

PLAN OF SUNRIVER

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PLAN OF SUNRIVER

(A Statement of the plan of Sunriver Properties, Inc., for the development of portions of Sunriver, containing among other things provisions which will subject portions thereof to certain easements, restrictions, assessments, fines, penalties and liens.)

Objectives

Sunriver is a development consisting of approximately 5,500 acres located in Deschutes County, Oregon. Sunriver is owned by Sunriver Properties, Inc., an Oregon corporation, the "Developer."

Developer hopes to create in Sunriver a carefully planned community which will provide an unusually attractive place to live, appealing especially to sports enthusiasts, outdoorsmen, retirees, artists and others attracted to the Central Oregon country. Developer presently plans to organize within Sunriver a number of residential areas, each of which will consist of a separate "village." Each village will have its own development plan and its own restrictions as to use of property within the village. Other areas within Sunriver may be devoted to commercial and other service facilities, to various recreational purposes, to schools, and conceivably even to use by new Central Oregon light manufacturing or research and development industries.

The villages probably will be quite diverse in character. For example, some villages may be designed for persons desiring to acquire lots for single family dwelling house purposes; others may be designed for use as condominiums or for buildings suitable for multiple family occupancy; still others may embrace a mixture of several dwelling concepts.

Developer conceives that those living in Sunriver may enjoy many advantages on a relatively economical basis through provision for shared-costs of common recreational and service

facilities. Therefore, Developer expects to provide in some of the villages common areas which will be available for use by all of the residents of Sunriver and their guests. Special recreational facilities suitable for common use, with or without charge, may be established on some of the common areas. Also, recreational areas for use by all of the residents of Sunriver and their guests may be established outside of the villages.

By providing standards for the improvement of private areas within Sunriver, Developer hopes to assure that property within Sunriver will have maximum value for those who acquire it. By requiring proper maintenance of improvements and grounds within private areas within Sunriver, Developer hopes to prevent deterioration in the value of property as the result of carelessness on the part of any property owner in Sunriver.

The Developer will provide leadership in organizing and administering the Sunriver villages during the development period but expects property owners in Sunriver to accept responsibility for community administration by the time the development is complete. By the time the development is complete the Developer will have conveyed to The Sunriver Association title to all common areas and private ways in the villages.

Funds for the maintenance and development of common areas, private ways and certain other areas generally will be provided through assessments against those who purchase property in the villages, although to assist with the development of Sunriver Developer may from time to time itself provide some improvements. For the protection of all owners of property in the villages there will be a system designed to assure that each person who purchases property in a village will pay his share of the moneys necessary for the maintenance and development of common areas, private ways, leased scenic areas and semipublic recreational or service areas.

By adoption of the Plan of Sunriver, Developer is not committing itself to take any action for which definite provision is not made below. Developer expects to make each village created pursuant to this plan a development which will be attractive in itself. One who acquires property in a particular village will have the advantage of any further development of Sunriver, but shall not have any legal right to insist that there be development except as provided in the instrument creating the village in which he acquires property and except as otherwise specifically provided in this plan and in instruments which hereafter may be filed subjecting areas in Sunriver to this plan.

The following is the Plan of Sunriver:

SECTION 1

Definitions

When used herein the following terms shall have the following meanings:

1.1 "Administrator of Sunriver" and "Administrator" shall mean Developer until such time as Developer has delegated and assigned to The Sunriver Association all of Developer's powers and responsibilities given to or imposed upon it hereunder, has conveyed to The Sunriver Association all of its right, title and interest in the common areas, private ways, private recreational areas, leased scenic areas and semipublic recreational or service areas in all of the villages in Sunriver and has transferred to The Sunriver Association all moneys in the maintenance fund, after which the Administrator of Sunriver shall be The Sunriver Association.

1.2 "Common area" shall mean any area which is designated as such in a subdivision plat of a village or in a Sunriver declaration.

1.3 "Condominium" shall mean any property submitted to unit ownership in the manner provided by ORS 91.505 through 91.675 as such statutes may be amended.

1.4 "Design Committee" shall mean the committee appointed pursuant to the provisions of Section 8 herein.

1.5 "Developer" shall mean Sunriver Properties, Inc., its successors or assigns.

1.6 "Guest" shall mean any person who is in Sunriver, at the invitation of a resident of Sunriver and who, to the extent required by the Sunriver Rules and Regulations, either is accompanied by a resident of Sunriver or has in his possession a guest card issued by the Administrator of Sunriver which has not expired.

1.7 "Leased scenic area" shall mean any area owned and held by the Administrator of Sunriver for the benefit of residents of Sunriver as provided in Section 4.7 herein.

1.8 "Maintenance assessment" shall mean any assessment imposed in accordance with the provisions of Section 7 herein.

1.9 "Maintenance fund" shall mean the fund to be established pursuant to Section 7 herein.

1.10 "Plan of Sunriver" shall mean this instrument together with any amendments or supplements thereto.

1.11 "Private area" shall mean any area which is designated as such in a subdivision plat of a village or in a Sunriver declaration.

1.12 "Private recreational area" shall mean any portion of a common area which is leased to unit owners for recreational purposes as provided in Section 4.5 herein.

1.13 "Private way" shall mean any area which is designated as such in a subdivision plat of a village or in a Sunriver declaration.

1.14 "Resident of Sunriver" shall mean any person who is a unit owner or the lessee of a unit, together with members of his immediate family, provided that a person shall be a "resident of Sunriver" only during periods in which he is in possession of his unit.

1.15 "Semipublic recreational or service area" shall mean any area devoted to a service or recreational facility which is made available for use by the public as well as by residents of Sunriver as provided in Section 4.6 herein.

1.16 "Sunriver" shall mean the real property described in Exhibit A attached hereto together with any additional area which hereafter may be owned by Developer any portion of which shall lie within 10 miles of any portion of the property described on Exhibit A and with respect to which Developer has filed a declaration in the records of deeds of Deschutes County, Oregon, providing that such property shall be part of Sunriver.

