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COTD I, LLC
202 Oak Drive, Suite 550
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Attn: Greg Boudreau

DESCHUTES COUNTY OFFICIAL RECORDS
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2013-01025



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**SECOND AMENDED AND RESTATED DECLARATION OF COVENANTS,
CONDITIONS, AND RESTRICTIONS FOR TUSCANY PINES
Phase I**

THIS SECOND AMENDED AND RESTATED DECLARATION to be effective upon its recording in Deschutes County, Oregon. It is executed by the president and secretary of the Tuscany Pines Phase I Homeowners Association and consented to by COTD I, LLC, an Oregon limited liability company; COTD II, LLC, an Oregon limited liability company; COTD III, LLC, an Oregon limited liability company; and COTD IV, LLC, an Oregon limited liability company (collectively, "Declarant").

WITNESSETH

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Declarant's predecessor-in-interest previously recorded that certain Declaration of Covenants, Conditions, and Restrictions for Tuscany Pines (the "Original Declaration") in the Deed Records of Deschutes County, Oregon on October 1, 2007 as Document No. 2007-53030.

The Original Declaration established the Property (as defined in the Original Declaration and as legally described on the attached **Exhibit A**, and including any additional real property later annexed into this Amended Agreement) as a Class I planned community subject to the provisions of the Oregon Planned Community Act, ORS 94.550 to 94.783 (the "Act").

Declarant recorded a plat entitled "Tuscany Pines Phase I" (the "Phase I Plat") in the plat records of Deschutes, County, Oregon. The Phase I Plat consists of Lots I through 45.

✓ Declarant subsequently amended and restated the Original Declaration pursuant to that certain Restated and Amended Declaration of Covenants, Conditions, and Restrictions for Tuscany Pines Phase I, recorded in the Deed Records of Deschutes County, Oregon on August 18, 2009 as Document No. 2009-35480 (the "First Amended Declaration"). The First Amended Declaration superseded and replace the Original Declaration in its entirety.

Declarant formed a homeowners association, the Tuscany Pines Phase I Homeowners Association (the "Association") on August 13, 2009, as an Oregon non-profit corporation, Oregon Registry No. 623297-93. The Association has the powers and authority to own, maintain and administer the Common Area associated with Phase I and related facilities, to administer and enforce the covenants, conditions, and restrictions of this Declaration, and to collect and disburse the assessments and charges hereinafter created.

By a duly noticed and properly held vote of owners within the Tuscany Pines Phase I planned community, more than seventy-five percent (75%) have elected to amend and restate the First Amended Declaration as provided herein.

Accordingly, the owners within Tuscany Pines Phase I planned community hereby declare that effective as of recordation of this Declaration, the Property shall be held, sold,

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hypothecated and conveyed subject to the covenants, conditions and restrictions declared below, which shall be deemed to be covenants running with the land and imposed on and intended to benefit and burden each Lot and other portions of the Property in order to maintain within the Property a community of high standards. Such covenants shall be binding on all parties having any right, title or interest in or to the Property, or any part thereof, and their respective heirs, personal representatives, successors and assigns, and shall inure to the benefit of each Owner of any portion of the Property. The Property shall remain a Class I Planned Community subject to the Act. The Association shall remain the Association for the Tuscany Pines Phase I planned community, and the Plat shall remain the plat of Tuscany Pines Phase I.

As of the recordation of this Declaration, this Declaration shall supersede the First Amended Declaration in its entirety, and the First Amended Declaration shall be of no further force or effect.

ARTICLE 1 DEFINITIONS

1.1 "Architectural Review Committee" or "ARC" shall mean the Declarant until the Turnover Meeting and thereafter shall refer to the Board of Directors unless the Board has appointed a separate body to carry out the functions described in Article 6 in which case "ARC" shall refer to this body.

1.2 "Articles" shall mean the Articles of Incorporation for the non-profit corporation, Tuscany Pines Phase I Homeowners Association, or such similar name approved by and filed with the Oregon Secretary of State, corporations division.

1.3 "Association" shall mean and refer to Tuscany Pines Phase I Homeowners Association, its successors and assigns.

1.4 "Association's Insurance" shall mean only that insurance that the Homeowners Association is obligated to obtain and maintain pursuant to Section 10.1.

1.5 "Board" or "Board of Directors" shall mean the Board of Directors of Tuscany Pines Phase I Homeowners Association.

1.6 "Building Structure" shall mean a building that is comprised of one or more contiguous Townhomes constructed and located on Lots, including without limitation, garage structures located on the Lots, whether attached to or detached from the Building Structure. The Building Structure shall be deemed to include only the exterior siding, trim, roof and gutters, the structural portions and drywall of all Party Walls, all doors and windows, all interior walls, wall structures, insulation, sheeting, drywall, paint, standard flooring, standard cabinets and standard fixtures. "Building Structure" shall specifically exclude wall coverings (other than paint) and anything else in or on the interior of the home or garage, including any appliances, heaters and air conditioners, non-standard flooring, non-standard cabinets, non-standard fixtures, wall and window coverings, personal property, and light fixtures.

1.7 "Bylaws" shall mean and refer to the duly adopted bylaws of Tuscany Pines Phase I Homeowners Association as the same may hereafter be amended or replaced. The Bylaws are attached hereto as **Exhibit B**, and shall be recorded with this Second Amended Declaration in the County of Deschutes pursuant to ORS 94.580.

1.8 "Clubhouse" shall mean and refer to the Clubhouse Building, together with the swimming pool, spa and other related recreational facilities located on Tract A.

1.9 "Clubhouse Building" shall mean and refer to the community building located on Tract A.

1.10 "Common Area" shall mean and refer to any areas of land shown on the Plat for Phase I, including any improvements thereon, which are intended to be devoted to the common use and enjoyment of the members of the Association, unless provided otherwise in this Declaration. The Common Area consists of private streets, pedestrian walkways, open space (Tracts B, C, D, E and portions of Tract A) and Tract A on which the Clubhouse is situated all as more specifically identified in the Plat for Tuscany Pines Phase I, including those water rights of record as granted by Swalley Irrigation.

1.11 "Common Expenses" shall mean those expenses incurred by the Association for the benefit of all of the Owners of the Lots within the Property, including reserves.

1.12 "Declarant" shall mean and refer to COTD I, LLC, COTD II, LLC, COTD III, LLC and COTD IV, LLC, all Oregon limited liability companies, their successors or assigns, or any successor or assign to any of their interests in the development of the Property. "Declarant" shall not refer to any other subsequent purchaser of a Lot or Townhome.

1.13 "Declaration" shall mean the covenants, conditions, restrictions, and all other provisions set forth in Second Restated and Amended Declaration of Covenants, Conditions and Restrictions for Tuscany Pines Phase I.

1.14 "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.

1.15 "Lot" shall mean and refer to any plot of land indicated upon the Plat or any part thereof creating an individual home site.

1.16 "Lot Easement Area" shall mean and refer to those portions of any Lot subject to any easement benefiting the Association.

1.17 "Members" shall mean and refer to the members of the Association, which shall be all owners of Lots within the Tuscany Pines Phase I planned community.

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

1.19 "Owner" shall mean and refer to the record Owner, including Declarant, 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 that hold an interest in any Lot merely as security for the performance of an obligation.

1.20 "Party Walls" shall mean and refer to each wall which is built as part of the original construction of a Townhome within Tuscany Pines and placed upon the boundary line between any Lots.

1.21 "Pedestrian Tracts" shall mean and refer to those areas of land shown on the Plat and marked as pedestrian walkways.

1.22 "Plat" shall mean and refer to the Phase I Plat and any annexation plats, collectively.

1.23 "Phase I Property" is the real property, as described more particularly on **Exhibit A** attached hereto and incorporated herein (the "Phase I Property").

1.24 "Rules and Regulations" (sometimes hereafter referenced as Policy and Procedure) shall mean and refer to the documents containing rules, regulations and policies adopted by the Board of the Association, or the ARC, and as may be from time to time amended by the Board and/or ARC; including but not limited to the "Book of Policy and Procedure" as maintained by the Secretary of the Homeowners Association and available to all Homeowners.

1.25 "Townhome" or "Townhomes" shall mean and refer to any portion of any of a Building Structures designed and intended for use and occupancy as a residence by a single family or household, including a mandatory garage specifically designed and maintained for the storage of vehicles. There shall be a garage for use by each single family or household built as a part of the Townhome. The Lots in the Phase I Plat containing Townhomes will be Lots I through 45.

1.26 "Tract" shall mean a parcel of land shown on the Plat and denoted by the word "Tract".

1.27 "Turnover Meeting" shall be the meeting called by the Declarant to turn over control of the Association to the Members.

ARTICLE 2 PROPERTY SUBJECT TO THIS DECLARATION

2.1 The real property which is and shall be held, transferred, sold, conveyed and occupied subject to this Second Amended Declaration is located in County of Deschutes, Oregon, as shown on the Plat, more particularly described as Lots 1 through 45 and Tracts A-E, Tuscany Pines is subject to ORS 94.550 to 94.783.

2.2 Declarant reserves the right, at its sole option, to annex additional property into the Association to be subject to the terms hereof to the same extent as if originally included herein.

(a) Eligible Property. There is no limitation on the number of Lots or quantity of real property which Declarant may annex to the Property, or the right of Declarant to annex common property, except as may be established by applicable ordinances, agreements, or land use approvals.

(b) Consent or Joinder Not Required. No consent or joinder of any Owner as defined in this Declaration or other party except the record owner of the land being annexed shall be necessary to effect any annexation made pursuant to this Section.

