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DESCHUTES COUNTY OFFICIAL RECORDS
NANCY BLANKENSHIP, COUNTY CLERK

2008-38886

AFTER RECORDING, RETURN TO:

Pahlisch Homes Inc
63088 NE 18 Street, Suite 100
Bend OR 97701



\$51.00

09/23/2008 02:54:11 PM

D-CCR Cnt=1 Stn=1 BN
\$25.00 \$11.00 \$10.00 \$5.00

DECLARATION OF COVENANT RESTRICTING RESALE OR RENTAL OF PROPERTY

This Declaration of Covenant Restricting Resale or Rental of Property (the "Covenant") is made this 23rd day of September, 20 08, by and between Todd A. Gunderson & Sandra M. Gunderson ("Owner") of the real property commonly known as 60239 Addie Triplett Loop in Bend, OR 97702 ("Property"), and Pahlisch Homes Inc, an Oregon corporation ("Seller").

- A. Owner has purchased the Property from Seller. The Property is described on Exhibit A attached hereto and incorporated herein by this reference.
- B. Seller desires to ensure the availability of "owner occupied" residents for its communities and to provide as many people as possible with the opportunity for home ownership. Accordingly, as partial consideration paid to Seller by Owner for the purchase of the Property, Owner agreed to enter into this Covenant that provides, among other things, that Owner will not resell or rent the Property for one (1) year from close of escrow (the "Restriction Period"). Notwithstanding the foregoing sentence, Owner shall be allowed to rent the Property during the Restriction Period so long as (i) Owner has previously disclosed in writing to Seller that Owner is purchasing the Property as an investor, (ii) Owner fully complies with Section 1.3 of this Covenant and (iii) such rental of the Property is otherwise in full compliance with applicable community CC&R's.
- C. Upon execution, this Covenant shall be recorded in the records of the County Recorder for the county in which the Property is located.

Article 1- DECLARATION

1.1 Restriction on Resale or Rental of Property. Owner, for itself, its successors, and its assigns, hereby declares and agrees that it shall not sell, convey, lease, rent or otherwise transfer its rights, title, or interest in the Property during the period beginning as on even date herewith and expiring one (1) year from close of escrow, without the prior written consent of Seller, which consent may be withheld in Seller's sole discretion. Notwithstanding the foregoing sentence, Owner shall be allowed to rent the Property during the Restriction Period so long as (i) Owner has previously disclosed in writing to Seller that Owner is purchasing the Property as an investor, (ii) Owner fully complies with Section 1.3 of this Covenant and (iii) such rental of the Property is otherwise in full compliance with applicable community CC&R's.

1.2 Liquidated Damages. Owner acknowledges and agrees that if Owner breaches its obligation under Section 1.1 above, the damages sustained by Seller shall be difficult to calculate with any precision. Accordingly, if Owner or any of its successors or assigns sells, conveys, leases, rents or otherwise transfers during the Restriction Period any rights, title, or interest in the Property without Seller's written consent, Owner shall pay to Seller as liquidated damages the sum of Forty Thousand Dollars (\$40,000.00).

1.3 Sign Restriction. Owner, its successors and assigns shall not place a "for sale" or "for rent" sign on the Property during the Restriction Period.

1.4 Covenant Runs with the Property. This Covenant shall run with the Property and shall bind and be a charge on the Property, Owner, and Owner's heirs, successors, and assigns from the date hereof until the expiration of the Restriction Period. Upon the expiration of the

After recording, return to
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15 OREGON AVENUE, BEND

Restriction Period, this Covenant shall expire by its own terms and be of no further force and effect. Upon such expiration of the Restriction Period, no further act of the parties shall be required to terminate this Covenant.

1.5 Consideration. Owner's execution of this Covenant is partial consideration

Article 2- LIEN AND SUBORDINATION TO LENDER

2.1 Grant of Lien to Seller. Owner hereby grants to Seller a lien against the Property ("the Lien") to secure Owner's obligations hereunder. Seller may promptly initiate proceedings to foreclose the Lien if Owner defaults in its obligation to pay Seller liquidated damages in the amount of Forty Thousand Dollars (\$40,000.00) on the date that Owner or any of its successors or assigns conveys during the Restriction Period any rights, title, or interest in the Property without Seller's written consent. Owner agrees that all of Seller's reasonable costs and expenses of foreclosure, including reasonable attorney's fees and interest at the rate of 15% per annum from the date of said default, shall become additional indebtedness owed by Owner to Seller that is secured by this Lien. Owner hereby waives any homestead exemption or other exemption now or hereafter existing or enacted under either Oregon or federal law. No transfer of any rights, title or interest in the Property shall relieve Owner from the personal obligation to pay liquidated damages, together with interest, costs, and reasonable attorney's fees, pursuant to this Covenant; provided, however, that Owner's obligations under this Covenant shall not extend to any breach of this Covenant by owner's successor(s) in title.

2.2 Subordination to Lender. This Covenant shall have priority over all liens or claims created subsequent to the recordation of this Covenant except for (i) tax liens for real property taxes on the Property, (ii) assessments on the Property in favor of any municipal or other governmental body and (iii) any lien of a first or second purchase money deed of trust or mortgage or home equity loan encumbering the Property.

