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97-41096

✓ RIVER BEND LIMITED PARTNERSHIP
15 SW COLORADO AVE., SUITE A
BEND, OREGON 97702

**MASTER DECLARATION OF COVENANTS,
CONDITIONS, AND RESTRICTIONS FOR RIVER BEND**

RIVER BEND LIMITED PARTNERSHIP

("Declarant")

Dated: November 4, 1997

STATE OF OREGON) ss.
COUNTY OF DESCHUTES)

I, MARY SUE PENHOLLOW, COUNTY CLERK AND
RECORDER OF CONVEYANCES, IN AND FOR SAID
COUNTY, DO HEREBY CERTIFY THAT THE WITHIN
INSTRUMENT WAS RECORDED THIS DAY:

97 NOV -4 PM 1:43

MARY SUE PENHOLLOW
COUNTY CLERK

BY: *Mary Sue Penhollow* DEPUTY
NO. 97-41096 FEE 245-
DESCHUTES COUNTY OFFICIAL RECORDS

TABLE OF CONTENTS

	Page
1. Definitions.....	1
1.1 Certain Defined Terms.....	1
1.2 Liberal Construction.....	5
1.3 Interpretation.....	5
2. Annexation and Withdrawal of Property.....	5
2.1 Annexation.....	5
2.1.1 Annexation Without Approval of Members.....	5
2.1.2 Annexation With Approval of Members.....	6
2.1.3 Additional Covenants and Easements.....	6
2.2 Withdrawal of Property.....	6
2.3 Assignment of Rights.....	7
3. Property Rights.....	7
3.1 Common Area.....	7
3.2 Limited Common Areas.....	7
3.3 Delegation.....	7
4. Restrictions on Use.....	7
4.1 General Applicability.....	7
4.2 Declarant Authority.....	8
4.3 Board Authority.....	8
4.4 Members' Power.....	8
4.5 Owners' Acknowledgment.....	8
4.6 General Restrictions.....	9
4.7 Limitations.....	9
4.8 Development.....	9
5. Easements.....	10
5.1 Easements for Encroachments.....	10
5.2 Easements for Utilities, Etc.....	10
5.3 Easements for Construction and Sales Activities.....	11
5.4 Easements for Drainage.....	11
5.5 Right of Entry.....	12
5.6 Easements Deemed Created.....	12
6. Design Review Committee.....	12
6.1 Design Review.....	12
6.2 Design Guidelines.....	13
6.3 Governmental Approvals.....	13
6.4 Variance.....	13

6.5	Committee Decision.....	13
6.6	Committee Discretion.....	13
6.7	Membership; Appointment and Removal.....	14
6.8	Majority Action.....	14
6.9	Limitation of Liability.....	14
6.10	Nonwaiver.....	15
6.11	Effective Period of Consent.....	15
6.12	Estoppel Certificate.....	15
6.13	Activities of Declarant.....	15
7.	Construction and Alteration of Improvements.....	15
7.1	General.....	15
7.2	Construction Methods.....	15
7.3	Completion of Improvements.....	16
7.4	Setback, Maximum Height, and Minimum Yard Requirements.....	16
8.	Restrictions on Partition and Combination.....	16
8.1	Parcels.....	16
8.2	Common Area.....	16
9.	Association Function, Membership, and Voting Rights.....	17
9.1	Function of Association.....	17
9.2	Membership.....	17
9.3	Voting.....	17
9.3.1	Class A.....	17
9.3.2	Class B.....	18
9.4	Exercise of Voting Rights.....	18
9.5	Turnover.....	18
10.	Rights and Obligations of the Association.....	18
10.1	Area of Common Responsibility.....	18
10.2	Real and Personal Property for Common Use.....	19
10.3	Enforcement.....	19
10.4	Implied Rights; Board Authority.....	19
10.5	Property for Public Use.....	19
10.6	Professional Management.....	19
10.7	Liability and Indemnification.....	19
10.8	Security.....	20
11.	Assessments.....	20
11.1	Creation of Assessments.....	20
11.2	Determination of Base Assessment.....	21
11.3	Reserves.....	22
11.4	Special Assessments.....	22
11.5	Specific Assessments.....	23
11.6	Limitation on Increases in Assessments.....	23

11.7	Date of Commencement of Assessments.....	23
11.8	Lien for Assessments.....	24
11.9	Failure to Assess.....	25
11.10	Capitalization of Association.....	25
11.11	Exempt Property.....	25
11.12	Reallocation Upon Annexation or Withdrawal of Property.....	25
11.13	Default in Payment of Assessments; Enforcement of Lien.....	26
11.14	Interest and Late Charges.....	26
12.	Enforcement of Covenants.....	26
12.1	Remedies.....	26
12.2	Rights of Owners.....	27
12.3	Limitations on Liability.....	27
12.4	Recovery of Costs and Fees.....	27
12.5	Remedies Not Exclusive.....	27
13.	Maintenance of Properties.....	27
13.1	Association's Responsibility.....	27
13.2	Owner's Responsibility.....	28
14.	Insurance and Casualty Losses.....	29
14.1	Association Insurance.....	29
14.2	Owners' Insurance.....	30
14.3	Damage and Destruction.....	31
14.4	Association as Attorney-in-Fact.....	31
15.	Condemnation.....	32
15.1	Partial Condemnation.....	32
15.2	Complete Condemnation.....	32
16.	Mortgage Provisions.....	32
16.1	Parties Benefited.....	32
16.2	Notices.....	32
16.3	Special FNMA/FHLMC Provision.....	33
16.4	Other Provisions for First Mortgagees.....	33
16.5	No Priority.....	34
16.6	Notice to Association.....	34
16.7	Amendment by Board.....	34
16.8	Failure of Mortgagee to Respond.....	34
17.	Declarant's Rights.....	34
17.1	Transfer of Rights.....	34
17.2	Construction and Sales Period.....	35
17.3	Other Covenants.....	35
17.4	Amendment.....	35
17.5	Termination of Special Rights.....	35

18.	General Provisions.....	35
18.1	Term.....	35
18.2	Amendment.....	36
	18.2.1 By Declarant.....	36
	18.2.2 By Owners.....	36
	18.2.3 Validity and Effective Date of Amendments.....	36
	18.2.4 Declarant Rights.....	36
	18.2.5 Boundaries.....	36
18.3	Severability.....	37
18.4	Notice of Sale or Transfer of Title.....	37
18.5	Revocation.....	37
18.6	Notices.....	37
18.7	Waiver.....	37
18.8	Conflicts Between Documents.....	38

MASTER DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR RIVER BEND

This MASTER DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR RIVER BEND is made as of the _____ day of _____, 1997, by RIVER BEND LIMITED PARTNERSHIP, an Oregon limited partnership ("Declarant").

Declarant is the owner of the real property in Deschutes County, Oregon, legally described on the attached Exhibits A and B. Declarant intends to cause the Properties (defined in Section 1.1) to be developed as a multi-phase mixed-use project containing commercial, industrial, and residential components, as well as common areas. This Declaration imposes, and the Supplemental Declarations (defined in Section 1.1) contemplated herein will impose, upon the Properties mutually-beneficial restrictions under a general plan of improvement for the benefit of the owners of each portion of the Properties and establishes procedures for the overall development, administration, maintenance, and preservation of the Properties. Through this Declaration, Declarant seeks to ensure the attractiveness of the individual lots, parcels, and facilities developed within the Properties and to preserve, protect, and enhance the value and amenities of the Properties.

Declarant hereby declares that the Properties and all parts thereof shall be held, used, mortgaged, and conveyed subject to the terms of this Declaration, which shall run with the Properties and shall be binding upon and inure to the benefit of all Persons (defined in Section 1.1) having or acquiring any right, title, or interest in or to the Properties or any part thereof.

1. Definitions.

1.1 Certain Defined Terms.

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

"Area of Common Responsibility" means the Common Area and any additional areas of the Properties which by the terms of this Declaration, any Supplemental Declaration, any other applicable covenants, or any contract become the responsibility of the Association.

"Articles of Incorporation" or "Articles" means the Articles of Incorporation of the Association, as amended and in effect from time to time.

"Association" means River Bend Master Owners Association, Inc., to be formed as an Oregon nonprofit mutual benefit corporation, and its successors and assigns.

"Board of Directors" or "Board" means the board of directors of the Association, selected as provided in the Bylaws.

"Bylaws" means the bylaws of the Association, as amended and in effect from time to time.

"Class A Members" has the meaning set forth in Section 9.3.1.

"Class B Member" has the meaning set forth in Section 9.3.2.

"Common Area" means all real and personal property which the Association owns, leases, or otherwise holds possessory or use rights in for the common use and enjoyment of the Owners.

"Common Expenses" means the actual expenses incurred and the estimated expenses anticipated to be incurred by the Association pursuant to the River Bend Documents or for the general benefit of the Properties, including any reasonable reserves, all as determined by the Board pursuant to the River Bend Documents.

"Condemnation" and grammatical variations thereof, means a taking by any authority having the power of eminent domain or a conveyance in lieu of and under a bona fide threat of such a taking.

"Condominium Association" means the condominium owners association formed pursuant to the Oregon Condominium Act with respect to any Condominium Project.

"Condominium Documents" means the condominium declaration and other documents creating and governing any Condominium Project.

"Condominium Class A Members" means the Class A Members who are Owners of Condominium Units.

"Condominium Project" means any condominium project created pursuant to the Oregon Condominium Act and developed on the Properties.

"Condominium Unit" means a condominium unit within any Condominium Project.

"County" means Deschutes County, Oregon.

"County Records" means the official records of Deschutes County, Oregon.

"Declarant" means River Bend Limited Partnership, an Oregon limited partnership, or any successor or assign who has or takes title to any portion of the First Phase or any subsequent Phase for the purpose of development and/or resale in the ordinary course of its business and who is designated as a Declarant in a written instrument executed by an immediately preceding Declarant and recorded in the County Records.

"Design Guidelines" means the design guidelines and procedures adopted by the Design Review Committee pursuant to Section 6, as amended or supplemented and in effect from time to time.

"Design Review Committee" or "Committee" means the committee appointed pursuant to Section 6.7.

"Eligible Holder" has the meaning set forth in Section 16.2.

"First Mortgage" means a Mortgage recorded in the County Records, made in good faith and for value, and having a first priority over other Mortgages, if any, on a Parcel or Condominium Unit.

"First Phase" means the real property described on Exhibit A, initially subjected to this Declaration by Declarant by execution of this Declaration and its recordation in the County Records.

"Improvement" means any structure or improvement of any kind, including buildings, fences, walls, trees, hedges, plantings, poles, driveways, parking areas, loading areas, ponds, lakes, recreational facilities, signs, changes in any exterior color or shape, and site work (including excavation, grading, road construction, utility improvements, and removal of trees or plantings); provided that "Improvement" does not include turf, shrub, or tree maintenance or replacement.

"Limited Common Areas" means any real or personal property which the Association or any Sub-Association owns, leases, or otherwise holds possessory or use rights in for the common use and enjoyment of the Owners of Parcels in one or more Phases, but less than all of the Properties.

"Maximum Developable Acreage" means the total number of acres in the First Phase and the Potential Expansion Property less the total number of acres which are (i) removed from the Potential Expansion Property by Declarant, (ii) removed from the coverage of this Declaration pursuant to Section 2.2, (iii) dedicated to and accepted by any public authority, or (iv) conveyed to the Association or any Sub-Association as Common Area or Limited Common Areas, respectively.

"Member" means a Person entitled to membership in the Association, as provided in Section 9.2.

"Mortgage" means a mortgage, a trust deed, or a real estate contract utilized as a financing device.

"Mortgagee" means a mortgagee, a beneficiary of a trust deed, or a vendor under a real estate contract utilized as a financing device.

"Owner" means the Person(s) who holds the record title to any Parcel or Condominium Unit, excluding any Person(s) who holds an interest merely as security for the performance of an obligation. If a Parcel or Condominium Unit is sold pursuant to a real estate contract utilized as a financing device, then, upon the recording of such contract or a memorandum thereof, the vendee thereunder (rather than the fee owner) will be considered the Owner of such Parcel or Condominium Unit.

"Parcel" means any portion of the Properties, whether improved or unimproved, which may legally be independently owned and conveyed and which is intended for development, use, and occupancy for commercial, industrial, or residential purposes, including all Improvements thereon; provided that, with respect to any Condominium Project, "Parcel" means entire portion of the Properties on which the Condominium Project, including any common or limited common elements, is located and not any Condominium Unit therein; and provided further that "Parcel" does not include any of the Common Area, any Limited Common Areas, or any property dedicated to and accepted by any public authority.

"Person" means a natural person, a corporation, a partnership, a limited liability company, an unincorporated association, a trust, or any other legal entity.

"Phase" means all Parcels simultaneously subjected to this Declaration by Declarant by execution and recordation of this Declaration or any Supplemental Declaration in the County Records.

"Plat" means any plat or planned development map affecting the Properties or any part thereof and recorded in the County Records, as such plat or map may be modified of record from time to time.

"Potential Expansion Property" means the real property described on Exhibit B, whether or not such property has been annexed to River Bend as provided herein.

"Properties" means the First Phase, together with any additional property annexed and thereby subjected to this Declaration in accordance with Section 2.1.

"Regular Class A Members" means the Class A Members other than the Condominium Class A Members.

"River Bend" means the multi-phase mixed-use project to be developed on the Properties.