(c) Declaration of Annexation. Annexation shall be evidenced by a written Declaration of Annexation executed by the Declarant, or (in the case of an annexation by action of Members) by the Board and the owners of the property being annexed, setting forth the legal description of the property being annexed and any additional covenants, conditions and restrictions to be applied to such annexed property. Any supplemental declaration with respect to any annexed property may:

(i) Establish new land classifications and types of Lots and related limitations, uses, restrictions, covenants and conditions with respect thereto as Declarant may deem to be appropriate for the development of the annexed property;

(ii) With respect to existing land classifications, establish additional or different limitations, uses, restrictions, covenants and conditions as Declarant may deem to be appropriate for the development of such annexed property; and/or

(iii) Contain provisions necessary or appropriate to comply with any condition, requirement, or imposition of any governmental or regulatory authority.

Without limitation of the meaning of the foregoing provisions of this Section, in any declaration of annexation the Declarant may, but shall not be obligated to, establish different types of Lots and have particular rights and obligations that pertain to different types of Lots, establish easements particular to different Lots, establish assessments that pertain only to certain types of Lots, establish maintenance obligations of the Association or of Owners that vary in accordance with different types of Lots, establish insurance and casualty provisions that relate to certain types of Lots and not others, and establish limited common areas that benefit particular Lots to the exclusions of other Lots and provisions particular to such limited common areas.

(d) Voting Rights; Allocation of Assessments. Upon annexation, additional Lots so annexed shall be entitled to the same voting rights as set forth for Lots in this Second Amended Declaration, as it may be amended from time to time, and such Owners shall be responsible for payment of assessments as required for the calendar year in which the annexation occurs. At the beginning of the next calendar year, assessments for the general common areas shall be apportioned equally based upon the total number of Lots following such annexation, but assessments that are relative to a specific Lot type will be spread equally over only the units of that type.

(e) No Duty to Annex. Nothing herein contained shall establish any duty or obligation on the part of the Declarant or any Member to annex any property into the Association and no owner of property excluded from the Association shall have any right to have such property annexed thereto. Declarant is under no obligation to build Townhomes on any or all of the Lots contained in any of the annexed property.

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 an Owner separately from such Owner's interest in the Common Area, subject to the provisions of Section 3.3. 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 ownership interests in the Common Area and Lots described in this Article are subject to the easements granted and rights reserved in this Second Amended Declaration. Each of the easements reserved or granted herein shall be deemed to have been established upon the recordation of the original Declaration and shall forever 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 Tuscany Pines.

3.2 Ownership of Lots. Title to each Lot in Tuscany Pines Phase I 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. The Common Area shall be owned by the Association. Pursuant to that certain deed recorded in the Official Records of Deschutes County, Oregon on September 14, 2012 at 2012-036360, Declarant conveyed title to the Common Area to the Association. Notwithstanding the conveyance, Declarant, on its own behalf and on behalf of its successors, retains a reserved leasehold interest for purposes of operating a sales office and/or a property management agency from a portion of the Clubhouse. Additionally, the Association shall have the right to lease to, or otherwise permit the use of, a portion of the Clubhouse by a property management agency managing short-term rentals within the Property.

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

(a) Easements on Plat. The Common Area and Lots are subject to the easements and rights of way shown on, or noted, on the Plat. These include easements for public pedestrian and bicycle access, sanitary sewer easements, storm drainage, access and public utility easements.

(b) Easements for Common Area. Every Owner shall have a non-exclusive right and easement of use and enjoyment in and to the Common Area, which shall be appurtenant to and shall pass with the title to every Lot.

(c) Easements Reserved by Declarant. So long as Declarant owns any Lot, Declarant reserves an easement over, under and across the Common Areas in order to carry out sales activities necessary or convenient for the sale of Lots. In addition, Declarant hereby reserves to itself, and for its successors and assigns, a perpetual easement and right-of-way for access over, upon and across the Common Areas for construction, utilities, communication lines, drainage, and ingress and egress for the benefit of the Lots or other property owned by Declarant. 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, guests or invitees.

(d) Additional Easements. Notwithstanding anything expressed or implied to the contrary, this Second Amended 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 Tuscany Pines in Phases I and Phase II and in any area that might be annexed in the future. 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 thereon 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. In addition, an easement is specifically reserved to the Owner of each Townhome, and the Association, as their interests may exist, for access to and right of repair or service to utility and/or drainage lines and facilities for the common use of such Owners which exist on such Owner's Lot.

(e) Association's Easements. Declarant reserves for the benefit of the Association and its duly authorized agents and representatives such easements as are necessary to perform the duties and obligations of the Association set forth in this Second Amended Declaration, the Bylaws and Articles for the maintenance of Tuscan Pines, including support, maintenance, repair and replacement of and for all Common Areas, the Building Structures, and the Clubhouse Building and any other improvements located on the Common Areas.

(f) Landscaping, Building Structure Maintenance and Repair. Declarant reserves for the benefit of the Association an easement over the outdoor areas of all Lots, all Building Structures and all Common Areas for performance of the Association's landscaping, maintenance and repair obligations pursuant to this Second Amended Declaration.

(g) Perimeter Easements. Declarant reserves for the benefit of the Association an easement over the perimeter portion of all Lots as reasonably necessary for the Association to reach all Lots for purposes of Building Structure and landscaping maintenance, repair and replacement. Declarant further reserves for the benefit of the Association, an easement around the perimeter of the Property for access to, maintenance and construction of perimeter fencing.

(h) Foundations; Utility Service in Shared Buildings. The foundations of the Building Structures include footings that, with respect to certain Lots, may encroach below grade into the adjoining Lot or Lots. Each Owner is hereby granted a perpetual easement into the adjoining Lot or Lots to the extent of such foundation footing encroachments. The Owners of Townhomes situated within a common Building Structure shall have an easement over, under and through all other Lots in such Building Structure for underground utility service to such Owner's Townhome. Maintenance and repair of such underground utility service shall be the sole responsibility of the Owner whose Townhome is served by such line or lines, and any damage caused to the servient Lot and the improvements located thereon as a result of such maintenance and repair shall be the sole responsibility of the Owner causing such damage.

(i) Retaining Walls. Retaining walls may have been constructed within the Property (the "Retaining Walls"). The Retaining Walls are not in all cases located on a Lot or Tract line. The location of a Retaining Wall (or the construction by an Owner of any improvements on or near the Retaining Wall) shall not constitute evidence of the intended location of a Lot line, or provide grounds for any claim of adverse possession or prescriptive easement. Each Lot upon which any portion of a Retaining Wall is located shall be subject to an easement, for the benefit of all other Lots, for the purposes of support by and natural drainage from such Retaining Wall. No Owner shall take any action to add, construct or place any improvement on the Lot which may in the judgment of the Association: result in disturbance of, weakening of, or damage to the Retaining Walls; increase any engineered load or alter design criteria; or cause damage to surrounding properties. All improvements require the prior written approval of the Architectural Review Committee. Regardless of the granting or denial of such approval, any Owner who takes such action shall be responsible for all resulting costs of repair and restoration of the Retaining Wall and surrounding property. The Association shall have the right to enter any portion of the Property upon

which any portion of a Retaining Wall is located for the purpose of making any necessary repair to or maintenance of the Retaining Wall.

3.5 Sale or Encumbrance of Common Area. Following turnover and subject to the reserved lease rights of the Declarant or the Declarant's Successor(s) for the use of a portion of the Clubhouse for the operation of the Property Management Agency as provided for herein, the right of Declarant or the Association to sell, convey or subject to a security interest any portion of the Common Area shall require approval by two-thirds (2/3) of the Owners pursuant to a duly authorized vote.

ARTICLE 4 LOTS AND TOWNHOMES

4.1 Residential Use. Lots shall be used for residential purposes only; provided, however, that a resident may use his or her home as a place of work so long as such use does not involve entry onto the Lot by employees, vendors or customers, and so long as such use does not impair or negatively impact the residential viability of the home or the residential character of Tuscany Pines. Except as set forth in the preceding sentence or pursuant to the written consent of the Board of Directors, no trade, craft, business, profession, commercial or similar activity of any kind shall be conducted on any Lot, 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. Nothing in this paragraph shall be deemed to prohibit (a) activities relating to the sale 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 of Tuscany Pines, (c) to use any residence as a sales office or model home for purposes of sales in Tuscany Pines, (d) to maintain on site a temporary construction office or trailer, (e) 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, so long as such activity is not observable outside of the residence, does not significantly increase parking or vehicular traffic, or is in violation of applicable local government ordinances and (f) the operation of the Property Management Agents business at the Clubhouse or other portion of the Common Area for the exclusive purpose of managing any permitted Short Term Rentals of residential units on the Property. Subject to the foregoing expressly permitted uses, the Board of Directors shall not approve commercial activities otherwise prohibited by this paragraph unless the Board 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.

4.2 Construction. Except for construction performed by, contracted for by Declarant or expressly permitted by the Declarant, no construction, reconstruction or exterior alterations (including, without limitation, security doors and windows) shall occur on any Lot, unless the approval of the ARC is first obtained pursuant to Article 6. The intent of this covenant is to ensure quality of workmanship and material, harmony of external design with the existing and planned structures as to location and visual compatibility and finish grade elevations. Original construction designs, materials and product specifications by Declarant may vary from any or all specified in this document; however, all construction shall be consistent with or complimentary to "Tuscan Style" as that term may, from time-to-time be defined or re-defined by the Architectural Review Committee. All construction performed by or contracted for by Declarant, shall be presumed to have met these minimum requirements or have been granted a variance thereto.

