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**DECLARATIONS, RESTRICTIONS, PROTECTIVE
COVENANTS AND CONDITIONS
STONEBROOK, Phase III
95-35217**

387 - 0890

By instrument dated April 28, 1992, and recorded April 29, 1992, in Book 263 at Page 2035, Official Records of Deschutes County, Oregon, PMI PROPERTIES, established the Declarations, Restrictions, Protective Covenants and Conditions for STONEBROOK.

The Declarations, Restrictions, Protective Covenants and Conditions for Stonebrook contemplated that developer would, at any time during the term of the Declaration, add all or a portion of any land now or hereafter owned by Declarant to the Property which was covered by said Declaration.

Babcock Bros., Inc., an Oregon corporation, is the successor in interest to the Declarant and is hereinafter referred to as the "Declarant".

Declarant now wishes to subject the area known as Stonebrook, Phase III to the Declarations, Restrictions, Protective Covenants and Conditions for Stonebrook, to annex such Property to Stonebrook and to make provisions for the conditions upon which such Property may be used.

NOW, THEREFORE, Declarant does hereby declare and provide as follows:

SECTION 1. DEFINITIONS

1.1 INCORPORATION BY REFERENCE: Each of the terms defined in Article 1 of the Declarations for Stonebrook shall have the meanings set forth in such Article 1.

1.2 The "Property" shall mean Stonebrook, Phase III, as described in Exhibit "A" attached hereto.


1.3 Declarations, Restrictions, Protective Covenants and Conditions for Stonebrook shall mean that certain document entitled "Declarations, Restrictions, Protective Covenants and Conditions for Stonebrook" dated April 28, 1992, recorded April 29, 1992, in Book 263, Page 2059, Official Records of Deschutes County, Oregon.

1.4 "Stonebrook, Phase III", shall mean the area described on Exhibit "A" attached hereto.

1.5 "Declarant" is the successor declarant Babcock Bros., Inc., an Oregon corporation.

1 - Supplemental Declaration (RSL:BABCOCK.002)

After recording, return to:
BEND TITLE COMPANY
16 OREGON AVENUE, BEND

Bryant Lovlien  Jarvis

40 N.W. Greenwood ■ P.O. Box 1151 ■ Bend, Oregon 97709-1151 ■ (503) 382-4331 ■ Fax (503) 389-3386

SECTION 2. SUBSECTION OF Stonebrook, Phase III, TO THE DECLARATIONS, RESTRICTIONS, PROTECTIVE COVENANTS AND CONDITIONS FOR Stonebrook

2.1 ANNEXATION: Declarant hereby declares that Stonebrook, Phase III, shall be part of that certain residential community known as Stonebrook as referred to the Declarations, Restrictions, Protective Covenants and Conditions for Stonebrook.

2.2 DECLARATION OF RESTRICTIONS: The covenants and conditions set forth in Articles I through XI, inclusive, of the Declarations, Restrictions, Protective Covenants and Conditions for Stonebrook shall be applicable within the Property except as may be restricted in this instrument. The Property shall be held, conveyed, hypothecated, encumbered, used, occupied and improved only in accordance with the provisions made in this instrument and the Declarations, Restrictions, Protective Covenants and Conditions for Stonebrook.

SECTION 3. MISCELLANEOUS

3.1 AMENDMENT AND REPEAL: Any provision of this Declaration at any time may be amended or repealed. The provision may be added by any of the methods provided in the Declarations, Restrictions, Protective Covenants and Conditions for Stonebrook.

3.2 DURATION: The covenants and provisions contained herein shall continue to remain in full force and effect in accordance with Article XI of the Declarations, Restrictions, Protective Covenants and Conditions for Stonebrook.


3.3 ATTORNEY FEES: In the event any party shall bring any suit or action to enforce this Declaration, or to collect any money due hereunder or to foreclose a lien, the party not prevailing shall pay to the prevailing party all costs and expenses incurred by it in connection with such suit or action, such amount as the court may determine to be reasonable as attorneys' fees at trial and upon any appeal or petition for review thereof or other proceedings, including any bankruptcy or arbitration proceeding.

IN WITNESS WHEREOF, BABCOCK BROS., INC. have executed this Declaration this 5th day of October, 1995.

BABCOCK BROS., INC.

By: Kenneth D. Babcock
KENNETH D. BABCOCK
Its: Secretary

2 - Supplemental Declaration (RSL:BABCOCK.002)

Bryant Lovlien  Jarvis
ATTORNEY AT LAW

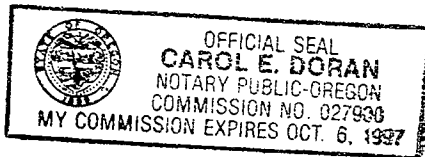
40 N.W. Greenwood ■ P.O. Box 1151 ■ Bend, Oregon 97709-1151 ■ (503) 382-4331 ■ Fax (503) 389-3386

387 - 0892

STATE OF OREGON, County of Deschutes, ss:

The foregoing instrument was acknowledged before me this 5th day of October, 1995, by KENNETH D. BABCOCK who stated that he is the SECRETARY of Babcock Bros., Inc., an Oregon corporation, and that he is authorized to execute the foregoing instrument on behalf of the corporation.

Carol E. Doran
Notary Public for Oregon
My Commission Expires: 10-6-97



STATE OF OREGON)
COUNTY OF DESCHUTES) ss.

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

95 OCT -9 PM 3:44

MARY SUE PENHOLLOW
COUNTY CLERK

BY. *J. Waller* DEPUTY
NO. 95-35217 FEE 15.00
DESCHUTES COUNTY OFFICIAL RECORDS

3 - Supplemental Declaration (RSL:BABCOCK.002)

Bryant Lovlien  Jarvis
ATTORNEYS AT LAW

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