withdrawing party's interest. If the parties are unable to agree upon a price within 30 days after the notice of intent to withdraw, the price shall be determined on the basis of an appraisal by an MAI appraiser familiar with real property values for similar facilities in Central Oregon. If the parties are unable to jointly select the appraiser, the selection shall be made by the Central Oregon Board of Realtors.

(1) The appraiser shall determine the fair market value of the Jointly Owned and/or Managed Property within 30 days of his or her selection, and such determination shall be binding on the parties.

(2) The purchase price of the withdrawing party's interest shall be a percentage of the fair market value of the Jointly Owned and/or Managed Property as determined by the appraisal equal to the withdrawing party's percentage interest in the Jointly Owned and/or Managed Property taking into account any appropriate discounts for minority ownership and lack of marketability.

(3) The costs of the appraisal shall be divided equally between the parties.

(c) Upon determination of the purchase price, the remaining party shall have 90 days to exercise its option to purchase the interest of the withdrawing party by delivery of written notice of exercise; provided that the remaining party shall follow all applicable provisions of Oregon law, the Declaration and such party's Bylaws respecting the acquisition of common property prior to exercise. In the event the remaining party fails to exercise its option to purchase the interest of the withdrawing party, both parties shall continue as co-tenants under the terms of this Agreement with no right to sell, transfer, convey, or otherwise dispose of each such party's interest except as provided herein for conveyance to a party to this Agreement.

(d) Closing of the sale of the withdrawing party's interest shall occur within 30 days after the remaining party exercises its option to purchase. Twenty percent (20%) of the purchase price shall be paid at closing, and the balance of the purchase price shall be payable in equal annual installments over the next 5-year period, with the first installment due 12 months from the date of closing. Interest on the unpaid principal balance shall accrue at the rate of 12 percent per annum and shall be paid with each annual installment. The remaining party's obligation to pay the purchase price for the withdrawing party's interest shall be evidenced by a note and secured by a standard form trust deed to be executed at the closing.

(e) Any attempted gift, sale, conveyance, transfer or other disposition of a party's interest in the Jointly Owned and/or Managed Property in violation of this Agreement shall be

void and deemed to constitute an election to withdraw from the cotenancy on the date the remaining party has actual knowledge of the attempted disposition.

(f) In the event of any sale of a jointly-owned portion of the Jointly Owned and/or Managed Property to a party, the rights for the use of such Jointly Owned and/or Managed Property of the members of the withdrawing party shall cease and the purchased Jointly Owned and/or Managed Property shall be treated as a Common Area of the remaining party.

11. Declaration of Cotenancy.

The parties intend that their relationship with respect to the Jointly Owned and/or Managed Property shall be a tenancy in common and that no provision of this Agreement be construed as establishing a partnership, joint venture or other entity.

12. Notices.

All notices shall be in writing and shall be given by registered or certified mail, postage prepaid, addressed to each party at such party's permanent residence, or at such other address as any party may hereafter designate in writing delivered to the other party.

13. Entire Agreement.

This Agreement contains the entire agreement of the parties and supersedes all prior and contemporaneous agreements between them with respect to the cotenancy. Except as fully set forth herein, there are no representations, agreements, or understandings, oral or written, among the parties relating to the cotenancy.

14. Severability.

If any term or provision of this Agreement shall to any extent be invalid or unenforceable, the remainder of this Agreement shall not be affected thereby, and each term or provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

15. Attorney Fees.

If any dispute arises in connection with (a) the interpretation of this Agreement or (b) any issues related to the U.S. Bankruptcy Code (whether or not such issues relate to the terms of this Agreement), the prevailing party in any such dispute will be entitled to recover all of its attorney fees, paralegal fees, costs, disbursements, and other expenses from the non prevailing party, including, without limitation, those arising before and at any trial, arbitration, bankruptcy or other proceeding, and in any appeal.

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16. **Binding Effect.**

This Agreement shall be binding upon and shall inure to the benefit of each of the parties, their respective heirs, executors, administrators, legal representatives, successors and assigns.

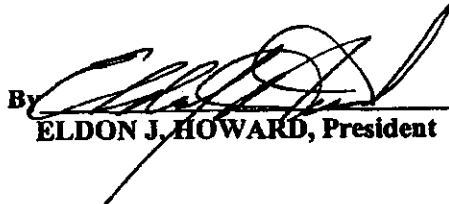
17. **Capitalized Terms.**

Capitalized terms used in this Agreement shall have the same meaning as set forth in the Declaration, unless this Agreement specifically provides a new definition for any such capitalized term, in which case the new definition as set forth in this Agreement shall control.

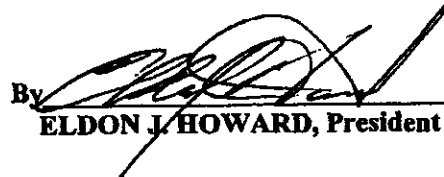
18. **Amendments.**

This Agreement may be amended by a majority vote of the parties. Any amendment must be in writing and must be recorded in the real property records of Deschutes County to the extent allowed by applicable law. Notwithstanding the foregoing, this Agreement may not be amended in any manner which is inconsistent with the Declaration except by unanimous vote of the parties and no such amendment shall be effective until the Declaration is amended to eliminate any inconsistency.

"BROOKS CAMP"

By 
ELDON J. HOWARD, President

"TROUT CREEK"

By 
ELDON J. HOWARD, President