4.3 Completion of Construction. The construction of any building, on any Lot, including painting and all exterior finish, shall be completed within six (6) months from the beginning of the construction so as to present a finished appearance when viewed from any angle. In the event of delay due to weather conditions, this time period may be extended for a reasonable length of time upon written approval from the ARC. The Lot and building area shall be kept reasonably clean and in workmanlike order, free of litter, during the construction period with a garbage disposal facility located on site during such construction period. If construction has not commenced within three (3) months after the project has been approved by the ARC, the approval shall be deemed revoked unless the Owner has applied for and received an extension of time from the ARC. All provisions of this Article 4 shall exclude any construction by Declarant.

4.4 Landscaping. The Association shall continuously maintain all landscaping on the Property. All outdoor portions of the Property other than driveways and walkways located within Lots shall be maintained by the Association, including irrigation systems and the replacement of dead and dying vegetation. Notwithstanding the foregoing, installation and maintenance of any landscaping within any enclosed courtyards or patios, or decks shall be the responsibility of the Owner, shall be carried out in compliance with Article 6 and shall be conducted in a manner that assures that such landscaping is attractive and consistent with the landscaping and maintenance standards provided herein and established by the Association. If an Owner fails to maintain landscaping within an enclosure in accordance with this Section 4.4, the Association shall have the right to perform such maintenance, and the cost and all related expenses shall be a special assessment on that Owner and the applicable Lot.

4.5 Maintenance.

(a) Maintenance Plan and Inspections. The Association shall maintain those portions of the Property to be maintained by the Association in as good or better condition as exist at the time of the Turnover Meeting. Declarant shall initially prepare and thereafter the Board shall implement, review and update a maintenance plan (the "Maintenance Plan") for the maintenance, repair and replacement of all property for which the Association has maintenance, repair or replacement responsibility under this Declaration or the Bylaws or the Oregon Planned Community Act. The Maintenance Plan shall describe the maintenance, repair or replacement to be conducted, include a schedule for maintenance, repair or replacement, be appropriate for the size and complexity of the maintenance, repair and replacement responsibility of the Association and address issues that include, but are not limited to, warranties and the useful life of the items of which the Association has maintenance, repair or replacement responsibility. The operating and reserve budgets of the Association shall take into account such costs. The Board shall review and update the Maintenance Plan as necessary. Changes or updates to the Maintenance Plan shall be based upon the advice of competent experts or consultants. In addition, the Board shall cause a professional inspection of those portions of the Property to be maintained by the Association pursuant to this Declaration for the purposes of identifying any items needing repair or preventive maintenance, and shall cause such repair or preventive maintenance to be implemented. If the Association fails to follow such maintenance and inspection requirements, then neither the Association nor any Owner shall have any claim against Declarant or its design professionals, contractors and subcontractors and their consultants, including without limitation, all of the officers, members, managers, directors, employee, agents and brokers, for loss or damage to the extent that they result from such failure to follow the Maintenance Plan, and shall indemnify such persons and entities from and against claims by Owners or other persons or entities for loss or damage resulting from such failure. For a period of 10 years following recording of this Second Amended Declaration, any

changes to the Maintenance Plan without the approval of the Declarant and the original general contractor may void any applicable warranty and will release each of them from liability for any damage resulting from such change.

(b) Association Responsibility. The Association shall maintain all components of the Clubhouse Building, including annual power washing of the exterior. In addition to any other areas under this Second Amended Declaration, the maintenance of which is the Association's responsibility, the Association shall maintain *ONLY* the following portions of each Building Structure: (i) painting and/or staining of exteriors, including doors and garage doors; (ii) repairing, replacing and caring for roofs and the exterior portions of any chimneys. The Association's maintenance obligations with respect to each Building Structure shall include inspecting roofs annually for broken roof tiles, and cleaning and re-staining front doors as needed.

The Association shall be responsible for maintaining and snow plowing streets and sidewalks within the Common Areas but not driveways, walkways or sidewalks located on individual Lots, which shall be the responsibility of the applicable Owner. The Association shall also maintain the landscaping in front of the Townhomes, in accordance with Section 4.4. The cost of all such maintenance by the Association shall be a Common Expense paid out of Townhome Assessments described in Article 10. In the event, however, the need for such maintenance or repair is caused by the willful or negligent act or omission of an Owner, his/her or her family, tenants, guests or invitees, and to the extent such maintenance or repair is not covered by the Association's insurance policy, the costs of such maintenance and repair may, at the discretion of the Board of Directors, be charged to such Owner as an individual assessment. The acceptance and submission of any insurance claims for Association insurance is at the sole discretion of the Board of Directors.

(c) Owners' Responsibility. Each Owner of a Building Structure shall be responsible for the maintenance, repair and replacement of the following with respect to such Owner's Building Structure: (i) power washing exterior surfaces at least every other year to be performed by licensed contractors only; (ii) the repair or replacement of windows, screens, glass in light fixtures, and other glass surfaces; (iii) exterior maintenance, excluding painting and staining; (iv) gutters and downspouts, including annual cleaning; (v) foundations, structural walls, Party Walls; (vi) all exterior doors, including the garage doors, excluding painting and staining; (vii) and all other exterior improvements, including, without limitation, exterior mounted lighting fixtures; (viii) all interiors, including without limitation, electrical wiring and fixtures, plumbing pipes and conduits, all fixtures and appliances (whether built-in or free-standing), air conditioning, heating, sewage disposal, and interior fire protection systems and all amenities and hardware located within the interiors of the Building Structures; and (ix) all components of the Building Structure that the Association is not obligated to maintain. Each Owner shall be personally responsible for the repair of any damage caused by such Owner or his or her contractor(s). Nothing contained in this Section 4.5(c) shall be construed to abrogate the Association's obligations pursuant to Section 4.20 with respect to replacements necessitated by an event of casualty.

All improvements, including but not limited to landscaping and fences, upon any Lot, not maintained by the Association, shall at all times be maintained by the Owner in a clean and attractive condition, painted and in good repair, and in such a fashion as not to create a hazard of any kind. Townhomes will be provided with exterior landscape maintenance as outlined elsewhere in this Declaration. However, Owners of any such Lots are responsible for exterior building maintenance, replacement, repair and general upkeep, including, without limitation, of all windows and window screens. All work on such items is subject to

ARC review and approval prior to commencement of work to assure, among other things, consistency with the Tuscan Style.

In accordance with the City of Bend fire code, each Townhome Owner shall ensure that the wall(s) separating such Owner's dwelling unit from other dwelling units within the same Building Structure are not punctured or otherwise breached by such Owner or Owner's lessees, invitees, contractors, or family members.

4.6 Rental of Townhomes. An Owner shall be entitled to rent or lease his/her residence only as provided herein:

(a) Written Rental Agreements Required. There must be written rental or lease agreement specifying that: (i) the tenant shall be subject to all provisions of the Declaration, Bylaws and Rules and Regulations, and that (ii) failure to comply with any provision of the Declaration, Bylaws and Rules and Regulations shall constitute a default under the rental or lease agreement.

(b) Minimum Direct Rental Period. The period for the direct rental by an Owner to a Tenant shall not be less than thirty (30) days. This provision shall not be circumvented through the use of a single lease or rental agreements to multiple or sequential tenants

(c) Tenant Must Be Given Documents. The Owner shall give each tenant a copy of this Second Amended Declaration, the Bylaws and the Rules and Regulations; and

(d) Owner Responsibility. Owner shall be responsible for any violations by tenants and shall be solely responsible for either correcting or eliminating such violations, or getting tenant to do same.

(e) Short Term Rentals. Except as managed by the Property Management Agency (as defined herein), no short term or vacation rental shall be permitted. If an Owner desires to rent his or her residence for periods shorter than thirty (30) days, then all such short term rentals (sometimes herein referenced as "vacation" rentals) shall be exclusively managed by the for-profit property management agency (the "Property Management Agency") established and operated by the Declarant or by Declarant's Assignee. The Property Management Agency may be operated from the Clubhouse. Occupancy of the Clubhouse shall be as stated in a Lease to be granted by the Declarant to the Property Management Agency. All Short Term Rentals shall be subject to such management fees and charges as the Property Management Agency reasonably assesses for its services. The "reasonableness" of the fees and charges of the for-profit Property Management Agency shall be determined by considering the charges of other unrelated vacation property management businesses in Central Oregon. The Owners covenant and agree among and between themselves that this restriction is reasonable and necessary to (a) preserve the quality of the environment at Tuscan Pines for the benefit of all, (b) to assure continuity of treatment for all Short Term Rentals, (c) to provide an entity that is responsive to the needs of short term rental, and to (d) preserve the tranquility of permanent residents by taking reasonable action to assure that short term renters comply with this Second Amended Declaration, the Bylaws and the Rules and Regulations of Tuscan Pines. The Owners covenant and agree that the exclusive management of all Short Term Rentals by the Property Management Agency shall not be deemed an unlawful or unreasonable restriction of the Owner's Property rights and no Owner shall challenge this provision on such basis. Nothing herein shall prevent the Property Management Agency from managing the rent of other properties not situated within Tuscan Pines Phase I.

4.7 Animals. No animals, livestock or poultry of any kind shall be raised, bred, kept or permitted within any Lot other than up to two (2) domestic household pets, which shall not be kept, bred or raised for commercial purposes and must be reasonably controlled so as not to be a nuisance. Any inconvenience, damage or unpleasantness caused by such pets, including noise and waste, 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 that pet Owner's Lot. No pets shall be permitted at any time in the Clubhouse area. An Owner may be required to remove a pet from the property upon the receipt of the third notice in writing from the Association Board of Directors of violation any rule, regulation or restriction governing pets within the Property. The definition of "domestic household pets" shall be subject to rules adopted and approved by the Board in its sole discretion. Nothing in this Restated and Amend Declaration shall operate to restrict or otherwise limit the bona fide use of service animals.

