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STATE OF OREGON
COUNTY OF DESCHUTES



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MARY SUE PENHOLLOW
DESCHUTES COUNTY CLERK

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**PLANNED COMMUNITY SUBDIVISION
DECLARATION OF MASTER COVENANTS, CONDITIONS,
AND RESTRICTIONS
FOR SKYLINER SUMMIT AT BROKEN TOP**

Declarant: Skyliner Summit Limited Partnership, an Oregon Limited Partnership

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**DECLARATION OF MASTER
COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR SKYLINER SUMMIT AT BROKEN TOP**

This DECLARATION OF MASTER COVENANTS, CONDITIONS, AND RESTRICTIONS FOR SKYLINER SUMMIT AT BROKEN TOP ("Declaration") is made by SKYLINER SUMMIT LIMITED PARTNERSHIP, an Oregon Limited Partnership ("Declarant").

RECITALS

Declarant is the Owner of all the real property and improvements thereon located in the County of Deschutes, State of Oregon, described in Exhibit A, which is attached hereto and incorporated herein by this reference (the "Property").

Declarant plans to create in SKYLINER SUMMIT AT BROKEN TOP (sometimes referred to herein as "SSBT"), a carefully planned community which will provide an attractive place to live. Declarant presently plans to organize within SSBT one or more residential areas, known as Neighborhoods (as defined below), all of which will have restrictions on the use of the Property. Other areas within or adjacent to SSBT may be devoted to open space, to various recreational purposes, and a potential commercial site or sites.

Declarant intends to develop the Property and the Additional Property (hereinafter defined) as a planned development which shall be called SKYLINER SUMMIT AT BROKEN TOP. The initial development will be constructed in four phases and will have a total of 108 Lots; however, Declarant has reserved the right to annex additional property ("Additional Property") in the future. To establish the planned development project of SSBT, Declarant desires to impose these mutually beneficial covenants, conditions, restrictions, easements, assessments and liens on the Property and any Additional Property annexed thereto, under a comprehensive general plan of improvement and development for the benefit of all of the Owners, the Lots and Common Area within SSBT.

Declarant intends to develop SSBT in multiple phases. Declarant may but shall have no obligation to annex all or any portion of the Additional Property to SSBT. After annexation, the Additional Property annexed shall constitute a part of SSBT and shall be subject to this Declaration. There is no limitation on the number of Lots which may be annexed to SSBT.

The Neighborhoods within SSBT will be diverse in character with some residential areas designated as single-family dwelling uses and others medium density residential occupancy. Medium density residential occupancy may be of one or more attached and detached housing types, including town houses, cluster homes, and condominiums. The developer of the Neighborhoods within SSBT may subject the property within the Neighborhoods to additional covenants, conditions, and restrictions. Not all Homes within SSBT will be within Neighborhoods.

Declarant has deemed it desirable for the efficient preservation of the values and amenities in SSBT to create a nonprofit corporation, to which will be delegated and assigned the powers and authority to own, maintain and administer the Association and the Common Area and facilities, and administer and enforce the covenants, conditions, and restrictions of this Declaration, and collect and disburse the assessments and charges created herein.

NOW THEREFORE, the Declarant declares that the Property described in Exhibit A shall be held, transferred, sold, conveyed and occupied subject to the Oregon Planned Community Act ORS 94.550 *et seq.*, as may be amended from time to time, and to the following covenants, conditions, restrictions, easements, charges, and liens which shall run with the land and shall be binding upon all parties having or acquiring any right, title or interest in the Property or any part thereof and shall inure to the benefit of the Association and of each Lot Owner (hereinafter defined).

ARTICLE 1 **DEFINITIONS**

1.1 “Additional Property” shall mean and refer to any Lots and Common Area Tracts which may be subsequently annexed to SSBT and subjected to this Declaration.

1.2 “Articles” shall mean the Articles of Incorporation for the nonprofit corporation, Skyliner Summit at Broken Top Homeowners’ Association, as filed with the Oregon Secretary of State.

1.3 “Association” shall mean and refer to Skyliner Summit at Broken Top Homeowners’ Association, its successors and assigns.

1.4 “Board” or “Board of Directors” shall mean the Board of Directors of Skyliner Summit at Broken Top Homeowners’ Association.

1.5 “Bylaws” shall mean and refer to the Bylaws of the Association.

1.6 “Commercial Lots” shall mean those Lots used or to be used for nonresidential purposes, including without limitation, retail, service, and private membership recreational facilities, and designated as Commercial Lots on any Plat of Property within Skyliner Summit at Broken Top or so designated in any declaration annexing such Lots to Skyliner Summit at Broken Open.

1.7 “Common Area” shall mean and refer to that area of land shown on the recorded plats of the Property as Tracts B through E, G, and J through P and any Common Area, including open space common area, annexed to SSBT, including any improvements, which are intended to be devoted to the common use and enjoyment of the members and which land will be conveyed to the Association. Tracts D and G contain water retention facilities which may be dedicated to the public. Tract F is reserved for future development. Tracts A, H, and I will be Common Area

owned and maintained by the Village at SSBT. Tract J will contain a community park for the benefit of all Members.

1.8 “Declarant” shall mean and refer to Skyliner Summit Limited Partnership, an Oregon limited liability partnership, its successors or assigns, or any successor or assign to all remainder of its interest in the development of the Property.

1.9 “Declaration” shall mean the covenants, conditions, restrictions, and all other provisions set forth in this Master Declaration of Covenants, Conditions and Restrictions for SSBT.

1.10 “Design and Construction Guidelines” or “Guidelines” shall mean the Homeowners’ Association Guidelines For Custom Homes as adopted and amended from time to time by the DRC (defined in Section 1.16) in its sole discretion.

1.11 “Exclusive Common Areas” shall mean the Common Areas or open space tracts reserved for the exclusive use of members of a subassociation and not for all Owners, and initially shall mean Tract H identified on the Plat for Skyliner Summit at Broken Top – Phase 2.

1.12 “General Plan of Development” shall mean the Declarant’s general plan of development of the Property as approved by appropriate governmental agencies, as may be amended from time to time.

1.13 “Home” shall mean and refer to any portion of a structure situated on a Lot or designed and intended for use and occupancy as a residence by a single family or household. “Home” shall also include any guest quarters or separate buildings intended for residential occupancy.

1.14 “Lot” shall mean and refer to each and any of Lots 1 through 12, 14 through 29, and 31 through 110 of SSBT, and any Lots which may be subsequently annexed to the Association by any supplemental declaration and/or plat submitting Additional Property to the terms of this Declaration. Provided, however, that “Lot” shall not include any Tract depicted on any Plat of the Property which is designated for use as Common Area on such Plat or Declaration of SSBT.

1.15 “Master Association” shall mean the Skyliner Summit at Broken Top Homeowners’ Association.

1.16 “Master Design Review Committee” or “Design Review Committee” or “DRC” shall mean the committee that the Board may, but shall not be required to, appoint pursuant to Article 6 of this Declaration.

1.17 “Members” shall mean and refer to the Owners of Lots in SSBT and who are members of the Skyliner Summit at Broken Top Homeowners’ Association.

1.18 "Neighborhood" shall mean two or more Lots which share interests other than those common to all Lots, as more particularly described in Article 11. By way of illustration and not limitation, a condominium, townhome development, cluster home development, or single-family detached housing development might each be designated as separate Neighborhoods, or a Neighborhood may be comprised of more than one housing type with other features in common. In addition, each parcel of land intended for development as any one Neighborhood upon development shall be designated in the document annexing the Lots and Tracts to the SSBT development. Lots are not required to be located within Neighborhoods.

1.19 "Occupant" shall mean and refer to the occupant of a Home who shall be either the Owner, lessee or any other person authorized by the Owner to occupy the premises.

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

1.21 "Owners' Subassociation" or "Subassociation" means an Oregon non-profit corporation formed or to be formed to serve the Owners' association with respect only to a Neighborhood, and the members of which consist of the Owners of the Lots within the Neighborhood.

1.22 "Phases" shall mean and refer to any group of Lots and Common Area Tracts which are subject to this Declaration at a specific time.

1.23 "Plat" shall mean and refer to the recorded plat of SSBT in Deschutes County and any supplemental or amended plats annexing any additional Lots and Common Area Tracts to SSBT.

1.24 "Property" shall mean and refer to all real property, including Lots 1 through 108, the Common Area Tracts and all improvements located on the Property subject to this Declaration, together with such additional Lots and Common Area as may, from time to time, be annexed to the Association.

1.25 "Reserve Account(s)" shall mean and refer to an account set up by the Board to hold funds for construction, improvements or maintenance of the Common Area.

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

1.27 "Skyliner Summit at Broken Top" or "SSBT" shall mean all of the Lots and all Common Area Tracts included within the plat of Skyliner Summit at Broken Top – Phases 1, 2, 3, and 4, together with such Additional Property as may be subsequently annexed and subjected to this Declaration.

1.28 “Subassociation Declaration” shall mean the declaration of covenants, conditions, and restrictions applicable only to the Neighborhood over which the Owners’ Subassociation has jurisdiction, and is more particularly described and limited in Article 11.

1.29 “Subassociation Design Review Committee” shall mean the Village Design Review Committee or any other design review committee for a Neighborhood or Subassociation.

1.30 “Tracts” or “Common Area Tracts” shall mean and refer to those parcels of land on the plat of the Property or any Additional Property designated as a Tract.

1.31 “Village at Skyliner Summit at Broken Top” or the “Village” shall mean the parcel of property described in Exhibit B attached hereto and incorporated herein by this reference. The initial two phases of the Village at Skyliner Summit at Broken Top (the “Village”) shall contain 60 Lots. The Village is composed of approximately 35 acres and if fully developed will contain 122 Lots. The Village will be subject to one or more Supplemental Declarations and the special provisions of Article 11 of this Declaration.

ARTICLE 2

PROPERTY SUBJECT TO THIS DECLARATION

2.1 Initial Development. The real property which is and shall be held, transferred, sold, conveyed and occupied subject to this Declaration is located in Deschutes County, Oregon, and described in that certain Plat maps entitled “Skyliner Summit at Broken Top – Phases 1, 2, 3, and 4” filed in the plat records of Deschutes County, Oregon. The initial development consists of Lots 1 through 12, 14 through 29, 31 through 110 and Common Area Tracts A through E and G through P. Declarant does not intend to build any improvements other than the improvements delineated on the Plats for Skyliner Summit at Broken Top – Phases 1, 2, 3, and 4.

2.2 Annexation of Additional Property. Additional Property may be added by Declarant to SSBT as subsequent Phases without the approval of any other Owner or the Association. Provided, however, such Additional Property must be residential Lots, Common Area Tracts, or Commercial Lots must abut to some portion of the Property or would abut except for intervening public streets or other publicly owned real property, and must be annexed by a supplemental declaration not later than twenty (20) years from the date the Declaration is recorded. The annexation of such real property shall be accomplished as follows:

2.2.1 Supplemental Declaration. The Owner or Owners of such real property shall record a supplemental declaration which shall be executed by or bear the approval of Declarant and shall among other things, describe the real property to be annexed, establish land classifications for the Additional Property, establish any additional limitations, uses, restrictions, covenants and conditions which are intended to be applicable to such property, and declare that such property is held and shall be held, conveyed, hypothecated, encumbered, used, occupied and improved subject to this Declaration.