"River Bend Documents" means this Declaration, any Supplemental Declarations, the Articles, the Bylaws, the Design Guidelines, the Use Guidelines and Restrictions, and any other rules and regulations adopted by the Association.

"67% Vote" means the affirmative vote of Class A Members together holding at least 67% of the total votes held by Class A Members.

"Special Assessment" means an assessment levied pursuant to Section 11.4.

"Specific Assessment" means an assessment levied pursuant to Section 11.5.

"Sub-Association" means any separate association of Owners in one or more, but less than all, of the Phases, as established pursuant to a Supplemental Declaration in accordance with Section 2.1.3(b).

"Supplemental Declaration" means any amendment or supplement to this Declaration recorded pursuant to Section 2.1 which annexes and thereby subjects additional property to this Declaration and any other amendment or supplement to this Declaration recorded in accordance with this Declaration.

"Turnover" means the turnover of control of the Association from Declarant to the Owners, which shall occur at the time and in the manner set forth in Section 9.5.

"Turnover Meeting" means the meeting of the Association called pursuant to Section 9.5 for the purpose of effecting the Turnover.

"Use Guidelines and Restrictions" means any rules and regulations adopted by the Board pursuant to Section 4.3 or any Supplemental Declaration, establishing requirements and restrictions regarding uses of and conduct on the Properties or any part thereof.

1.2 Liberal Construction.

The provisions of this Declaration shall be liberally construed to effect its purpose of creating a uniform plan for the development and operation of River Bend in a manner which complies with all applicable laws and governmental regulations and requirements.

1.3 Interpretation.

The captions or headings of Sections of this Declaration are intended for ease of reference only and shall have no effect whatsoever on the construction or interpretation of any provision of this Declaration. The term "including," as used in this Declaration, is not limiting and means "including without limitation." Unless otherwise specified, the words "hereof," "herein," and "hereunder" and similar words refer to this Declaration as a whole and not to any particular provision of this Declaration. References to any Section or Exhibit are references to Sections of or Exhibits to this Declaration, unless otherwise specified.

2. Annexation and Withdrawal of Property.

2.1 Annexation.

2.1.1 Annexation Without Approval of Members.

At any time and from time to time prior to Turnover, Declarant may in its sole discretion unilaterally subject all or any part of the Potential Expansion Property to the provisions of this Declaration by recording in the County Records a Supplemental Declaration containing a legal description of the property being annexed and specifically subjecting it to the terms of this Declaration. Any such Supplemental Declaration (i) shall not require the consent of the Members or of any Mortgagees, but shall require the consent of the owner of the annexed property, if other than Declarant; and (ii) shall be signed by Declarant and by the owner of the annexed property, if other than Declarant. Any annexation pursuant to this Section 2.1.1 shall be effective upon recordation in the County Records of the Supplemental Declaration relating to such annexation, unless otherwise provided therein.

2.1.2 Annexation With Approval of Members.

468 • 1693

At any time and from time to time, the Association or Declarant may subject any real property, including any Potential Expansion Property, to the provisions of this Declaration with (i) the consent of the owner of such property, (ii) the approval of the Class A Members by a 67% Vote, (iii) the approval of Mortgagees holding Mortgages on Parcels the Owners of which together hold at least 67% of the total votes held by Class A Members, and (iv) if prior to Turnover, the consent of Declarant. Any such annexation shall be accomplished by recording in the County Records a Supplemental Declaration containing a legal description of the property being annexed and specifically subjecting it to the terms of this Declaration. Any such Supplemental Declaration shall be signed by the President and Secretary of the Association and by the owner of the annexed property. Any annexation pursuant to this Section 2.1.2 shall be effective upon recordation in the County Records of the Supplemental Declaration relating to such annexation, unless otherwise provided therein.

2.1.3 Additional Covenants and Easements.

(a) At any time and from time to time prior to Turnover, Declarant may unilaterally (but with the consent of the owner of the property in question, if other than Declarant) subject any portion of the property subjected to this Declaration initially or by Supplemental Declaration pursuant to Section 2.1.1 to additional covenants and easements, including covenants requiring the Association to maintain and insure such property; provided that the foregoing right of Declarant shall be subject to the provisions of Section 4.2 and any other applicable limitations set forth in the River Bend Documents. Any additional covenants and easements pursuant to this Section 2.1.3(a) shall be set forth in a Supplemental Declaration recorded in the County Records either concurrently with or after the annexation of the property in question.

(b) Any Supplemental Declaration pursuant to Section 2.1.1, 2.1.2, or 2.1.3(a) may provide for, without limitation, (i) the creation of Limited Common Areas within any one or more Phases, but less than all of the Properties; (ii) the establishment of Sub-Associations with respect to any one or more Phases, but less than all of the Properties, the purpose of which shall be to own, maintain, and insure any Limited Common Areas in such Phase(s); (iii) the assessment of expenses which relate solely to such Limited Common Areas against only those Parcels located in such Phase(s); and (iv) such additional covenants as may be necessary or appropriate to implement any of the foregoing.

2.2 Withdrawal of Property.

Declarant reserves the right, without prior notice and without the consent of any Person, to amend this Declaration at any time prior to Turnover for the purpose of removing property then owned by Declarant, its affiliates, or the Association from the coverage of this Declaration if and to the extent that (i) such property was originally included in error, or (ii) Declarant's plans for development of the Properties no longer include such property, so long as the withdrawal of such property is not unequivocally contrary to the overall, uniform scheme of

development for the Properties. Any withdrawal of property pursuant to this Section 2.2 shall be reflected in a Supplemental Declaration signed by Declarant and recorded in the County Records.

2.3 Assignment of Rights.

At any time and from time to time, Declarant may transfer or assign its right to annex or withdraw property in accordance with this Section 2 to any Person who is the developer of at least a portion of the First Phase or the Potential Expansion Property. Any such transfer or assignment shall be reflected in a written instrument signed by Declarant and recorded in the County Records.

3. Property Rights.

3.1 Common Area.

Each Owner shall have a non-exclusive right and easement of use, access, and enjoyment in and to the Common Area, which easement shall be appurtenant to and shall pass with the title to every Parcel and Condominium Unit, subject to (i) the River Bend Documents; (ii) any restrictions or limitations contained in any deed conveying property included in the Common Area to the Association; (iii) the rights of Declarant and the Board pursuant to this Declaration to adopt rules regulating the use and enjoyment of the Common Area; (iv) the right of the Association to mortgage, pledge, or hypothecate any or all of the Common Area as security for money borrowed or debts incurred, subject to the approval requirements set forth in the River Bend Documents; (v) the right of the Association to grant temporary licenses to come upon the Properties in connection with special events held thereon; and (vi) the right of Declarant and the Board pursuant to this Declaration to designate portions of the Common Area as Limited Common Areas.

3.2 Limited Common Areas.

The rights and easements of use and enjoyment with respect to any Limited Common Areas created pursuant to Section 2.1.3(b) shall be set forth in the Supplemental Declaration creating such Limited Common Areas.

3.3 Delegation.

Subject to the limitations set forth in Section 3.1 and any other applicable restrictions or limitations set forth in the River Bend Documents, any Owner may delegate such Owner's right and easement of use, access, and enjoyment in and to the Common Area to such Owner's family members, guests, invitees, employees, tenants, and licensees.

4. Restrictions on Use.

4.1 General Applicability.

Declarant intends to create River Bend as a commercial, industrial, and residential development and, in furtherance of its and every other Owner's interests, has established a

general plan of development for River Bend as a master planned community. The Properties are and will be subject to architectural, design, and land development guidelines as set forth in Section 6. The Properties will also be subject to guidelines and restrictions regarding use and conduct as provided in this Section 4. All provisions of this Declaration, of any Supplemental Declaration containing any such guidelines and restrictions, and of any Use Guidelines and Restrictions shall apply to all occupants of any Parcel or Condominium Unit and to all family members, guests, invitees, employees, tenants, and licensees of any Owner, except as otherwise provided therein.

4.2 Declarant Authority.

At any time and from time to time prior to the first sale of any Parcel in the First Phase, Declarant shall have the authority, subject to the provisions of Section 4.7, to establish requirements and restrictions with respect to the use of and conduct on Parcels contained in the First Phase or any subsequent Phase. At any time and from time to time prior to the first sale of any Parcel in any Phase after the First Phase, Declarant shall have the authority, subject to the provisions of Section 4.7, to establish requirements and restrictions with respect to the use of and conduct on Parcels contained in such Phase or any subsequent Phase. Any requirements and restrictions established by Declarant pursuant to this Section 4.2 shall be set forth in a Supplemental Declaration recorded in the County Records.

4.3 Board Authority.

Subject to the provisions of this Section 4, the Board shall have the authority to adopt and thereafter to modify or supplement from time to time Use Guidelines and Restrictions. The Board shall send a copy of any proposed new, modified, or supplemented rule or regulation to each Owner at least 30 days prior to the Board meeting at which such rule or regulation will be considered. Members shall have a reasonable opportunity to be heard at any such meeting. If any such rule or regulation is approved by the Board, it shall become effective unless disapproved at such meeting by Class A Members by a 67% Vote or by Declarant, so long as Declarant owns any property in the First Phase or any Potential Expansion Property. The Board shall provide a copy of the Use Guidelines and Restrictions then in effect to any Member or Mortgagee upon request and without cost.

4.4 Members' Power.

At a meeting duly called for such purpose as provided in the Bylaws, the Class A Members may adopt, repeal, modify, limit, and expand Use Guidelines and Restrictions by a 67% Vote and with the approval of Declarant, so long as Declarant owns any property in the First Phase or any Potential Expansion Property.

4.5 Owners' Acknowledgment.

By accepting a deed to or entering into a recorded contract of sale for a Parcel or a Condominium Unit, each Owner acknowledges and agrees that the use, enjoyment, and marketability of such Owner's property may be affected by the provisions of this Section 4, by

any requirements and restrictions established pursuant to Section 4.2, and by the Use Guidelines and Restrictions, and that any of the foregoing may be modified or supplemented from time to time as provided in this Section 4.

4.6 General Restrictions.

Each Parcel and Condominium Unit may be used only for purposes permitted by applicable law and in a manner complying with any Supplemental Declaration applicable thereto and adopted pursuant to Section 4.2 and with any applicable Use Guidelines and Restrictions promulgated pursuant to Section 4.3 or 4.4. Subject to the limitations set forth in this Section 4, the requirements and restrictions established pursuant to Section 4.2 and the Use Guidelines and Restrictions may address, without limitation, any or all of the following matters relating to the Properties or any portion thereof: Signage, parking, utility and landscaping installation, garbage and trash disposal, exterior antennas and similar apparatus, exterior lighting, the maintenance and repair of exteriors and landscaping, view obstruction, the conduct of business on Parcels limited to residential use, and short-term leasing activities with respect to residential properties.

4.7 Limitations.

The authority of Declarant, the Board, and the Members to adopt requirements or restrictions regarding use or conduct or Use Guidelines and Restrictions shall be subject to the following limitations: (i) similarly situated Owners and occupants shall be treated similarly; (ii) no rule shall interfere with the freedom of occupants of residential Parcels or Condominium Units to determine the composition of their households, except that all occupants of such a Parcel or Condominium Unit may be required to be members of a single housekeeping unit; (iii) no rule shall interfere with the activities carried on within the confines of the structures on any Parcel or Condominium Unit, except that the Association may (a) prohibit activities not normally associated with property restricted to the use applicable to such Parcel or Condominium Unit, and (b) restrict or prohibit activities that create the possibility of monetary costs for the Association or other Owners, that endanger the health or safety of occupants of other Parcels or Condominium Units, that generate excessive noise or traffic, that create unsightly conditions visible outside the confines of such structures, or that create a source of unreasonable annoyance to occupants of other Parcels or Condominium Units; (iv) the Association shall not impose any fee for the transfer of any Parcel or Condominium Unit in an amount greater than the costs estimated to be incurred by the Association in connection with the transfer; and (v) no rule or regulation adopted or action taken by the Association shall unreasonably impede or interfere with Declarant's right to develop the Properties in accordance with authorizations obtained from the County or from any other applicable governmental authority.

4.8 Development.

Nothing in this Section 4, in any Supplemental Declaration pursuant to Section 4.2, or in any of the Use Guidelines and Restrictions shall be construed to prohibit or unreasonably impede or interfere with the activities of Declarant or Declarant's employees, agents, independent contractors, successors, and assigns in connection with the development and construction of Improvements on, or the providing of utility services to, the Properties or other

real property owned by Declarant, or the maintenance on portions of the Properties of such facilities as may be reasonably required or convenient in connection with such activities, including business offices, storage areas, construction yards and equipment, signs, and sales offices; provided, however, that no such activity shall be performed and no such facility shall be maintained on any portion of the Properties in such a way as to interfere unreasonably and substantially with the use, enjoyment, or access of any Owner or any Owner's family members, guests, invitees, employees, tenants, and licensees.

5. Easements.

5.1 Easements for Encroachments.

Reciprocal appurtenant easements are hereby reserved for any encroachment, and for maintenance and use of any encroachment permitted under this Section 5.1, which now or hereafter exists between any Parcel and any adjacent Common Area or between any adjacent Parcels, to the extent that any such encroachment (i) is not the result of any willful, knowing, or negligent conduct on the part of an Owner or occupant or the Association, as the case may be; and (ii) extends for a distance of not more than three feet, measured from any point on the common boundary along a line perpendicular to such boundary.