1.17 "The Sunriver Association" shall mean the association to be organized by Developer pursuant to the provisions of Section 10 herein.

1.18 "Sunriver declaration" shall mean any instrument provided for in Section 2 for the subjection of an area within Sunriver to the Plan of Sunriver.

1.19 "The Sunriver Rules and Regulations" shall mean the rules and regulations adopted as provided in Section 6 herein.

1.20 "Unit" shall mean each lot described in any subdivision plat of a village which is designated as a private area, any condominium unit within a village and any single family dwelling unit within any multiple occupancy building contained within a village. Developer may specify additional areas which shall constitute "units" in any instrument subjecting property within Sunriver to this Sunriver Plan. If in any case a unit owner shall

have consolidated a lot or portion thereof with another lot in the manner set forth in Section 5 herein, then the area consolidated shall be considered one unit. Lots may be classified into two parts - the "buildable area" and the "open area." "Unit" means both the buildable area and open area of any lot which otherwise constitutes a unit.

1.21 "Unit owner" shall mean the person or persons who hold legal title to any unit unless provision is made in the instrument creating a village that a lessee or other person entitled to possession of a unit shall be the unit owner, in which case the person so designated shall be the unit owner.

1.22 "Village" shall mean any area subjected to the Plan of Sunriver in the manner provided in Section 2 which contains private areas for residential use, together with any areas which may be annexed thereto.

1.23 "Village association" shall mean any association organized by or with the approval of the Administrator of Sunriver for a particular village in such manner as to entitle at least one of the unit owners of each unit within the village to membership in the association by virtue of his being a unit owner.

"Village association" shall include any association of unit owners organized pursuant to the provisions of ORS 91.505 to 91.675 for the administration of a condominium subject to the Plan of Sunriver.

SECTION 2

Subjection of Property to the Plan of Sunriver

Property within Sunriver may be subjected to the Plan of Sunriver by either of the following methods:

2.1 Filing of declaration. Developer may file a declaration in the records of deeds of Deschutes County, Oregon, providing that a particular area shall be subject to the Plan of Sunriver; or

2.2 Statement in lease. Developer may state in any lease that an area described in the lease shall be subject to the Plan of Sunriver.

SECTION 3

Withdrawal of Property from the Plan of Sunriver

3.1 Method of withdrawal. An area which has been subjected to the Plan of Sunriver may be withdrawn therefrom by either of the following methods:

(a) The owners of all of the property in an entire area subjected to the Plan of Sunriver pursuant to a declaration as provided in Section 2.1 hereof may file a declaration stating that the area is withdrawn from the Plan of Sunriver.

(b) Property subjected to the Plan of Sunriver pursuant to a lease as provided in Section 2.2 hereof shall be withdrawn from the Plan of Sunriver automatically upon termination or expiration of the lease pursuant to which the property was subjected to the Plan of Sunriver except to the extent that provision to the contrary is made in such lease.

3.2 Effect of withdrawal. Withdrawal of an area from the Plan of Sunriver shall have the following effects:

(a) No person who does not own property within the area which is withdrawn shall any longer be entitled to use any of the common areas within the area withdrawn.

(b) Unit owners within the area which has been withdrawn shall no longer be entitled by virtue of ownership of their units and of the provisions of this Plan of Sunriver to use any common areas or semipublic recreational or service areas in any area which remains subject to the Plan of Sunriver.

(c) Following withdrawal of an area from the Plan of Sunriver the Administrator of Sunriver shall no longer expend

moneys from the maintenance fund for any purpose within the area which is withdrawn except for the maintenance of any private ways referred to in subparagraph (e) of this Section 3.2, even though some part of such fund was contributed by unit owners within the area which has been withdrawn.

(d) Unit owners within the area which has been withdrawn shall no longer be subject to maintenance assessments. They shall, however, remain liable for all maintenance assessments due prior to the time of withdrawal and withdrawal shall not affect the right of the Administrator of Sunriver to enforce assessments made prior to the time of withdrawal by imposition of a lien or otherwise.

(e) The Administrator of Sunriver may vacate any private ways within the area which is withdrawn which are not necessary for the purpose of providing access to a unit by a unit owner whose unit remains subject to the Plan of Sunriver. Within such limits the Administrator may vacate a private way by filing a declaration to that effect in the Records of Deeds of Deschutes County, Oregon setting forth with particularity the private ways which are vacated. Following vacation the Administrator shall not expend moneys from the maintenance fund for the maintenance of the private ways which were vacated.

SECTION 4

Land Classifications and Uses within Sunriver

4.1 Classifications presently contemplated. Land classifications presently contemplated within areas to be subjected to the Plan of Sunriver are private areas, common areas, private ways, public roads and streets, private recreational areas, semipublic recreational or service areas, and leased scenic areas. Developer reserves the right to create and make provision for additional

land classifications in any Sunriver declaration: The Administrator of Sunriver will hold and retain title to common areas, private ways, private recreational areas, leased scenic areas and semipublic recreational or service areas subject, however, to the right of residents of Sunriver and others to use such areas as herein provided.

4.2 Private areas. Restrictions on and rules and regulations governing the use of private areas within a particular village shall be set forth in the Sunriver declaration used to create the village. By accepting a deed or lease to a private area within a village the grantee will be deemed to have covenanted that he will use and permit the use of the property only in accordance with, and that he will abide by and cause all those who come upon his premises to abide by the restrictions, covenants and conditions contained in the Plan of Sunriver and in the Sunriver declaration creating the village and in the rules and regulations promulgated thereunder, that he will pay to the Administrator of Sunriver all amounts provided for in the Plan of Sunriver and in such Sunriver declaration and that his property will be subject to a lien or liens as provided in such instruments. For the protection of all residents of Sunriver the Administrator of Sunriver will be generally responsible for the enforcement of such restrictions, covenants, conditions, rules and regulations.