Article 3- EXCEPTIONS

3.1 Seller's Exceptions. Seller may in its reasonable discretion, based on proof satisfactory to Seller, waive the foregoing covenant under certain extenuating circumstances including but not limited to the following:

- a. A Transfer resulting from the death of Owner;
- b. A transfer by Owner where the spouse or one or more children of Owner become the only co-owner with Owner of the Property;
- c. A transfer by Owner into a revocable inter vivos trust in which Owner is a beneficiary;
- d. A transfer resulting from the decree of dissolution of marriage or legal separation or from a property settlement agreement incident to such decree;
- e. The transfer, conveyance, pledge, assignment or other hypothecation of the Property to secure the performance of an obligation, which transfer, conveyance, pledge, assignment or hypothecation will be released or reconveyed upon the completion of such performance;
- f. The transfer by Owner where (1) at the time of transfer Owner is occupying the Property as Owner's place of residence and (2) the transfer is necessary to facilitate Owner's relocation of his place of residence in order to accommodate a job transfer or to accommodate a change in employment location greater than twenty-five miles; and
- g. A transfer resulting from circumstances beyond the control of Owner.

Article 4- MISCELLANEOUS

4.1 Remedies. In addition to its right of foreclosure under Section 2.1, Seller shall have all other remedies of a legal or equitable nature provided by Oregon law, including, but not limited to, the right to initiate an action to enjoin any sale of this Property during the Restriction Period.

4.2 Attorney's Fees. Seller shall be entitled to reimbursement by Owner of all of Seller's reasonable costs and attorney's fees if it prevails in any action to enforce the provisions of this Covenant.

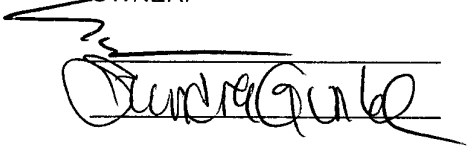
4.3 Governing Law and Venue. This Covenant shall be construed according to the laws of the State of Oregon, and venue for any action hereunder shall be in any court of competent jurisdiction located in the county in which the Property is located.

4.4 Severability. If any provision of this Covenant is held invalid or void by a court of competent jurisdiction, such provision shall be deemed severable from the remainder of this Covenant and shall in no other way affect the enforceability of any other provision herein.

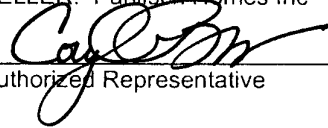
4.5 Captions. The titles, heading, and captions used in this Covenant are for convenience of reference and are not to be interpreted to affect the meaning of any of the provisions herein.

IN WITNESS WHEREOF, Owner and Pahlisch Homes Inc, an Oregon corporation, have executed this Covenant effective as of the date first written above.

OWNER:

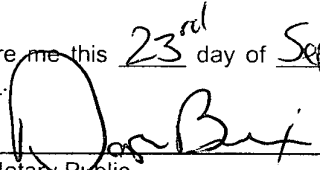


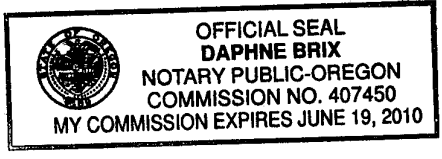
SELLER: Pahlisch Homes Inc


Authorized Representative

STATE OF OREGON)
COUNTY OF Deschutes)ss.

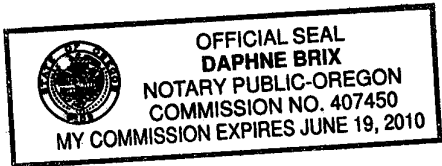
This instrument was acknowledged before me this 23rd day of Sept, 2008 by Todd A. Gunderson


Notary Public
My commission expires: 6/19/2010
Commission No.: 407450



STATE OF OREGON)
COUNTY OF Deschutes)ss.
)

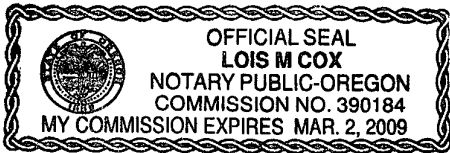
This instrument was acknowledged before me this 23rd day of Sept, 2008, by Sandra M. Gunderson.



D. Brix
Notary Public
My commission expires: 6/19/2010
Commission No.: 407450

STATE OF OREGON)
COUNTY OF Deschutes)ss.
)

The foregoing instrument was acknowledged before me this 18th day of September, 2008 by Cory Bittner, as VP Operations of Pahlisch Homes, Inc., an Oregon corporation, on its behalf.



Lois M. Cox
Notary Public for Oregon
My commission expires: March 2, 2009
Commission No.: 390184

LEGAL DESCRIPTION

"EXHIBIT A"

Lot Twenty-one (21), STONEGATE, P.U.D., PHASE 1, recorded March 16, 2006, in Cabinet G, Page 1081, Deschutes County, Oregon.