5.2 Easements for Utilities, Etc.

5.2.1 Access and maintenance easements are hereby reserved for Declarant (so long as Declarant owns any property in the First Phase or any Potential Expansion Property), the Association, and the designees of each (which may include the County and any utility company) on, across, over, and under all of the Properties to the extent reasonably necessary for the purpose of installing, replacing, repairing, and maintaining roads, walkways, bicycle pathways, trails, ponds, wetlands, drainage systems, street lights, signage, cable television systems, master television antenna systems, security and similar systems, and all other utilities (including water, sewer, telephone, gas, and electricity) and facilities and equipment related to any of the foregoing; provided that all of the foregoing shall be installed only on property owned by the installing party or within easements designated for such purposes on the applicable Plat. The easements reserved pursuant to this Section 5.2.1 shall not entitle the holders thereof to install any of the foregoing systems or facilities over, under, or through any structure existing on a Parcel at the time of installation, and any damage to any Improvement resulting from the exercise of any such easement shall promptly be repaired by, and at the expense of, the Person exercising the easement. The exercise of any easement reserved pursuant to this Section 5.2.1 shall not interfere unreasonably and substantially with the use of any Parcel or Condominium Unit and, except in an emergency, entry onto any Parcel or into any Condominium Unit shall be made only after reasonable notice to the Owner or occupant thereof. To the extent practicable, all such easements affecting a Parcel shall be sited within the setback areas designated for such Parcel.

5.2.2 Declarant hereby specifically grants to any water supplier, electric company, telephone company, sewer utility, cable television provider, and natural gas supplier serving the Properties easements across the Properties for the purposes of installing,

replacing, repairing, maintaining underground utility lines at least twelve (12) inches beneath the surface, and reading utility meters and boxes; provided that the exercise of such easement shall not permit entry into any structure on a Parcel, nor shall any utilities be installed or relocated on the Properties, without the prior approval of the Board or Declarant (prior to Turnover) and of the Owner of the affected Parcel or Condominium Unit; provided, further, in no event (other than an emergency) may any utility be installed, relocated or repaired on the portions of the Properties used for retail sales during the period commencing on September 15 and ending on December 31. To the extent practicable, all such easements affecting a Parcel shall be sited within the setback areas designated for such Parcel. In the event that any grantee granted an easement pursuant to this Section 5.2.2 requests a specific easement by separate recordable document, Declarant (prior to Turnover) and the Association are each hereby granted the right and authority to grant such easement in accordance with the provisions of this Section 5.2.2. The grantor of a utility easement retains the right to require the relocation of any such easements at the grantee's sole cost and expense, to use the surface of the easement property and to allow other utility lines to be installed within the easement property, provided that the utility lines do not materially interfere with the installations of the grantee. In its use of the easement property, the grantee shall replace and restore, at the grantee's sole cost and expense, any portions of the Properties disturbed by such work.

5.3 Easements for Construction and Sales Activities.

Declarant, for itself and its agents, representatives, employees, successors, assigns, licensees, and Mortgagees, hereby reserves an easement over, in, on, under, and across the Common Area to make such other use thereof (including the storage of equipment and materials) as may be reasonably necessary or incidental to the development of and construction of Improvements on the Properties or on other real property owned by Declarant (including the Potential Expansion Property, whether or not such property is annexed and thereby made subject to this Declaration) or to the sale and marketing of Parcels and Improvements thereon (including Condominium Units); provided, however, that no such activity shall be performed in such a way as to interfere unreasonably and substantially with the use, enjoyment, or access of any Owner or any Owner's family members, guests, invitees, employees, tenants, and licensees.

5.4 Easements for Drainage.

Easements are hereby reserved over every Parcel and the Common Area for natural drainage of storm water runoff from other portions of the Properties and other properties adjacent thereto owned by Declarant or its successors. In addition, an easement is hereby reserved for Declarant (so long as Declarant owns any property in the First Phase or any Potential Expansion Property), the Association, and the designees of each to enter on, across, over, in, and under any portion of the Properties for the purpose of changing, correcting, or otherwise modifying the grade or drainage channels of the Properties for the purpose of improving drainage from and across the Properties; provided that the holders of such easement shall use all reasonable efforts to conduct any such work in a manner which minimizes any disturbance to the uses of the Properties by Declarant, the Association, the Owners, and the Owners' respective family members, guests, invitees, employees, tenants, and licensees; shall undertake any such work expeditiously; and shall restore any areas affected by such work to a

sightly and usable condition as soon as reasonably possible following the completion such work. No Person shall alter the natural drainage on or over any Parcel so as to increase materially the drainage of storm water onto adjacent portions of the Properties without the consent of the Owner of the affected property.

5.5 Right of Entry.

The Association shall have the right, but not the obligation, to enter upon any Parcel, including any Improvements thereon, for emergency, security, or safety reasons (including the correction of any condition which may increase the possibility of a fire or other hazard in the event an Owner fails or refuses to cure the condition within a reasonable time after request by the Board), to perform maintenance pursuant to this Declaration or any Supplemental Declaration, and to determine whether such Parcel and Improvements and the activities thereon comply with the River Bend Documents. Such right may be exercised by the Board, the Design Review Committee, officers, agents, employees, and/or managers of the Association, and all policemen, firemen, ambulance personnel, and similar emergency personnel in the performance of their duties. Except in an emergency situation, entry to any structure shall occur only during reasonable hours and after reasonable advance notice to the Owner thereof.

5.6 Easements Deemed Created.

Each conveyance of a Parcel or a Condominium Unit after the date of recordation of this Declaration shall be construed to grant and reserve the easements contained in this Section 5 and elsewhere in the River Bend Documents, regardless of whether any specific reference to such easements appears in the instrument of conveyance.

6. Design Review Committee.

6.1 Design Review.

No Improvement shall be commenced, erected, placed, altered, added to, or maintained on, within, beneath, or above the Properties or any portion thereof until and unless design plans and specifications showing the site layout, structural design, exterior elevations, exterior materials and colors, signs, landscaping, drainage, lighting, irrigation, utility facilities layout, and screening for such Improvements have been submitted to and approved in writing by the Design Review Committee; provided that (i) any Owner may remodel, paint, or redecorate the interior of structures on such Owner's Parcel or the interior of such Owner's Condominium Unit without such approval except to the extent, if any, that such modifications are visible from outside the structure; and (ii) no such approval shall be required to repaint the exterior of a structure in accordance with the originally approved color scheme or to rebuild any Improvement in accordance with originally approved plans and specifications. The intent and purpose of this Declaration is to achieve a high standard of quality of workmanship and materials and to assure harmony of external design with existing Improvements and location with respect to topography and finished grade elevations.

6.2 Design Guidelines.

The Design Review Committee may at any time and from time to time adopt and issue, and thereafter supplement and modify, Design Guidelines which more specifically define and describe the design standards for River Bend and the various land uses therein and which set forth the procedure and specific requirements for Committee approval of proposed Improvements pursuant to this Section 6. The Design Guidelines may vary for different Phases. The Design Guidelines shall not in any event be inconsistent with this Declaration.

6.3 Governmental Approvals.

Compliance with the design review process set forth in this Declaration is not a substitute for compliance with County building, zoning, and subdivision regulations, and each Owner shall be responsible for obtaining all approvals, licenses, and permits required by applicable law prior to commencing construction. Approval of any Improvement by the Committee does not assure approval by the County or any other governmental agency.

6.4 Variance.

The Committee may authorize variances from compliance with any of its Design Guidelines when circumstances such as topography, natural obstructions, hardship, or aesthetic or environmental considerations require; provided that such variances may be granted only when unusual circumstances dictate; and provided further that no variance shall (i) be effective unless in writing; (ii) be contrary to this Declaration; or (iii) limit the Committee's authority to deny a variance in other circumstances. For purposes of this Section 6.4, the inability of an Owner to obtain any governmental approval, the issuance of any permit, the cost of compliance, or the terms of any financing shall not be considered a hardship warranting a variance.

6.5 Committee Decision.

The Committee shall render its decision on an application for approval pursuant to this Section 6 within 30 days after it has received the complete written application. Each application shall specify the approval requested and be accompanied by all material reasonably requested by the Committee to enable it to make an informed decision on the application. The plans and specifications included with each application shall be prepared by a licensed architect. The Committee may charge a reasonable fee to cover the estimated cost of processing an application for any approval pursuant to this Section 6.

6.6 Committee Discretion.

The Committee may, at its sole discretion, withhold consent to any proposed Improvement if the Committee finds the proposed Improvement would be inappropriate for the particular Parcel or incompatible with the design standards that the Committee establishes for River Bend or for the Phase in which the Parcel in question is located. The Committee may take into account any factors its reasonably deems relevant with respect to any proposed Improvement, including siting, shape, size, color, design, height, solar access, impairment of the

view from other Parcels, effect on the enjoyment of other Parcels or the Common Area, disturbance of existing terrain and vegetation, and environmental impact.

6.7 Membership; Appointment and Removal.

The Committee shall consist of as many persons, but not fewer than three, as Declarant (prior to Turnover) or the Board (after Turnover) may appoint from time to time. Declarant (prior to Turnover) or the Board (after Turnover) may remove any member of the Committee at any time, with or without cause, and may appoint new or additional members at any time. The Association shall keep on file at its principal office a list of the names and addresses of the members of the Committee. If Declarant or the Board, as applicable, fails to appoint members of the Committee, the Board shall serve as the Committee.

6.8 Majority Action.

The affirmative vote of a majority of the members of the Committee shall govern its actions and constitute the act of the Committee. A quorum of the Committee shall consist of a majority of the Committee's members. The Committee may render its decision only by written instrument setting forth the action taken by the members.

6.9 Limitation of Liability.

The Committee shall use reasonable judgment in approving or disapproving applications submitted to it. Neither Declarant, the Association, the Board, the Committee, nor any member, manager, employee, agent, or consultant of any of the foregoing shall be (i) liable to any Person, including any Owner, occupant, or contractor, (a) for any official act of the Committee in connection with a submitted application, except to the extent the Committee or any individual Committee member acts with malice or wrongful intent; or (b) for any loss, liability, claim, or expense which may arise by reason of the approval or disapproval of any Improvement; or (ii) responsible in any way for any defects in any plans or specifications submitted, revised, or approved pursuant to this Section 6 or for any structural or other defect in any work done in accordance with any such plans and specifications. The Association shall indemnify, hold harmless, and defend the Committee and its members from and against any and all claims, losses, liabilities, and expenses (including reasonable attorneys' fees) incurred in connection with any suit, action, or proceeding which results from any action of the Committee pursuant to this Section 6; provided that the Association shall not be obligated to indemnify any member of the Committee to the extent such member is adjudged to be liable for negligence or misconduct in the performance of such member's duties, unless (and then only to the extent that) the tribunal in which such suit or proceeding is brought determines that, despite the adjudication of liability but in view of all circumstances of the case, such member is fairly and reasonably entitled to indemnification. The Association shall use all reasonable efforts to procure errors and omissions insurance coverage for members of the Committee.

6.10 Nonwaiver.

Approval by the Committee of any application shall not be deemed to constitute a precedent or waiver impairing its right to withhold approval as to any similar application thereafter submitted.

6.11 Effective Period of Consent.

The Committee's approval of any proposed Improvement shall automatically be revoked one year after issuance unless construction of the Improvement has been commenced or the Owner has applied for and received an extension of time from the Committee.

6.12 Estoppel Certificate.

Within 10 business days after written request therefor is delivered to the Committee by any Owner, and upon payment to the Committee of a reasonable fee, if any, fixed by the Committee to cover its estimated costs, the Committee shall provide such Owner with an estoppel certificate executed and acknowledged by a member of the Committee, certifying with respect to any Parcel or Condominium Unit owned by the Owner whether or not, as of the date thereof, the Improvements on or comprising such Parcel or Condominium Unit comply with this Declaration. If the estoppel certificate states that any Improvements do not so comply, such certificate shall also identify the noncomplying Improvements and set forth the nature of such noncompliance in reasonable detail. Any purchaser from the Owner and any Mortgagee of the Parcel or Condominium Unit in question shall be entitled to rely conclusively on such certificate with respect to the matters set forth therein.

6.13 Activities of Declarant.

This provisions of this Section 6 shall not apply to the activities of Declarant or its affiliates, or to Improvements to the Common Area undertaken by or on behalf of the Association.

7. Construction and Alteration of Improvements.

7.1 General.

The Design Guidelines and the general restrictions set forth in this Declaration shall govern the construction, reconstruction, refinishing, alteration, and maintenance of any Improvement upon, under, or above the Properties or any part thereof.

7.2 Construction Methods.

All Owners shall comply with specific rules regarding construction methods, including excavation, drainage, utility lines, loading areas, waste storage, trash removal, materials storage, and transformers and meters, set forth in the Design Guidelines.

7.3 Completion of Improvements.

The construction of any building, including an Owner's dwelling (but excluding any building constructed by Declarant), including painting and all exterior finish, shall be pursued diligently and shall be completed within 18 months after the beginning of construction so as to present a finished appearance when viewed from any angle. All landscaping on a Parcel shall be completed within six months after the date of completion of the structures thereon. In the event of undue hardship due to weather conditions, the foregoing periods may be extended for a reasonable length of time upon written approval of the Committee.

7.4 Setback, Maximum Height, and Minimum Yard Requirements.

Each Parcel shall be subject to (i) the setback, maximum height, and minimum yard requirements, if any, which are shown on the Plat depicting such Parcel or established by the governmental authority with jurisdiction over such Parcel, and (ii) such more restrictive setback, maximum height, or minimum yard requirements, if any, as may set forth in the Design Guidelines or otherwise established from time to time by the Committee. No Improvement shall be constructed or maintained in violation of any setback, maximum height, or minimum yard requirement, except with the written approval of the Committee and any applicable governmental approval.

