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RECORDED DOCUMENT

STATE OF OREGON
COUNTY OF DESCHUTES

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DO NOT REMOVE THIS CERTIFICATE

(This certificate constitutes a part of the original instrument in accordance with ORS 205.180(2). Removal of this certificate may invalidate this certificate and affect the admissibility of the original instrument into evidence in any legal proceeding.)

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

DATE AND TIME: Sep. 17, 1999; 11:47 a.m.

RECEIPT NO: 11400

DOCUMENT TYPE: Covenants,
Conditions & Restrictions

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Mary Sue Penhollow

MARY SUE PENHOLLOW
DESCHUTES COUNTY CLERK

99-45285-1

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DECLARATION OF

CONDITIONS, COVENANTS AND RESTRICTIONS

SECTION I -- RECITALS

WHEREAS, all lots located within Carpenter Subdivision (hereinafter referred to as "Skyline Professional Park") are owned by Richard L. and Jelinda S. Carpenter (hereinafter referred to as "Carpenters"); and

WHEREAS, the Carpenters wish to insure that the development of Skyline Professional Park occurs in an orderly and harmonious manner; and

WHEREAS, the Carpenters have prepared and filed this declaration of Conditions, Covenants and Restrictions in order to achieve their development goals, to require that all development in Skyline Professional Park be subject to design review by an architectural review committee (hereinafter referred to as "ARC") and that all development occur in accordance with plans approved by the ARC;

NOW THEREFORE, the following provisions shall apply to all lots in Skyline Professional Park.

SECTION II -- PROPERTY DESCRIPTION

The real property burdened and benefitted by the building and use restrictions contained in this declaration is:

CARPENTER SUBDIVISION, a subdivision located in the City of Bend, Deschutes County, Oregon.

SECTION III - DEFINITIONS

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

3.1 "Architectural Regulations" specify the configurations, materials, and techniques of construction or implementation of Improvements and architectural controls which are intended to produce harmony among buildings and which are to be adopted by the Architectural Review Committee.

3.2 "Architectural Review Committee" is the Committee designated by the provisions of Section IV of this Declaration.

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INSURANCE COMPANY OF OREGON
P.O. BOX 323
BEND, OR 97709

3.3 "ARC" means the Architectural Review Committee.

3.4 "Declaration" means this Declaration of Conditions, Covenants and Restrictions.

3.5 "Improvement" or "Improvements" means every temporary or permanent building, structure or improvement of any kind on Lot, including but not limited to a building, structure, residential dwelling, garage, fence, wall, sign, retaining wall, driveway, parking lot, swimming pool, pond, sculpture, pathway, sidewalk, storage shelter, antenna, satellite dishes or any other product of construction or installation efforts on or in respect to any Lot, including landscaping, and every alteration, painting or reconstruction thereof. The term "Improvement" includes Lot clearing, tree cutting and grading and the placement of utility lines upon or under Lots.

3.6 "Lot" means a platted lot shown on the recorded plat of Carpenter Subdivision. For purposes of defining and applying the term "Lot" in this document, reference will be made to the original plat of the subdivision, not to any subsequent subdivision or partition plats, if any.

3.7 "Owner" shall mean and refer to the record owner or contract buyer of the fee simple title to any Lot which is a part of the Property, excluding those having such interest merely as security for the performance of an obligation. For the purposes consenting to amendment of these Restrictions, the consent of one co-owner of a Lot shall be deemed to be the consent of all owners of the Lot, regardless of the number of persons who may have a co-ownership interest therein. Such consent may be granted by any one of the co-owners.

3.8 "Skyline Professional Park" means Carpenter Subdivision, a subdivision located in the City of Bend, Deschutes County, Oregon.

SECTION IV -- ARCHITECTURAL REVIEW

4.1 Architectural Review Required. No Improvement shall be commenced, erected, placed, installed or altered on any Lot until the Owner has obtained written approval of design plans and specifications for the Improvement from the Architectural Review Committee (ARC). The design, orientation and location of every Improvement on each Lot shall be reviewed and approved by and under the exclusive control of the ARC.