4.3 Private Ways. Each unit owner and each resident of Sunriver is hereby granted a nonexclusive easement to use private ways for the purpose of walking thereon or traveling thereon by appropriate means. Each resident of Sunriver may permit his guests and invitees to use the private ways for such purposes. The easement herein granted shall be appurtenant to and assignable with

the unit with respect to which it is granted, but shall not otherwise be assignable. Use of private ways shall be subject to the Sunriver Rules and Regulations. The Administrator of Sunriver in its discretion may dedicate private ways to the public. The Administrator also may grant free access on private ways to police, fire and other public officials, to employees of utility companies serving Sunriver and to such other persons to whom the Administrator believes access should be given for the benefit of the residents of Sunriver. Developer may use the private ways for its own purposes and for the purpose of location of utilities thereon. By granting the right to residents of Sunriver and others to use private ways Developer does not intend to dedicate private ways to the public but rather intends to preserve the private character of such ways. The Administrator shall be deemed to have dedicated such ways to the public only if it shall file in the records of Deschutes County an instrument clearly evidencing its intention to dedicate such ways to the public.

4.4 Common areas. Each resident of Sunriver is hereby granted a nonexclusive easement to use common areas for such recreational purposes as may be permitted by the Sunriver Rules and Regulations and in the manner permitted therein. Each resident of Sunriver may permit his guests to use common areas for such purposes and in such manner. Common areas shall not be platted or otherwise divided into parcels for residential use. The Administrator of Sunriver may develop special recreational or service facilities on portions of the common areas for the general use and benefit of all residents of Sunriver and their guests. The Administrator may from time to time permit residents of Sunriver to use designated portions of common areas for recreational or service uses of benefit to such residents only (as, for

example, maintaining a volley ball or badminton court) provided that such permission shall be revocable at any time. The easement and rights herein granted shall be appurtenant and assignable with the unit in respect of which it is granted, but shall not otherwise be assignable. The Administrator in its discretion may dedicate common areas to the public for park purposes and may use common areas for the purpose of location of utilities thereon. The Administrator may bar any unit owner, members of his family and his guests from using common areas during periods in which the unit owner's maintenance assessments are delinquent.

4.5 Private recreational areas. It may be that a group of unit owners will wish to use a portion of the common areas to develop a facility such as a swimming pool or tennis court for their private use. The Administrator of Sunriver may lease a portion of the common areas to a group of not less than five unit owners who wish to develop the same for their private recreational use subject to the following conditions:

(a) The rentals received pursuant to the lease must be added to the maintenance fund.

(b) Not more than 10 percent of the common area in any village may be so leased at any one time.

(c) The lease shall provide that the lessees shall use the leased area solely for the development of a recreational facility thereon.

(d) The lease shall preclude the lessees from operating a private recreational facility on the leased premises for profit or from permitting anyone other than residents of Sunriver and their guests from using the facility.

(e) The lease shall provide that the lessees will erect or construct a designated recreational facility on the

leased premises within a specified time in accordance with standards to be fixed by the Design Committee and that they shall maintain the improvement at their expense in accordance with standards which shall be fixed by the Design Committee.

(f) The lease shall provide that ad valorem taxes assessed against any improvement constructed on a private recreational area shall be borne by the lessees.

No person shall be excused from paying any part of the maintenance assessment by virtue of his use of a private recreational area in lieu of a facility available to all residents of Sunriver.

4.6 Semipublic recreational or service areas. Developer believes that it will be possible to make certain kinds of recreational and service facilities available to the residents of Sunriver on an economical basis only if the general public is allowed to use the facilities along with the residents of Sunriver on a fee basis. For example, it may be advantageous to residents of Sunriver to establish a marina. However, it may be possible to operate a marina on close to a self-supporting basis only if fees can be collected from the general public for use of the marina. Therefore, Developer may subject areas to the Plan of Sunriver which will constitute "semipublic recreational or service areas" if each of the following conditions is met:

(a) Provision must be made for the use of the facility by the residents of Sunriver and their guests in the manner permitted by the Sunriver Rules and Regulations.

(b) Fees charged residents of Sunriver and their guests for the use of the facility may be no higher than those charged members of the public for an equivalent use or service.

(c) Any net cash profits from the operation of the facility must be added to the maintenance fund.

The Administrator shall be free to convert any semi-public recreational or service area into a common area on either a permanent or temporary basis at any time it deems this desirable.

4.7 Leased scenic areas. It may add to the quality of the Sunriver development to devote areas within Sunriver to uses normal to or traditional in Central Oregon even though such uses are of a nature which requires that residents of Sunriver be barred from the areas while they are being so used. For example, lease of areas within Sunriver for the grazing of cattle or farming may add to the attractiveness of Sunriver. Therefore, Developer may subject areas to the Plan of Sunriver which will constitute "leased scenic areas" on the following conditions:

(a) The Administrator of Sunriver may lease such areas to private parties if it deems this to the advantage of residents of Sunriver.

(b) The Administrator shall be responsible for the maintenance of and payment of taxes on such areas.

(c) During periods in which such areas are not leased or held for lease they shall be considered common areas.

(d) Any net cash profits from the leasing of such areas must be paid into the maintenance fund.

SECTION 5

Consolidation of Lots within Private Areas

Whenever a person shall own all of a lot restricted to single family residence use within a private area (the "basic lot"), together with one or more contiguous lots or contiguous portions thereof also restricted to single family residential use (the "additional lot" or "additional portion") and shall wish to consolidate the basic lot and the additional lot or additional portion, he may do so. The consolidation shall be effected by the

owner's filing in the records of deeds of Deschutes County, Oregon, a declaration stating that the two areas are consolidated.

The consolidation provided for in this section shall have the following effects:

(a) The consolidated areas shall constitute one unit for all purposes under the Plan of Sunriver and under the Sunriver declaration pursuant to which the village in which the consolidated areas are located was created, including the payment of maintenance assessments.

(b) The entire consolidated area may be used for the construction of only one residence thereon.

(c) No residence or other structure may be placed upon the remainder of a lot, a portion of which was consolidated with another lot but which remainder has not been consolidated with another lot, unless the area of such remainder constitutes at least 95 percent of the original area of the lot.