8. Restrictions on Partition and Combination.

8.1 Parcels.

No part of a Parcel (including a Parcel created by the combination of two or more Parcels in accordance with this Section 8.1) shall be partitioned or separated from any other part thereof, and no Parcels shall be combined, except with the prior written approval of Declarant (prior to Turnover) or the Committee (after Turnover) and full compliance with all applicable legal requirements and any applicable Condominium Documents. The approval of Declarant or the Committee may be conditioned upon payment by the Owner(s) concerned of all reasonable expenses incurred in connection with such approval, including attorneys' fees. Any agreement and recorded instrument providing for a partition or combination of Parcels shall make adequate adjustment of voting rights and liability for assessments appurtenant to or imposed on such Parcels.

8.2 Common Area.

No Owner shall bring any action for partition or division of the Common Area or any Limited Common Area. By accepting a deed to or entering into a recorded contract of sale for a Parcel or Condominium Unit, each Owner shall be deemed to have specifically waived such Owner's rights to institute or maintain any partition or other action designed to cause a division of the Common Area or any Limited Common Area. Any Owner who institutes or maintains any such action shall be liable to the Association and any affected Sub-Association for its costs and expenses in connection therewith, including their reasonable attorneys' fees.

9. Association Function, Membership, and Voting Rights.

9.1 Function of Association.

The Association shall be responsible for (i) the management, maintenance, operation, and control of the Area of Common Responsibility; (ii) the enforcement of this Declaration, any Supplemental Declaration, and such rules and regulations governing the use of the Properties as the Board may adopt in accordance with this Declaration or any Supplemental Declaration, including the Use Guidelines and Restrictions; and (iii) the administration and enforcement of the design standards and controls set forth in this Declaration, in any Supplemental Declaration, and in the Design Guidelines.

9.2 Membership.

Every Owner shall be a Member of the Association. There shall be only one membership per Parcel or Condominium Unit. If a Parcel or a Condominium Unit is owned by more than one Person, all co-Owners shall (i) share the privileges of the membership associated with such Parcel or Condominium Unit, subject to reasonable Board regulation and the restrictions on voting set forth in Section 9.4 and in the Bylaws, and (ii) be jointly and severally liable for the performance of the responsibilities of Owners, including the payment of assessments. The membership rights and privileges of an Owner who is a natural person may be exercised by the Member or the Member's spouse. The membership rights of an Owner which is a corporation, partnership, limited liability company, or other legal entity may be exercised by any officer, director, partner, member, manager, or trustee, or other individual designated from time to time by the Owner in a written instrument delivered to the Association. Membership in the Association shall commence, exist, and continue simply by virtue of ownership of a Parcel or a Condominium Unit, shall expire automatically upon the termination of such ownership, and need not be confirmed or evidenced by any certificate or acceptance of membership.

9.3 Voting.

The Association shall have Class A Members and one or more Class B Members.

9.3.1 Class A.

The "Class A Members" shall consist of all Owners other than (i) the Class B Member(s), if any, and (ii) any Condominium Association. Each Regular Class A Member shall have one equal vote for each 1,000 square feet of surface area included in the Parcel owned by such Member. The Condominium Class A Members in any Condominium Project shall collectively have one equal vote for each 1,000 square feet of surface area included in the Parcel on which such Condominium Project is located. All votes held by Condominium Class A Members shall be cast only by the Condominium Association of such Condominium Project and individual Condominium Class A Members shall not be entitled to separate voting rights.

9.3.2 Class B.

The "Class B Member" shall consist of Declarant. The Class B Member shall be entitled to voting rights equal to the product of (i) the number of votes pertaining to each Parcel owned by Declarant, determined as provided in Section 9.3.1 as if Declarant were a Regular Class A Member, multiplied by (ii) three. If Declarant owns a majority of the Condominium Units in any Condominium Project, Declarant shall be deemed to own all of the Condominium Units for purposes of the immediately preceding sentence. The Class B membership shall terminate and be converted to Class A membership upon the earliest to occur of (i) the first date on which 90% of the Maximum Developable Acreage is owned by Owners other than Declarant; (ii) January 1, 2022; or (iii) the date on which Declarant, in its sole discretion, terminates the Class B membership by recordation in the County Records of an instrument expressly providing for such termination.

9.4 Exercise of Voting Rights.

If more than one Regular Class A Member owns any Parcel, the votes attributable to such Parcel shall be exercised in such manner as the co-Owners may determine among themselves and advise the Secretary of the Association in writing prior to any meeting. In the event the Secretary is not advised to the contrary, any Owner of such a Parcel shall be deemed to have the power to cast all votes allocable to the Parcel and the Parcel's votes shall be suspended if more than one Person seeks to cast them.

9.5 Turnover.

Within 120 days after termination of the Class B membership pursuant to Section 9.3.2, Declarant shall call a meeting in the manner provided in the Bylaws for the purpose of turning over administrative responsibility for the Properties to the Association. If Declarant does not call the Turnover Meeting within the required period, any two or more Members may do so by giving notice in the manner provided in the Bylaws. At the Turnover Meeting, (i) the members of the Board of Directors then holding office shall resign and their successors shall be elected as provided in the Bylaws; and (ii) Declarant shall deliver to the Association the originals of all books, records, plans, contracts, and other appropriate documents and materials in Declarant's possession relating to the Association.

10. Rights and Obligations of the Association.

10.1 Area of Common Responsibility.

Subject to the rights of Declarant and of the Owners set forth in this Declaration and in any Supplemental Declaration, the Association shall manage and control the Area of Common Responsibility, all Improvements thereon, and all fixtures and personal property related thereto, and shall keep it in good, clean, attractive, and sanitary condition, order, and repair.

10.2 Real and Personal Property for Common Use.

Subject to any limitations set forth in the River Bend Documents, the Association may acquire (from Declarant or any other Person), hold, mortgage or otherwise assign or pledge, and dispose of tangible and intangible real and personal property for any purpose of the Association. Declarant shall convey the Common Area to the Association no later than the date of the Turnover Meeting.

10.3 Enforcement.

The Association may exercise all rights and remedies set forth in the River Bend Documents in connection with the enforcement thereof. The Association may, by contract or other agreement, enforce applicable County and city ordinances and permit governmental authorities to enforce applicable ordinances on the Properties for the benefit of the Association and its Members.

10.4 Implied Rights; Board Authority.

The Association may exercise any other right or privilege given to it expressly by this Declaration or the other River Bend Documents, or reasonably implied from or reasonably necessary to effect any such right or privilege. Except as otherwise expressly provided in the River Bend Documents or by applicable law, all rights and powers of the Association may be exercised by the Board without a vote of the Members.

10.5 Property for Public Use.

So long as Declarant owns any property in the First Phase or any Potential Expansion Property, Declarant may designate sites within the Properties owned by Declarant or the Association, including portions of the Common Area, for fire, police, and utility facilities, public schools and parks, and other public facilities.

10.6 Professional Management.

The Association may employ or contract for professional management services.

10.7 Liability and Indemnification.

The officers and directors of the Association, and members of committees established by the Board, shall not be liable for (i) any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct, or bad faith; or (ii) any contract or other commitment made or action taken in good faith on behalf of the Association. The Association shall indemnify, hold harmless, and defend each such officer, director, and committee member from and against any and all claims, losses, liabilities, and expenses (including reasonable attorneys' fees) incurred in connection with any suit, action, or proceeding which results from any action taken by or on behalf of the Association, the Board, or such committee pursuant to the River Bend Documents. Any right to indemnification provided for in this Section 10.7 shall not be exclusive of any other rights to which any present or former

officer, director, or committee member may be entitled under applicable law. The Association shall use all reasonable efforts to procure errors and omissions insurance coverage for officers, directors, and committee members of the Association. In accordance with ORS 65.784, if the Association indemnifies or advances expenses pursuant to this Section 10.17 or ORS 65.391-65.401, the Association shall report the indemnification or advance in writing to the Members with or before the notice of the next meeting of the Members.

10.8 Security.

The Association may, but shall not be obligated to, maintain or support certain activities within the Properties designed to make the Properties safer than they otherwise might be. NEITHER THE ASSOCIATION, THE BOARD, NOR DECLARANT SHALL IN ANY WAY BE CONSIDERED AN INSURER OR GUARANTOR OF SECURITY FOR THE PROPERTIES, NOR SHALL ANY OF THEM BE LIABLE FOR ANY LOSS OR DAMAGE RESULTING FROM ANY FAILURE TO PROVIDE ADEQUATE SECURITY OR THE INEFFECTIVENESS OF ANY SECURITY MEASURES UNDERTAKEN. NO REPRESENTATION OR WARRANTY IS MADE THAT ANY FIRE PROTECTION, BURGLAR ALARM, OR OTHER SECURITY SYSTEM CANNOT BE COMPROMISED OR CIRCUMVENTED, NOR THAT ANY SUCH SYSTEM OR OTHER SECURITY MEASURES UNDERTAKEN WILL IN ALL CASES PREVENT LOSS OR PROVIDE THE DETECTION OR PROTECTION FOR WHICH SUCH SYSTEM OR MEASURE IS DESIGNED OR INTENDED. EACH OWNER ACKNOWLEDGES, UNDERSTANDS, AND AGREES TO INFORM ITS TENANTS THAT THE ASSOCIATION, THE BOARD, AND DECLARANT ARE NOT INSURERS AND THAT EACH PERSON USING THE PROPERTIES ASSUMES ALL RISK FOR LOSS OR DAMAGE TO PERSONS AND PROPERTY RESULTING FROM ACTS OF THIRD PARTIES.

11. Assessments.

11.1 Creation of Assessments.

11.1.1 The Association is hereby authorized to levy assessments against each Parcel and Condominium Unit for Association expenses as the Board may specifically authorize from time to time, subject to the provisions of this Section 11. There shall be three types of assessments: (i) Base Assessments to fund Common Expenses; (ii) Special Assessments, as described in Section 11.4; and (iii) Specific Assessments, as described in Section 11.5. Each Owner, by accepting a deed to or entering into a recorded contract of sale for any Parcel or Condominium Unit, is deemed to covenant and agree to pay all assessments levied in accordance with this Section 11.

11.1.2 All assessments levied against a Parcel or Condominium Unit, together with interest, late charges, costs, and reasonable attorneys' fees as provided in this Section 11, shall be (i) a charge and continuing lien upon such Parcel or Condominium Unit until paid, as more particularly provided in Section 11.8; and (ii) the personal obligation of the Owner(s) of such Parcel or Condominium Unit on the date the assessment is levied by the Association. Upon a transfer of title to a Parcel or Condominium Unit, the grantee shall not be

personally liable for any assessments and other charges levied prior to the date of conveyance unless such liability is expressly assumed by such grantee, but such Parcel or Condominium Unit shall remain subject to the lien rights of the Association and the liability of the Owner(s) of the Parcel or Condominium Unit on the date the assessment was levied shall not be extinguished by such transfer. No first Mortgagee who acquires title to a Parcel or Condominium Unit by exercising the remedies provided in its Mortgage shall be liable for unpaid assessments levied prior to the date of such acquisition of title.

11.1.3 Assessments shall be paid in such manner and on such dates as the Board may establish from time to time. If the Board so determines, assessments may be payable in two or more installments. Unless the Board otherwise determines, the Base Assessment shall be due and payable quarterly in advance on the first day of each fiscal quarter of the Association.

11.1.4 Within 10 business days after written request therefor is delivered to the Association by any Owner who is liable for any assessment hereunder, the Association shall furnish to such Owner a written certificate signed by an officer of the Association stating whether such assessment has been paid. Such certificate shall be conclusive evidence of payment. The Association may require the advance payment of a reasonable processing fee for the issuance of any such certificate.

11.1.5 No Owner may exempt himself, herself, or itself from liability for assessments, whether by nonuse of the Common Area, abandonment of such Owner's Parcel or Condominium Unit, or any other means. The obligation to pay assessments is a separate and independent covenant on the part of each Owner. No diminution or abatement of assessments or set-off shall be claimed or allowed for any alleged failure of Declarant, the Association, the Board, or the Committee to take any action or perform any function, for inconvenience or discomfort arising from the construction, alteration, repair, replacement, or maintenance of Improvements, or as a result of any other action taken by Declarant, the Association, the Board, the Committee, or their respective partners, members, managers, employees, agents, or independent contractors.

11.2 Determination of Base Assessment.

11.2.1 The Base Assessment shall be set at a level which is reasonably expected to produce total income for the Association equal to the total budgeted Common Expenses, including reserves, as determined by the Board for each fiscal year of the Association, taking into account (i) other sources of funds available to the Association, if any; (ii) the number of Parcels and Condominium Units which are subject to assessment under Section 11.7 on the first day of the fiscal year for which the assessment is being levied; and (iii) the number of Parcels and Condominium Units reasonably anticipated to become subject to assessment during the fiscal year.

11.2.2 Subject to the provisions of Section 11.2.3, the Base Assessment for each year shall be allocated among all Parcels in proportion to the number of votes attributable to each Parcel pursuant to Section 9.3.1. The Base Assessment so allocated to each

Condominium Project shall be allocated equally among the Condominium Units in such Condominium Project, unless the applicable Condominium Documents otherwise provide.