4.2 Continued Compliance with ARC Approval. Each Owner shall maintain its Lot and all Improvements thereon in a condition that is consistent with the ARC approved plans and shall not remove or demolish and approved Improvement without the prior written approval of the ARC.

4.3 Purpose. The purpose of the ARC is to assure orderly and harmonious development and to prevent development with materials and designs that are of low quality or that are

unattractive. Review by the ARC will be based on the quality and workmanship of proposed materials and Improvements, the harmony of the external design with the existing landscape and structures and whether the Improvement respects the natural topography and features of the site, in addition to compliance with the Declaration and Architectural Regulations.

4.4 Membership of ARC. The ARC is composed of three members. Each member shall serve until such time as that person resigns from the ARC or is incapable or unwilling to serve on the ARC. The initial members are Richard L. Carpenter, Jelinda S. Carpenter and Steve McGhehey. The mailing address for the ARC is PO Box 2090, Sisters, Oregon 97759.

4.5 Changes Regarding ARC. New persons may be appointed to fill vacancies on the ARC by the remaining members of the ARC. In the event that the remaining members of the ARC cannot agree upon the appointment, the appointment will be made by a random selection process utilizing the names of the candidate selected by each remaining ARC member. In the event that the mailing address of the ARC is changed, written notice of said change shall be provided to the Owners of Lots as shown by the records of the Deschutes County Tax Assessor or as obtained from such other competent source of information available to the ARC.

4.6. Decisions of ARC. Decisions on any matters before the ARC many be decided by any two members. At any time, however, a majority of the ARC may designate a representative to act for it in reviewing applications and rendering decisions. Board approval may be granted by stamping and signing of plans by a minimum of two ARC members and by the issuance of a brief, decision approving the plans. A denial of approval shall specify the grounds for denial but need not be exhaustive. Rectification of the grounds for denial will not assure approval of revised plans.

4.7 Use and Occupancy. The use of Lots shall comply with City of Bend zoning, building, health, fire protection, sewage disposal and sanitation regulations. The ARC may deny approval of plans for uses that will violate any such law although the ARC is under no legal obligation to review the plans for compliance with said laws.

4.8 ARC Rules. The ARC is hereby granted the authority to adopt, in its sole discretion, Architectural Regulations to govern the design details of Improvements. The Architectural Regulations, when approved by a majority of the ARC, shall have the same force and effect as if they were adopted as an express provision of this Declaration and shall be binding on all Lots, Owners and all subsequent Improvements in Skyline Professional Park. Said Regulations may be applied to pending Design Review application but shall not be applied retroactively to Improvements that have already been constructed. Copies of the Regulations shall be made available to Owners, upon request.

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4.9 Plans Required. All requests for approval of Improvements shall be filed with the ARC and shall be accompanied by Improvement plans and specifications, in duplicate, showing all proposed site development, including the following:

4.9.1 Existing and proposed land contours and grades;
4.9.2. All buildings, and other Improvements, access drives and other improved areas, and the locations thereof on the site;
4.9.3 Plans for all floors, cross-sections, and elevations, including projections;
4.9.4 All landscaping, including existing and proposed tree locations and planting areas and species thereof, mail boxes, mechanical equipment and exterior ornamentation;
4.9.5 Exterior lighting;
4.9.6 Wall, fences and screening;
4.9.7 Patios, decks, pools, porches and other similar features;
4.9.8 Signs and parking areas;
4.9.9 Samples of materials to be used as may be reasonably requested by the ARC;
4.9.10 Setbacks required by local land use or building regulations;
4.9.11 Utility lines and connections;
4.9.12 Scale of drawing;
4.9.13 Specifications describing types of construction and exterior materials to be used, including, without limitation, the colors and manufacturer thereof; and
4.9.14 Such other relevant information, data and drawings as may be requested by the ARC.