4.8 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 other Owners or Occupants.

4.9 Parking. Parking of boats, trailers, commercial vehicles, mobile homes, campers, other recreational vehicles or equipment of any nature and without regard to weight shall not be allowed on any part of any Lot or Common Area. Parking shall be confined to garages with the garage door capable of being completely closed; however, one passenger vehicle may be parked in that Owner's driveway if no portion of the vehicle overhangs the street, sidewalks, pathways or any other common area. Unless the Owner or occupant is accessing the interior of the Garage through the Garage door, Garage doors shall ordinarily be kept fully closed to provide continuity of the exterior appearance of the neighborhood and to conceal the contents of the Garages from public view. Garages shall be used primarily for vehicular parking and not solely for storage. At all times garages shall be kept and maintained for vehicle storage. The parking of vehicles is prohibited on any public or private street except in specifically designated areas permitted for temporary parking. No overnight curb-side is permitted.

4.10 Vehicles in Disrepair. No Owner shall permit any vehicle which is not currently licensed or is in a state of visible disrepair to remain parked upon any Lot for a period in excess of forty-eight (48) hours, or on a Common Area for any length of time unless that vehicle is entirely stored within the garage with the garage door capable of being completely closed. A vehicle shall be deemed in a "visible state of disrepair" when the Board of Directors reasonably determines that its presence offends the Owners and Occupants. Should any Owner fail to remove such vehicle within five (5) days following the date on which the notice is mailed to him/her by the Association, the Association may have the vehicle removed from the Property and charge the expense of such removal to the Owner. All oil or grease on roadways or driveways shall be cleaned up immediately by Owner, at such Owner's sole expense.

4.11 Signs. No signs shall be erected or maintained on any Lot or placed in the Common Area or any part thereof except as expressly permitted in this Section. One temporary "For Sale" sign on a Lot, not exceeding seven hundred and fifty (750) square inches, may be located within the front yard or inside or a first floor, front, street facing window of a residential Building Structure. No "For Rent" or "For Lease" signs are allowed. The restrictions contained in this paragraph shall not prohibit the temporary placement of "political" signs on any Lot by the Owner or Occupant, provided such signs are removed within three (3) days following the completion of the stated political event. Further, the

restrictions contained in this paragraph shall not prohibit the temporary placement of or construction and marketing related signage by the Declarant, Declarant's contractors or signs placed by Owner's contractors. No sign of any kind, other than Declarant's marketing signs, or any Association signs for the common good of the community which have been previously approved by the Board of Directors, will be allowed on Common Areas.

4.12 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 timely and proper disposal, out of public view. Yard rakings, dirt and other material resulting from landscaping work shall not be dumped onto streets, the Common Areas or any other Lots. Should any Owner fail to remove any trash, rubbish, garbage, yard rakings or any such materials from any Lot, any roadways or Common Area where deposited by him/her within five (5) calendar days following the date on which notice is mailed to him/her by the Board of Directors, the Association may have such materials removed and charge the expense of such removal to the Owner. Each Owner is responsible for trash disposal, and shall remove individual trash containers within 24 hours of collection. Trash and storage containers shall not be visible from any adjacent street or neighboring Lot, and shall not be allowed to emit any odors or attract insects or rodents.

4.13 Fences and Hedges. No fences or boundary hedges shall be constructed, installed or placed on the Property without prior written approval of the ARC under Article 6. Maintenance, repair and replacement of any fencing installed on the Property will be the responsibility of at the expense of the Lot Owner(s) installing the same; including the Lot Owner's heirs, successors and/or assigns pursuant to "Owner's Maintenance Obligations" and "Right of Maintenance and Entry by Association" as stated elsewhere in this Second Amended Declaration. All fence materials, designs, and colors are subject to the prior approval of the ARC. Any perimeter fencing on the Plat boundaries, adjacent to privately owned property, will be uniform in design and appearance. No chain link fencing will be allowed. Fencing shall not interfere in any way with the maintenance of the landscape and/or Building Structures. Black, iron fencing shall be permitted, subject to ARC approval of the specific materials and design. Any other fencing material must be approved by the ARC, which will only approve materials that are consistent with the design and theme of the community. All fencing is to be maintained by the Owner in good condition and repair; provided, however, if an Owner fails to maintain fencing in accordance with the terms of this Declaration and the standards established by the Association from time to time, the Association may maintain the same, and all costs and expenses related thereto shall be a special assessment upon the applicable Owner and his or her Lot.

4.14 Utilities. All utility lines from the point of entry to a Lot from a Common Area, including those lines shared in common with Owners of any contiguous Townhome in the same Building Structure, shall be maintained, repaired and replaced by the Owner of each Lot, or all Owners individually and/or collectively at their expense, as may be determined. The Association is not responsible for the maintenance of any utility, cable TV, or phone facilities located on a Lot. The ARC must approve in writing, prior to installation, the exterior location of any heating and/or air conditioning compressors or heat pumps. Said locations must take into consideration the noise and view from adjacent Townhomes, common areas or streets. No window air conditioners will be installed without the express written consent of the ARC. Nothing shall be affixed on a permanent to temporary basis to the exterior of any structure without the advance written consent of the Board.

4.15 Tarps. The use of tarps is restricted to rear yard areas and shall not be visible from any public or private street, common area or first floor of adjacent Townhomes. The use of brightly colored tarps, including blue tarps, is strictly prohibited.

4.16 Antennas, Satellite Dishes and Solar Collectors. No Owner may erect or maintain a television or radio receiving or transmitting antenna, satellite dish or similar implement or apparatus, or solar collector panels or equipment upon any Lot without the prior written consent of the ARC. Placement shall be restricted to building surfaces not considered part of the front plane of the residence. No installations shall be lower than the first level ceiling height. Notwithstanding the foregoing, exterior satellite dishes with a surface diameter of eighteen (18) inches or less may be placed on any Lot so long as they are not visible from the street and are screened from all neighboring Townhomes. Approved installation locations shall in no way violate current FCC rules or regulations concerning said installation locations. The authority of the ARC in this matter shall be subject to any regulations issued by the Federal Communications Commission ("FCC") or any other applicable governmental authority.

4.17 Exterior Lighting or Noisemaking; Devices. Except with the consent of the ARC, no exterior lighting or noisemaking devices shall be installed or maintained on any Lot, other than security and fire alarms. However, the occurrence of more than three (3) false alarms of home or auto security and fire systems during any twelve (12) month period may result in a fine of up to \$150 per occurrence (after the first three occurrences) in the sole discretion of the Association. Seasonal holiday lighting and decorations are permissible if consistent with *any* applicable rules and regulations and if installed no more than thirty (30) days before the celebrated holiday, and removed within thirty (30) days after the celebrated holiday. No exterior motion-detecting lighting shall be installed on any Building Structure. All lighting shall comply with applicable city lighting rules, regulations and ordinances.

4.18 Recreational Equipment. No playground, athletic or recreational equipment or structures, including without limitation, basketball backboards, hoops and related supporting structures, shall be permitted, installed in the Common Area or on any Lot or otherwise utilized on any sidewalk or public or private street without the prior written consent of the Association. No recreational or similar equipment or apparatus shall be left outside overnight.

4.19 Grades, Slopes, and Drainage. There shall be no modification to or interference with the established drainage patterns or systems over or through any Lot within the Property so as to affect any other Lot or Common Area or any areas outside the Property unless adequate alternative provisions are made for proper drainage and are approved in advance in writing by the ARC or Declarant. The term "established drainage" shall mean any wall, drainage swales, conduits, inlets and outlets designed and constructed on the Property.

4.20 Damage or Destruction to Home and/or Lot. If all or any portion of a Lot, a Building Structure or the Clubhouse Structure is damaged by fire or other casualty, the Association shall restore the damaged improvements subject to the provisions of any applicable insurance policies. Notwithstanding the foregoing, the Association shall have no obligation to restore or replace: (a) those items not required to be insured by the Association hereunder (such as furnishings and other personal property); and (b) non-standard flooring, non-standard cabinets, non-standard fixtures. In the event of damage by fire or other casualty to non-standard flooring, cabinets or fixtures, the Association shall restore or replace the same with standard replacements. "Standard" shall mean products which are, in the opinion of the Board of Directors, typical of the product in the average unit at Tuscany Pines - Phase I and shall specifically exclude upgrades installed by Owners. Subject to current governmental regulations, building codes, the terms of this Section 4.20 and the provisions of Article 6 of this Declaration, restoration shall be performed so that the Improvements are in substantially the same condition in which they existed prior to the damage. Notwithstanding anything to the contrary contained herein, in the event that the

Association is unable to procure, at a commercially reasonable cost (as determined by the Board), identical or substantially similar replacement materials for damaged materials, the Association shall have the right to source alternative materials. The Association must commence such work within sixty (60) days after the damage occurs and must complete the work within twelve (12) months thereafter, subject to reasonable extensions for force majeure delays. In the event that insurance proceeds are insufficient to complete the required work, the remainder of the cost of such work shall become a special assessment to the Association shared equally by all Members. In the event the insurance proceeds are greater than the costs to repair or replace, the excess proceeds shall be deposited into the Association's reserve fund. Notwithstanding the foregoing, if the damage or destruction is caused by the negligence or intentional act of an Owner or such Owner's occupants, guests, family members, tenants, licensees, agents or other invitees, the Association may assess any amounts for repair or replacement not covered by such Owner's personal insurance as a special assessment against such Owner to be repaid to the Association on terms reasonably approved by the Board.