2.2.2 Annexed Property a Part of SSBT. The property included in any such annexation shall thereby become a part of SSBT and the Association shall accept and exercise administration of any supplemental declaration with respect to such property.

2.2.3 Voting Rights of Annexed Lots. Upon annexation, additional Lots so annexed shall be entitled to voting rights as set forth in Section 7.3 below.

2.2.4 Annexed Lot Owners as Members. After complying with the procedures for annexation and upon conveyance of the first Lot in the annexed Phase to an Owner, Owners of Lots in the annexed Phase shall be Members, shall be subject to this Declaration and shall be entitled to the use and enjoyment of all Common Area in SSBT in the manner and for the purpose for which such Common Areas are intended to be used and enjoyed. Except as provided in Section 11.2, the Association shall reallocate the regular assessments to assess each Owner of a Lot in SSBT an equal share of the total expenses of the Association.

2.3 Deannexation and Amendment. Declarant reserves the right, at its sole option, to (i) amend this Declaration or any supplemental declaration by executing and recording an amendment (provided that the amendment is consistent with this Article), or (ii) remove from the effect of this Declaration any property described in the Declaration or supplemental declaration concerning any future Phase by executing and recording a rescission of the annexation of specified Lots or Tracts to this Declaration as long as all of the following conditions are satisfied at the time of the execution and recordation of the amendment or rescission: (a) no Lot in that Phase has been conveyed to an Owner; and (b) assessments have not commenced for any Lot in the annexed property.

2.4 Amendment. After the conversion of Class B membership to Class A membership, this Article may not be amended without the consent of Declarant as long as the Declarant owns a Lot or has a right to annex Additional Property to SSBT.

2.5 Annexation With Approval of Membership. In addition to the rights of Declarant pursuant to Section 2.2, the Master Association or Declarant may subject any real property to the provisions of this Declaration with the consent of the owner of such property, the affirmative vote of holders of at least seventy-five percent (75%) of the Class A voting power of the Master Association, and the written consent of the Class B Member, if any. Such annexation shall be accomplished by filing a Supplemental Declaration in the official records of Deschutes County, Oregon describing the property to be 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 Master Association and by the owner of the annexed property. Any such annexation shall be effective upon the filing for record of such Supplemental Declaration, unless otherwise provided therein.

ARTICLE 3
OWNERSHIP AND EASEMENTS

3.1 Non-Severability. The interest of each Owner in the use and benefit of the Common Area shall be appurtenant to the Lot owned by the Owner. No Lot shall be conveyed by the Owner separately from the interest in the Common Area. Any conveyance of any Lot shall automatically transfer the right to use the Common Area without the necessity of express reference in the instrument of conveyance. There shall be no judicial partition of the Common Area. Each Owner, whether by deed, gift, devise or operation of law, for his/her own benefit and for the benefit of all other Owners, specifically waives and abandons all rights, interests and causes of action for judicial partition of any interest in the Common Area and does further agree that no action for judicial partition shall be instituted, prosecuted or reduced to judgment. The Association's ownership interest in the Common Area and Lots described in this Article are subject to the easements granted and reserved in this Declaration. Each of the easements reserved or granted herein shall be deemed to be established upon the recordation of this Declaration and shall thenceforth be deemed to be covenants running with the land for the use and benefit of the Owners and their Lots and shall be superior to all other encumbrances applied against or in favor of any portion of SSBT.

3.2 Ownership of Lots. Title to each Lot in SSBT shall be conveyed in fee to an Owner. If more than one person and/or entity owns an undivided interest in the same Lot, such persons and/or entities shall constitute one Owner.

3.3 Ownership of Common Areas. Title to any Common Area shall be conveyed to the Association not later than sixty (60) days after seventy-five percent (75%) of the total number of Lots which may be annexed and become subject to this Declaration have been conveyed to purchasers or ten (10) years from the date of this Declaration, whichever is earlier. Nothing herein shall prevent the Declarant from conveying the Common Area to the Association at an earlier time.

3.4 Easements. Individual deeds to Lots may, but shall not be required to, set forth the easements specified in this Article.

3.4.1 Easements on Plat. The Common Area and Lots are subject to the easements and rights-of-way shown on the plat of SSBT and on any supplemental plat.

3.4.2 Easements for Common Area. Every Owner shall have a non-exclusive right and easement of use and enjoyment in and to the Common Area (but not the Exclusive Common Areas) which shall be appurtenant to and shall pass with the title to every Lot. Such easement is subject to ORS 94.665 as may be amended from time to time.

3.4.3 Easements Reserved by Declarant. So long as Declarant owns any Lot, Declarant reserves an easement over, under and across the Common Area in order to carry out sales activities necessary or convenient for the sale of Lots. In addition, Declarant hereby reserves to itself, its successors and assigns and for the Owners of Lots in all future Phases of SSBT a perpetual easement and right-of-way for access over, upon and across the Common Area

for construction, utilities, communication lines, drainage, and ingress and egress for the benefit of other property owned by Declarant and potential future phases whether or not the lots and tracts in such future phases are ever annexed and become subject to this Declaration. Declarant, for itself and its successors and assigns, hereby retains a right and easement of ingress and egress over, in, upon, under and across the Common Area and the right to store materials thereon and to make such other use thereof as may be reasonably necessary or incident to the construction of the improvements on the Property or other real property owned by Declarant in such a way as to not unreasonably interfere with the occupancy, use, enjoyment or access to an Owner's Lot by that Owner or his/her family, tenants, employees, guests or invitees.

3.4.4 Annexation of Additional Property. Upon the recordation of a supplemental declaration annexing any of the Lots, the Owners of Lots in the annexed Phase shall have the benefit and use of all the easements specified in this Article in the same manner and to the same degree as Lot Owners in previous Phases.

3.4.5 Additional Easements. Notwithstanding anything expressed or implied to the contrary, this Declaration shall be subject to all easements granted by Declarant for the installation and maintenance of utilities and drainage facilities necessary for the development of SSBT. No structure, planting or other material shall be placed or permitted to remain within any easement area which may damage or interfere with the installation or maintenance of utilities, or which may change the direction of flow of drainage channels in the easements, or which may obstruct or retard the flow of water through drainage channels in the easements. The easement area of each Lot and all improvements shall be maintained continuously by the Owner of the Lot, except for those improvements for which a public authority, utility company or the Association is responsible.

3.4.6 Association's Easements. There are hereby reserved to the Association and its duly authorized agents and representatives such easements over the Lots and Common Area as are necessary to perform the duties and obligations of the Association set forth in this Declaration, the Bylaws and Articles, as the same may be amended or supplemented.

3.4.7 Easement to Governmental Entities. There is hereby reserved and granted a non-exclusive easement over the Common Area to all governmental and quasi-government entities, agencies, utilities, and their agents for the purposes of performing their duties as utility providers.

3.4.8 Private Sewer Easement. The Owners of Lots 2, 5 through 9, 21 through 26, 31 through 50, 108 through 110, and such additional Lots annexed to the SSBT requiring the installation of a private sewer system, are hereby granted such easements through the Common Area or through other Lots as are necessary for the construction, operation, maintenance, relocation, replacement, and repair of such private sewer systems. The maintenance and repair of such private sewer systems is set forth in Section 5.10 of this Declaration.

3.5 Declarant's Right to Dedicate Common Area and Grant Easements/Board's Authority After Title Transferred to Association. Declarant hereby reserves the right and power to dedicate and/or convey any portion or all of a Common Area Tract to any governmental body

or agency. Further, the Declarant reserves the right and power to grant an easement over any of its Common Area Tracts to any other governmental body or agency and/or to any public or private utility company or provider. The Declarant's rights and power under this Section 3.5 shall expire as to each Common Area Tract when it is conveyed to the Association. Thereafter, the Board of Directors shall have the same powers reserved to the Declarant and may exercise such power upon a two-thirds (2/3) vote or greater vote of the Board members at any duly called and held Board meeting. The provisions of this Section 3.5 shall control over any provisions to the contrary contained in any other Section of the Declaration or any supplemental declaration.

ARTICLE 4 **LOTS AND HOMES**

4.1 Residential Use. Except for the Commercial Lots and as provided below, Lots shall only be used for residential purposes. Except with the consent of the Board of Directors of the Association, no trade, craft, business, profession, commercial or similar activity of any kind shall be conducted on any Lot or in any Home, nor shall any goods, equipment, vehicles, materials or supplies used in connection with any trade, service or business be kept or stored on any Lot or any Home. Nothing in this Section 4.1 shall be deemed to prohibit (a) activities relating to the sale or rental of residences, (b) the right of Declarant or any contractor or homebuilder to construct residences on any Lot, to store construction materials and equipment on such Lots in the normal course of construction, and to use any residence as a sales office or model home for purposes of sales in SSBT, and (c) the right of the Owner of a Lot to maintain his/her professional or personal library, keep his/her personal business or professional records or accounts, handle his/her personal business or professional telephone calls or confer with business or professional associates, clients or customers, in his/her residence, provided that such clients, customers, vendors, and employees do not regularly visit the home office. The Board of Directors shall not approve commercial activities otherwise prohibited by this Section 4.1 unless the Board of Directors determines that only normal residential activities would be observable outside of the residence and that the activities would not be in violation of applicable local government ordinances. The provisions of this Section regarding home offices shall have no application to Lots in the Village, and the provisions regarding home offices and activities incident thereto as set forth in the Village Declaration shall control with respect to the Lots in the Village.

4.2 Construction of Homes. No construction of a Home or any other structure shall occur on a Lot unless the approval of the DRC is first obtained pursuant to Article 6. Consideration such as siting, shape, size, color, design, height, solar access, or material may be taken into account by the DRC in determining whether or not to consent to any proposed work. The following restrictions are minimum standards applicable to all Lots:

4.2.1 Floor Area. The square footage area of a Home shall not be less than the minimum standards as provided in the Community Association Guidelines for Custom Homes, which shall be exclusive of unfinished basements, attics, patios, decks, porches, balconies and garages;

4.2.2 Lot Coverage. The total square footage of a Lot that may be covered by any type of structure may not be any more than permitted by applicable zoning ordinances and the variances allowed by the original land use approval for the Property.

4.2.3 Mailboxes. Mailboxes will be gang type supplied and/or approved by the United States Postal Service. No individual mailboxes are allowed.

4.2.4 Setbacks. All Homes within SSBT shall comply with the county setback requirements and such other setbacks as established in the Guidelines and by the DRC after a review of all relevant data.

4.3 Completion of Construction. The construction and landscaping of any building on any Lot, including painting and all exterior finish and landscaping, shall be completed within fifteen (15) months from the beginning of the construction so as to present a finished appearance when viewed from any angle. In the event of undue hardship due to weather conditions or other factors, this provision may be extended for a reasonable length of time upon written approval from the DRC. If construction has not commenced within twelve (12) months after the construction documents have been approved by the DRC, the approval shall be deemed revoked unless the Owner has applied for and received an extension of time from the DRC.