The ARC may, upon written request, elect to waive any of the plans and specifications requirements of this section when the ARC determines that such plans and specifications are not needed to conduct an effective review of the proposed Improvement or Improvements.

4.10 The ARC's review will not include any review or analysis of structural, geotechnical or other engineering, building or zoning code compliance or similar considerations and may not be relied upon by any Owner or other persons as a warranty of safety or compliance with law. The responsibility for building safety and compliance with law shall remain exclusively with the Owner.

4.11 The ARC shall have the authority to grant variances to Improvement-related requirements in the Restrictions and the Architectural Regulations. Variances may be granted when the applicant for a variance demonstrates that a variance is needed due to unusual site conditions which make compliance with requirements exceptionally burdensome and when the applicant can demonstrate that the variance will result in creating an Improvement that is of superior quality to the Improvement that would be built if the requirements of the Restrictions and Architectural Regulations were adhered to by the applicant. Further, the ARC may develop other standards for granting variances and such

standards shall be included in the Architectural Regulations. Consent by the ARC to any variance of the Improvement-related requirements of the Restriction or of the Architectural Regulations shall not constitute a precedent nor in any way impair its right to withhold approval of subsequent similar requests.

4.12 ARC decisions shall be binding upon all Owners. No legal action may be commenced against the ARC based upon its decisions or to challenge ARC decisions or to obtain review of ARC actions or decisions absent fraud, bad faith or failure of the ARC or its members to exercise honest judgment in rendering its decisions.

4.13 Neither the ARC nor any member of the ARC shall be liable to any Owner for any damage, loss, or prejudice suffered or claimed on account of any action or failure to act of the ARC or any member thereof, provided that, based upon the actual knowledge possessed by the ARC or by such member, the member(s) acted in good faith.

4.14 The interpretation and application of the provisions of the Architectural Regulations and the provisions of this Declaration that relate to the making of Improvements shall be within the sole and exclusive discretion of the ARC.

4.15 In the event the ARC fails to provide initial approval or a denial of properly submitted and complete requests for approval of an Improvement or Improvements within sixty (60) calendar days after the request is made, the party submitting the request may proceed with construction according to the plans submitted to the ARC. Such an approval will not, however, allow violation of any clear and objective provision of this Declaration or of the Architectural Regulations in effect at the time that plans are submitted for ARC review.

4.16 Notwithstanding any other provision of this Declaration, the sole and exclusive procedure and remedy for any challenge to a decision of the ARC shall be as follows:

4.16.1 Owners are the only persons who may challenge ARC decisions.

4.16.2 Any Owner may request that the ARC reconsider any ARC decision. Such requests must be made in writing and filed with a member of the ARC and the Applicant, if the person requesting reconsideration is not the Applicant.

4.16.3 A request for reconsideration shall be filed no later than 10 days following the mailing of the decision to the Applicant and adjoining Lots located within the Skyline Professional Park.

4.16.4 If a request for reconsideration is filed, the ARC shall be given 20 days to review its decision and to issue a decision on reconsideration. The decision on

reconsideration may either uphold the prior decision or modify the original decision or vacate the decision.

4.16.5 The Applicant and the Owner requesting reconsideration may submit written information regarding the request for reconsideration to the ARC at any time, up to the time when a decision on reconsideration is issued, provided that a copy of the written material is provided to the Applicant and any person requesting reconsideration prior to or concurrent with filing of the information with the ARC.

4.16.6 A copy of the decision on reconsideration shall be provided the Owner(s) who requested reconsideration and to the Applicant by certified mail, return receipt requested.

4.16.7 Any judicial action or proceeding brought to challenge a decision of the ARC shall be commenced within thirty days after mailing of the ARC decision on reconsideration. In such an action or proceeding, however, the court shall defer to ARC interpretations of the meaning of the Declaration and Architectural Regulations, the ARC being the final authority on the meaning of said documents.