4.21 Detached Buildings. No permanent or removable detached accessory buildings, including, but not limited to, storage buildings, greenhouses, children's playhouses and similar structures, shall be built or placed on any Lot or in any Common Area without the prior written consent of the ARC. No detached buildings shall be used as additional living space and none shall contain any plumbing or cooking facilities. Sheds and temporary storage structures are prohibited.

4.22 Joint Maintenance of Building Structure. In the event repair or replacement of the common foundations of a Building Structure or Party Wall of a Building Structure should become necessary or appropriate, and the replacement of the same is not an obligation of the Association pursuant to Section 4.20, then the Owners of the Townhomes within the Building Structure that required such repair or replacement shall share equally in the expense of such repair and replacement. In the event an Owner of a Townhome determines repair or replacement of the common foundations or Party Walls of a Building Structure is necessary or appropriate, that Owner shall notify the other Owners of the affected Townhomes within the Building Structure of the need to perform such repair or replacement. If a majority of the Owners of the affected Townhomes within the Building Structure agree that such repair or replacement is necessary, they shall jointly cause such work to be performed, and each Owner of an affected Townhome shall pay that Owner's proportionate share of the expense of such work. As used herein, "proportionate expense" share be determined by comparing that Owner's heated living space area with the total heated living space of the affected Townhomes. If an Owner of an affected Townhome determines repair or replacement of the common foundations or common firewalls of a building Structure is necessary or appropriate and a majority of the Owners of the other Townhomes affected or claim to be affected do not concur with such determination, then the Owners of the Townhomes affected (or claimed to be affected) shall mutually agree upon and retain a professional engineer licensed in the State of Oregon having at least five (5) years experience in such matters to inspect the common foundations or common firewalls, and such engineer shall make a determination as to whether such repair or replacement is required. The determination of such engineer shall be binding upon the affected Owners, and all expenses and fees of the engineer and of the repair or replacement work required to be performed if any, shall be shared proportionately by the affected Owners. In the event the Owners of Townhomes so affected or claimed to be so affected cannot agree upon a professional engineer having the required qualifications within a thirty (30) day period, then any of the affected Owners may make application to the ARC, which shall select such engineer having the requisite qualifications. The fees and expenses of the engineer shall be shared proportionately by the Owners of the Townhomes affected or claimed to be affected.

In the event the Owner of an affected Townhome fails to contribute to the expense of the repair or replacement of the common foundation or Party Walls by thirty (30) days after written demand therefore, then the amount not paid or reimbursed, as well as interest thereon at the rate of twelve percent (12%) per annum from the date of such written demand shall become a charge and lien against the Townhome of the Owner failing to make such payment or reimbursement. Each Owner shall be deemed to have agreed by acceptance of a deed conveying the Townhome that any such lien shall be effective without the necessity of obtaining the joinder of such Owner in the execution of any instrument, upon the filing by another Owner of an affected Townhome of a claim of lien in the Official Records of Deschutes County, Oregon.

4.23 Right of Maintenance and Entry by Association. If an Owner fails to perform maintenance and/or repair which he/she is obligated to perform pursuant to this Second Amended Declaration including but not limited to landscaping, sidewalks, walkways, driveways and enclosed patio areas, and if the Board determines, after notice and a hearing (given pursuant to the provisions of the Bylaws), that such maintenance and/or repair is necessary to preserve the attractiveness, quality, nature and/or value of Tuscany Pines, the Board may 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. 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. Such right of maintenance shall include, but not be limited to, buildings, street, trees and front and street-side yard landscape. If such repair or maintenance be performed by the Board or under the direction of the Board, the expense of the same shall, if said amount remains unpaid thirty (30) days after written demand therefore, then said unpaid amount, as well as interest thereon at the rate of twelve percent (12%) per annum from the date of such written demand shall become a charge and lien against the Townhome of the Owner failing to make such payment or reimbursement. Each Owner shall be deemed to have agreed by acceptance of a deed conveying the Townhome that any such lien shall be effective without the necessity of obtaining the joinder of such Owner in the execution of any instrument, upon the filing by another Owner of an affected Townhome of a claim of lien in the Official Records of Deschutes County, Oregon.

4.24 Association Rules and Regulations. The Board of Directors, from time to time, may adopt, modify or revoke Rules and Regulations governing the conduct of persons and the operation or use of Lots and Common Areas, as it may deem necessary or appropriate in order to assure the peaceful and orderly use and enjoyment of the Property. A copy of any Rules and Regulations, upon adoption, 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 and Regulations shall be provided in the Bylaws of the Association.

4.25 Local Ordinances and Regulations. The standards and restrictions of Article 4 shall be the minimum required. To the extent the ordinances and regulations of the City of Bend, Deschutes County, or the State of Oregon are more restrictive, or provide for a higher or different standard, the ordinances and regulations of the City of Bend, Deschutes County, or the State of Oregon, and any jurisdiction Property may be annexed into, shall prevail.

4.26 Violation. The Association may impose a fine, charge or penalty for any violation of this Declaration, the Bylaws and Rules and Regulations after reasonable notice of the violation and a reasonable opportunity for a hearing. Additionally, the Association may seek

injunctions or other equitable relief or may file an action for money damages owing from such violations.

4.27 Security/Risk of Loss. The Association may, but shall not be obligated to, maintain or support certain activities within the Property designed to make the Property safer than it otherwise might be. Neither the Association, any managing agent retained by the Association, Declarant, nor any successor Declarant shall in any way be considered insurers or guarantors of security within the Property, nor shall any of them be held liable for any loss or damage to person or property by reason of failure to provide security or of ineffectiveness of security measures undertaken. No representation or warranty is made that any fire protection system, burglar alarm system or other security system or measures cannot be compromised or circumvented, nor that any such systems or security measures undertaken will in all cases prevent loss or provide the detection or protection for which the system is designed or intended. Each Owner acknowledges, understands and covenants to inform its tenants that the Association, its Board of Directors and committees, any managing agent retained by the Association, Declarant, and any successor Declarant are not insurers and that each person using the Property assumes all risks for loss or damage to persons, to property and to the contents of Lots and Townhomes and releases such parties from any liability therefore to the fullest extent permitted by law.

4.28 Recreational Enjoyment; Assumption of Risk. Owners shall be entitled to the recreational enjoyment of the Common Areas, including use of the swimming pool; provided, however, that the risk of such use rests fully and completely with the Owner and his or her Guests (as defined herein), the same shall be undertaken in full compliance with applicable law, and each Owner (including their respective family members, guests, tenants, employees, visitors, invitees, licensees and agents (collectively, the "Guests")) shall hold harmless the Association, the Declarant and each other Owner for all losses, damages and/or liability arising out of such Owner's or such Owner's Guest(s)' recreational activities on the Property. The Association may promulgate, and each Owner, the Owner's Guest(s) and other users shall comply with, rules and regulations pertaining to such appropriate recreational use of the Common Areas. Each Owner shall be responsible for advising his or her Guest(s) of all applicable rules and regulations and the applicable terms contained in this Declaration, including without limitation, the assumption of liability and hold harmless provision contained in this Section 4.28 and obtaining their consent to the same, prior to permitting such Guest(s) to enter upon or use any portion of the Property. Each Owner (the "Indemnifying Owner") shall indemnify, defend and hold harmless the Association, the Declarant and each other Owner for the failure of the Indemnifying Owner, and/or the failure of his or her Guest(s) to comply with the terms of this Declaration, including, without limitation, the assumption of liability and hold harmless provision contained in this Section 4.28. By taking title to a Lot, each Owner specifically consents and agrees to the terms of this Section 4.28.

4.29 Lot Consolidation. The Owner of two adjoining Lots, with the approval of the Declarant, or the Architectural Review Committee, and the City of Bend, may elect to consolidate such Lots into one Lot. The Architectural Review Committee may impose conditions or restrictions on the granting of its approval of a lot consolidation, including, but not limited to maintenance or landscaping requirements and limitations on use. The consolidation shall be effective upon the recording in the deed records of Deschutes County a declaration of the Owner stating that the two lots are consolidated. The deed shall include all restrictions and conditions imposed as a condition of such consent by the Architectural Review Committee and the City of Bend. Thereafter, and except if otherwise provided by the Architectural Review Committee as a condition to its consent, the consolidated Lots shall constitute one Lot for all the purposes of this Declaration.

4.30 General Aesthetics. To preserve the attractive appearance and proper maintenance of the Building Structures and Property, each Owner agrees to generally maintain the Lots in an orderly manner free of debris and obstructions. Items that may be placed in or on windows, decks, porches, patios, open areas and the outside walls, so as to be visible from the street or Common Areas are limited as follows:

- (1) Window coverings, curtains, shutters, drapes or blinds, other than those of commercially produced quality and of neutral color, shall not be permitted to be visible from any public or private street, pathway, Common Area or adjacent property;
- (2) Garments, rugs, laundry and other similar items may not be hung from windows, facades, porches, or decks;
- (3) Planters, pots or other solid materials that can either (a) gather moisture leading to potential material disintegration or damage, and/or (b) potentially fall and create a safety concern, are not to be displayed on porch or deck railings, porch decks or fence caps and posts. Planters on decks may be displayed if raised adequately off the deck surface to allow for airflow and moisture evaporation; and
- (4) Patios are to be used exclusively as occasional outdoor living space and shall not be used for storage or any other purpose. Patio furniture intended for that use may be kept in a neat and tidy order on the patio. When not in use, Patio furniture should be stored or covered with appropriate Patio furniture covers shall be designed for that particular purpose. Unfitted tarps shall not be used for such purpose.