4.4 Construction Debris. Every contractor building any improvement upon any Lot or the Common Area shall furnish trash containers and at all times shall keep the premises free from accumulation of trash and scrap caused by construction. Trash shall not be allowed outside a designated trash and scrap area. Any trash that intrudes beyond a designated trash and scrap area shall be cleaned up immediately. Upon completion of the work, all remaining trash and scrap shall be disposed of legally. Tools, construction equipment, machinery, and surplus materials shall be removed from the site. The Association, DRC or Declarant shall be entitled to enter upon any construction site within SSBT and to clean up, remove and dispose of materials on-site, to charge the contractor for any costs incurred by the Association, DRC or Declarant in performing such acts, and to recover such costs and attorneys' fees and costs whether or not a legal action against the contractor is filed. Such costs incurred by the Association, DRC or Declarant shall be lienable as an assessment as elsewhere provided herein.

4.5 Construction Activities and Noise. Construction activities and noise shall be subject to the requirements of state and local governments, the Guidelines, and such other rules as adopted by the Association.

4.6 Landscaping. All landscaping plans shall be approved by the DRC pursuant to the Guidelines developed in the discretion of the DRC.

4.7 Maintenance of Lots and Homes. Each Owner shall maintain his/her Lot and all improvements thereon in a clean and attractive condition, in good repair and in such fashion as not to create a fire or environmental hazard. Such maintenance shall include, without limitation, painting, repair, replacement and care for roofs, windows, doors, garage doors, gutters, downspouts, exterior building surfaces, landscaping, driveways, sidewalks adjoining public streets, parking areas, walks and other exterior improvements and glass surfaces. All repainting

or restaining and exterior remodeling shall be subject to prior review and approval by the DRC. In addition, each Owner shall keep all shrubs, trees, grass and plantings of every kind on his/her Lot or within the street right-of-way adjacent thereto neatly trimmed, properly cultivated and free of trash, weeds and other unsightly material. Damage caused by fire, flood, storm, earthquake, riot, vandalism, or other causes shall likewise be the responsibility of each Owner and shall be restored within a reasonable period of time.

4.8 Animals. No animals, livestock or poultry of any kind shall be raised, bred, kept or permitted within any Lot other than a reasonable number of household pets which are not kept, bred or raised for commercial purposes and which are reasonably controlled so as not to be a nuisance. Any inconvenience, damage or unpleasantness caused by such pets shall be the responsibility of the respective Owners thereof. No dogs shall be permitted to roam the Property unattended, and all dogs shall be kept on a leash while outside a Lot. An Owner may be required to remove a pet upon the receipt of the third notice in writing from the Board of Directors of violation of any rule, regulation or restriction governing pets within the Property.

4.9 Nuisance. No noxious, harmful or offensive activities shall be carried on upon any Lot or Common Area, nor shall anything be done or placed on any Lot or Common Area which interferes with or jeopardizes the enjoyment, or which is a source of annoyance to the Owner or other Occupants.

4.10 Parking. Parking of boats, trailers, motor homes, trucks in excess of one ton, motorcycles, or other recreational vehicles or similar equipment and vehicles shall not be allowed on public rights-of-way or in a driveway for more than twenty-four (24) hours and, then, only for the purpose of loading and unloading. Parking for more than twenty-four (24) hours or storage for the above items shall be allowed only (i) within the confines of an enclosed garage area located on a Lot, which shall fully screen from view any such vehicles or equipment; or (ii) off of the Property at the Owner's expense. No commercial vehicles with a gross weight of more than 8,000 pounds may be parked overnight on any street or driveway or otherwise in violation of City of Bend or Deschutes County ordinance or rules.

4.11 Vehicles in Disrepair. No Owner shall permit any vehicle which is in a state of disrepair or which is not currently licensed to be abandoned or to remain parked upon any Lot or on the Common Area or on any street for a period in excess of forty-eight (48) hours. A vehicle shall be deemed in a "state of disrepair" when the Board of Directors reasonably determines that its presence offends the Occupants of SSBT. Should any Owner fail to remove such vehicle within two (2) days following the date on which the notice is mailed to such Owner by the Association, the Association may have the vehicle removed from the Property and charge the expense of such removal to the Owner as a Reimbursement Assessment which may be collected and enforced as any other assessments imposed pursuant to the Declaration and Bylaws.

4.12 Signs. No signs shall be erected or maintained on any Lot except that not more than one (1) "For Sale" or "For Rent" sign placed by the Owner, Declarant or by a licensed real estate agent, not exceeding five square feet, may be temporarily displayed on any Lot. The restrictions contained in this Section 4.12 shall not prohibit the temporary placement of "political" signs on any Lot by the Owner or Occupant.

4.13 Rubbish and Trash. No Lot or part of the Common Area shall be used as a dumping ground for trash or rubbish of any kind. All garbage and other waste shall be kept in appropriate containers for proper disposal and out of public view. Yard rakings, dirt and other material resulting from landscaping work shall not be dumped onto streets, the Common Area or any other Lots. Should any Owner fail to remove any trash, rubbish, garbage, yard rakings or any such materials from any Lot, any streets or Common Area where deposited by such Owner or the Occupants of such Owner's Lot after notice has been given by the Board of Directors to the Owner, the Association may fine the Owner and/or have such materials removed and charge the expense of such removal to the Owner. Such charge shall be collectible as a Reimbursement Assessment.

4.14 Fences. No fences shall be installed without prior written approval of the DRC.

4.15 Service Facilities. Service facilities (garbage containers, fuel tanks, clotheslines, etc.) shall be screened such that the elements screened are not visible at any time from the street or a neighboring property. All such screening materials must receive prior approval by the DRC. All telephone, electrical, cable television and other utility installations shall be placed underground in conformance with applicable law and subject to approval by the DRC.

4.16 Antennas and Satellite Dishes. Except as otherwise provided by law or this section, no exterior antennas, satellite dishes, microwave, aerial, tower or other devices for the transmission or reception of television, radio or other forms of sound or electromagnetic radiation shall be erected, constructed or placed on any Lot. With prior written consent from the DRC, exterior satellite dishes or antennas with a surface diameter one meter or less and antennas designed to receive television broadcast signals only may be placed on any Lot if they are not visible from the street and are screened from neighboring Lots. If acceptable quality signals can be received by placing antennas inside a Home without unreasonable delay or unreasonable cost increase, then outdoor installation may be prohibited. The Board of Directors or the DRC may adopt reasonable rules and regulations governing the installation, safety, placement and screening of such antennas, satellite dishes and other transmission devices which do not unreasonably delay or increase the cost of installation, maintenance or use, or which preclude an acceptable quality signal. The restrictions contained in Section 4.16 shall (i) be effective only to the extent permissible under applicable laws and regulations; and (ii) shall not apply to the Village, it being understood that the restrictions relating to antennae in the Village Declaration shall control as to the Village only.

4.17 Exterior Lighting or Noise-making Devices. Except with the consent of the DRC, no exterior lighting or noise-making devices shall be installed or maintained on any Lot, other than security and fire alarms. Exterior lights that face the outside boundaries of the development, including all porch and street lights, shall be hooded and directed down onto the Lot and not shine or glare onto adjacent property.

4.18 Grades, Slopes and Drainage. There shall be no interference with the established drainage patterns or systems over or through any Lot within SSBT so as to affect any other Lot or Common Area or any real property outside SSBT unless adequate alternative provision is

made for proper drainage and is approved by the DRC. The term "established drainage" shall mean the drainage swales, conduits, inlets and outlets designed and constructed for SSBT.

4.19 Tree Cutting Restrictions. In all instances of tree removal, an Owner shall comply with the requirements of the DRC and all government regulations, including any approvals from the City of Bend.

4.20 Damage or Destruction to Home and/or Lot. If all or any portion of a Lot or Home is damaged by fire or other casualty, the Owner shall either (i) restore the damaged improvements or (ii) remove all damaged improvements, including foundations, and leave the Lot in a clean and safe condition. Any restoration proceeding under (i) above must be performed so that the improvements are in substantially the same condition in which they existed prior to the damage, unless the provisions of Article 6 are complied with by the Owner. The Owner must commence such work within sixty (60) days after the damage occurs and must complete the work within six (6) months thereafter.

4.21 Right of Maintenance and Entry by Association. If an Owner fails to perform maintenance and/or repair which an Owner is obligated to perform pursuant to this Declaration, the Design Standards, the Bylaws or Rules and Regulations of the Association, and if the Board determines, after notice and an opportunity for a hearing, that such maintenance and/or repair is necessary to preserve the attractiveness, quality, nature and/or value of SSBT, the Board may fine the Owner and/or cause such maintenance and/or repair in connection therewith to be performed and may enter any such Lot whenever entry is necessary in connection with the performance of any maintenance or construction which the Board is authorized to undertake. The hearing may be waived in writing by the Owner or by the Owner's failure to appear at the hearing. Entry shall be made with as little inconvenience to an Owner as practicable and only after advance written notice of not less than forty-eight (48) hours, except in emergency situations. The costs of such maintenance and/or repair shall be chargeable to the Owner of the Lot as a Reimbursement Assessment and collected and enforced with any other assessments authorized hereunder.

4.22 Association Rules and Regulations. The Board of Directors from time to time may adopt, modify or revoke such Rules and Regulations governing the conduct of persons, the administration of the Association, and the operation and use of Lots and Common Area as it may deem necessary or appropriate in order to assure the peaceful and orderly use and enjoyment of the Property. A copy of the Rules and Regulations, upon adoption, and a copy of each amendment, modification or revocation thereof, shall be delivered by the Board of Directors promptly to each Owner and shall be binding upon all Owners and occupants of all Lots upon the date of delivery or actual notice thereof. The method of adoption of such rules shall be provided in the Bylaws of the Association. Subject to approval or consent by the Board and the special rights of the Declarant set forth in Section 9.5, the DRC may adopt rules and regulations pertinent to its functions.

4.23 Ordinances and Regulations. The standards and restrictions set forth in this Article 4 shall be the minimum required. To the extent that local governmental ordinances and regulations are more restrictive or provide for a higher or different standard, such local

governmental ordinances and regulations shall prevail. Provided, further, any more restrictive conditions set forth in a supplemental or relevant Neighborhood subassociation declaration shall prevail.

4.24 Temporary Structures. No structure of a temporary character, trailer, basement, tent, shack, garage, barn or other outbuilding shall be used on any Lot as a residence, either temporarily or permanently, without the prior written consent of the DRC.

4.25 Activities of Declarant and Village at SSBT. This Article 4 shall not apply to the activities of the Declarant or its affiliates or their respective agents, employees, or contractors, nor to the activities of Owners and the Declarant of the Village at SSBT.

ARTICLE 5 **COMMON AREA**

5.1 Use of Common Areas. Use of the Common Area is subject to the provisions of the Declaration, Bylaws, Articles and the Rules and Regulations adopted by the Board of Directors. There shall be no use of the Common Area except by Owners and their invitees. There shall be no obstruction of any part of the Common Area. Nothing shall be stored or kept in the Common Area without the prior written consent of the Board of Directors. No alterations or additions to the Common Area shall be permitted without the prior written approval by the Board of Directors.

5.2 Maintenance of Common Area. The Association shall be responsible for maintenance, repair, replacement, and upkeep of the Common Area. The Association shall keep the Common Area in good condition and repair, provide for all necessary services and cause all acts to be done which may be necessary or proper to assure the maintenance of the Common Area. Maintenance responsibility shall include the upkeep of all paths, trails, bike paths, walls, entry signs, landscaping, storm water detention ponds, sidewalks adjacent to Common Areas, and irrigation systems except to the extent that such maintenance is provided by governmental or other non-profit agencies. The Association shall irrigate the irrigated portions of the landscaping within the Common Area Tracts.