11.2.3 Subject to the provisions of Section 11.2.4, Parcels owned by Declarant or Declarant's affiliates (excluding affiliates who are natural persons) shall not be subject to payment of the Base Assessment during the period prior to the termination of Class B membership pursuant to Section 9.3.2; provided, however, that in the event that the aggregate Base Assessments levied with respect to any fiscal year ending prior to the date of the Turnover Meeting, even if paid in full by all Owners liable for such assessments, would not be sufficient to pay all actual operating expenses for which line items are included in the budget approved by the Board for that year, Declarant shall promptly pay to the Association the amount of such deficiency. Any amount paid to the Association by Declarant pursuant to this Section 11.2.3 shall be non-refundable and shall not be characterized as a loan or advance. Declarant shall have no obligation to make payments to the Association pursuant to this Section 11.2.3 with respect to deficiencies attributable to expenses not contemplated in the budget approved by the Board.

11.2.4 From and after the first date on which a Condominium Unit in any Condominium Project developed by Declarant is sold to a Person other than Declarant, the Condominium Units in such Condominium Project which are owned by Declarant shall be subject to the payment of the Base Assessment in the same manner as Condominium Units owned by Condominium Class A Members, subject to any contrary provisions in the applicable Condominium Documents.

11.2.5 The Board shall send a copy of the budget for each fiscal year of the Association and notice of the amount of the Base Assessment for such year to each Owner within 30 days after adoption of such budget.

11.3 Reserves.

The budget for each fiscal year of the Association shall include provision for reserves which take into account the number and nature of replaceable assets of the Association, the expected life of each such asset, and its expected repair or replacement cost.

11.4 Special Assessments.

The Association shall have the power to levy Special Assessments from time to time to cover unbudgeted expenses or expenses in excess of those budgeted, subject to the limitations set forth in Section 11.6. Special Assessments shall be payable in such manner and at such times as may be determined by the Board, and may be payable in installments extending beyond the fiscal year to which the Special Assessment relates. Special Assessments shall be allocated in the manner provided for Base Assessments pursuant to Section 11.2.2; provided, however, that Parcels owned by Declarant or Declarant's affiliates shall be subject to Special Assessments in the same manner as if, and in the respective amounts that would be levied if, such Parcels were owned by Regular Class A Members.

11.5 Specific Assessments.

The Association shall have the power to levy Specific Assessments from time to time against any particular Parcel or Condominium Unit in order to pay (i) costs, including overhead and administrative costs, of providing benefits, items, or services to such Parcel or Condominium Unit or occupants thereof upon request of the Owner pursuant to a menu of special services which the Board may from time to time authorize to be offered to Owners (which services may include snow removal, landscape maintenance, provision of firewood, handyman service, pool cleaning, pest control, etc.), which assessments may be levied in advance of the provision of the requested benefit, item, or service as a deposit against charges incurred by the Owner; or (ii) costs incurred in bringing the Parcel or Condominium Unit into compliance with the terms of the River Bend Documents or as a consequence of the conduct of the Owner or occupants of the Parcel or Condominium Unit or their respective family members, guests, invitees, employees, tenants, or licensees.

11.6 Limitation on Increases in Assessments.

11.6.1 Except for assessment increases necessary for emergency situations (determined pursuant to Section 11.6.2) or to reimburse the Association pursuant to clause (ii) of Section 11.5, the Board may not impose Base Assessments or Specific Assessments for any fiscal year in amounts which are more than 10% greater than the respective amounts of each of those assessments for the immediately preceding fiscal year, nor impose Special Assessments during any fiscal year in an amount which, in the aggregate, exceeds 5% of the budgeted Common Expenses for such fiscal year, without the affirmative vote of Members together holding at least a majority of the total votes held by Members represented at a meeting of the Association at which a quorum is present. For purposes of this Section 11.6.1, a quorum means Members together holding a majority of the total votes held by all Members. For purposes of the limitation on increases in Base Assessments set forth in this Section 11.6.1, the Base Assessment for any fiscal year shall be deemed to include the both the Base Assessment levied against each Parcel and Condominium Unit with respect to such year and any amount paid by Declarant with respect to such year pursuant to Section 11.2.3.

11.6.2 For purposes of Section 11.6.1, an expense shall be deemed to be made necessary by an emergency situation if it is (i) required by an order of a court or governmental agency; (ii) necessary to repair or maintain any portion of the Area of Common Responsibility in order to prevent or reduce a threat to personal safety; or (iii) necessary to repair or maintain any portion of the Area of Common Responsibility and such expense could not reasonably have been foreseen by the Board in preparing the budget for the fiscal year in question.

11.7 Date of Commencement of Assessments.

The obligation to pay the assessments in accordance with this Section 11 shall commence as to all Parcels within each Phase on the earlier of (i) the first day of the calendar month immediately following the first conveyance of a Parcel or Condominium Unit in such Phase to an Owner other than Declarant; or (ii) the first day of the calendar month immediately

following conveyance of the Common Area in such Phase to the Association or the Limited Common Areas in such Phase, if any, to the Association or the Sub-Association for such Phase, if any. The Base Assessment for the fiscal year during which the obligation to pay assessments commences as to any Phase shall be prorated for Parcels and Condominium Units in that Phase based upon the number of days remaining in such year after the date on which such obligation commences.

11.8 Lien for Assessments.

11.8.1 Each assessment levied against a Parcel or Condominium Unit in accordance with this Section 11 shall constitute a lien on such Parcel or Condominium Unit. Such lien shall also secure payment of interest and late charges as provided in Section 11.14, costs of collection (including reasonable attorneys' fees) and recording fees incurred by the Association in connection with such assessment and lien, and a fee for preparing the notice of lien in such amount as the Board may determine from time to time. Such lien shall be superior to all other liens, except (i) the liens of those taxes, bonds, assessments, and other levies which are superior by operation of law; and (ii) the lien of any First Mortgage on such Parcel or Condominium Unit. The Association may enforce such lien, when delinquent, by suit, judgment, and foreclosure.

11.8.2 The Association may file a statement of lien with respect to any Parcel or Condominium Unit by recording in the County Records a written statement setting forth the name of the Owner(s), the legal description of the Parcel or Condominium Unit, the name of the Association, and the delinquent assessments and other amounts then owing. Such statement shall be executed and acknowledged by an officer or property manager of the Association, and shall be served upon the Owner of the Parcel or Condominium Unit by mail in the manner provided herein for notices. The Association may proceed to foreclose the lien in accordance with applicable law at any time after the expiration of the 30-day period following the mailing of such notice. The Association may sue for unpaid assessments and costs without foreclosing or waiving the lien securing the same.

11.8.3 The Association may bid for the Parcel or Condominium Unit at any foreclosure sale pursuant to this Section 11.8 and acquire and thereafter hold, lease, mortgage, and convey such Parcel or Condominium Unit. While a Parcel or Condominium Unit is owned by the Association following foreclosure, (i) no right to vote shall be exercised on its behalf; (ii) no assessment shall be levied on it; and (iii) each other Parcel and Condominium Unit shall be charged, in addition to its usual assessment, its pro rata share of the assessment that would have been charged such Parcel or Condominium Unit had it not been acquired by the Association.

11.8.4 The sale or transfer of any Parcel or Condominium Unit shall not affect any assessment lien thereon; provided, however, that the sale of any Parcel or Condominium Unit pursuant to foreclosure of a first Mortgage thereon shall extinguish the lien as to any installments of such assessments levied prior to the date of sale. A Mortgagee or other purchaser of a Parcel or Condominium Unit who acquires title pursuant to such a foreclosure shall not be personally liable for assessments levied on such Parcel or Condominium Unit prior

to the date of such acquisition of title; provided that such unpaid assessments shall be deemed to be Common Expenses collectible from Owners of all Parcels and Condominium Units subject to assessment under Section 11.7, including the Person acquiring such title and its successors and assigns.

11.9 Failure to Assess.

Any failure of the Board to fix assessment amounts or rates or to deliver or mail assessment notices shall not be deemed a waiver or modification of the right to impose assessments or a release of any Owner from the obligation to pay assessments. In such event, each Owner shall continue to pay Base Assessments on the same basis as for the most recent year for which an assessment was expressly levied until a new assessment is levied, at which time the Association may retroactively assess any shortfalls in collections.

11.10 Capitalization of Association.

Upon acquisition of record title to each Parcel or Condominium Unit by its first Owner other than Declarant, a contribution shall be made by or on behalf of the purchaser to the working capital of the Association in a non-refundable amount equal to one-fourth of the annual Base Assessment for Parcels and Condominium Units owned by Regular Class A Members for that year. This contribution shall be in addition to, not in lieu of, the annual Base Assessment and shall not be considered an advance payment of such assessment. This contribution shall be deposited into the purchase and sale escrow for the Parcel or Condominium Unit in question and disbursed therefrom to the Association upon the closing of the purchase.

11.11 Exempt Property.

The Common Area, all Limited Common Areas, if any, and any property dedicated to and accepted by any governmental authority or public utility shall be exempt from payment of Base Assessments and Special Assessments.

11.12 Reallocation Upon Annexation or Withdrawal of Property.

If property is annexed to or withdrawn from River Bend, the Association shall, within 60 days after the date of annexation or withdrawal, recompute the budget for the fiscal year in question and recompute all applicable assessments for each Parcel and Condominium Unit. Newly annexed Parcels and Condominium Units shall be subject to assessment in accordance with Section 11.7. The Association shall send notices of any assessment applicable to the newly-annexed Parcels or Condominium Units and of any adjustments to assessments applicable to Parcels and Condominium Units which were within River Bend prior to the date of annexation or withdrawal within 60 days after the date of annexation or withdrawal. Assessments under this Section 11.12 shall be due and payable on or before a date set forth in the notice, which date shall be not less than 30 days after the date the notice is mailed. To the extent that any adjustment pursuant to this Section 11.12 results in a credit for assessments payable with respect to a Parcel or Condominium Unit, such credit shall be applied toward the next due payment or payments of the applicable assessment.

11.13 Default in Payment of Assessments; Enforcement of Lien.

If an assessment or other charge levied pursuant to this Section 11 is not paid within 30 days after 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 in Section 11.14. In addition, the Association may (i) suspend the delinquent Owner's voting rights, if any, and right of such Owner and such Owner's family members, guests, invitees, employees, tenants, and licensees to use any recreational facilities within the Common Area or any Limited Common Areas; (ii) declare all remaining periodic installments of any annual assessment or any other amounts owed by such Owner to the Association immediately due and payable; (iii) file a statement of lien against such Owner's Parcel or Condominium Unit and foreclose the lien in accordance with Section 11.8; (iv) bring an action to recover monetary damages; and/or (v) exercise any other right or remedy available to it at law, in equity, or under the River Bend Documents.

11.14 Interest and Late Charges.

Any assessment or other charge which is delinquent pursuant to Section 11.13 shall bear interest from the due date until paid at a rate three percentage points per annum above the prime rate, as of such due date, announced by such financial institution operating in Oregon as selected by the Board or at such other rate as may be established by the Board from time to time, or, if less, at the maximum rate which may be charged under applicable law. In addition, a late charge may be imposed for each delinquent assessment in an amount established from time to time by the Board; provided that such late charge shall not exceed 30% of the delinquent amount.

12. Enforcement of Covenants.

12.1 Remedies.

In the event of any breach of or other non-compliance with any provision of the River Bend Documents (other than the provisions of Section 11, as to which the rights and remedies set forth therein shall apply), the Association may (i) bring an action to recover monetary damages; (ii) institute a proceeding in equity to obtain injunctive or other equitable relief; (iii) suspend the breaching or non-complying Owner's voting rights, if any, and right of such Owner and such Owner's family members, guests, invitees, employees, tenants, and licensees to use any recreational facilities within the Common Area or any Limited Common Areas; (iv) exclude such Owner's contractors, subcontractors, agents, employees, or other invitees from the Properties (in the case of a violation of Section 6 or 7); (v) impose reasonable fines against such Owner in such amount as the Board deems appropriate in response to the violation; (vi) enter the Parcel or Condominium Unit in question, remove, abate, modify, or replace the item which is the cause of such violation in a manner that results in conformance with the River Bend Documents, and assess the cost thereof against the such Parcel or Condominium Unit and collect the same as a Specific Assessment, unless otherwise prohibited under this Declaration; and/or (vii) exercise any other right or remedy available to it at law, in equity, or under the River Bend Documents.

12.2 Rights of Owners.

Any action to enforce the River Bend Documents may be instituted by Declarant, by the Board, or by any property manager retained by the Board, in each case in the name and on behalf of the Association. If, after written request from an aggrieved Owner, none of the foregoing Persons commences an action to enforce the River Bend Documents within a reasonable period, then the aggrieved Owner may bring such an action independently.

12.3 Limitations on Liability.

Reasonable and good faith exercise of any rights of entry set forth in the River Bend Documents shall not subject Declarant, the Association, the Board, the Design Review Committee, any other committee established under the Bylaws, or their respective partners, officers, directors, members, managers, agents, employees, or contractors to any liability for trespass, conversion, or other claim for damages. Neither Declarant, the Association, the Board, the Design Review Committee, any other committee established under the Bylaws, nor their respective partners, officers, directors, members, managers, agents, employees, or contractors shall be liable to any Owner or other Person for failure at any time to enforce any of the River Bend Documents.