(d) Areas which have once been consolidated may at no time in the future be partitioned.

SECTION 6

Sunriver Rules and Regulations

In the exercise of its powers and in the performance of its obligations pursuant to the Plan of Sunriver and of any Sunriver declaration the Administrator of Sunriver may adopt, amend or repeal rules and regulations to be known as the Sunriver Rules and Regulations, to provide for the manner in which common areas (including special recreational facilities established thereon), private ways, semipublic recreational or service areas and any other areas which all residents of Sunriver are entitled to use shall be used. To the extent provided in a Sunriver declaration the Sunriver Rules and Regulations may provide for the manner in which private areas may be used.

The Sunriver Rules and Regulations may, among other things, provide for any of the following:

(a) For speed and other traffic controls, safety patrols, parking controls, and restrictions upon the type of vehicles which may use private ways;

(b) As to the spaces within common areas which may be used for particular recreational or service purposes and as to the times and manner in which such spaces may be used;

(c) For charges for use of recreational facilities and for services to be supplied by the Administrator of Sunriver to be applied uniformly to all residents of Sunriver and their guests;

(d) For the control of noise, for litter control and trash disposal and for the personal conduct of residents of Sunriver and their guests while in the common areas, private ways and semipublic recreational or service areas;

(e) For the conditions upon which guests of residents of Sunriver will be entitled to use common areas, private ways and semipublic recreational or service areas and for the terms and conditions upon which guest cards will be issued.

All rules and regulations must be applicable on a nondiscriminatory basis. However, provisions uniformly applicable to a class of persons, such as children of particular ages, will not be deemed discriminatory. A current copy of the Sunriver Rules and Regulations shall be kept on file at the principal office of the Administrator of Sunriver at all times. Such Rules and Regulations shall have the same force and effect as if set forth herein as part of the Plan of Sunriver.

SECTION 7

Maintenance and Development Fund

7.1 Imposition of regular assessments. The Administrator of Sunriver shall have the right to impose an assessment against

each unit owner within Sunriver in an amount not in excess of \$10 per month for each unit owned by each unit owner, unless such amount shall be increased as provided in Sections 7.2 or 7.3 herein. Such assessments shall be applied uniformly to all unit owners except that Developer shall not be assessed with respect to a unit owned by it upon which no dwelling house has been erected, no assessment shall be imposed with respect to a condominium unit which has never been sold or rented and no assessment shall be imposed against a rental unit in a multioccupancy building which has never been rented. On or before December 1 of each year the Administrator shall fix the amount of the assessment to be imposed during the ensuing calendar year and shall notify each person who is then a unit owner of the amount of the assessment to be imposed for such year. Any unit owner who shall pay the assessment to be imposed for all 12 months of the ensuing calendar year prior to January 1 of such year shall be entitled to a discount in the amount of 3 percent of the gross amount assessed for such 12-month period. Assessments which are not so prepaid shall be paid on or before the first day of the month with respect to which they are imposed. In the event that a person shall acquire a unit or his unit shall first become subject to assessment during the course of a calendar year his first assessment shall come due on the first day of the month following the month during which he has acquired his unit or during which the unit first became subject to assessment.

7.2 Cost of living adjustment in maximum amount of maintenance assessments. The maximum amount of the maintenance assessments provided in Section 7.1 shall be increased by 5 percent for each 5 percent increase occurring after January 1, 1969 over the level on January 1, 1969 of the United States, Department of Labor, Bureau of Labor Statistics, Consumers Price Index, All Items, United States City Average (1957-1959 equals 100), or the successor of such index.

7.3 Increase in maximum amount of maintenance assessments with consent of unit owners. In the event that the Administrator shall deem the maintenance fund to be inadequate for the purposes for which it is to be maintained, taking into account the need for reasonable reserves for special purposes, the annual maintenance assessment may be increased above the amounts provided for in sections 7.1 and 7.2, provided that such increase shall have been approved in writing by unit owners owning at least 60 percent of the units within Sunriver which are subject to assessment.

7.4 Special purpose assessments. In the event that the Administrator of Sunriver deems it to be to the advantage of the residents of Sunriver to impose a special purpose assessment to provide funds for the development of a particular recreational facility it may impose such a special assessment, provided that the amount of the assessment and the terms upon which it will be imposed have been approved in writing by the unit owners, other than Developer, owning at least 60 percent of the units which will be subject to the assessment. All special purpose assessments shall be applied uniformly to all unit owners, including Developer. In the event that such an assessment is imposed the Administrator shall add the moneys derived therefrom to the maintenance fund, but shall keep the same in a special account and shall use the same only for the purposes set forth in the instrument by which the unit owners consented to the special assessment.

7.5 Maintenance fund. The Administrator shall keep all moneys which it may collect from maintenance assessments together with all other moneys which it is required to add to the maintenance fund pursuant to the provisions hereof or of any Sunriver declaration in a separate fund to be called the "maintenance fund," and shall use the moneys in the maintenance fund only for the following purposes:

(a) Payment of the cost of maintaining and developing private ways (including streetlights, entrance and other signs), common areas, semipublic recreational or service areas, leased scenic areas and special recreational and other facilities on common areas or semipublic recreational or service areas available for use by all of the residents of Sunriver.

(b) Payment of taxes and assessments levied against private ways, common areas, semipublic recreational or service areas, leased scenic areas and the improvements thereon.

(c) Payment of the cost of providing patrol and fire prevention and control service, garbage and trash disposal, if provided.

(d) Payment of the cost of insurance, including insurance protecting the Administrator of Sunriver, the Design Committee, The Sunriver Association and any village association against liability arising out of their functions and activities in the administration of the Plan of Sunriver.

(e) Payment of the cost of enforcing the provisions contained in the Plan of Sunriver, the Sunriver Rules and Regulations, and the covenants and provisions contained in any Sunriver declaration.

(f) Payment to The Sunriver Association or to a village association of costs incurred in the performance of any obligation of the Administrator of Sunriver which has been delegated to The Sunriver Association or to the village association.