5.3 Alterations to Common Area. Only the Association shall construct, reconstruct, or alter any improvement situated upon the Common Area. A proposal for any construction of or alteration, maintenance or repair to an improvement may be made at any meeting. A proposal may be adopted by the Board, subject to the limitations contained in the Bylaws and this Declaration.

5.4 Funding. Expenditures for alterations, maintenance or repairs to an existing improvement for which a reserve has been collected shall be made from the Reserve Account. As provided in Section 10.5, the Board may levy a special assessment to fund any construction, alteration, repair or maintenance of an improvement (or any other portions of the Common Area) for which no reserve has been collected or for which the Reserve Account is insufficient to cover the cost of the proposed improvement.

5.5 Landscaping. All landscaping on any Lot or portion of the Common Area shall be maintained and cared for in a manner consistent with the standards of design and quality as originally established by Declarant or the DRC. The Association shall be responsible for all landscaping in the Common Area Tracts.

5.6 Condemnation of Common Area. If all or any portion of the Common Area is taken for any public or quasi-public use under any statute, by right of eminent domain or by purchase in lieu of eminent domain, the entire award shall be received by and expended by the Board of Directors in a manner which in its discretion is in the best interest of the Association. The Association, acting through the Board of Directors, shall represent the interest of all Owners in any negotiations, suit or action or settlement in connection with such matters.

5.7 Damage or Destruction of Common Area. In the event any Common Area is damaged or destroyed by an Owner or any of Owner's guests, Occupants, tenants, licensees, agents or members of Owner's family in a manner that would subject such Owner to liability for such damage under Oregon law, such Owner does hereby authorize the Association to repair such damage. The Association shall repair the damage and restore the area in workmanlike manner as originally constituted or as may be modified or altered subsequently by the Association in the discretion of the Board of Directors. The reasonable cost necessary for such repairs shall be a Reimbursement Assessment upon the Lot and against the Owner who caused or is responsible for such damage.

5.8 Power of Association to Sell, Dedicate or Transfer Common Area. As provided in ORS 94.665, as may be amended from time to time, the Association may sell, dedicate or transfer any portion of the Common Area or create a security interest therein. Except as to the grant of easements for utilities or similar purposes, no such sale, dedication or transfer shall be effective unless approved by eighty percent (80%) of the votes of both Class A and Class B members. Provided further, if there is only one class of votes, such sale, dedication or transfer (except for utility and similar easements) must be approved by eighty percent (80%) of the votes held by Owners other than the Declarant. The Declarant, without the approval of the Association, may dedicate or transfer all or part of any Common Area to government entities for the purpose of the installation or maintenance of public utility facilities, including, but not limited to, storm water detention facilities.

5.9 Boundary Fencing. Owners of Lots 10 through 12 whose Lots abut the eastern boundary of SSBT shall be responsible for the maintenance of a split rail perimeter fence on such Owner's Lot. Owners of Lots subsequently annexed to the Association shall be responsible for the maintenance of the Lot Owner's portion of the split rail perimeter fence.

5.10 Private Sanitary Sewer Lines. Owners of Lots 2, 5 through 9, 21 through 26, 31 through 50, and 108 through 110 are required to perform routine maintenance on the private sewer lines on their Lots and in the Common Areas. Repairs to the private sewer lines located within the Common Areas shall be performed by the Association with the cost of such repairs to be paid by the Owner or Owners of the Lots benefited by such repairs as either a Special Assessment or a Reimbursement Assessment.

ARTICLE 6
DESIGN REVIEW COMMITTEE

6.1 Design Review. Except as provided in Article 11 (pertaining to among other matters Neighborhood Design Committees), no improvement shall be commenced, erected, placed or altered on any Lot until the construction plans and specifications showing the nature, shape, heights, materials, colors, and proposed location of the improvement have been submitted to and approved in writing by the Master Design Review Committee (the "DRC"). It is the intent and purpose of this Declaration to assure quality of workmanship and materials, to assure harmony of exterior design with the existing improvements and landscaping and as to location with respect to topography and finished grade elevations. The DRC is not responsible for determining compliance with structural and building codes, solar ordinances, zoning codes or other governmental regulations, all of which are the responsibility of the Owner. The procedure and specific requirements for review and approval of construction shall be set forth in the Guidelines. In all cases which the DRC's consent is required by this Declaration, the provision of this Article shall apply.

6.2 Design Review Committee, Appointment and Removal. The DRC shall consist of no fewer than one (1) member and no more than five (5) members, as the Declarant may appoint from time to time. Declarant reserves the right but not the obligation to appoint all members of the DRC and all replacements thereto until SSBT is one hundred percent (100%) built out. After build out, Declarant shall delegate the right to appoint and remove members of the DRC to the Board of Directors. The terms of office for each member of the DRC shall be for one (1) year unless lengthened or shortened by the Board at the time of appointment. The Board may appoint any or all of its members for the DRC and there shall be no requirement for non-Board members on the DRC. The Board may appoint one or more members to the DRC who are not Owners, but who have special expertise regarding the matters which come before the DRC. In the sole discretion of the Board, such non-Owner members of the DRC may be paid.

6.3 Majority Action. Except as otherwise provided in this Declaration, a majority of the members of the DRC shall have the power to act on behalf of the DRC, without the necessity of a meeting and without the necessity of consulting the remaining members of the DRC. The DRC may render its decision only by written instrument setting forth the action taken by the members consenting thereto.

6.4 Duties. The DRC shall consider and act upon the proposals and/or plans submitted pursuant to this Article. The DRC, from time to time and at its sole discretion, may adopt architectural and construction rules, regulations and guidelines. The Guidelines shall interpret and implement the provisions of this Declaration for architectural review and guidelines for architectural design, placement of buildings, color schemes, exterior finishes and materials, construction and similar features which may be used in SSBT; provided, however, that the Guidelines shall not be in derogation of the minimum standards established by this Declaration.

6.5 DRC Decision. The DRC shall render its approval or denial decision with respect to the design proposal within fourteen (14) working days after it has received all material required by it with respect to the application and has reviewed the application. All decisions shall be in writing. In the event the DRC fails to render its decision of approval or denial in writing within fourteen (14) working days of receiving all material required by it with respect to the proposal, the application shall be deemed approved, unless the proposal violates the minimum standards contained in Article 4.

6.6 DRC Discretion. The DRC may, at its sole discretion, withhold consent to any proposed work if the DRC finds the proposed work would be inappropriate for the particular Lot or incompatible with the Guidelines that the DRC intends for SSBT. Consideration such as siting, shape, size, color, design, height, solar access, or other effect on the enjoyment of other Lots or the Common Area, and any other factors which the DRC reasonably believes to be relevant, may be taken into consideration by the DRC in determining whether or not to consent to any proposed work.

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

6.8 Appeal. At any time after Declarant has delegated appointment of the members of the DRC to the Board of Directors pursuant to Section 6.2, any Owner adversely impacted by action of the DRC may appeal such action to the Board of Directors. Appeals shall be made in writing within ten (10) days of the DRC's action and shall contain specific objections or mitigating circumstances justifying the appeal. A final, conclusive decision shall be made by the Board of Directors within forty-five (45) days after receipt of such notification. The determination of the Board shall be final.

6.9 Effective Period of Consent. The DRC's consent to any proposed work shall automatically be revoked twelve (12) months after issuance unless construction of the work has been commenced or the Owner has applied for and received an extension of time from the DRC.

6.10 Determination of Compliance. The DRC may inspect, from time to time, all work performed and determine whether it is in compliance with the approval granted. If the DRC finds that the work was not performed in conformance with the approval granted, or if the DRC finds that the approval required was not obtained, the DRC shall notify the Owner in writing of the noncompliance. The notice shall specify the particulars of noncompliance and shall require the Owner to remedy the noncompliance.

6.11 Noncompliance. If the DRC determines that an Owner has not constructed an improvement consistent with the specifications of a DRC approval or if the Owner fails to obtain DRC approval, and if the Owner fails to diligently commence to remedy such noncompliance in accordance with the provisions of the notice of noncompliance, then at the expiration of the third (3rd) day from the date of such notification, the DRC shall provide notice of a hearing to consider the Owner's continuing noncompliance. The hearing shall be set not more than thirty (30) days from the date of notice of noncompliance. At the hearing, if the DRC finds that there

is no valid reason for the continuing noncompliance, the DRC shall determine the estimated costs of correcting it and may fine the Owner for such noncompliance. The DRC shall then require the Owner to remedy or remove the same within a period of not more than ten (10) days from the date of the DRC's determination. If the Owner does not comply with the DRC's ruling within such period or within any extension of such period as the DRC, at its discretion, may grant, the DRC may either fine the Owner, remove the non-complying improvement, remedy the noncompliance, and/or record a notice of noncompliance in the county deed records. The costs of any such action shall be assessed against the Owner as a Reimbursement Assessment either before or after any remedied action is taken.

6.12 Liability. Neither the Declarant, the DRC, the Association manager, the Board, nor any member thereof, nor agent of the DRC or the Board shall be liable to any Owner, Occupant, or builder for any damage, loss or prejudice suffered or claimed on account of any action or failure to act of the DRC or a member thereof, provided only that the member has, in accordance with the actual knowledge possessed by him/her, acted in good faith.

6.13 Estoppel Certificate. Within ten (10) working days after written request is delivered to the DRC by an Owner, and upon payment to the DRC of a reasonable fee fixed by the DRC to cover the cost of a representative of the DRC to inspect the Lot for compliance as set forth in the Guidelines, the DRC shall provide such Owner with a certificate executed by the Chairperson or other authorized member of the DRC certifying with respect to any Lot owned by the Owner, that as of the date thereof either: (a) all improvements made or done upon or within such Lot by the Owner comply with this Declaration, or (b) such improvements do not so comply, in which event, the certificate shall also identify the noncomplying improvements and set forth with particularity the nature of such noncompliance. The Owner, Owners' heirs, devisees, successors and assigns shall be entitled to rely on the certificate with respect to the matters set forth therein. The certificate shall be conclusive as between the Declarant, the DRC, the Association and all Owners, and such persons deriving any interest through any of them.

6.14 Fees. The DRC may charge a reasonable application fee and charge applicants additional costs incurred or expected to be incurred by the DRC in providing administrative support and to retain architects, attorneys, engineers, and other consultants to advise the DRC concerning any aspect of the applications and/or compliance with any appropriate architectural and construction criteria or standards, including, without limitation, those pertinent to house siting and height. Such fees shall be collectible as assessments pursuant to Article 10.

6.15 Activities of the Declarant and the Village at SSBT. This Article 6 shall not apply to the activities of the Declarant, its affiliates, nor to Improvements to the Common Areas by or on behalf of the Association, nor to the activities of Owners and the Declarants of the Village at SSBT.