12.4 Recovery of Costs and Fees.

In the event any suit, action, or other proceeding is instituted to enforce any of the River Bend Documents or in connection with any dispute arising thereunder, the prevailing party shall be entitled to recover its costs and expenses incurred in connection therewith, including such amount as the court may determine to be reasonable as attorneys' fees at trial and on any appeal or review.

12.5 Remedies Not Exclusive.

An election to pursue any remedy provided for violation of the River Bend Documents shall not prevent concurrent or subsequent exercise of other rights or remedies permitted thereunder. The remedies provided in this Declaration and the other River Bend Documents 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 at law or in equity.

13. Maintenance of Properties.

13.1 Association's Responsibility.

13.1.1 Subject to any delegation of responsibility to a Sub-Association pursuant to a Supplemental Declaration, the Association shall maintain (which, for all purposes of this Section 13, shall include repair and replacement as needed) and keep in good repair the Area of Common Responsibility, including (i) all landscaping and other flora, parks, signage, structures, private streets, tennis courts, swimming pools, water features, fencing, and bicycle and pedestrian pathways or trails situated in the Area of Common Responsibility; (ii) landscaping, sidewalks, street lights, and signage within the public rights-of-way within or

abutting the Properties, and landscaping and other flora within any public utility easements and conservation easements within the Properties (subject to the terms of any easement agreement relating thereto); provided, however, that each Owner shall landscape, irrigate, and maintain any area within public rights-of-way between such Owner's Parcel or Condominium Unit and the paved roadway located in rights-of-way adjacent to such Parcel or Condominium Unit after the date a certificate of occupancy is issued with respect to Improvements on such Parcel or with respect to such Condominium Unit; and (iii) any property or facilities owned by Declarant and made available, on a temporary or permanent basis, for the primary use and enjoyment of the Association and its Members, which property and facilities shall be identified by written notice from Declarant to the Association and remain a part of the Area of Common Responsibility until such time as Declarant revokes such privilege of use and enjoyment by written notice to the Association.

13.1.2 Easements are hereby reserved over the Properties to the extent necessary to enable the Association to fulfill its maintenance responsibilities pursuant to this Section 13.1.

13.1.3 The Association may maintain property which it does not own, including publicly owned property, conservation easements held by nonprofit entities, and other property dedicated to public use, if the Board determines that such maintenance is in the interests of the Association and the Members.

13.1.4 Except as otherwise expressly provided herein, all costs associated with maintenance of the Area of Common Responsibility shall be Common Expenses to be included in the Base Assessment, without prejudice to the right of the Association to seek reimbursement from the owner(s) of, or other Persons responsible for, certain portions of the Area of Common Responsibility pursuant to this Declaration, other recorded covenants, or agreements with such owner(s) or other Persons.

13.2 Owner's Responsibility.

Each Owner shall maintain such Owner's Parcel or Condominium Unit and all structures, parking areas, landscaping, and other Improvements on or comprising such Parcel or Condominium Unit in good order and repair and in a manner consistent with all applicable covenants and legal requirements, unless such maintenance responsibility is assumed by or assigned to the Association pursuant to any Supplemental Declaration. In addition to any other enforcement rights provided in the River Bend Documents, if an Owner fails properly to perform the foregoing maintenance responsibilities or the maintenance responsibilities set forth in the proviso to clause (ii) of Section 13.1.1, the Association may enter onto the property in question and perform such maintenance responsibilities and assess all costs incurred by the Association against the Parcel or Condominium Unit and the Owner thereof as a Specific Assessment in accordance with Section 11.5.

14. Insurance and Casualty Losses.

14.1 Association Insurance.

14.1.1 The Association shall obtain blanket "all-risk" property insurance, if available at reasonable cost, for all insurable Improvements in the Area of Common Responsibility. If blanket "all-risk" coverage is not available at reasonable cost, the Association shall obtain fire and extended coverage insurance, including coverage for vandalism and malicious mischief. The Association may also obtain flood insurance, if available at reasonable cost. The face amount of any policy shall be sufficient to cover the full replacement cost of the insured property.

14.1.2 The Association also shall obtain a public liability policy insuring the Association and its Members for damage or injury caused by the negligence of the Association or any of its Members, employees, agents, or contractors while acting on its behalf. If available at reasonable cost, such policy shall have at least a \$1,000,000 combined single limit with respect to bodily injury and property damage and at least a \$3,000,000 limit per occurrence and in the aggregate. To the extent available at reasonable cost, such public liability insurance shall also include protection against water damage liability, liability for non-owned and hired automobiles, liability for property of others, and, if applicable, elevator collision, garage-keeper's liability, host liquor liability, contractual and all-written contract insurance, employers' liability insurance, and coverage against such other risks as are customarily covered with respect to projects similar in construction, location, and use to River Bend.

14.1.3 Each policy of insurance contemplated by this Section 14.1 may contain a reasonable deductible which shall not be subtracted from the face amount of the policy in determining whether the insurance provides the required coverage. In the event of an insured loss, the deductible shall constitute a Common Expense and be included in the Base Assessments.

14.1.4 All insurance coverage obtained by the Association shall (i) be written with a company authorized to issue insurance in Oregon which holds a Best's rating of "A" or better and is assigned a financial size category of IX or larger as established by A.M. Best Company, Inc., if available at reasonable cost, or, if not so available, with a company authorized to issue insurance in Oregon which holds the most nearly equivalent rating which is so available; (ii) be written in the name of the Association as trustee for the benefited parties and include a standard mortgagee's clause; (iii) vest in the Board exclusive authority to adjust losses; provided, however, that no Mortgagee having an interest in such losses shall be prohibited from participating in the settlement negotiations, if any, related to the loss; (iv) not be brought into contribution with insurance purchased by individual Owners, occupants, or their Mortgagees; and (v) have an inflation guard endorsement, if available at reasonable cost. If a policy contains a co-insurance clause, it shall also have an agreed amount endorsement. The Association shall arrange for an annual review of the sufficiency of insurance coverage by one or more qualified Persons, at least one of whom shall be in the real estate industry and familiar with construction in the County.

14.1.5 The Board shall use reasonable efforts to secure insurance policies containing endorsements that (i) waive subrogation as to any claims against the Board and the Association's officers, employees, and property manager (if any), as well as the Owners and their tenants, servants, agents, and guests; (ii) waive the insurer's rights to repair and reconstruct instead of paying cash; (iii) preclude cancellation, invalidation, suspension, or non-renewal by the insurer on account of any one or more individual Owners, or on account of any curable defect or violation without prior written demand to the Association to cure the defect or violation and allowance of a reasonable time to cure; (iv) exclude individual Owners' policies from consideration under any "other insurance" clause; and (v) require at least 30 days written notice to the Association (and any Mortgagee or other insureds named therein) prior to any cancellation, substantial modification, or nonrenewal.

14.1.6 The Association shall obtain worker's compensation insurance and employer's liability insurance, if and to the extent required by law, and directors' and officers' liability coverage, if available at reasonable cost.

14.1.7 The Association shall obtain a fidelity bond or bonds, if available at reasonable cost, covering all Persons responsible for handling Association funds. The Board shall determine the amount of fidelity coverage in its best business judgment. Bonds shall contain a waiver of all defenses based upon the exclusion of Persons serving without compensation and shall require at least 30 days written notice to the Association prior to any cancellation, substantial modification, or nonrenewal.

14.1.8 The premiums for all insurance and bonds contemplated by this Section 14.1 shall constitute Common Expenses and be included in the Base Assessments.

14.2 Owners' Insurance.

14.2.1 By accepting a deed to or entering into a recorded contract of sale for a Parcel or a Condominium Unit, each Owner covenants and agrees to carry, at such Owner's expense, blanket "all-risk" property insurance on the structures on or comprising such Parcel or Condominium Unit, providing full replacement cost coverage less a reasonable deductible. In addition, each Owner may obtain such other and additional insurance coverage on and in relation to such Owner's Parcel or Condominium Unit as such Owner concludes to be desirable; provided, however, that none of such insurance coverage shall affect any insurance coverages obtained by the Association or cause a diminution or termination of any such coverage. Any insurance obtained by an Owner shall include a waiver of the insurer's right of subrogation against the Association and other Owners.

14.2.2 In the event of damage to or destruction of the structures on or comprising a Parcel or Condominium Unit, the Owner thereof shall proceed promptly to repair or reconstruct such structures in a manner consistent with the original construction or as may otherwise be approved pursuant to Section 6. Alternatively, the Owner of a Parcel shall clear such Parcel of all debris and ruins and maintain such Parcel in a neat and attractive, landscaped condition consistent with the River Bend Documents. The Owner shall pay any costs of repair or replacement which are not covered by insurance proceeds. If the required repair or restoration is

not commenced within 180 days after the date of damage or destruction, or if repair and reconstruction is commenced but is not diligently pursued or is abandoned for a period of more than 90 days, the Association may, following reasonable notice, impose a reasonable fine on the Owner until repair and reconstruction is commenced, unless the Owner can demonstrate to the satisfaction of the Association that such failure is due to circumstances beyond the Owner's reasonable control.

14.3 Damage and Destruction.

14.3.1 Promptly after any damage to or destruction of all or any part of the Properties covered by insurance written in the name of the Association, the Board or its duly authorized agent shall file and adjust all insurance claims and obtain reliable and detailed estimates of the cost of repair or reconstruction. Repair or reconstruction, as used in this Section 14.3, means repairing or restoring the property to substantially the condition in which it existed prior to the damage or destruction, taking into account changes or Improvements necessitated by changes in applicable legal requirements.

14.3.2 Any damage to or destruction of the Common Area shall be repaired or reconstructed unless Class A Members together holding at least 75% of the total votes held by Class A Members and Declarant (so long as Declarant owns any property in the First Phase or any Potential Expansion Property) decide within 60 days after the loss not to repair or reconstruct. If either the insurance proceeds or reliable and detailed estimates of the cost of repair or reconstruction, or both, are not available to the Association within such 60-day period, then the period shall be extended until such funds and such information are available. Assessments of the Association shall not be abated during the period of insurance adjustment and repair and reconstruction.

14.3.3 If, pursuant to Section 14.3.2, damage to or destruction of the Common Area is not to be repaired or reconstructed and no alternative Improvements are authorized, the affected property shall be cleared of all debris and ruins and maintained by the Association in a neat and attractive, landscaped condition consistent with the River Bend Documents. In such event, any remaining insurance proceeds shall be retained by the Association and used for such purposes as the Board may determine.

14.4 Association as Attorney-in-Fact.

By accepting a deed to or entering into a recorded contract of sale for a Parcel or a Condominium Unit, each Owner irrevocably constitutes and appoints the Association as such Owner's true and lawful attorney-in-fact in such Owner's name, place, and stead for the purpose of dealing with the Improvements in the Area of Common Responsibility upon damage or destruction as provided in this Section 14 or upon a complete or partial Condemnation as provided in Section 15. As attorney-in-fact, the Association shall have full and complete authority, right, and power to make, execute, and deliver any contract, assignment, deed, waiver, or other instrument with respect to the interest of any Owner which may be necessary or appropriate to exercise the foregoing powers.

15. Condemnation.

15.1 Partial Condemnation.

If any part of the Common Area is Condemned, the resulting award shall be payable to the Association as trustee for all Owners and shall be applied as follows:

15.1.1 If the Condemnation involves a portion of the Common Area on which Improvements have been constructed, the Association shall restore or replace such Improvements on the remaining land included in the Common Area, to the extent available, unless, within 60 days after the date of such Condemnation, Class A Members together holding at least 75% of the total votes held by Class A Members and Declarant (so long as Declarant owns any property in the First Phase or any Potential Expansion Property) otherwise decide.

15.1.2 If the Condemnation does not involve any Improvements on the Common Area, or if a decision is made pursuant to Section 15.1. not to repair or restore, or if funds from the Condemnation award remain after the completion of such restoration or replacement, then such award or such remaining funds shall be retained by the Association and used for such purposes as the Board may determine.

15.2 Complete Condemnation.

If all of River Bend is Condemned, the regime created by this Declaration shall terminate and the portion of the Condemnation award attributable to the Common Area shall be distributed in proportion to the respective obligations for Base Assessments for the fiscal year during which the Condemnation occurs, first to the Mortgagees and then to the Owners, as their interests may appear.

16. Mortgage Provisions.

16.1 Parties Benefited.

The provisions of this Section 16 are for the benefit of holders, insurers, and guarantors of the first Mortgages on Parcels and Condominium Units, and shall apply to all of the River Bend Documents, notwithstanding any provision to the contrary contained therein.

16.2 Notices.

Any holder, insurer, or guarantor of a first Mortgage on a Parcel or a Condominium Unit who provides a written request to the Association stating the name and address of such holder, insurer, or guarantor and the street address of the Parcel or Condominium Unit to which its Mortgage relates (each an "Eligible Holder"), shall be entitled to timely written notice from the Association of (i) any Condemnation or casualty loss which affects a material portion of the Properties or which affects the Parcel or Condominium Unit which is subject to the Mortgage held, insured, or guaranteed by such Eligible Holder; (ii) any delinquency in the payment of assessments or charges attributable to such Parcel or Condominium Unit, if such delinquency has continued for a period of 60 days, or any other violation of the River Bend

Documents relating to such Parcel or Condominium Unit or the Owner or occupant thereof which is not cured within 60 days; (iii) any lapse, cancellation, or material modification of any insurance policy maintained by the Association; and (iv) any proposed action which would require the consent of a specified percentage of Mortgagees.