4.16.8 An action to challenge a decision of the ARC shall be brought against the ARC and not against any individual member of the ARC. An action to challenge the ARC's decision as set forth in this section, shall be the sole and exclusive judicial remedy available to any Owner to challenge any decision of the ARC or the construction of an Improvement in accordance with ARC approved plans. No such action to challenge the ARC's decision shall be commenced by any person who has not requested reconsideration of the ARC's decision, within the time limits specified in these Restrictions.

4.17 Improvements must be constructed and maintained in accordance with the plans and specifications approved by the ARC. Approval of plans and specifications may be withdrawn by the ARC in the event Improvements are not constructed in substantial conformance with the plans and specifications approved thereof. The ARC shall have the right to enter premises under construction during daylight hours for the purpose of inspecting construction to determine conformance to the approved plans. Such entry shall not be deemed a trespass.

4.18 A suit seeking an injunction against the construction of an Improvement that requires Deschutes County building permit approval that has not received ARC approval or that is being constructed in violation of ARC approved plans, may be brought by the ARC, any ARC member or by any Owner, provided that the suit is commenced prior to the completion of the Improvement for which an injunction is sought and issuance of a final occupancy permit by the Deschutes County Building Department. If an improvement does not require a building permit, the suit must be filed no later than thirty days

following completion of the improvement. If a suit is not commenced within this time period, the provisions of these Restrictions shall be deemed to have been fully complied with. Any person bringing an injunction action will be barred from raising any objections to any Improvements that are being constructed in accordance with ARC approved plans unless said person has also filed a challenge to the ARC's decision in the manner specified in Section 4.22, above.

4.19 Basic Requirements. The following basic Improvement requirements and restrictions shall apply to all Lots and Improvements made on said Lots:

4.19.1 Buildings should incorporate colors which complement the surroundings, natural features and built context, while providing visual variety. Colors which are bold, bright or used in highly graphic combinations are prohibited. The use of masonry in the construction of buildings and structures is encouraged.

4.19.2 All fences shall be of a type and design specifically approved by the ARC and shall be a maximum of six feet in height.

4.19.3 Manufactured homes and mobile homes are not allowed.

4.19.4 No building or structure of a temporary character, trailer, motor home, camper, tent, recreational vehicle, residential vehicle, shack shall be used on any Lot at any time as a residence, either temporarily or permanently.

4.19.5 All Improvements shall consist of first quality materials. The Architectural Regulations may specify what materials are first quality materials. All structural Improvements shall be well-constructed.

4.19.6 All grading and landscaping must be done in a manner that prevent the run-off of water onto an adjacent Lot.

4.19.7 All refuse containers, steel tanks, clothes lines, utility and other service facilities shall be screened from the view of neighboring Lots and roads.

4.19.8 The lighting method used to illuminate signs shall be indirect lighting. No pole signs are permitted.

4.19.9 The ARC may require the Owner to provide screening for parking areas, particularly those that are located between a structure and the street. The methods of screening may include, but not be limited to, the use of a minimum 5 foot wide strip of landscaping with a decorative wall, fence or planting hedge of a height specified by the ARC.

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4.19.10 Pitched roof slopes shall be a minimum of 5 x12. Maximum pitch shall be 12 x 12. Flat roof sections are acceptable only if they are used in combination with pitched roofs.

4.19.11 Encouraged building materials include wood clapboard siding, brick, attractively finished concrete, masonry, and natural stone. Pre-engineered metal siding and plywood siding (T-111) are prohibited.

4.19.12 Asphalt shingles (ARCH 80 quality or better) and corrugated cementitious panels are acceptable roofing materials. Wood shakes are prohibited. Metal roofs painted with a durable surface may be, but need not be, allowed by the ARC in the exercise of its sole discretion.

4.19.13 Buildings should be in appropriate scale and proportion to their Lot, use and context.

SECTION V -- USE RESTRICTIONS

5.1 Leasing or Rental of Lots. If any Lot, Structure or portion of a Structure is leased or rented, the Lot Owner(s) shall furnish a copy of these Restrictions to the lessor or renter of the premises. It is the Owner's responsibility to see that the Restrictions are adhered to by the lessor or renter, and the Owner shall be responsible for any violations of the Restrictions by the lessor or renter.