ARTICLE 7
MEMBERSHIP IN THE ASSOCIATION

7.1 Members. Each Owner shall be a mandatory Member of the Association. Membership in the Association shall be appurtenant to, and may not be separated from, ownership of any Lot. Transfer of ownership of a Lot automatically transfers membership in the Association. Without any other act or acknowledgment, Occupants and Owners shall be governed and controlled by this Declaration, the Articles, Bylaws, and the Rules and Regulations of the Association and any amendments thereof.

7.2 Proxy. Each Owner may cast his/her vote by written ballot or pursuant to a proxy executed by the Owner. An Owner may not revoke a proxy given pursuant to this Section 7.2 except by actual notice of revocation to the person presiding over a meeting of the Association. A proxy shall not be valid if it is not dated or purports to be revocable without notice. A proxy shall terminate one (1) year after its date, unless the proxy specifies a shorter term.

7.3 Voting Rights. The Association shall have two (2) classes of voting members:

7.3.1 Class A. Class A members shall be all Owners of Lots other than the Declarant, and each Class A member shall be entitled to one (1) vote for each Lot owned with respect to all matters upon which Owners are entitled to vote.

7.3.2 Class B. The Class B member shall be the Declarant, its successors and assigns. The Class B member shall have three (3) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership upon the earlier of:

7.3.2.1 At such earlier time as Declarant may elect in writing to terminate Class B membership.

7.3.2.2 Twenty (20) years after the date this Declaration is recorded.

The date determined in this Section 7.3.2 shall be called the "Termination Date."

Thereafter, each Owner, including the Declarant, shall be entitled to one (1) vote for each Lot owned with respect to all matters upon which Owners are entitled to vote, and the total number of votes shall be equal to the total number of Lots.

When more than one (1) person or entity owns a Lot, the vote for such Lot may be cast as they shall determine, but in no event will fractional voting be allowed. Fractional or split votes shall be disregarded, except for purposes of determining a quorum. The total number of votes as of the Termination Date and thereafter shall be equal to the total number of Lots subjected to this Declaration, initially or through annexation.

7.4 Procedure. All meetings of the Association, the Board of Directors, the DRC, and Association committees shall be conducted with such rules of order as may from time to time by

adopted by the Board of Directors. Notwithstanding which rule of order is adopted, the Chairperson shall be entitled to vote on all matters, not merely to break a tie vote. A tie vote does not constitute a majority or approval of any motion or resolution.

ARTICLE 8 **DECLARANT CONTROL**

8.1 Interim Board and Officers. The Declarant hereby reserves administrative control of the Association. The Declarant, in his sole discretion, shall have the right to appoint and remove members of the interim Board of Directors, which shall manage the affairs of the Association and which shall be invested with all powers and rights of the Board of Directors. The interim Board shall consist of from one (1) to three (3) members. Notwithstanding the provision of this Section 8.1, at the Turnover Meeting (as hereinafter defined) at least one (1) Director shall be elected by Owners other than the Declarant, even if the Declarant otherwise has voting power to elect all three (3) Directors.

8.2 Turnover Meeting. The Declarant shall call a meeting for the purpose of turning over administrative control of the Association from the Declarant to the Class A members within ninety (90) days of the earlier of:

8.2.1 Optional Turnover. At such earlier time as Declarant elected in writing to terminate Class B membership; or

8.2.2 Latest Date. A date twenty (20) years from the date this Declaration is recorded.

The Declarant shall give notice of the meeting to each Owner as provided in the Bylaws. If the Declarant does not call the meeting required under this Section, any Owner may do so.

ARTICLE 9 **DECLARANT'S SPECIAL RIGHTS**

9.1 General. Declarant is undertaking the work of developing Lots and other improvements within SSBT. The completion of the development work and the marketing and sale of the Lots is essential to the establishment and welfare of the Property and the Additional Property as a residential community. Until the Homes on all Lots on the Property have been constructed, fully completed and sold, with respect to the Common Area and each Lot on the Property, the Declarant shall have the special rights set forth in this Article 9.

9.2 Marketing Rights. Declarant shall have the right to maintain a sales office and model on one or more of the Lots which the Declarant owns. The Declarant and prospective purchasers and their agents shall have the right to use and occupy the sales office and models during reasonable hours any day of the week. The Declarant may maintain a reasonable number

of "For Sale" signs at reasonable locations on the Property, including, without limitation, the Common Area.

9.3 Declarant Easements. The Declarant has reserved easements over the Property as more fully described in Section 3.4 hereof.

9.4 Size and Appearance of SSBT. Declarant shall not be prevented from increasing or decreasing the number of Lots that may be annexed to SSBT or from changing the exterior appearance of the Common Area, including the landscaping or any other matter directly or indirectly connected with SSBT in any manner deemed desirable by Declarant, provided that the Declarant obtains governmental consents required by law.

9.5 Control of the DRC. Declarant shall have the right, but not the obligation, to control all aspects of the DRC, including the appointment of all DRC members and the approval, modification, or adoption of the Guidelines.

ARTICLE 10

FUNDS AND ASSESSMENTS

10.1 Purpose of Assessments. The assessments levied by the Association shall be used exclusively for the administration of the Association and to promote the recreation, health, safety, aesthetics and welfare of the Owner and Occupants of SSBT and for the improvement, operation and maintenance of the Common Area and those areas for which the Association has maintenance obligations.

10.2 Covenants to Pay. Declarant and each Owner covenants and agrees to pay the Association the assessments and any additional charges levied pursuant to this Declaration or the Bylaws.

10.2.1 Funds Held in Trust. The Assessments collected by the Association shall be held by the Association for and on behalf of each Owner and shall be used solely for the administration of the Association and the operation, care and maintenance of SSBT as provided in this Declaration, including maintenance of the Common Area. The Assessments are the property of the Association and are not refundable to Owners or Lots. Upon the sale or transfer of any Lot, the Owner's interest in the funds shall be deemed automatically transferred to the successor in interest of such Owner.

10.2.2 Offsets. No offsets against any assessment shall be permitted for any reason, including, without limitation, any claim that the Association is not properly discharging its duties.

10.3 Basis of Assessment/Commencement of Assessments. The Declarant shall pay all common expenses of the Association until the Lots are assessed for common expenses. The amount and date of commencement of the initial annual assessment to Owners other than the Declarant shall be determined by the Declarant. The assessment shall thereafter be subject to

review by the Board of Directors. With respect to the Village, assessments shall commence upon the conveyance of the first Lot to a third party other than Don Morissette Homes, Inc.

10.4 Annual Assessments. Annual assessments for each fiscal year shall be established when the Board approves the budget for that fiscal year. The initial assessment and the implementation thereof shall be determined by the Declarant and shall be prorated on a monthly basis. For prospective purposes, any portion of a month shall count as a full month. Annual assessments shall be levied on a fiscal year basis. The fiscal year shall be the calendar year unless another year is adopted by vote of the Association members. Unless otherwise specified by the Board, annual assessments shall be due and payable on the first day of each calendar year during the term of this Declaration.

10.4.1 Budgeting. Regardless of the number of Members or the amount of assets of the Association, each year the Board shall prepare, approve and make available to each Member a pro forma operating statement (budget) containing: (i) estimated revenue and expenses; (ii) the amount of the total cash reserves of the Association currently available for replacement or major repair of the Common Area and for contingencies; (iii) an itemized estimate for the remaining life of, and the methods of funding to defray repair, replacement or additions to major components of the Common Area as provided in Section 10.6.2; and (iv) a general statement setting forth the procedures used by the Board in the calculation and establishment of reserves to defray the costs of repair, replacement or additions to major components of the Common Area. For the first fiscal year, the budget shall be approved by the Board no later than the date on which annual assessments are scheduled to commence. Thereafter, the Board shall annually prepare and approve the budget and distribute a copy thereof to each Member, together with written notice of the amount of the annual assessments to be levied against the Owner's Lot, not less than thirty (30) days and not more than ninety (90) days prior to the beginning of the fiscal year. After a new Phase has been annexed, the Board shall approve a new budget for the remainder of the current fiscal year.

10.4.2 Allocation of Assessments. Except as provided below and in Article 11.2, the total amount in the budget shall be charged equally against all Lots as Annual Assessments. After annexation of each Phase, the allocation and assessment of the charges in the budget shall be reallocated equally among all Lots in SSBT, including those in the annexed Additional Property. In the event of the development of a commercial project within the development, the owner of the Commercial Lots shall pay assessments based upon the ratio of square footage of the Commercial Lots to the total square footage of all of the Lots. Owners of Lots in the Village shall be subject to assessment by the Master Association. Provided, however, for the first ten (10) years, the Master Association per Lot assessment to the Owners of Village Lots shall not exceed \$100 annually. The \$100 annual limitation shall not apply to Master Association assessments against the Village Lots after the expiration of the ten (10) year anniversary of the recording of this Declaration. In the event the Village at Skyliner Summit at Broken Top, Inc., a not-for-profit homeowners association whose members are all of the Owners of the Lots in the Village, fail to properly maintain the Exclusive Common Areas within the boundaries of the Village and comply with the requirements of Article 11 of this Declaration, then the Owners of the Village Lots shall be subject to Assessment by the Master Association for the costs to maintain such Exclusive Common Areas.

10.4.3 Nonwaiver of Assessments. If before the expiration of any fiscal year the Association fails to fix annual assessments for the next fiscal year, the annual assessments established for the preceding year shall continue until a new annual assessment is fixed.

10.5 Special Assessments. Except as provided in Section 11, the Board of Directors shall have the power to levy special assessments against an Owner or all Owners in the following manner for the following purposes:

10.5.1 Correct Deficit. To correct a deficit in the operating budget, by vote of a majority of the Board;

10.5.2 Special Obligations of an Owner. To collect amounts due to the Association from an Owner for breach of the Owner's obligations under the Declaration, the Bylaws, or the Rules and Regulations, by vote of a majority of the Board;

10.5.3 Repairs. To make repairs or renovations to the Common Area if sufficient funds are not available from the operating budget or replacement reserve accounts, by vote of a majority of the Board; or

10.5.4 Capital Improvements. To make capital expenditures for acquisitions, additions or improvements in excess of \$35,000.00, by vote of at least seventy-five percent (75%) of all votes allocated to the Lots.

10.5.5 Reimbursement Assessments. The Association shall levy a Reimbursement Assessment against any Owner and his/her Lot if a failure to comply with the Declaration, Bylaws or any Rules and Regulations has (i) necessitated an expenditure of monies by the Association to bring the Owner into compliance or (ii) resulted in the imposition of a fine or penalty. A Reimbursement Assessment shall be due and payable to the Association when levied. A Reimbursement Assessment shall not be levied by the Association until after a notice and an opportunity for a hearing has been given and:

- (a) the hearing has been held;
- (b) the Owner declines in writing to appear at the hearing; or
- (c) the time set for the hearing has passed and the Owner failed to appear. (An Owner may request a different hearing date and the Board shall not unreasonably deny such request.)

If a notice has been previously given, and the hearing has already been held or waived (in writing or by the Owner failing to appear) for the violation resulting in the Reimbursement Assessment, no additional notice and hearing is required prior to levying the Reimbursement Assessment.

10.6 Accounts.

10.6.1 Types of Accounts. Assessments collected by the Association shall be deposited into at least two (2) separate accounts with a bank, which accounts shall be clearly designated as (i) the Current Operating Account and (ii) the Reserve Account. The Board shall deposit those portions of the assessments collected for current maintenance and operation into the Current Operating Account and shall deposit those portions of the assessments collected as reserves for replacement and deferred maintenance of capital improvements into the Reserve Account.