16.3 Special FNMA/FHLMC Provision.

So long as the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation so require, the following provisions shall apply in addition to and not in lieu of any other provision of this Declaration:

16.3.1 Unless approved by a 67% Vote or by at least 67% of the first Mortgagees, the Association shall not (i) by act or omission seek to abandon, partition, subdivide, encumber, sell, or transfer all or any portion of the real property comprising the Common Area which the Association owns, directly or indirectly; provided that the granting of easements for public utilities or other similar purposes consistent with the intended use of the Common Area shall not be deemed a transfer within the meaning of this clause; (ii) change the method of determining the obligations, assessments, dues, or other charges which may be levied against a Parcel or Condominium Unit; provided that a decision by the Board or provisions of any Supplemental Declaration shall not be violative of this clause if such decision or Supplemental Declaration is otherwise authorized by this Declaration; (iii) by act or omission change, waive, or abandon any scheme of regulations or enforcement pertaining to architectural design, exterior appearance, or maintenance of Improvements and the Common Area; provided that the issuance and amendment of Design Guidelines or other rules, regulations, guidelines, or restrictions in accordance with the River Bend Documents shall not constitute a change, waiver, or abandonment within the meaning of this clause; (iv) fail to maintain insurance as required by this Declaration; or (v) use casualty insurance proceeds resulting from damage to or destruction of the Common Area for any purpose other than the repair, replacement, or reconstruction of such property, except to the extent expressly set forth in this Declaration.

16.3.2 Holders, insurers, and guarantors of First Mortgages may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against the Common Area and may pay overdue premiums on casualty insurance policies or secure new casualty insurance coverage upon the lapse of an Association policy. Any such holder, insurer, or guarantor making any such payments shall be entitled to immediate reimbursement from the Association.

16.4 Other Provisions for First Mortgagees.

To the extent permitted by applicable law, (i) any restoration or repair of the Properties following damage or destruction due to an insurable hazard or following a partial Condemnation shall be performed substantially in accordance with this Declaration and the applicable original plans and specifications unless otherwise approved by Eligible Holders of First Mortgages on Parcels or Condominium Units which together are allocated a majority of the total votes allocated to Parcels and Condominium Units which are subject to First Mortgages held by such Eligible Holders; and (ii) any election to terminate the Association after substantial

destruction or a substantial Condemnation shall require the approval of the Eligible Holders of First Mortgages on Parcels or Condominium Units which together are allocated a majority of the total votes allocated to Parcels and Condominium Units which are subject to First Mortgages held by such Eligible Holders.

16.5 No Priority.

No provision of the River Bend Documents shall be construed to give any Owner or other Person priority over any rights of the holder, insurer, or guarantor of any First Mortgage in the case of a distribution to such Owner or other Person of insurance proceeds or Condemnation awards for damage to or destruction or a Condemnation of the Common Area.

16.6 Notice to Association.

Upon request, each Owner shall furnish to the Association the name and address of the holder of any Mortgage encumbering such Owner's Parcel or Condominium Unit.

16.7 Amendment by Board.

In the event that the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation subsequently eliminates any of their respective requirements which necessitate the provisions of this Section 16 or makes any such requirements less stringent, the Board may amend this Section 16 to reflect such changes, without approval of the Owners.

16.8 Failure of Mortgagee to Respond.

Any Mortgagee who receives a written request from the Board to consent to or approve any proposed action shall be deemed to have consented to and approved such action if the Association does not receive a written response from the Mortgagee within 30 days after the date of the Association's request.

17. Declarant's Rights.

17.1 Transfer of Rights.

Any or all of the special rights and obligations of Declarant set forth in this Declaration or in the other River Bend Documents may be transferred to other Persons, without the consent of any Mortgagee or Owner, so long as the transfer does not enlarge any such right or reduce any such obligation. No such transfer shall be effective unless it is reflected in a written instrument signed by Declarant and recorded in the County Records. Nothing in this Declaration shall be construed to require Declarant or any successor to develop any of the Potential Expansion Property in any manner whatsoever or to annex any such property to River Bend.

17.2 Construction and Sales Period.

So long as construction on and initial sales of Parcels continue, Declarant may maintain and carry on upon portions of the Common Area and the Limited Common Areas, if any, such facilities and activities as are, in the sole opinion of Declarant, reasonably required, convenient, or incidental to such construction or sales, including business offices, signs, model units, and sales offices. Declarant hereby reserves easements for access to and use of such facilities. Declarant's unilateral right to use the Common Area and the Limited Common Areas, if any, for the purposes set forth in this Section 17.2 shall not be exclusive and shall not interfere unreasonably and substantially with use of the Common Area and the Limited Common Areas, if any, by Owners, except to the extent, if any, that portions of the Common Area or the Limited Common Areas, if any, are leased to Declarant for a reasonable rent.

17.3 Other Covenants.

No Person shall record any declaration of covenants, conditions, and restrictions, any condominium declaration, or any similar instrument affecting any portion of the Properties without Declarant's prior written consent. Any such instrument which is recorded without such consent shall be void and of no force and effect unless subsequently approved by Declarant.

17.4 Amendment.

Notwithstanding any other provision of the River Bend Documents, this Section 17 may not be amended without the prior written consent of Declarant.

17.5 Termination of Special Rights.

The rights contained in this Section 17 shall terminate upon the earlier of (i) 40 years after the date this Declaration is recorded, or (ii) the recording by Declarant of a written statement to the effect that all initial sales activity in connection with River Bend has ceased. Thereafter, Declarant may continue to use the Common Area and the Limited Common Areas, if any, for purposes stated in this Section 17 only pursuant to a lease agreement between Declarant and the Association or the appropriate Sub-Association which provides for rental payments based on the fair market rental value of such portion of the Common Area or the Limited Common Areas, if any.

18. General Provisions.

18.1 Term.

This Declaration shall run with and bind the Properties, and shall inure to the benefit of and shall be enforceable as provided herein by the Association, any Owner, and their respective legal representatives, heirs, successors, and assigns, for a term of 40 years from the date this Declaration is recorded. After such period, this Declaration shall automatically be extended for successive periods of 10 years each, unless a written instrument, signed by Owners together holding a majority of the votes held by Class A Members and by Declarant (prior to Turnover), is recorded in the County Records within one year prior to the end of any such

extension period providing for the termination of this Declaration, in which case this Declaration shall terminate as provided therein.

18.2 Amendment.

18.2.1 By Declarant.

At any time and from time to time prior to the initial conveyance of a Parcel to an Owner other than Declarant, Declarant may unilaterally amend this Declaration. Thereafter, until the termination of the Class B membership pursuant to Section 9.3.2, Declarant may, subject to the provisions of Section 16, unilaterally amend this Declaration; provided, however, that no such amendment shall materially and adversely affect any material rights of any Members hereunder without the consent of affected Members who together hold a majority of the total votes held by all affected Members.

18.2.2 By Owners.

In addition to the rights of Declarant pursuant to Section 18.2.1, this Declaration may, subject to the provisions of Section 16, be amended at any time and from time to time upon the affirmative vote or written consent, or any combination thereof, of (i) Class A Members together holding at least 75% of the total votes held by Class A Members, and (ii) Declarant, so long as Declarant owns any of the property in the First Phase or any of the Potential Expansion Property.

18.2.3 Validity and Effective Date of Amendments.

Amendments to this Declaration shall become effective upon recordation in the County Records, unless a later effective date is specified therein. Any procedural challenge to an amendment shall be made within one year after the date of its recordation or such amendment shall be conclusively presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provision of this Declaration.

18.2.4 Declarant Rights.

No amendment to this Declaration or any of the other River Bend Documents may remove, revoke, or modify any right or privilege of Declarant hereunder or under any of the other River Bend Documents without the written consent of Declarant and any assignee of such right or privilege.

18.2.5 Boundaries.

No amendment to this Declaration shall change the boundaries of any Parcel or Condominium Unit without the consent of the affected Owner.

18.3 Severability.

Invalidation of any provision of this Declaration, in whole or in part, or of any application of a provision of this Declaration, by judgment or court order shall in no way affect other provisions or applications.

18.4 Notice of Sale or Transfer of Title.

Any Owner wishing to sell or otherwise transfer title to such Owner's Parcel or Condominium Unit (other than by operation of law) shall give the Board at least seven days prior written notice of the name and address of the purchaser or transferee, the anticipated date of the transfer of title, and such other information as the Board may reasonably specify from time to time. The transferor shall continue to be jointly and severally responsible with the transferee for all obligations of the Owner of the Parcel or Condominium Unit, including assessment obligations, until the date on which such notice is received by the Board, notwithstanding the transfer of title.

18.5 Revocation.

Except as provided in Section 15.2, this Declaration shall not be revoked without the consent of all of the Members in a written instrument recorded in the County Records.

18.6 Notices.

All notices pursuant to this Declaration shall be in writing. Notice to any Member shall be considered delivered and effective upon personal delivery, or three days after deposit in the U.S. Mail, certified, return receipt requested, addressed to the address of such Member on file in the records of the Association at the time of such mailing. Notice to the Board, the Association, or the Design Review Committee shall be considered delivered and effective upon personal delivery, or three days after deposit in the U.S. Mail, certified, return receipt requested, addressed to the Association, the Board, or the Committee at such address as may be established by the Association from time to time by notice to the Members. General notices to all Members need not be certified, but may be sent by regular first class mail.

18.7 Waiver.

No failure on the part of Declarant, the Association, the Board, or the Committee to give notice of default or to exercise any right or remedy, nor any delay in exercising any right or remedy, shall operate as a waiver, except as specifically provided herein in the event the Board or the Committee fails to respond to certain requests. No waiver shall be effective against Declarant, the Association, the Board, or the Committee unless it is in writing, signed, as applicable, by Declarant, by the President or Vice President of the Association on behalf of the Association or the Board, or by the chairman of the Committee on behalf of the Committee.

18.8 Conflicts Between Documents.

468 • 1725

In case of any conflict between this Declaration and the Articles of Incorporation or the Bylaws, this Declaration shall control. In case of conflict between the Articles of Incorporation and the Bylaws, the Articles of Incorporation shall control. In case of conflict between this Declaration and the Design Guidelines or the Use Guidelines and Restrictions, this Declaration shall control.

IN WITNESS WHEREOF, Declarant has executed this Declaration on the 4th day of NOVEMBER, 1997. 468 • 1726

RIVER BEND LIMITED PARTNERSHIP, an
Oregon limited partnership

By: The Bend Company, an Oregon corporation,
General Partner

By: William L. Smith
William L. Smith, President

STATE OF OREGON)
) ss.
County of Deschutes)

The foregoing instrument was acknowledged before me on this 4th day of
November, 1997, by William L. Smith, who is President of the Bend Company, an
Oregon corporation, general partner of RIVER BEND LIMITED PARTNERSHIP, an Oregon
limited partnership, on behalf of the limited partnership.



Terri L. Julian
Notary Public for Oregon
My Commission Expires: January 21, 2000

DESCRIPTION SHEET

A tract of land located in a portion of Sections Five (5) and Six (6), Township Eighteen (18) South, Range Twelve (12), East of the Willamette Meridian, Deschutes County, Oregon, being more particularly described as follows:

Commencing at the East one-quarter (E1/4) of Section 5; thence along the East West Center Section line, South 89°28'54" West, 617.14 feet to the True Point of Beginning, said point further being the Southwest corner of that tract of land described in Volume 322, Page 335, of the Deschutes County Deed Records; thence continuing along said centerline South 89°28'54" West, 698.58 feet to the Center East 1/16 corner; thence continuing along said centerline South 89°26'13" West, 311.09 feet to a point on the Westerly right of way line of the Pilot Butte Canal, as platted in Second Addition to BEND PARK, said point further being the Northeast corner of the Vacation Order described in Volume 302, Page 42, of the Deschutes County Deed Records; thence leaving said centerline and along said right of way and Vacation Order, the following courses: South 45°00' West, 179.85 feet; thence along on an arc of a 380.00 foot radius curve left, 149.23 feet, the long chord of which bears South 33°45'00" West, 148.27 feet; thence South 22°30'00" West, 264.06 feet to the Northeast corner of Lot Three (3), Block One Hundred Forty (140) of said plat; thence leaving said right of way and along the Northerly line of said Lot 3, due West 54.12 feet to the Easterly line of Sisemore Street; thence leaving said Northerly line and along said Easterly line of said Sisemore Street, North 22°30'00" East, 79.68 feet; thence leaving said Easterly line of Sisemore Street along on an arc of an 80.00 foot radius curve left 157.08 feet, the long chord of which bears North 33°45'00" West, 133.04 feet to a point on the Northerly line of Taft Avenue; thence along said Northerly line of Taft Avenue, due West 455.82 feet to a point on the Easterly line of the Brooks-Scanlon logging railroad right of way described in Volume 17, Page 444, of the Deschutes County Deed Records; thence leaving said Northerly line of Taft Avenue and along said railroad right of way, South 46°48'00" West, 174.44 feet to a point on the North-South Center Section Line; thence leaving said Vacation Order and railroad right of way line, South 00°56'26" East, 910.30 feet to the Center South 1/16 corner; thence along said North-South line, South 00°56'36" East, 289.04 feet to the Southeast corner of that tract of land described in Volume 62, Page 103, of the Deschutes County Deed Records; thence leaving said North-South line and along the Southerly line of said tract of land, West, 738.79 feet to a point on the Westerly right of way line of S.A. Blakley Road; thence leaving said South line and along said right of way line South 46°28'30" West, 137.11 feet; thence along on an arc of a 603.69 foot radius curve left, 389.57 feet, the long chord of which bears South 27°59'15" West, 382.85 feet; thence South 09°30'00" West, 57.47 feet to the Southeast corner of that tract of land described in Volume 313, Page 429, Deschutes County Deed Records; thence leaving said S.A. Blakley Road right of way line and along the Southerly line of said tract of land on an arc of a 30.00 foot radius curve left, 48.41 feet, the long chord of which bears North 36°44'22" West, 43.33 feet; thence North 82°58'45" West, 16.77 feet; thence along on an arc of a 100.00 foot radius curve right 120.12 feet, the long chord of which bears North 48°34'08" West, 113.03 feet to a point on the Southerly line of that tract of land described in Volume 58, Page 270;