(g) Payment of fees of the professional members of the Design Committee and of expenses incurred by the Design Committee.

(h) Payment for other services which the Administrator deems to be of general benefit to residents of Sunriver.

(i) Payment of costs incurred in collecting maintenance assessments.

(j) Payment of expenses incurred in organizing The Sunriver Association or any village association and of maintaining the same as corporations.

(k) ; Payment of any expense reasonably incurred by the Administrator in carrying out any function for which it has been given responsibility hereunder.

(l) Payment to the Administrator of Sunriver of a portion of its overhead reasonably attributable to the performance of the functions set forth in (a) through (k) above.

Included among the moneys which are to be paid into the maintenance fund are all maintenance assessments, fines, penalties, fees for use of recreational or service facilities located on common areas or semipublic recreational or service areas, Design Committee fees, rentals from leases of private recreational areas or leased scenic areas, interest on amounts payable into the maintenance fund and payments to reimburse the Administrator for moneys expended from the maintenance fund. Except as stated above no part of the maintenance fund will inure to the benefit of Developer.

7.6 Annual accounting. Within 90 days following the close of each calendar year the Administrator shall render to each unit owner an accounting which shall set forth the amount and source of all income received in the maintenance fund and all disbursements from the fund during the previous calendar year together with a statement of the assets of and liabilities of the maintenance fund at the close of the last calendar year. The Administrator of Sunriver shall maintain records of all amounts received into the maintenance fund and of all disbursements therefrom, which records shall be open to inspection by any unit owner or by the officer of any village association or of The Sunriver Association at any reasonable time during normal business hours.

SECTION 8

Design Committee

8.1 Function of Design Committee. The Design Committee shall exercise the functions for which it is given responsibility in any Sunriver declaration and in this Plan of Sunriver. Generally, the Design Committee will be responsible for the approval of plans and specifications for the development of private areas and for the promulgation and enforcement of rules and regulations governing the use and maintenance of private areas and the improvements thereon.

8.2 Members: term and removal. The Design Committee shall consist of as many persons, not less than three, as the Administrator of Sunriver may from time to time appoint. The Administrator may remove any member of the Design Committee from office at any time and may appoint new or additional members at any time. The Administrator shall keep on file at its principal office a list of the names and addresses of the members of the Design Committee.

8.3 Action. Except as otherwise provided herein, any two members of the Design Committee shall have power to act on behalf of the Committee, without the necessity of a meeting and without the necessity of consulting the remaining members of the Committee. The Committee may render its decisions only by written instrument setting forth the action taken by the members consenting thereto.

8.4 Failure to act. If at any time the Design Committee shall for any reason fail to function, the board of directors of the Administrator shall have complete authority to serve as a pro tem Design Committee.

8.5 Duties and rules. The Design Committee shall consider and act upon all matters properly submitted to it pursuant to the Plan of Sunriver or in any Sunriver declaration. In furtherance of this function, the Design Committee may, by unanimous vote, from time to time and in its sole discretion adopt, amend and

repeal rules and regulations to be known as the "Design Committee Rules" establishing its operating procedures and interpreting, detailing and implementing the provisions of the instruments pursuant to which it is charged with responsibility. The Design Committee may establish a reasonable fee to be paid to it to cover its costs incurred in considering and acting upon matters submitted to it. Such fees shall be paid into the maintenance fund. A current copy of the Design Committee Rules shall be kept on file at the principal office of the Administrator of Sunriver at all times. Such rules shall have the same force and effect as if set forth herein as part of the Plan of Sunriver.

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

8.7 Estoppel certificate. Within 30 days after written demand therefor by a unit owner the Design Committee shall execute and deliver to the unit owner requesting the same an estoppel certificate certifying with respect to the unit of such unit owner that as of the date of the certificate either (a) all improvements and other work within said unit comply with the Plan of Sunriver, and with all restrictions and rules and regulations adopted in or pursuant to any Sunriver declaration, or (b) that such improvements and work do not so comply for reasons specified in the certificate. Any purchaser or mortgagee of a unit may rely on such certificate with respect to the matters set forth therein, such matters being conclusive against the Administrator of Sunriver and all unit owners in Sunriver.

8.8 Liabilities. Neither the Design Committee nor any member thereof shall be liable to any unit owner or the Administrator of Sunriver for any damage, loss or prejudice suffered or claimed

on account of any action or failure to act of the Committee or a member thereof, provided only that the member, in accordance with actual knowledge possessed by him, has acted in good faith.

SECTION 9

Administrator of Sunriver

9.1 Powers and responsibilities of the Administrator. In addition to such other powers and responsibilities as shall be given to or imposed upon it by this Plan of Sunriver and by any Sunriver declaration, the Administrator of Sunriver shall have the following powers and responsibilities:

(a) The Administrator shall be responsible for maintaining all private ways, common areas, semipublic recreational or service areas, leased scenic areas and the improvements thereon.

(b) The Administrator shall be responsible for the construction of such improvements on the private ways, common areas, leased scenic areas and semipublic recreational or service areas as it deems will be of benefit to the residents of Sunriver and their guests in accordance with the Sunriver Rules and Regulations.

(c) The Administrator shall be responsible for the enforcement of all covenants and restrictions contained in the Plan of Sunriver and in any Sunriver declaration.

(d) The Administrator shall be responsible for the promulgation and enforcement of the Sunriver Rules and Regulations and the enforcement of the Design Committee Rules and the decisions of the Design Committee.

(e) The Administrator shall be responsible for the payment of all ad valorem taxes and assessments imposed on any of the common areas, private ways, leased scenic areas or semipublic recreational or service areas within Sunriver.

(f) The Administrator shall be responsible for the provision of such services to the residents of Sunriver as it

shall deem to be of benefit to the residents of Sunriver.

(g) The Administrator shall be responsible for procuring and maintaining insurance on all improvements constructed on the common areas, leased scenic areas or semipublic recreational or service areas.

(h) The Administrator shall be responsible for collection of maintenance assessments, fines and penalties, and such assessments as may be levied within any village in the manner provided in a Sunriver declaration.