10.6.2 Reserve Account. The Declarant shall establish a Reserve Account, in the name of the Association, which shall be kept separate from all other funds in the Association. The Association shall pay out of the Reserve Account only those costs that are attributable to the maintenance, repair or replacement of Common Area property that normally requires replacement, in whole or in part, within three (3) to thirty (30) years and not for regular or periodic maintenance and expenses. No funds collected for the Reserve Account may be used for ordinary current maintenance and operation purposes.

10.6.2.1 Calculation of Reserve Assessment. Not less often than annually, the Board of Directors shall inventory the Common Area and shall estimate the remaining life of each item and the current replacement cost of each of such items. The Board of Directors may identify items for which a reserve account assessment is required. The total Reserve Account Assessment shall be equal to the sum of the estimated replacement cost of each item of Association property which has an estimated life of greater than three (3) but less than thirty (30) years, divided by the estimated number of years of life for such item (not the estimated years of life remaining). The Reserve Account Assessment shall be allocated pursuant to Section 10.4.2.

10.6.2.2 Loan From Reserve Account. After the Turnover Meeting described in Section 8.2, the Board of Directors may borrow funds from the Reserve Account to meet high seasonal demands on the Association's regular operating fund or to meet other temporary expenses. Funds borrowed to meet high seasonal demands or temporary expenses under this Subsection must be repaid from special assessment or maintenance fees within six (6) months of the date on which such funds are borrowed.

10.6.2.3 Elimination of Reserve Account Assessment. At any time after the second year after the Turnover Meeting, future assessment for the Reserve Account may be eliminated by the vote of Owners of Lots representing seventy-five percent (75%) of the votes computed in accordance with Section 7.3.

10.6.2.4 Investment of Reserve Account. Nothing in this Section 10.6 prohibits the prudent investment of Reserve Account funds, subject to any constraints imposed by the Board of Directors of the Association, the Bylaws or the Rules and Regulations.

10.6.2.5 Refunds of Assessments. Assessments paid into the Reserve Account are the property of the Association and are not refundable to sellers or Owners of Lots.

Sellers or Owners of Lots may treat their outstanding share of the Reserve Account balance as a separate item in the sales contract providing for the conveyance of their Lot.

10.6.3 Current Operating Account. All other costs may be paid from the Current Operating Account.

10.7 Default in Payment of Assessments, Enforcement of Liens.

10.7.1 Personal Obligation. All assessments properly imposed under this Declaration or the Bylaws shall be the joint and several personal obligation of all Owners of the Lot to which such assessment pertains. In a voluntary conveyance (that is, one other than through foreclosure or a deed in lieu of foreclosure), the grantees shall be jointly and severally liable with the grantor(s) for all Association assessments imposed through the recording date of the instrument effecting the conveyance. A suit for a money judgment may be initiated by the Association to recover such assessments without either waiving or foreclosing the Association's lien.

10.7.2 Association Lien. At any time any assessment (of any type provided for by this Declaration or the Bylaws) or installment thereof is delinquent, the Association, by and through its Board or any management agent, may file a notice of lien in the deed records of Deschutes County, Oregon against the Lot in respect to which the delinquency pertains. Once filed, such lien shall accumulate all future assessments or installments, interest, late fees, administrative charges, penalties, fines, attorneys' fees (whether or not suit or action is instituted) and other appropriate costs properly chargeable to an Owner by the Association, until such amounts are fully paid. Said lien may be foreclosed at any time, but not later than six (6) years after the latest lienable charge has been imposed. The lien of the Association shall be superior to all other liens and encumbrances except property taxes and assessments, any first mortgage, deed of trust or land sale contract recorded previously to the Association's notice of lien.

10.7.3 Interest; Fines; Late Fees; Penalties. The Board, in its reasonable discretion, may from time to time adopt resolutions to set the rate of interest and to impose late fees, fines, administrative charges, and penalties on delinquent assessments or for violations of the provisions of this Declaration, the Bylaws, the Guidelines, and the Rules and Regulations adopted by the Board or the DRC. The adoption of such impositions shall be communicated to all Owners in writing not less than thirty (30) days before the effective date by a notice mailed to the assessment billing address of such Owners. Such impositions shall be considered assessments which are lienable and collectible in the same manner as any other assessments. Provided, however, fines or penalties for violation of this Declaration, the Bylaws or any rule and regulation, other than late fees, fines or interest arising from an Owner's failure to pay regular, special or Reimbursement Assessments, may not be imposed against an Owner or his/her Lot until such Owner is given an opportunity for a hearing as elsewhere provided herein.

10.7.4 Acceleration of Assessments. In the event an Owner is delinquent in payment of any assessment or installment on any assessment, the Association, upon not less than ten (10) days written notice to the Owner, may accelerate the due date of the full annual assessment for that fiscal year and all future installments of any special assessments.

10.7.5 Association's Right to Rents/Receiver. In any foreclosure suit by the Association with respect to such lien, the Association shall be entitled to collect reasonable rent from the defaulting Owner for the use of his/her Lot or shall be entitled to the appointment of a receiver. Any default by the Owner in any provisions of the Declaration or Bylaws shall be deemed to be a default by the Owner of any mortgage to which the Owner is a party or to which the Lot is subject.

ARTICLE 11

SUBASSOCIATIONS

11.1 Subassociations. Skyliner Summit at Broken Top shall be composed of one or more Subassociations. The initial plats recorded for SSBT shall include: (1) the initial two Phases of the Village; (2) a Phase which will be part of a to-be-named subassociation comprised of approximately twenty (20) townhomes; and, (3) a Phase containing approximately twenty-eight (28) large single-family homesites, which the Declarant does not currently intend to be part of a subassociation.

11.2 The Village at Skyliner Summit at Broken Top. The Village at Skyliner Summit at Broken Top is a Neighborhood within SSBT and is proposed to be developed in five (5) Phases with an approximate total of 122 Lots. The Village will be subject to a Declaration of Covenants, Conditions, and Restrictions (the "Village Declaration"), whose Declarant shall be Don Morissette Homes, Inc., an Oregon corporation (the "Village Declarant"), or its successors and assigns. The initial Village development will contain 60 Lots platted in two phases, Skyliner Summit at Broken Top – Phases 1 and 2.

11.2.1 The Village Association. The affairs of the Village will be managed by the Village at Skyliner Summit at Broken Top Homeowners' Association, an Oregon not-for-profit corporation, as set forth in the Village Declaration. Upon the affirmative vote of seventy-five percent (75%) of both the Owners of Lots in the Village and of the Owners of Lots in the Master Association, and if the Village Declarant still owns any lots in the Village, upon the written consent of the Village Declarant, the Village Association may elect to have the Master Association manage the affairs of the Village.

11.2.2 Village Common Area Tracts. The Village will own and have maintenance responsibility for the Common Area Tracts identified on the Plats of Skyliner Summit at Broken Top as Tract A, Skyliner Summit at Broken Top – Phase 1; and, Tracts B and C, Skyliner Summit at Broken Top – Phase 2 (the "Village Common Areas"). Tract B identified on the Plat shall be developed by the Village Declarant for the sole use and enjoyment of the owners of Lots, their guests and invitees of the Village and shall be classified as an Exclusive Common Area.

11.2.3 Master Association Assessments. For the first ten (10) years from the recording of this Declaration, and provided that the Village Association maintains the Village Common Areas, the Owners of Lots in the Village shall only be subject to Master Association

annual assessments equal to \$100. In the event that the Village Association fails to adequately maintain the Village Common Areas, the Master Association shall have the right, but not the obligation, to maintain such Village Common Area Tracts and to assess the Owners of Lots in the Village Association for the costs associated with such maintenance. In such event, the \$100 limitation on annual assessments by the Master Association set forth in Section 10.4.2 shall not apply. After the tenth anniversary of the recording of this Declaration, the \$100 limitation on annual assessments by the Master Association shall be removed and the Village Lots shall be subject to a full Master Association Assessment.

11.2.4 Village Design Review Committee. Except as provided below, Owners of Lots in the Village Association shall be exempt from the Master Design Review Committee and Guidelines established under this Declaration, but shall be subject to the design review committee and guidelines established under the Village Declaration. Each Home within the Village shall be constructed in accordance with the following minimum requirements:

11.2.4.1 Double wall construction (plywood or equal) covered with cedar siding or other siding approved by the Declarant under the Village Declaration except board and batten siding for Craftsman-style architectural exteriors shall be permitted;

11.2.4.2 Front loaded garages shall be flush or set back from the Homes. Each dwelling shall have a double car garage, unless a specific plan built by Village Declarant or its assigns contains only a single-car garage;

11.2.4.3 Architectural composition roofing having a 25-year guaranty, such as Firehalt;

11.2.4.4 Total floor area of the main structure exclusive of open porches and garages, no less than 1,200 square feet for a one story or 1,600 square feet for a two-story dwelling;

11.2.4.5 Architectural detailing that varies from house to house. Detailing, at the Village Declarant's option, shall include one or more of the following: decorative shakes, trim, fypons, shutters, windows with grids, porches, bays, dormers and hip or gable roofs;

11.2.4.6 Exterior paint colors in accordance with a professionally prepared palette of complimentary colors selected for the Village;

11.2.4.7 Vertical or square windows on all walls exposed to the street in proportion to the house;

11.2.4.8 Windows located on the area of a home which abut the private patio area of a courtyard/alley home must be mitigated in one of the following ways: (1) the window must be screened from view with a 6-foot fence (windows on main level only); or (2) the bottom sill of the window must be located 5 feet above the floor; or (3) opaque glass must be used.

11.2.4.9 Front yards fully landscaped and irrigated prior to occupancy, weather permitting. In no case shall front yard landscapes be installed later than sixty (60) days after initial occupancy. Lot Owners shall be responsible for installing all side yard and rear yard landscaping within six (6) months of closing; and,

11.2.4.10 Exterior construction of each house shall be completed within six (6) months from start of construction so as to present a finished exterior appearance when viewed from any side. This period may be extended by the written approval of the Village Design Review Committee.

11.3 Enforcement. Each Subassociation shall be responsible for enforcement of such Subassociation's Declaration, bylaws, guidelines, rules and regulations, and if so notified in writing by the Master Association, the enforcement of this Declaration, the Bylaws, Guidelines, Rules and Regulations of the Master Association. In the event the Subassociation fails to enforce either the provisions of this Declaration or the Subassociation Declaration or its bylaws, guidelines, rules, and regulations, the Board of Directors of the Master Association or Master Design Review Committee may take appropriate enforcement action in accordance with this Declaration, the Subassociation Declaration and any applicable bylaws, guidelines or rules and regulations adopted by either the Master Association or the Subassociation.

11.4 Master Association Membership. Owners of Lots in the Subassociation shall be members of both the Master Association and the relevant Subassociation.

11.5 Conflict Between Village Declaration and Master Declaration and Amendment. In the event of an irreconcilable conflict between the recorded Village Declaration (or an approved amendment) and the Master Declaration, the terms and conditions of the Village Declaration shall control. In the event of a conflict between any unapproved Amendment to the Village Declaration and the Master Association Declaration, the Master Association Declaration shall control.