The example stated above is not intended as an inclusive or comprehensive list of all requirements intended to protect and preserve the general aesthetics and appearance of the community. Other requirements may be contained in the Rules and Regulation, the Standards of the Architectural Committee or as otherwise required by the Declarant, prior to the Turnover or by the Homeowners Association following Turnover.

ARTICLE 5 COMMON AREA

5.1 Use of Common Areas. Use of Common Areas is subject to the provisions of this Second Amended Declaration, the Bylaws, the Articles and the Rules and Regulations promulgated by the Board of Directors. Except as otherwise expressly provided herein, there shall be no use of the Common Area except by Owners and their invitees; provided, however that neither provision nor any other provision stated elsewhere in this Second Amended Declaration will operate to prevent the sale of Clubhouse use rights to a maximum of fifty-four (54) household units from Tuscany Pines Phase II pursuant to the terms and conditions stated in a Use Licensing Agreement, in the form attached to the Original Declaration. 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 Declarant or the Board of Directors. Any work so authorized by the Declarant or the Association's Board of Directors shall be considered a temporary easement over the Common Area. Nothing shall be stored or kept in the Townhomes or Common Area which will increase the rate of insurance on the Common Area, or other Association insurance, without the prior written consent of the Declarant or the Board. At the Owner's sole expense, written approval from the Association's insurance carrier for such work in the Common Area must be obtained.

5.2 Maintenance of Common Area. The Association shall be responsible for maintenance, repair, replacement, and upkeep of the Common Area, including, but not by way of limitation, all drainage systems, landscaping, irrigation systems, benches, play equipment, common area lighting not maintained by a public agency, fencing, pathways, gazebos, and any other improvements that may be included in Common Area. The Association shall keep the Common Area and improvements thereon 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 in good condition and repair. The Association is also responsible for the perpetual maintenance of the planter strips located between the face of the curb and the sidewalks along O.B. Riley Road, and a portion of Halfway Road. If required by the City, or deemed desirable by the Board of Directors, the Association shall also maintain the planter strips located along Britta Street and Halfway Road where they adjoin or are visible from the Property.

5.3 Alterations to Common Area. Only the Declarant or 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 the Declaration.

5.4 Funding. Expenditures for alterations, maintenance or repairs to an existing capital improvement for which a reserve has been collected shall be made from the reserve account. As provided in Section 10.7, 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. In the event the Board determines that it is reasonably prudent to borrow funds, as opposed to utilizing amounts on deposit in the Reserve Account, the Board may, upon complying with the Notice and Voting Rights afforded the Owners herein, borrow funds for such purposes.

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 standard of design and quality as originally established by Declarant or the ARC. The Association shall be responsible for all landscaping located in any Common Area properties, as provided in Section 3.4(f), except as set forth in Section 4.4. Any Owner maintained areas shall be kept free of weeds and diseased or dead lawn, tree, ground cover or shrubs shall be promptly removed and replaced. All lawn areas shall be irrigated, fertilized and neatly mowed, and trees and shrubs shall be fertilized and neatly trimmed on a regular basis. Any Owner installed landscaping shall be the responsibility of the Lot Owner(s) installing the same; including the Lot Owner's heirs, successors and/or assigns pursuant to "Owner's Maintenance Obligations" and "Right of Maintenance and Entry by Association" as stated elsewhere in this Second Amended Declaration.

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 their discretion is in the best interest of the Association. The Association 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 his/her Occupants, guests, tenants, licensees, agents or members of his/her 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. Such Owner shall be responsible for all such costs incurred by the Association. The reasonable cost necessary for such repairs shall become a special assessment upon the Lot of the Owner who caused or is responsible for such damage.

ARTICLE 6 ARCHITECTURAL REVIEW COMMITTEE

6.1 Architectural Review. No improvement or portion thereof including fencing, patios, patio trellises, play structures, court yards, walkways and driveways shall be commenced, erected, placed, altered, repaired or replaced 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 ARC. It is the intent and purpose of this Declaration to assure quality of workmanship and materials and to assure that exterior design, existing improvements and landscaping shall be consistent with or complimentary to Tuscan Style. The ARC is not responsible for determining compliance with structural and building codes, solar ordinances, zoning codes or other governmental regulations. The procedure and specific requirements for review and approval of construction may be set forth in design guidelines adopted from time to time by the ARC. Construction by the Declarant is presumed to have been approved and is thereby exempt from this review. In all cases for which the ARC consent is required by this Second Amended Declaration, the provision of this Section shall apply. The ARC and the Board of Directors are hereby granted an easement over the Lots to enable the ARC to carry out its designated functions.

6.2 Architectural Review Committee – Appointment and Removal. The ARC shall consist of no fewer than three (3) members and no more than five (5) members, as the Board may appoint from time to time. The Declarant reserves the right to appoint all members of the ARC and all replacements thereto until turnover. After turnover, the Declarant shall delegate the right to appoint and remove members of the ARC to the Board of Directors. The terms of office for each member of the ARC shall be for one (1) year unless lengthened by the Board at the time of appointment or unless the Board serves as the ARC in which event the terms of the ARC members shall be the same as their terms as Board members. The Board may appoint any or all of its members for the ARC and there should be no requirement for non-Board members on the ARC. The Board may appoint one or more members to the ARC who are not Owners, but who have special expertise regarding the matters, which come before the ARC. In the sole discretion of the Board, such non-Owner members of the ARC may be paid and that cost paid by applicants or the Association.

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

6.4 Duties. The ARC shall consider and act upon the proposals and/or plans submitted pursuant to this Section. The ARC, from time to time and at its sole discretion, may adopt architectural rules, regulations and guidelines ("Architectural Standards"). The Architectural Standards shall interpret and implement the provisions of this Second Amended Declaration for architectural review and guidelines for architectural design, placement of buildings, color schemes, exterior finishes and materials and similar features which may be used within the

Property consistent with or complimentary to the Tuscan Style; provided, however that the Architectural Standards shall not be in derogation of the minimum standards established by this Second Amended Declaration.

6.5 ARC Decision. The ARC shall render its approval or denial decision with respect to the construction proposal within twenty (20) working days after it has received all material required by it with respect to the application. All decisions shall be in writing. In the event the ARC fails to render its decision of approval or denial in writing within sixty (60) days of receiving all material required by it with respect to the proposal, the application shall be deemed approved. Approval by the ARC does not imply government approval, which is solely the responsibility of the Owner.

6.6 ARC Discretion. The ARC may, at its sole discretion, withhold consent to any proposed work if the ARC finds the proposed work would be inappropriate for the particular Lot or incompatible with the design standards that the ARC intends for Tuscany Pines. Consideration such as sitting, 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 ARC reasonably believe to be relevant, may be taken into consideration by the ARC in determining whether or not to consent to, any proposed work.

6.7 Non-waiver. Consent by the ARC to any matter proposed to it or within its jurisdiction shall not be deemed to constitute a precedent or waiver impairing the ARC's 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 ARC to the Board of Directors pursuant to Section 6.2, any Owner adversely impacted by action of the ARC may appeal such action to the Board of Directors. Appeals shall be made in writing within ten (10) days of the ARC's action and shall contain specific objections or mitigating circumstances justifying the appeal. If the Board is already acting as the ARC, the appeal shall be treated as a request for a rehearing, but in such case the Board must actually meet and receive evidence and argument. A final, conclusive decision shall be made by the Board of Directors within fifteen (15) days after receipt of such notification. The determination of the Board shall be final.

6.9 Effective Period of Consent. The ARC's consent to any proposed work shall automatically be revoked three (3) 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 ARC.

6.10 Determination of Compliance. The ARC shall inspect, from time to time, all work performed and determine whether it is in substantial compliance with the approval granted. If the ARC finds that the work was not performed in substantial conformance with the approval granted, or if the ARC finds that the approval required was not obtained, the ARC shall notify the Owner in writing of the noncompliance. The notice shall specify the particulars of any noncompliance and shall require the Owner to take the necessary action to bring the work into compliance with the approved project.

6.11 Non-compliance. If the ARC determines that an Owner has not constructed an improvement consistent with the specifications on which approval is based, and if the Owner fails to diligently commence to remedy such non-compliance 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 ARC shall provide a 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 the notice of non-compliance. At the hearing, if the ARC finds that there is no valid reason for the continuing non-compliance, the ARC shall determine the estimated costs of correcting it. The ARC 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 ARC's determination. If the Owner does not comply with the ARC's ruling within such period or within any extension of such period as the ARC, at its discretion, may grant, the Association may (a) remove the non-complying improvement, (b) remedy the non-compliance, or (c) file suit to compel compliance. The costs of such action shall be assessed against the Owner and his/her Lot, including all attorneys' fees and other costs expended and incurred to enforce compliance, before suit or action is filed and at trial or on any appeal or review thereof.

6.12 Liability. Neither the Declarant, the ARC, the Board, their agents, nor any member thereof shall be liable to any Owner, Occupant, or builder for any damage, loss or prejudice suffered or claimed or claimed to be suffered arising from any action by the Declarant, the ARC, the Board, their agents or a member thereof or failure of the Declarant, the ARC, the Board, their agents or a member thereof, provided only that the member has acted in good faith in accordance with the actual knowledge possessed by him/her.