(i) The Administrator shall be responsible for the fixing of fees for use of recreational and service facilities within the common areas and in the semipublic recreational or service areas and for the collection thereof. All such fees shall be paid into the maintenance fund.

(j) The Administrator may organize a village association at any time that it deems it desirable to do so.

9.2 Delegation of functions. The Administrator of Sunriver may at any time delegate to The Sunriver Association or to any village association responsibility for the performance of any duty or function of the Administrator of Sunriver and The Sunriver Association or village association shall accept such responsibility, provided that the Administrator shall arrange to pay to The Sunriver Association or village association the expenses which it shall reasonably incur in the performance of such duty or function.

9.3 Limitation of liability. The Administrator of Sunriver shall not be liable for failure to carry out any responsibility, enumerated in Section 9.1 herein or elsewhere in the Plan of Sunriver in cases in which there are not sufficient moneys in the maintenance fund to enable it to carry out its responsibility. The Administrator shall have sole power to determine for which authorized purposes moneys in the maintenance fund shall be spent including the power to determine how much shall be held in reserve.

Neither the Administrator nor any officer or director thereof shall be liable to any unit owner, to any resident of Sunriver, to The Sunriver Association nor to any village association on account of any action or failure to act of the Administrator, provided only that in accordance with actual knowledge possessed by it, it has acted in good faith.

9.4 Required transfer of functions. At such time as the Developer deems it desirable or in any event when the development of Sunriver is substantially completed Developer will delegate and assign to The Sunriver Association all of its powers and responsibilities given to or imposed upon it by this Plan of Sunriver or by any Sunriver declaration, will convey to The Sunriver Association all of its right, title and interest in and to the private ways, common areas, private recreational areas and semipublic recreational or service areas and will transfer over to The Sunriver Association all moneys then in the maintenance fund and The Sunriver Association shall accept the same. The development of Sunriver shall be deemed to be substantially complete at the earlier of (a) the time when Developer shall declare it to be so; (b) the time when Developer shall have sold, leased or converted into common areas, private ways, private areas, semipublic recreational or service areas, leased scenic areas or public streets, roads or parks, 90 percent of the total land area within Sunriver; or (c) January 1, 1999.

SECTION 10

The Sunriver Association

Developer expects to delegate from time to time to an association representing all unit owners within Sunriver responsibilities which Developer has assumed pursuant to this Plan of Sunriver and as provided in Section 9.4, eventually will delegate to such association all of its responsibilities to the end that the association shall become the Administrator of Sunriver. In

order to facilitate the accomplishment of such purposes Developer shall organize an association to represent all unit owners within Sunriver not later than the earlier of the time in which four villages have been created within Sunriver or January 1, 1974. Developer shall have the right to organize the association on such basis as shall appear to Developer to be most advantageous to the unit owners of Sunriver at the time of organization subject, however, to the following conditions:

(a) The association shall be incorporated as a non-profit corporation under the general nonprofit corporation laws of the State of Oregon.

(b) The articles of incorporation of the association shall provide for its perpetual existence, but in the event the association shall at any time be dissolved, whether inadvertently or deliberately, it shall immediately be succeeded by an unincorporated association of the same name. In that event all of the powers and obligations of the incorporated association existing immediately prior to its dissolution shall thereupon automatically vest in the successor unincorporated association, which vesting shall thereafter be confirmed and evidenced by appropriate conveyances and assignments by the incorporated association. To the greatest extent possible any such successor unincorporated association shall be governed by the articles of incorporation and bylaws of the incorporated association as if they had been made to constitute the governing documents of the unincorporated association.

(c) The articles of incorporation of the association shall provide for representation of each unit owner in Sunriver on one of the following bases:

(i) The articles may provide that each unit owner shall be a member of the association with one vote for each unit owned by him;

(ii) The articles may provide that each village association will be a member with one vote for each unit within the village which the village association represents; or

(iii) The articles may provide that with respect to designated villages the owners of each unit within the designated village shall be a member of the association with one vote for each unit owned by him and that with respect to other designated villages the village association representing such designated villages will be a member with one vote for each unit contained within the village.

The articles shall provide that representation of each unit owner through membership in the association on one of the others set forth above shall commence, exist and continue simply by virtue of ownership of a unit, shall expire automatically upon termination of such ownership and need not be confirmed or evidenced by any certificate or acceptance of membership.

(d) The articles of incorporation shall provide that the association will at any time and from time to time accept any responsibilities of Developer contained in the Plan of Sunriver which Developer may delegate to the association, provided that Developer shall provide funds from the maintenance fund to the association necessary to enable it to carry out the responsibilities which it assumes. Also, the articles of incorporation shall provide that the association will accept title to the private ways, common areas, leased scenic areas and semipublic recreational or service areas within Sunriver at such time as Developer may elect to convey the same to the association.

(e) The articles of incorporation of the association shall provide that the association shall exercise and perform all of the following powers and obligations:

(i) The powers and obligations delegated, conveyed or otherwise assigned to the association by Developer;

(ii) The powers and obligations of a nonprofit corporation pursuant to the general nonprofit corporation laws of the State of Oregon; and

(iii) Any additional or different powers and obligations necessary or desirable for the purpose of carrying out the functions of the association pursuant to the Plan of Sunriver or otherwise promoting the general benefit of unit owners within Sunriver.

(f) The articles of incorporation of the association shall be subject to amendment as provided in the Oregon nonprofit corporation law and the bylaws of the association shall be subject to amendment by the board of directors of the association.

Neither the association nor any officer or director thereof shall be liable to any unit owner, to Developer or to any village association for any damage, loss or prejudice suffered or claimed on account of any action or failure to act of the association, provided only that the association, in accordance with actual knowledge possessed by it, has acted in good faith.