11.6 Conflict Between other Subassociation Declaration and Master Declaration. In the event of a conflict between any provisions of a Subassociation Declaration (except as provided above relating to the Village Declaration) and the Master Declaration, the provision of the Master Association shall control.

11.7 Adoption or Amendment of Subassociation Declaration, Bylaws, Guidelines, Rules and Regulations. Each Subassociation shall submit to the Board of Directors of the Master Association for prior written approval copies of any proposed declaration, bylaws, guidelines (including design and construction guidelines), rules and regulations and any proposed amendments to any existing declaration, bylaws, guidelines (including design and construction guidelines), rules and regulations. Any proposed adoption or amendment to a Declaration shall not be deemed effective until recorded in the Deschutes County Deed Records. Once recorded, the party filing such adopted document or amendment shall provide a copy of the recorded document to the Board of Directors of the Master Association.

11.8 Neighborhood Design Review Committee. Except as set forth in Article 6, no Improvement shall be commenced, erected, placed, altered, added to, or maintained on, within, or beneath, or above any Neighborhood until (i) the Owners' Subassociation having jurisdiction over the Neighborhood in question shall have established a Neighborhood Design Review Committee and shall have prepared and submitted to the Board (or the Master Design Review Committee, if then created) design guidelines establishing criteria for, at a minimum, design plans and specifications showing the site layout, exterior elevations, exterior materials and colors, signs, landscaping, drainage, lighting, irrigation, utility facilities layout, and screening therefor; and (ii) such design guidelines are approved in writing by the Board (such approved design guidelines, the "Neighborhood Design Guidelines"). The Neighborhood Design Guidelines may not be amended without Board (or, if then created, Master Design Review Committee) consent. It is the intent and purpose of this Declaration 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. The Declaration for the Village at SSBT, which includes the Village's Neighborhood Design Guidelines, has received approval from the Master Association.

ARTICLE 12

GENERAL PROVISIONS

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

12.2 Indemnification of Directors, Officers, Employees and Agents. The Association shall indemnify any Director, officer, Design Review Committee members or other members of a committee established under this Declaration or the Bylaws, employee or agent who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by the Association) by reason of the fact that he/she is or was a Director, officer, employee or agent of the Association or is or was serving at the request of the Association as a Director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by said person in connection with such suit, action or proceeding if he/she acted in good faith and in a manner he/she reasonably believed to be in, or not opposed to, the best interest of the Association, and, with respect to any criminal action or proceedings, had no reasonable cause to believe his/her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or with a plea of

nolo contendere or its equivalent, shall not of itself create a presumption that a person did not act in good faith and in a manner which he/she reasonably believed to be in, or not opposed to, the best interest of the Association, and, with respect to any criminal action or proceedings, had reasonable cause to believe his/her conduct was unlawful. Payment under this clause may be made during the pendency of such claim, action, suit or proceeding as and when incurred, subject only to the right of the Association to reimbursement of such payment from such person, should it be proven at a later time that such person had no right to such payments. All persons who are ultimately held liable for their actions on behalf of the Association as a Director, officer, employee or agent shall have a right of contribution over and against all other Directors, officers, employees or agents and members of the Association who participated with or benefited from the acts which created said liability.

12.3 Enforcement/Attorneys' Fees.

12.3.1 The Association and the Owners within the Property or any mortgagee on any Lot shall have the right to enforce all of the covenants, conditions, restrictions, reservations, easements, liens and charges now or hereinafter imposed by any of the provisions of this Declaration as may appertain specifically to such parties or owners by any proceeding at law or in equity. Failure by either the Association or by any Owner or mortgagee to enforce any covenant, condition or restriction herein contained shall in no event be deemed a waiver of their right to do so thereafter.

12.3.2 In the event suit or action is commenced to enforce the terms and provisions of this Declaration, the prevailing party shall be entitled to its attorneys' fees and costs in such suit or action to be fixed by the trial court, and in the event of an appeal, the cost of the appeal, together with reasonable attorneys' fees, to be set by the appellate court. In addition thereto, the Association shall be entitled to its reasonable attorneys' fees incurred in any enforcement activity taken to collect delinquent assessments, whether or not suit or action is filed.

12.3.3 In the event any Member, or if the Owners' Subassociation is the Member, member of an Owners' Subassociation, shall violate any provision of this Declaration, any Supplemental Declaration, the Bylaws, or any rules or regulations adopted by the Master Association governing the use or improvement of Lots, or the Common Area, then the Master Association, acting through the Board, may notify the Member, or if an Owners' Subassociation is the Member, member of an Owners' Subassociation, in writing that the violations exist and that such Member or such member of an Owners' Subassociation, is responsible for them, and may, after affording the Member or member of an Owners' Subassociation reasonable notice and opportunity to be heard, do any or all of the following: (a) suspend the Member's or Owner's voting rights for the period that the violations remain unabated, or for any period not to exceed sixty (60) days for any infraction of its rules and regulations, (b) impose reasonable fines upon the Member or Owner, in the manner and amount the Board deems appropriate in relation to the violation; (c) bring suit or action against such Member or Owner to enforce this Declaration; or (d) if the Master Association has notified the Member or Owner of required remedial or abatement action and the Member or Owner is unable or unwilling to comply with the Master Association's specific directives for remedy or abatement, or the Member or Owner and the

Master Association cannot agree on a mutually acceptable solution within the framework and intent of this Declaration, within sixty (60) days after such notice, enter the offending Lot (which entry shall not subject the Master Association, the directors of the Master Association, or any agent or representative thereof to liability for trespass or any other claim for damages) and remove the cause of such violation, or alter, repair, or change the item which is in violation of this Declaration in such a manner as to make it conform thereto and assess such Member or Owner for the entire cost of the work done, provided that no items of construction shall be altered or demolished in the absence of judicial proceedings. Nothing in this Section, however, shall give the Master Association the right to deprive any Member (or if the Member is an Owners' Subassociation, any member of that Owners' Subassociation) access to and from such Member's Lot (or, if the Member is an Owners' Subassociation, to and from the Lot of any member of that Owners' Subassociation).

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

12.5 Duration. The covenants, conditions and restrictions of this Declaration shall run with and bind the land for a term of thirty-five (35) years from the date of this Declaration being recorded, after which time they shall be automatically extended for successive periods of ten (10) years, unless rescinded by a vote of at least ninety percent (90%) of the Owners and ninety percent (90%) of the first mortgagees. Provided, however, amendments which do not constitute rescission of the planned community may be adopted as provided in Section 12.6. Provided, further, that if any of the provisions of this Declaration would violate the rule against perpetuities or any other limitation on the duration of the provisions herein contained imposed by law, then such provision shall be deemed to remain in effect only for the maximum period permitted by law or, in the event the rule against perpetuities applies, until twenty-one (21) years after the death of the last survivor of the now living descendants of President George W. Bush.

12.6 Amendment. Except as otherwise provided in Section 12.5 and the restrictions set forth elsewhere herein, this Declaration may be amended at any time, including within the first thirty-five (35) years by an instrument approved by not less than seventy-five percent (75%) of the total votes of each class of members that are eligible to vote. Any amendment must be executed, recorded and certified as provided by law. Provided, however, that no amendment of this Declaration shall effect an amendment of the Bylaws or Articles without compliance with the provisions of such documents, and the Oregon Nonprofit Corporation Act. Provided further, no amendment affecting the General Plan of Development or any other right of the Declarant herein contained may be effected without the express written consent of the Declarant or its successors and assigns, including, without limitation, amendment of this Section 12.6.

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

12.8 Unilateral Amendment by Declarant. In addition to all other special rights of the Declarant provided in this Declaration, the Declarant may amend this Declaration in order to comply with the requirements of the Federal Housing Administration of the United States, the

Federal National Mortgage Association, the Government National Mortgage Association, the Federal Home Mortgage Loan Corporation, any department, bureau, board, commission or agency of the United States or the State of Oregon, or any other state in which the Lots are marketed and sold, or any corporation wholly owned, directly or indirectly, by the United States or the State of Oregon, or such other state, the approval of which entity is required in order for it to insure, guarantee or provide financing in connection with development of the Property and sale of Lots. Prior to the Turnover Meeting, no such amendment shall require notice to or approval by any Class A member.

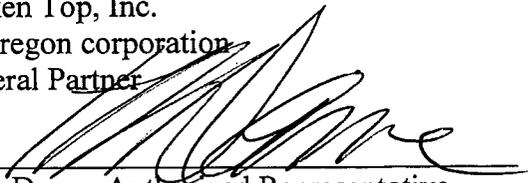
12.9 Resolution of Document Conflicts. In the event of a conflict among any of the provisions in the documents governing SSBT, such conflict shall be resolved by looking to the following documents in the order shown below:

1. Declaration;
2. Articles;
3. Bylaws;
4. Rules and Regulations.

IN WITNESS WHEREOF, the undersigned being Declarant herein, has executed this instrument this 14 day of JUNE, 2001.

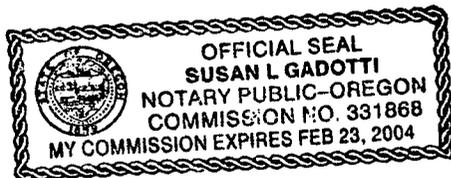
SKYLINER SUMMIT LIMITED PARTNERSHIP
An Oregon Limited Partnership

By: Broken Top, Inc.
an Oregon corporation
General Partner


T. B. Dame, Authorized Representative

STATE OF OREGON }
County of Multnomah } ss.

This instrument was acknowledged before me on June 14, 2001, by T. B. Dame of Broken Top, Inc., managing partner of Skyliner Summit Limited Partnership.