6.13 Estoppel Certificate. Within fifteen (15) working days after written request is delivered to the ARC by an Owner, and upon payment to the ARC of a reasonable fee fixed by the ARC to cover costs, the ARC shall provide such Owner with a certificate executed by the ARC, and acknowledged, 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 any Rules and Regulations either promulgated by the Board or the ARC, or (b) such improvements do not so comply, in which event, the certificate shall also identify the non-complying improvements and set forth with particularity the nature of such noncompliance. The Owner, his/her heirs, devisees, successors and assigns shall be entitled to rely on the certificate with respect to the matters set forth. The certificate shall be conclusive as between the Declarant, the ARC, the Association and all Owners, and all such persons deriving an interest through any of them.

6.14 Fees. The Declarant or the ARC may charge applicants a reasonable application fee and additional costs incurred or reasonably expected to be incurred by the ARC to retain architects, attorneys, engineers and other consultants to advise the ARC concerning any aspect of the applications described herein or compliance with any appropriate architectural criteria or standards. Such fees shall be collectible as assessments pursuant to Article 10.

6.15 Declarant Exempt from ARC Review. The Declarant shall be exempt from the requirement for ARC review and approval of any kind.

ARTICLE 7 TUSCANY PINES HOMEOWNERS ASSOCIATION

7.1 Members. Each Owner shall be a 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 acknowledgement, Occupants and Owners shall be governed and controlled by this Second Amended Declaration, the Articles, Bylaws, and Rules and Regulations and any amendments thereof.

7.2 Proxy. Each Owner may cast his/her vote in person, pursuant to a proxy executed by the Owner, or by written ballot, as provided by ORS 94.647. An Owner may not revoke a proxy given pursuant to this section except by actual notice or revocation to the person

presiding over a meeting of the Association. A proxy shall not be valid if it is undated 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 Procedure. All meetings of the Association, the Board of Directors, the ARC, and Association committees shall be conducted with such rules of order as may from time to time be adopted by the Board of Directors. Notwithstanding which rule of order is adopted, the chairman 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.

7.4 Contracts Entered Into by Declarant or Before Turnover Meeting. Notwithstanding any other provision of this Declaration, any management contracts, service contracts or employment contracts entered into by Declarant or the Board of Directors on behalf of the Association before the Turnover Meeting shall have a term of not more than three (3) years. In addition, any such contract shall provide that it may be terminated without cause or penalty by the Association or Board of Directors upon not less than thirty (30) days' notice to the other party given not later than sixty (60) days after the Turnover Meeting. For purposes of this Section 7.4, the Lease Rights reserved to the Declarant for use of a portion of the Clubhouse the Property Management Agency, the Clubhouse License Agreement (recorded in the real property records of Deschutes County, Oregon on August 19, 2009 at 2009-35481, which agreement is being amended and restated substantially concurrently with this Declaration) permitting the sale of Clubhouse memberships to homeowners of property adjacent to Tuscany Pines Phase I, and the Easement for Pump House Agreement Use (recorded in the real property records of Deschutes County, Oregon on August 18, 2009 at 2009-35482) shall not be deemed "management contracts, service contracts or employment contracts." Said Lease Rights, the Clubhouse License Agreement and the Easement for Pump House Agreement shall be deemed to be provisions restricting a right of the Association with respect to the common property pursuant to ORS 94.580(2)(t).

7.5 Voting. The Association shall have two (2) classes of voting Members:

(a) 7.5.1 Class A. Class A Members shall be all Owners of Lots other than 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.

(b) 7.5.2 Class B. The Class B Member shall be Declarant, its successors and assigns. The Class B Member shall have three (3) votes for each Lot owned; provided, however, that Class B membership shall cease within ninety (90) days after the date on which the last Lot has been sold and conveyed to a third party. After termination of Class B membership, each Owner (including 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 equal the total number of Lots annexed to the Property.

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 shall fractional voting be allowed. Fractionalized or split votes shall be disregarded, except for purposes of determining a quorum.

ARTICLE 8 DECLARANT CONTROL

8.1 Interim Board and Officers. Declarant or the Owners shall form a transitional advisory committee (the "Transitional Advisory Committee") to provide for the transition from administrative responsibility by Declarant for the Property to administrative

responsibility by the Association, in accordance with the provisions in the Bylaws attached as **Exhibit B** to this Declaration.

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 Members not later than ninety (90) days after the sale of the last Lot from Declarant to a third party.

8.3 Board of Directors. At and following Turnover, the Board of Directors of the Association shall be comprised of five (5) directors. The directors will be elected by a plurality of the total membership of the Tuscany Pines Homeowners Association. In the event of a vacancy occurring on the Board, the position of such director(s) shall be filled in accordance with the terms and provisions of the Bylaws through appointment by the Board of Directors. The Directors elected at the Turnover Meeting shall serve until the first annual meeting of the Corporation. At the first annual meeting, the Owners shall elect Directors as provided for in the Bylaws, such that terms will be staggered so that three (3) Directors shall serve a term of two (2) years, and two (2) Directors for a term of one (1) year. At all subsequent Annual Meetings, the term of office for elected Directors will be two (2) years.

ARTICLE 9 DECLARANT'S SPECIAL RIGHTS

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

9.2 Voting Rights. Declarant's voting rights shall be as set forth at Section 7.5.2 of this Second Amended Declaration.

9.3 Marketing Rights. Declarant shall have the right to maintain a sales office and model on one or more of the Lots which the Declarant may or may not own, to be staffed by the employees of the Declarant or any licensed real estate sales agents. 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 of the Property, including, without limitation, the Common Area.

9.4 Declarant's Easements. The Declarant has reserved easements over the Property as more fully described in Sections 3.4(c) and 3.4(d) hereof.

9.5 Appearance and Design of Tuscany Pines. Declarant shall not be prevented from changing the exterior appearance of the Common Area, including the landscaping or any other matter directly or indirectly connected with project in any manner deemed desirable by Declarant, provided that the Declarant obtain governmental consents required by law. The construction and material standards of Article 4 notwithstanding, Declarant may change exterior and/or interior designs from initial plans, any previous phases or construction, and provisions in this document, without notice. This may include designs, colors, and type of materials, provided Declarant obtains any necessary governmental consent.

9.6 Construction by Declarant. All construction by Declarant is presumed to have been approved by the ARC and to meet any applicable architectural standards.

ARTICLE 10 FUNDS AND ASSESSMENTS

10.1 Purpose of Assessment. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the Owners and Occupants, and for the improvement, operation and maintenance of the Common Area, including maintenance and administrative costs, a community high-speed internet access if a "server/vendor" should be granted a contract for the entire Property, and insurance for Association.

(a) Common Expense Designations. Common Expenses of the nature described in Section 10.1 which are to be, or are, incurred by the Association for the benefit of all of the Owners of Lots within the Property shall be separately budgeted for allocation among all such Owners and shall be designated "General Common Expenses".

(i) Insurance General. The Board shall obtain and maintain at all times insurance of the type and kind and in the amounts hereinafter provided and additional insurance for such other risks of a similar or dissimilar nature as are now or as shall be hereafter customarily covered by insurance obtained by other planned communities similar in construction and design. Such additional insurance shall be governed by this Article.

(ii) Types of Insurance Policies Maintained By the Association. For the benefit of the Association and Owner, the Board shall obtain and maintain at all times, and shall pay for out for the common expense funds, the following insurance to the extent that it is available at reasonable cost:

(1) Property Insurance. A policy or policies of property insurance, including but not limited to special form coverage, or equivalent (including without limitation coverage for loss from fire, vandalism and malicious mischief) for the full insurable replacement value of (a) the buildings and townhomes, but excluding furnishings, non-standard floor coverings, non-standard cabinets, non-standard fixtures, and window coverings; and (b) all substantial improvements on the Common Property. If available at a reasonable cost, the property insurance obtained hereunder shall include building code and actual replacement cost endorsements and earthquake insurance. Hereafter the Board shall set by resolution the maximum deductible for the policy purchased under this section, which deductible initially should be one thousand (\$1,000) dollars.

(2) Liability Insurance. A policy or policies insuring the Association, its Board, the Owners individually, and the manager against any liability to the public or the Owners and their invitees or tenants, incident to the ownership, supervision, control or use of the Property, excepting portions of the Property under an Owner's exclusive use or occupancy. Limits of liability under such insurance shall be not less than one million (\$1,000,000) dollars per occurrence for bodily injuries and property damage liability. Such limit and coverage shall be reviewed at least annually by the Board, which may increase the limit of and/or coverage, in its discretion. Said policy or policies shall be issued on a commercial General Liability form and shall provide for cross liability coverage wherein the rights of the named insured under the policy or policies shall not be prejudiced as respects his, her or their action against another named insured.

(3) Workers Compensation. Workers Compensation Insurance to the extent that it is necessary to comply with any applicable laws.

(4) Directors and Officers Insurance. At the discretion of the Board, the Association may purchase and maintain insurance on behalf of any person who is or was

a director, officer, employee, or agent of the Association, or is or was serving at the request of the Association, against any liability asserted against him or her and incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not the Association would have the power to indemnify him or her against such liability under the provisions of the Articles of incorporation of the Association.

(5) Fidelity Bond. For the benefit of the Association and Owners, the Board may obtain a fidelity bond for employee, officer, and director dishonesty, or dishonesty of any authorized agent of the Board, for the amount determined by the Board. The Board may pay for such bond out of the common expenses of the Association.

(6) Insurance Companies Authorized. All policies obtained under this Articles shall be written by a company licensed to do business in Oregon and holding a "Commissioner's Rating" of "A-" and a size rating of "VI," or better, by Best's Insurance Reports, or as may be otherwise acceptable to all mortgages and Directors.

(7) Provisions in Insurance Policies. The Board shall make a reasonable effort to secure insurance policies that will provide for the following:

(A) Waiver of Subrogation. A waiver of subrogation by the insurer as to any claims against the Board, the officers, the manager, the Owners and their respective servants, agents, guests and tenants.