SECTION 11

Enforcement

11.1 Enforcement of Sunriver Rules and Regulations. It will be important to the residents of Sunriver that the Sunriver Rules and Regulations be enforced in as impartial and uniform manner as practicable. In most cases it will not be desirable to resort to the public authorities for the enforcement of these rules and regulations. Therefore, the Administrator of Sunriver may impose penalties for the violation of the Sunriver Rules and Regulations within the following limits:

(a) The Administrator may impose a fine upon the resident of Sunriver who has violated or whose guest has violated a rule or regulation in an amount not to exceed the sum of \$35 for any one violation. If such fine is not paid by the

person upon whom it is imposed it shall be paid by the unit owner who by virtue of his ownership of a unit caused the person upon whom the fine was imposed to be a resident of Sunriver.

(b) The Administrator may provide that a person who has violated a rule or regulation shall be deprived of his right to use the common areas, semipublic recreational or service areas or any specified parts of either for a period of not to exceed one year on account of any one violation. Such penalty shall become effective ten days after delivery by the Administrator of notice thereof to the person upon whom it is imposed.

11.2 Violation of Sunriver declaration by nonqualifying improvement. In the event that any unit owner constructs or permits to be constructed on his unit an improvement contrary to the provisions of a Sunriver declaration or in the event that a unit owner maintains or permits any improvement, condition or other thing on his unit contrary to the provisions of a Sunriver declaration, the Administrator of Sunriver may no sooner than 60 days after delivery to such unit owner of written notice of the violation enter upon the offending unit and remove the cause of such violation, or alter, repair or change the item which is in violation of such declaration in such manner as to make it conform thereto. The Administrator may charge such unit owner for the entire cost of the work done by it pursuant to this section. Such amount shall become payable upon delivery by the Administrator to the unit owner of notice of the amount due, and shall be paid into the maintenance fund to the extent that the costs being reimbursed were paid out of the maintenance fund.

11.3 Violation of Sunriver declaration relating to landscaping. In the event that any unit owner fails to comply with the provisions of a Sunriver declaration limiting the removal

of trees and shrubs, the Administrator of Sunriver may impose on such unit owner a fine in an amount not to exceed \$25 for each shrub removed in violation of such declaration and not to exceed \$25 per inch of the diameter of the stump of each tree removed in violation of such declaration. The Administrator may also restore the original landscaping insofar as is reasonably possible and charge the unit owner for the entire cost involved in such restoration. Such costs shall become payable upon delivery by the Administrator to the unit owner of notice of the amount thereof and shall be paid into the maintenance fund to the extent that amounts being reimbursed were paid out of the maintenance fund.

11.4 Violation of Sunriver declaration by prohibited activity.

In the event that any unit owner shall violate a provision of a Sunriver declaration relating to the activities which may be conducted on his unit or if any person on the unit with the permission of the unit owner shall violate such a provision the Administrator of Sunriver may impose a fine upon such unit owner in an amount not to exceed \$35 for any one violation.

11.5 Payment of fines. Each fine imposed pursuant to sections 11.1, 11.3 or 11.4 shall become payable by the person upon whom it is imposed ten days after delivery by the Administrator of notice thereof to the person by whom it is payable. Each notice of fine shall refer to the rule, regulation or provision which has been violated and set forth a succinct statement of the conduct which the Administrator claims has violated such rule, regulation or restriction. All fines shall be paid into the maintenance fund.

11.6 Appeals. Any person upon whom a fine or penalty has been imposed pursuant to sections 11.1, 11.3 or 11.4 who deems that such fine or penalty was unfairly imposed, either because he did not violate a rule, regulation or provision as charged or because the fine or penalty imposed is unduly severe, may appeal

from the imposition of the fine or penalty by filing a statement to that effect with the Administrator at any time before the fine becomes payable or the penalty effective. All appeals shall be determined by a body to be known as the "Sunriver Judicial Council" in accordance with such rules of procedure as such Council may adopt from time to time. The Sunriver Judicial Council shall consist of not less than three residents of Sunriver who shall be appointed by the Administrator. The Administrator may remove any number of the Council from office at any time and may appoint new or additional members at any time. The Administrator shall keep on file at its principal office a list of the names and addresses of the members of the Council. Any two members of the Council may act for the Council. The Council shall render its decisions on appeals determined by it in writing and notice thereof shall be given to the person upon whom the fine or penalty was imposed. Pending a decision on appeal collection of a fine or imposition of penalty shall be stayed. The decision of the Council shall be binding on the Administrator and shall be binding on the person upon whom the fine or penalty is imposed to the extent permitted by Oregon law.

11.7 Interest. Any amount not paid to the Administrator of Sunriver when due in accordance with the Plan of Sunriver or in any Sunriver declaration shall bear interest from the date due until paid at the rate of 10 percent per annum.

11.8 Default in payment of maintenance assessments, fines and charges. Each maintenance assessment, fine or charge levied or imposed pursuant to the Plan of Sunriver or any Sunriver declaration, together with interest thereon, shall be a separate, distinct and personal debt and obligation of the unit owner or resident of Sunriver against whom the maintenance assessment, fine or charge is levied or imposed or from whom the amount is due. If a unit owner fails to pay any such fine, assessment or charge or any instalment thereof when due the unit owner shall be

in default and the amount of the fine, assessment or charge not paid together with interest, costs and attorneys' fees as elsewhere provided for herein shall become a lien upon the unit or units owned by the person from whom the fine, assessment or charge is due upon the filing by the Administrator of Sunriver in the records of mortgages of Deschutes County, Oregon, of a notice of lien setting forth the amount due and a description of the units against which the lien is imposed. Such lien shall not take effect until notice thereof has been so filed. Thus, such lien shall be subordinate to the lien of any mortgage upon any unit which is accepted in good faith and for value and which was recorded prior to the filing of the notice of lien. The Administrator of Sunriver may commence proceedings to foreclose any such lien at any time within three years following the date of such filing.

11.9 Expenses and attorneys' fees. In the event that the Administrator of Sunriver shall bring any suit or action to enforce any provision contained in the Plan of Sunriver or in a Sunriver declaration, to collect any money due to it thereunder or to foreclose a lien, the defendant in such suit or action shall pay to the Administrator all costs and expenses which the Administrator shall incur in connection with such suit or action, including a foreclosure title report, and such amount as the court may determine to be reasonable as attorneys' fees therein, including attorneys' fees incurred in connection with any appeal from a decision of the trial court or an intermediate appellate court.