5.2 Parking Restrictions. No boats, recreational vehicles or campers of any kind may be parked on public roads or private parking areas, other than fully enclosed garages, within Skyline Professional Park. Further, no vehicles shall be parked on public roads overnight. Lot Owners shall cause all guests and tenants to comply with these parking regulations.

5.3 The open or outside storage of materials of any kind or description will not be permitted on any Lot, with the exception of building materials and equipment during the construction of an Improvement.

5.4 Rubbish, garbage and debris must be kept in suitable containers and removed from the premises no less than once a week. No rubbish, garbage or debris may be burned, dumped or buried on the premises.

5.5 Each Lot and its Improvements shall be maintained in a clean and attractive condition, in good repair and in such fashion as not to create a fire hazard or any eyesore.

5.6 Any Owner and the ARC and any ARC member shall have the right to enforce the provisions of Article 5 against any Owner. Such an enforcement action may be brought in a proceeding at law or in equity.

5.7 No party, including the ARC and its members, shall have a duty to enforce any provision of this Declaration. No party, including the Declarants and the ARC, shall have any personal liability for acting or failing to act to enforce any provision of this Declaration. This limitation of personal liability shall not limit the right of a party to enforce any provision of these Restrictions or to recover any damages which may be suffered as a result of a violation of any provision of the Restrictions.

SECTION VI - GENERAL PROVISIONS

6.1 Attorney Fees and Costs. Should suit or action be commenced to enforce any provision of this Declaration, the prevailing party shall be entitled to recover from the other party such reasonable attorney fees, costs and disbursements as are fixed by the courts in which said suit or action, including any appeal from decisions rendered therein, is tried or heard.

6.2 Severability. Invalidation of any of the foregoing Declarations or Architectural Regulations or any portion thereof by court order, judgment or decree shall in no way affect any of the other remaining provisions thereof which shall remain in full force and effect.

6.3 Non-Waiver. The failure by any Owner or the ARC or its members to enforce any provision of the Declaration or Architectural Regulations shall in, no event, be deemed a waiver of the right to do so thereafter.

6.4 Runs with Land. Every provision of these Restrictions and the Architectural Regulations shall be deemed to be for the protection and benefit of each of the Owners and occupants of Lots in the subdivision, and shall run with the land affected thereby and shall be and remain in full force and effect at all times with respect to all Property included within Skyline Professional Park, and all persons claiming by, through and under them.

6.5 Duration. The duration of this document is perpetual.

6.6 Amendment or Repeal. Any provision of the Restrictions may, however, at any time, be amended or repealed by the consent, in writing, of Owners who own land representing at least seventy five percent (75%) of the lot area of all Lots in Skyline Professional Park. All amendments and any repeal shall be reduced to writing, signed by each consenting Owner and recorded in the deed records of the Deschutes County Clerk's Office. No amendment shall, however, be effective as to existing Improvements or uses if the amendment adversely and materially affects the ability of the Owner to conduct its business in the manner it is then operated and the Owner refuses to consent to the

amendment. The amendments shall, however, apply to new uses and new Improvements on all Lots.

6.7 Breach. No breach of this Declaration shall entitle any Owner to cancel, rescind or otherwise terminate this Declaration.

RICHARD L. CARPENTER

JELINDA S. CARPENTER

STATE OF OREGON)
) ss.
County of Deschutes)

This instrument was acknowledged before me on September 10, 1999 by Richard L. and Jelinda S. Carpenter.

OFFICIAL SEAL
MARCEA S FORBIS
NOTARY PUBLIC - OREGON
COMMISSION NO. 304268
MY COMMISSION EXPIRES NOV. 11, 2001

Notary Public for the State of Oregon

My commission expires: 11/11/01