Notary Public for Oregon

Exhibit "A"
Skyliner Summit at Broken Top Phases 1, 2, 3 and 4
Legal Description

A parcel of land located in the south one-half (S1/2) of Section 36, Township 17 South, Range 11 East, and in the north one-half (N1/2) of Section 1, Township 18 South, Range 11 East, Willamette Meridian, in the City of Bend, Deschutes County, Oregon, more particularly described as follows:

Commencing at a 3" Brass cap monumenting the south one-quarter corner of said Section 36; thence North 07°18'52" West, 196.45 feet to the **True Point of Beginning**; thence along the arc of a 1135.00 foot radius curve to the right, through a central angle of 03°02'19", an arc length of 60.19 feet, (the chord of which bears North 41°00'26" West, 60.18 feet); thence North 40°08'11" West, 151.63 feet; thence North 35°05'11" West, 201.92 feet; thence along the arc of a 1150.00 foot radius curve to the right; through a central angle of 11°50'00", an arc length of 237.51 feet, (the chord of which bears North 29°10'11" West, 237.09 feet); thence North 23°15'11" West, 11.37 feet to the southerly right-of-way of Skyliners Road; thence along said right-of-way, along the arc of a 3780.00 foot radius curve to the left, through a central angle of 00°39'48", an arc length of 43.76 feet, (the chord of which bears North 69°23'19" East, 43.76 feet); thence along the arc of a 5030.00 foot radius curve to the left, through a central angle of 04°04'50", an arc length of 358.23 feet, (the chord of which bears North 67°01'00" East, 358.16 feet) to a point of non-tangency; thence leaving said right-of-way, South 35°54'35" East, 287.94 feet; thence North 54°05'25" East, 26.20 feet; thence South 35°54'35" East, 100.00 feet; thence North 54°05'25" East, 415.00 feet; thence along the arc of a 115.00 foot radius curve to the right, through a central angle of 21°25'33", an arc length of 43.00 feet, (the chord of which bears North 64°48'11" East, 42.75 feet); thence along the arc of a non-tangent, 407.50 foot radius curve to the right, through a central angle of 07°52'18", an arc length of 55.98 feet, (the chord of which bears North 08°48'46" East, 55.94 feet) to a point of non-tangency; thence South 77°15'05" East, 50.00 feet; thence South 78°51'15" East, 12.15 feet; thence along the arc of a 50.00 foot radius curve to the left, through a central angle of 34°13'43", an arc length of 29.87 feet, (the chord of which bears North 84°01'53" East, 29.43 feet); thence along the arc of a 1175.00 foot radius curve to the right, through a central angle of 02°54'40", an arc length of 59.70 feet, (the chord of which bears North 68°22'22" East, 59.69 feet); thence along the arc of a 50.00 foot radius curve to the left, through a central angle of 40°56'38", an arc length of 35.73 feet, (the chord of which bears North 49°21'23" East, 34.97 feet); thence along the arc of a 257.50 foot radius curve to the right, through a central angle of 60°04'15", an arc length of 269.97 feet, (the chord of which bears North 58°55'11" East, 257.78 feet); thence along the arc of a 15.00 foot radius curve to the left, through a central angle of 88°28'32", an arc length of 23.16 feet, (the chord of which bears North 44°43'03" East, 20.93 feet); thence North 00°28'47" East, 25.10 feet; thence South 89°31'13" East, 184.15 feet; thence along the arc of a non-tangent, 485.00 foot radius curve to the left, through a central angle of 07°29'58", an arc length of 63.48 feet, (the chord of which bears South 04°13'46" West, 63.44 feet); thence South 00°28'47" West, 146.70 feet; thence South 89°31'13" East, 331.67 feet; thence North 01°09'03" West, 193.78 feet; thence South 88°18'06" East, 300.10 feet; thence South 38°17'48" East, 255.35 feet; thence South 59°41'32" East, 100.87 feet; thence South 00°21'19" West, 20.00 feet; thence South 89°38'41" East, 353.61 feet; thence South 00°21'19" West, 208.75 feet; thence South 89°38'41" East, 233.99 feet to the east boundary of the southeast one-quarter of said Section 36; thence South 00°16'35" West, 574.65 feet along said east boundary; thence leaving said boundary, North 59°47'45" West, 258.75 feet; thence along the arc of a non-tangent, 355.00 foot radius curve to the right, through a central angle of 57°42'55", an arc length of 357.60 feet, (the chord of which bears South 59°52'43" West, 342.67 feet) to a point of non-tangency; thence South 30°16'08" West, 285.47 feet; thence along the arc of a non-tangent, 1140.00 foot radius curve to the right, through a central angle of 23°25'16", an arc length of 466.00 feet, (the chord of which bears South 47°27'31" East, 462.76 feet) to a point of non-tangency; thence South 54°12'52" West 80.00 feet to the boundary of Plat No. 806, broken Top, Phase III-D; thence along said plat boundary, along the arc of a non-tangent, 1060.00 foot radius curve to the left, through a central angle of 54°01'36", an arc length of 999.52 feet, (the chord of which bears North 62°45'31" West, 962.90 feet); thence North 89°46'19" West, 84.63 feet to the northwest corner of said plat; thence leaving said boundary and continuing North 89°46'19" West, 511.38 feet; thence along the arc of a 1135.00 foot radius curve to the right, through a central angle of 47°14'43", an arc length of 935.90 feet, (the chord of which bears North 66°08'57" West, 909.61 feet) to the **True Point of Beginning**.

Exhibit "B"
"The Village"
Skyliner Summit at Broken Top
Legal Description

A parcel of land located in the south one-half (S1/2) of Section 36, Township 17 South, Range 11 East, and in the north one-half (N1/2) of Section 1, Township 18 South, Range 11 East, Willamette Meridian, in the City of Bend, Deschutes County, Oregon, more particularly described as follows:

Commencing at a 3" Brass cap monumenting the south one-quarter corner of said Section 36; thence North 07°18'52" West, 196.45 feet to the **True Point of Beginning**; thence along the arc of a 1135.00 foot radius curve to the right, through a central angle of 03°02'19", an arc length of 60.19 feet, (the chord of which bears North 41°00'26" West, 60.18 feet); thence North 40°08'11" West, 151.63 feet; thence North 35°05'11" West, 201.92 feet; thence along the arc of a 1150.00 foot radius curve to the right; through a central angle of 11°50'00", an arc length of 237.51 feet, (the chord of which bears North 29°10'11" West, 237.09 feet); thence North 23°15'11" West, 11.37 feet to the southerly right-of-way of Skyliners Road; thence along said right-of-way, along the arc of a 3780.00 foot radius curve to the left, through a central angle of 00°39'48", an arc length of 43.76 feet, (the chord of which bears North 69°23'19" East, 43.76 feet); thence along the arc of a 5030.00 foot radius curve to the left, through a central angle of 04°04'50", an arc length of 358.23 feet, (the chord of which bears North 67°01'00" East, 358.16 feet) to a point of non-tangency; thence leaving said right-of-way, South 35°54'35" East, 287.94 feet; thence North 54°05'25" East, 26.20 feet; thence South 35°54'35" East, 100.00 feet; thence North 54°05'25" East, 415.00 feet; thence along the arc of a 115.00 foot radius curve to the right, through a central angle of 21°25'33", an arc length of 43.00 feet, (the chord of which bears North 64°48'11" East, 42.75 feet); thence along the arc of a non-tangent, 407.50 foot radius curve to the right, through a central angle of 07°52'18", an arc length of 55.98 feet, (the chord of which bears North 08°48'46" East, 55.94 feet) to a point of non-tangency; thence South 77°15'05" East, 50.00 feet; thence South 78°51'15" East, 12.15 feet; thence along the arc of a 50.00 foot radius curve to the left, through a central angle of 34°13'43", an arc length of 29.87 feet, (the chord of which bears North 84°01'53" East, 29.43 feet); thence along the arc of a 1175.00 foot radius curve to the right, through a central angle of 02°54'40", an arc length of 59.70 feet, (the chord of which bears North 68°22'22" East, 59.69 feet); thence along the arc of a 50.00 foot radius curve to the left, through a central angle of 40°56'38", an arc length of 35.73 feet, (the chord of which bears North 49°21'23" East, 34.97 feet); thence along the arc of a 257.50 foot radius curve to the right, through a central angle of 60°04'15", an arc length of 269.97 feet, (the chord of which bears North 58°55'11" East, 257.78 feet); thence along the arc of a 15.00 foot radius curve to the left, through a central angle of 88°28'32", an arc length of 23.16 feet, (the chord of which bears North 44°43'03" East, 20.93 feet); thence North 00°28'47" East, 25.10 feet; thence South 89°31'13" East, 184.15 feet; thence along the arc of a non-tangent, 485.00 foot radius curve to the left, through a central angle of 07°29'58", an arc length of 63.48 feet, (the chord of which bears South 04°13'46" West, 63.44 feet); thence South 00°28'47" West, 1229.37 feet; thence North 89°46'19" West, 374.42 feet; thence along the arc of a 1135.00 foot radius curve to the right, through a central angle of 47°14'43", an arc length of 935.90 feet, (the chord of which bears North 66°08'57" West, 909.61 feet to the **True Point of Beginning**.

Excepting therefrom: A parcel of land located in the south one-half (S1/2) of Section 36, Township 17 South, Range 11 East, Willamette Meridian, in the City of Bend, Deschutes County, Oregon, more particularly described as follows:

Commencing at a 3" Brass cap monumenting the south one-quarter corner of said Section 36; thence North 56°58'50" East, 1346.41 feet to the **True Point of Beginning**; thence North 89°31'13" West, 127.75 feet; thence along the arc of a 87.50 foot radius curve to the right, through a central angle of 180°00'00", an arc length of 274.89 feet, (the chord of which bears North 00°28'47" East, 175.00 feet); thence South 89°31'13" East, 127.75 feet; thence South 00°28'47" West, 175.00 feet to the **True Point of Beginning**.

Also excepting therefrom: A parcel of land located in the south one-half (S1/2) of Section 36, Township 17 South, Range 11 East, and in the north one-half (N1/2) of Section 1, Township 18 South, Range 11 East, Willamette Meridian, in the City of Bend, Deschutes County, Oregon, more particularly described as follows:

Commencing at a 3" Brass cap monumenting the south one-quarter corner of said Section 36; thence North 09°26'23" East, 245.43 feet to the **True Point of Beginning**; thence North 54°05'25" East, 95.23 feet; thence along the arc of a non-tangent, 870.00 foot radius curve to the left, through a central angle of 09°45'18", an arc length of 148.12 feet, (the chord of which bears South 44°16'30" East, 147.94 feet) to a point of non-tangency; thence North 40°50'51" East, 100.00 feet; thence North 50°10'39" East, 50.72 feet; thence North 54°05'25" East, 159.06 feet; thence along the arc of a non-tangent, 25.00 foot radius curve to the left, through a central angle of 110°08'03", an arc length of 48.06 feet, (the chord of which bears South 00°58'37" East, 40.99 feet); thence along the arc of a 600.00 foot radius curve to the left, through a central angle of 33°28'35", an arc length of 350.56 feet, (the chord of which bears South 72°46'55" East, 345.60 feet); thence South 89°31'13" East, 205.22 feet; thence South 83°18'54" East, 35.21 feet; thence South 89°31'13" East, 100.00 feet; thence South 00°28'47" West, 337.74 feet; thence North 89°46'19" West, 314.77 feet; thence along the arc of a 1055.00 foot radius curve to the right, through a central angle of 46°44'28", an arc length of 860.65 feet, (the chord of which bears North 66°24'05" West, 836.98 feet) to the **True Point of Beginning**.

Also excepting therefrom: A parcel of land located in the north one-half (S1/2) of Section 36, Township 17 South, Range 11 East, Willamette Meridian, in the City of Bend, Deschutes County, Oregon, more particularly described as follows:

Commencing at a 3" Brass cap monumenting the south one-quarter corner of said Section 36; thence North 00°04'45" East, 287.33 feet to the **True Point of Beginning**; thence North 32°36'13" West, 149.98 feet; thence North 35°05'11" West, 201.92 feet; thence along a 1050.00 foot radius curve to the right, through a central angle of 11°50'00", an arc length of 216.86 feet, (the chord of which bears North 29°10'11" West, 216.47 feet); thence North 23°15'11" West, 7.40 feet to the southerly right-of-way of Skyliners Road; thence along said right-of-way, along the arc of a 5030.00 foot radius curve to the left, through a central angle of 03°26'21", an arc length of 301.92 feet, (the chord of which bears North 66°41'45" East, 301.88 feet) to a point of non-tangency; thence leaving said right-of-way, South 35°54'35" East, 137.94 feet; thence South 54°05'25" West, 243.80 feet; thence South 35°54'35" East, 370.00 feet; thence South 54°05'25" West, 89.38 feet to the **True Point of Beginning**.