11.10 Nonexclusiveness and accumulation of remedies. Election by the Administrator of Sunriver to pursue any remedy provided for the violation of any provision of the Plan of Sunriver or of a Sunriver declaration shall not prevent concurrent or subsequent exercise of another remedy permitted thereunder

or which is permitted by law. The remedies provided in the Plan of Sunriver and in any Sunriver declaration are not intended to be exclusive but shall be in addition to all other remedies, including actions for damages or suits for injunctions or for specific performance available under applicable law.

11.11 Right of entry. The Administrator of Sunriver or any member of the Design Committee authorized by the Administrator may at any reasonable time, and from time to time at reasonable intervals, enter upon any unit within Sunriver for the purpose of determining whether or not the use of such unit or any improvement thereon is then in compliance with the Plan of Sunriver or any Sunriver declaration. No such entry shall be deemed to constitute a trespass or otherwise to create any right of action in the unit owner or occupant of such parcel.

SECTION 12

Miscellaneous Provisions

12.1 Amendment and repeal. With the consent of the Administrator of Sunriver any provision of this Plan of Sunriver may at any time be amended or repealed or provisions may be added by either of the following methods:

- (a) Unit owners owning 75 percent of the units may consent in writing to the amendment or repeal of a provision or to the addition of a new provision; or
- (b) The Sunriver Association may consent to such amendment, repeal or addition.

The Sunriver Association shall be deemed to have consented to the amendment or repeal of a provision contained in the Plan of Sunriver or to the addition of a new provision if the following procedure shall have been followed:

- (a) The board of directors of The Sunriver Association shall have adopted a resolution setting forth the proposed amendment, provision for repeal or proposed additional

provision and directing that it be submitted to a vote at a meeting of the members, which may be either an annual or a special meeting.

(b) Written notice setting forth the proposed amendment, provision for repeal or proposed additional provision, or a summary of the changes to be effected thereby, shall be given to each unit owner and to each village association at least 60 days prior to the time of the meeting at which the proposed amendment, provision for repeal or proposed additional provision is to be considered.

(c) Written notice setting forth the proposed amendment, provision for repeal or proposed additional provision, or a summary of the changes to be effected thereby, shall also be given to each member of The Sunriver Association with his notice of the meeting of the members at which the proposed amendment, provision for repeal or proposed additional provision is to be considered.

(d) At the meeting of the members at which the proposed amendment, provision for repeal or proposed additional provisions is to be considered, the proposed amendment, provision for repeal or proposed additional provision shall be submitted to a vote of the members. The proposed amendment, provision for repeal or proposed additional provision shall be adopted upon receiving two thirds of the votes entitled to be cast by all of the members of the Association.

Any amendment or repeal of a provision of the Plan of Sunriver or additional provision shall become effective only upon the filing in the records of deeds of Deschutes County, Oregon, of a certificate of the secretary or assistant secretary of the Administrator of Sunriver setting forth in full the amendment, amendments, additional provision or repeal approved as provided in this section and certifying that said amendment,

amendments, additional provision or repeal have been approved in the manner required therefor herein.

12.2 Joint owners. In any case in which two or more persons share the ownership of any unit, regardless of the form of ownership, the responsibility of such persons to comply with the provisions of the Plan of Sunriver and the Sunriver declarations shall be a joint and several responsibility. The act or consent of any one or more of such persons shall constitute the act or consent of the entire ownership interests provided, however, that in the event that 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 Administrator of Sunriver or The Sunriver Association, as the case may be, 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.

12.3 Construction; severability; number; captions. The Plan of Sunriver shall be construed as an entire document to accomplish the purposes stated in the introductory paragraphs of the Plan. Nevertheless, each provision of the Plan of Sunriver 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.

As used herein the singular shall include the plural, and the plural the singular. The masculine and neuter shall each include the masculine, feminine and neuter, as the context requires. All captions used herein are intended solely for convenience of reference and shall in no way limit any of the provisions of the Plan of Sunriver.

12.4 Notices. Any notice permitted or required by the Plan of Sunriver or any Sunriver declaration may be delivered either personally or by mail. Delivery by mail shall be deemed to have been accomplished 24 hours after the notice has been deposited as certified or registered mail in the United States mail, with postage prepaid, addressed as follows:

If to Developer, the Design Committee or the Administrator of Sunriver:

Sunriver Properties, Inc.
P. O. Box 1224
Bend, Oregon 97701;

If to a unit owner, at the address given by him at the time of his purchase of a unit or at the address of his unit within Sunriver.

The address of any person may be changed by him at any time by notice in writing delivered as provided herein.

IN WITNESS WHEREOF Sunriver Properties, Inc. has caused this declaration setting forth the Plan of Sunriver to be executed this 20th day of June 1968.

SUNRIVER PROPERTIES, INC.

By Donald V. McCallum
Donald V. McCallum, President

Attest:

M. Dean Segal
Secretary

STATE OF OREGON)
) ss.
County of Deschutes)

On this 20th day of June, 1968, personally appeared DONALD V. MCCALLUM who, being duly sworn, did say that he is president of Sunriver Properties, Inc. and that the seal affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors; and he acknowledged said instrument to be its voluntary act and deed.

• Before me:

Hen M. Henry
Notary Public for Oregon

My commission expires: June 7-1971

EXHIBIT A

PARCEL I

That certain real property described in deed from Lee Evans and Goldie Evans, husband and wife, to Abbot Recreational Lands, Inc. dated February 9, 1965 and recorded on March 2, 1965 in volume 142 of the records of deeds of Deschutes County, Oregon, at page 390.

PARCEL II

That certain real property described in deed from Lee Evans and Goldie Evans, husband and wife, to Sunriver Properties, Inc. dated January 10, 1967 and recorded on January 30, 1967 in volume 152 of the records of deeds of Deschutes County, Oregon, at page 34.