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468 • 1728

thence leaving said tract of land described in Volume 313, Page 429, and along said tract of land described in Volume 58, Page 270, South 89°57'54" West, 162.92 feet to the Southwest corner of said tract of land; thence along the Westerly line of said tract North 01°37'11" West, 660.95 feet to the Center Southwest 1/16 corner and further being on the Southerly line of that tract of land described in Volume 29, Page 478, Deschutes County Deed Records; thence leaving said Westerly line and along said Southerly line South 89°44'41" West, 1333.95 feet to the South 1/16 corner between said Sections 5 and 6; thence along said South line, North 89°32'07" West, 299.47 feet to a point on the Easterly line of that tract of land described in Volume 308, Page 443, Deschutes County Deed Records; thence leaving said Southerly line and along the Easterly line of said tract of land, North 01°43'52" East, 487.29 feet to the thread of of the Deschutes River, said point further being on the Southerly line of that tract of land described in Volume 278, Page 148, Deschutes County Deed Records, now platted on Shevlin Center, filed in Deschutes County; thence along said Deschutes River and plat boundary line, South 74°00'18" East, 854.98 feet; thence North 86°02'01" East, 520.25 feet to the Southwest corner of that tract of land described in Volume 308, Page 500, Deschutes County Deed Records; thence leaving said Deschutes River and along said Westerly boundary, North 14°14'48" West, 264.12 feet; thence North 04°38'03" West, 241.75 feet; thence North 74°06'58" East, 215.77 feet; thence North 47°15'53" East, 250.51 feet; thence North 34°41'43" East, 221.36 feet; thence North 55°58'28" East, 189.43 feet; thence North 20°30'27" East, 155.00 feet; thence North 06°27'59" West, 144.74 feet, (sometimes erroneously shown of record as North 06°27'59" East, 144.74 feet); thence North 71°02'09" East, 273.87 feet to the said thread of the Deschutes River; thence leaving said Westerly boundary line and along said Deschutes River, North 11°33'20" West, 274.57 feet; thence North 07°30'02" East, 321.75 feet; thence North 18°26'43" West, 280.19 feet; thence North 45°13'49" West, 629.35 feet to a point on the Southerly line of that tract of land described in Volume 308, Page 443, Deschutes County Deed Records; thence leaving said Deschutes River and Plat boundary and along said Southerly line North 26°14'46" East, 356.89 feet to a point on an existing fence; thence along said fence South 47°11'33" East, 136.44 feet; thence South 54°19'19" East, 104.54 feet; thence South 65°21'49" East, 31.10 feet; thence South 72°25'40" East, 159.39 feet; thence leaving said fence North 09°13'14" East, 145.91 feet to a 5/8 inch iron rod with plastic cap; thence North 89°36'59" East, 270.84 feet to a 5/8 inch iron rod with plastic cap; thence along on an arc of a 400.00 foot radius curve left, 198.20 feet, the long chord of which bears North 75°25'17" East, 196.18 feet, to a 5/8 inch iron rod with plastic cap; thence North 61°13'35" East, 280.91 feet to a 5/8 inch iron rod with plastic cap; thence South 02°47'16" East, 462.05 feet to a 5/8 inch iron rod with plastic cap, said point further being on an existing fence; thence along said fence North 69°49'53" East, 189.62 feet; thence South 85°14'59" East, 1246.32 feet; thence leaving said fence, South 85°14'59" East, 51.48 feet to a point on the Centerline of Oregon Trunk Railroad; thence along said Railroad, North 18°30'29" East, 272.51 feet; thence along on an arc of a 603.11 foot radius curve right, 74.33 feet, the chord of which bears North 24°18'53" East, 74.28 feet, to a point on the Westerly line of said tract of land described in Volume 322, Page 335, Deschutes County Deed Records; thence leaving said railroad and along said Westerly line, South 33°54'54" East, 555.09 feet; thence along on an arc of a 535.00 foot radius curve right, 317.18 feet, the chord of which bears South 16°55'05" East, 313.55 feet; thence South 00°03'12" West, 1116.64 feet to the Point of Beginning and terminus of this description.

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Page 2 dated October 31, 1997

EXCEPTING THAT portion lying within S.A. Blakely Road.

ALSO, Lots One (1), Six (6) through Twelve (12) of Block One Hundred Thirty-nine (139), all of Blocks One Hundred Thirty-eight (138), One Hundred Thirty-seven (137), One Hundred Thirty-six (136) and One Hundred Thirty-five (135), Lots One (1) and Two (2), of Block One Hundred Forty (140), Lots Three (3) through Eight (8) and Nine (9) through Thirteen (13) of Block One Hundred Thirty-four (134), and Lots Five (5) through Eight (8), of Block One Forty-two (142), and Lots Seven (7) and Eight (8) of Block One Hundred Fifty-six (156), all within Second Addition to BEND PARK, City of Bend, Deschutes County, Oregon.

ALSO, Lot One (1), Block Two (2), MILL "A" area of SHEVLIN CENTER, SECOND ADDITION, in Deschutes County, Oregon.

ALSO, Lots One (1) and Two (2), Block One Hundred Forty-two (142); Lots Nine (9) and Ten (10), Block One Hundred Fifty-six (156); Lots Five (5) and Six (6), Block One Hundred Forty-one (141); the West Half (W1/2) of Lot Five (5) and Lot Six (6), Block One Hundred Fifty-seven (157); and Lot Fourteen (14), Block One Hundred Thirty-four (134), BEND PARK ADDITION SECOND ADDITION, City of Bend, Deschutes County, Oregon.

ALSO, a tract of land located in a portion of the Southeast Quarter (SE1/4) of Section Six (6), Township Eighteen (18) South, Range Twelve (12), East of the Willamette Meridian, Deschutes County, Oregon, being more particularly described as follows:

Beginning at the East 1/16 corner common to Section Six (6) and Seven (7), said Township and Range, from which the Southeast corner of said Section Six (6) bears South 89°36'31" East, a distance of 1340.26 feet, and from which the South 1/4 corner of said Section 6 bears North 89°36'31" West, a distance of 1340.26 feet; thence North 89°36'31" West, following the South line of said Section 6, a distance of 200.00 feet, more or less, to the Centerline of the Deschutes River; thence following the said Centerline of the Deschutes River the Ten following courses and distances: North 04°19'16" West, a distance of 156.47 feet; North 16°17'17" West, a distance of 569.05 feet; North 10°46'01" East, a distance of 255.77 feet; North 04°38'16" West, a distance of 354.34 feet; North 33°41'26" East, a distance of 230.15 feet; North 60°51'36" East, a distance of 221.10 feet; North 74°12'17" East, a distance of 364.01 feet; North 84°22'04" East, a distance of 397.02 feet; North 73°13'15" East, a distance of 199.38 feet; South 88°16'08" East, a distance of 95.00 feet, more or less to a point on a line lying 20.00 feet Easterly of and parallel with the Centerline of the existing Brooks-Scanlon Bridge (a private bridge for motor vehicles); thence leaving the Centerline of the said river and following the said line parallel with the bridge Centerline, South 01°43'52" West, a distance of 487.29 feet, more or less, to a point on the East-West Centerline of the Southeast Quarter (SE1/4) of said Section 6; thence North 89°32'13" West, following the said East-West Centerline of the SE1/4 of Section 6, a distance of 1018.89 feet to the Southeast 1/16 corner of said Section 6; thence South 01°23'32" East, following the North-South Centerline of the SE1/4 of said Section 6, a distance of 1314.79 feet to the Point of Beginning, the terminus of this description.

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Page 4, dated October 31, 1997

EXCEPTING THEREFROM:

Any interest of Grantor in the private way known as Industrial Way as shown on the Plat of Mill "A" area of Shevlin Center and Mill "A" area of Shevlin Center, Second Addition, Deschutes County, Oregon.

The portion of the above property conveyed to Maynard Alves by Deeds recorded September 27, 1996 in Volume 424, Page 0689, reference no. 96-35807, and in Volume 424, Page 0696, reference no. 96-35808, Deschutes County Deed Records.

ALSO EXCEPT the following 3 parcels:

PARCEL 1:

A parcel of land lying in the Southeast Quarter of the Northeast Quarter (SE1/4NE1/4) of Section Five (5), Township Eighteen (18) South, Range Twelve (12), East of the Willamette Meridian, Deschutes County, Oregon; the said parcel being that portion of said SE1/4NE1/4 lying Westerly of South Division Street; Southerly of that property described in that deed to Howard M. Day, recorded in Volume 311, Page 1428, Deschutes County Records, and Easterly of the following described line:

Beginning at a point opposite and 90 feet Westerly of Engineer's Station 306+37.66 on the center line of the relocated The Dalles-California Highway; thence Southerly in a straight line to a point opposite and 65 feet Westerly of Engineer's Station 314+55 on said center line; thence Southerly in a straight line to a point opposite and 95 feet Westerly of Engineer's Station 315+90 on said center line; thence Southerly in a straight line to a point opposite and 50 feet Westerly of Engineer's Station 319+25 on said center line which center line is described as follows:

Beginning at Engineer's center line Station 286+00; said station being 691.19 feet north and 855.96 feet West of the Northeast corner of Section 5, Township 18 South, Range 12, E.W.M.; thence South 0°28'57" West, 245.78 feet; thence on a spiral curve left (the long chord of which bears South 1°11'03" East, 499.83 feet) 500 feet; thence on a 2864.79 foot radius curve left (the long chord of which bears South 6°29'43" East, 197.74 feet) 197.78 feet; thence on a spiral curve left (the long chord of which bears South 11°48'23" East, 499.83 feet) 500 feet; thence South 13°28'23" East, 94.09 feet; thence on a spiral curve right (the long chord of which bears South 11°48'23" East, 499.83 feet) 500 feet; thence on a 2864.79 foot radius curve right (the long chord of which bears South 6°52'33" East, 159.70 feet) 159.73; thence on a spiral curve right (the long chord of which bears South 1°56'43" East, 499.83 feet) 500 feet; thence South 0°16'43" East, 1202.61 feet to Engineer's center line Station 325+00.

Bearings are based upon the Oregon Co-ordinate System of 1983, South Zone.

The parcel of land to which this description applies contains 35,100 square feet, more or less.

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PARCEL 2:

A parcel of land lying in the Southeast Quarter of the Northeast Quarter (SE1/4NE1/4) of Section Five (5), Township Eighteen (18) South, Range Twelve (12), East of the Willamette Meridian, Deschutes County, Oregon; the said parcel being that portion of said SE1/4NE1/4 included in a strip of land 1 foot in width, lying Easterly of and adjoining the following described line:

Beginning at a point on the East-West center line of said Section 5 from which the East one-quarter corner of said Section 5 bears North 89°28'54" East, a distance of 537.14 feet, said point also being 1.00 feet South 89°28'54" West from the Southwest corner of that tract of land described in Volume 109, Page 595, Deschutes County Deed Records; thence North 00°03'12" East, following a line lying 1.00 feet Westerly of and parallel to the Westerly lines of those tracts of land described in Volume 109 Page 595, Volume 61, Page 331, Volume 65, Page 137, Volume 58, Page 604, Volume 60, Page 218, Volume 58, Page 412, of Deschutes County Deed Records, a distance of 1304.43 feet to the North line of the Southeast one quarter of the Northeast one quarter (SE1/4NE1/4).

Bearings are based on that property described in that deed to Daw Forest Products Company, L.P., recorded in Volume 54, Page 767, Deschutes County Records.

The parcel of land to which this description applies contains 1,305.00 square feet, more or less.

PARCEL 3:

A parcel of land located in the Northeast Quarter (NE1/4) of Section Five (5), Township Eighteen (18) South, Range Twelve (12), East of the Willamette Meridian, Deschutes County, Oregon, being more particularly described as follows:

Commencing at the Center 1/4 corner of said Section 5; thence North 89°56'17" East along the East-West centerline of said Section 5, 2016.24 feet to the Westerly right of way line of Division Street; thence Northerly along said Westerly right of way line, North 0°30'34" East, 745.73 feet to the True Point of Beginning of this description; thence,

- 1st: West, 459.53 feet; thence,
- 2nd: North 58°19'13" West, 61.45 feet to the beginning of a tangent curve, concave Northeasterly, having a radius of 200.00 feet; thence,
- 3rd: Northwesterly along said curve through a central angle of 19°09'33", the chord of said curve bears North 48°44'27" West, 66.57 feet; thence, tangent,
- 4th: North 39°09'40" West, 66.21 feet to the Southerly line of the property of Howard M. Day; thence Easterly along said Southerly line,
- 5th: East, 604.81 feet to said Westerly right of way line of Division Street; thence Southerly along said Westerly right of way line,
- 6th: South 0°30'34" West, 127.51 feet to the True Point of Beginning of this description.

END