(B) Noncancelation Without Opportunity to Cure. A provision that the master policy on the Property cannot be canceled, invalidated or suspended on account of the conduct of any officer, Board member or employee of the Board or the manager without prior demand in writing that the Board or manager cure the defect.

(iii) Townhome and Lot Insurance Maintained by Each Owner. Each Lot Owner (excluding Declarant) shall obtain, and maintain in effect, from a reputable insurance company authorized to do business in the State of Oregon, insurance coverage that such Owner deems necessary or prudent for such Owner's protection, including the protection of the furnishings and other personal property, and shall be obligated to carry liability insurance with respect to such Lot with limits of not less than Five Hundred Thousand (\$500,000) dollars per occurrence for bodily injury and property damage. Insurance coverage obtained and maintained by the Board of Directors may be brought into contribution with that obtained and maintained by Owners of mortgagees only in the Board of Directors' sole and unfettered discretion. The Association shall have the right, but not the obligation, to request evidence that any Lot Owner has procured the required insurance. Upon written request from the Association, a Lot Owner shall present a certificate of insurance evidencing the required coverage's. The Association shall have the right, but not the obligation, to increase the coverage limits established by this Section 10.1(a)(iii) from time to time to reflect increases in the cost of living. Such increases shall require neither an amendment to this Section 10.1(a)(iii) nor a vote of the Lot Owners, and shall be effected, if at all, by providing written notice to each Lot Owner to whom an increase is required not less than thirty (30) days prior to the effective date of such increases.

(iv) Planned Community Act Requirements. The insurance maintained by the Association shall comply with the requirements of the Oregon Planned Community Act, ORS 94.550 to 94.780. At least annually, the Board shall review all insurance carried by the Association, which review shall include a consultation with a representative of the insurance carrier writing the master policy.

10.2 Covenants to Pay. Each and every current and subsequent Owner of any Lot, covenants and agrees that each Lot Owner will pay the Association the assessments and any additional charges levied pursuant to this Second Amended Declaration.

(a) Funds Held. 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 operation, care and maintenance of Tuscany Pines or as expressly provided by this Second Amended Declaration.

(b) Transfer. 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, and is not refundable.

10.3 Basis of Assessments and Commencement of Assessments; Common Profits. Assessments are to be levied against all Lots, except those owned by the Declarant, whether or not such Lots have been improved with a substantially completed Townhome; provided, however, that no Assessment shall be levied against any Lot until such time as it is first sold to a purchaser other than Declarant. Assessments for all Lots conveyed by the Declarant to purchaser/Owner, either by deed or land sales contract, shall begin on the day of the recording of the deed or land sale contract conveying or contracting to convey the Lot of the new Owner. In accordance with ORS 94.704 (1), Declarant shall pay all common expenses of the Association that exceed the operating assessments received from non-Declarant Owners, exclusive of the reserve assessments. As of the first of the month following the date of the Turnover Meeting, all Declarant Lots will pay operating and reserve assessments under the payment provisions contained in this Declaration. Common Expenses and the common income, if any, derived from the Common Area shall be allocated equally between all Owners and/or charged to the Owner of each Lot.

10.4 Annual Assessments. Annual assessments for each calendar year shall be established when the Board approves the budget for that calendar year. Annual assessments shall be levied on a calendar year basis. The calendar year shall begin on January 1, unless another date is adopted by majority vote of the Board members.

10.5 Budget. 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 on an accrual basis; (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; and (iv) a general statement setting forth the procedures used by the Board in the calculation and establishment of reserves to defray the costs and repair, replacement or additions to major components of the Common Area. For the first calendar 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 calendar year. The assessments in the budget are to be collected at intervals as determined by the Board of Directors and may include both operating and maintenance cost assessments, and the reserve assessments, all as defined in the Association documents. The Board may update and revise the budget from time to time as the Board may deem reasonably necessary, provided, however, the Board shall distribute such revised budget to each Member within

ten (10) days of adoption and at least thirty (30) days before the imposition of revised assessments.

(a) Allocation of Assessments. The total amount in the budget shall be charged equally against all sold Lots as annual assessments. Declarant may offset operating assessment payments due under this Second Amended Declaration through the payment of maintenance or utility costs described in herein, subject to submittal of paid invoices to the Association.

(b) Other Assessments. In addition to all assessments described in this Article 10, the Association shall assess all Lots for costs and expenses incurred by or at the direction of the Board for upkeep, maintenance, repair and replacement of Building Structures to the extent the same is an obligation of the Board hereunder, including exterior paint/staining and roofing, and exterior maintenance of the front and side yards, including street frontage planter strips of all Townhomes. In addition to the maintenance fund and the reserve fund described above, separate funds are hereby established for receipt, administration and distribution of proceeds arising from assessments against all Lots related to the upkeep, maintenance, repair and replacement expenses described above. Such assessments will be fixed annually in accordance with the general budget guidelines outlined in Section 10.5(a) above for the general association assessment. These maintenance responsibilities shall be subject to the same terms and conditions as the regular or special periodic assessments described above. A reserve study required in Section 10.6(b) below shall incorporate these maintenance responsibilities. Exterior wall painting is to include any trim. All glass items including all windows and window frames, glass replacement and cleaning is the sole responsibility of Owners.

(c) Non-Waiver of Assessments. If before the expiration of any calendar year the Association fails to fix annual assessments for the next calendar year, the annual assessments established for the preceding year shall continue until a new annual assessment is fixed. The provisions of this Section are subject to the provisions of the Oregon Planned Community Act.

10.6 Reserve Funds

(a) Reserve Fund for Repairs and Replacements. Declarant shall establish a reserve fund in the name of the Association for replacement, in whole or in part, of any completed improvements located in, on, or under the Common Area or Lots for which the Association is responsible pursuant to this Declaration, that will normally require replacement in more than one (1) year and less than thirty (30) years, for any exterior painting for other items, whether or not involving the Common Area, if the Association has responsibility to maintain the items, and for other items for which reserves are required by the Declaration or Bylaws ("Reserve Fund"). The Reserve Fund need not include those items that could reasonably be funded from the maintenance fund or operating assessments, or for which one or more Owners are responsible for maintenance and replacement under the provisions of this Declaration or the Bylaws. For purposes of funding the Reserve Fund, the Declarant initially, and thereafter the Association, shall impose an assessment to be called the "Reserve Fund Assessment" equally against each Lot. The Reserve Fund Assessment shall be based on the reserve study, and updates thereof, described in Section 10.6(b), or other sources of reliable information. Nothing herein shall limit the authority of Declarant or the Association to establish other separate and unrelated reserve funds that are funded by assessments for reserves that are in addition to the Reserve Fund or that relate only to a particular type or category of Lot. The Reserve Fund shall be kept separate from other funds and may be used only for the purposes for which reserves have been established as

specified in this Section, although the Board may borrow funds with a specified repayment program, in accordance with the Oregon Planned Community Act. In the event the Board elects to borrow funds secured by an interest any portion of the common property, then said loan shall be pursuant to ORS 94.665.

Required Reserve Fund Assessments for completed improvements shall begin accruing from the date the first Lot assessed is conveyed. Declarant may elect to defer payment of the Reserve Fund Assessments due on Lots it owns until the date of the conveyance of the Lot to an Owner. However, the Declarant may not defer such payment beyond the date of the Turnover Meeting. The book and records of the Association shall reflect the amount owing from the Declarant for all Reserve Fund Assessments.

After the Turnover Meeting, the Board may borrow funds from the Reserve Fund to meet high seasonal demands on the regular operating funds or to meet other unexpected increases in expenses. Such funds borrowed from the Reserve Fund shall be repaid from regular annual or special assessments against the Lots, if the Board has adopted a resolution, which may be an annual, continuing resolution, authorizing the borrowing of funds. Not later than the adoption of the budget for the following year, the Board shall adopt by resolution a written payment plan providing for repayment of the borrowed funds within a reasonable period.

The Board may adjust the amount of the Reserve Fund Assessments as indicated by any reserve study or update thereof or based on the then current inflation rate. The Board may provide for other reserve items that the Board, in its discretion, may deem appropriate. In addition to the foregoing powers and rights vest in the Board, after the second anniversary of the Turnover meeting, the Association may elect to reduce or increase future Reserve Fund Assessments by a seventy-five percent (75%) vote of the Owners.

Any funds established for any of the purposes mentioned in this Section shall be deemed to be within the Reserve Fund notwithstanding that it may not be so designated by the Board of Directors. The amount of the Reserve Fund shall constitute an asset of the Association and shall not be refunded or distributed to any Owner.

(b) Reserve Study. The Board of Directors shall annually conduct a reserve study, or review and update an existing study, of the improvements, Common Area, Building Structures and other items for which the Association is responsible under these declarations to determine the requirements of the reserve fund described in Section 10.6(b) above. The reserve study shall include (a) identification of all items for which reserves are required to be established; (b) the estimated remaining useful life of each item as of the date of the reserve study; (c) the estimated cost of maintenance, repair, or replacement of each item at the end of its useful life; and (d) a thirty (30) year plan with regular and adequate contributions, adjusted by estimated inflation and interest earned on the reserve fund, to meet the maintenance, repair, and replacement schedule.

10.7 Special Assessments. 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:

(a) Deficits in Operating Budget. To correct a deficit in the operating budget, by vote of a majority of the Board;

(b) Breach of Documents. 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. All provisions of this Section 10.7(b) shall be interpreted by the provisions of the Oregon Planned Community Act relative to the imposition of fines and penalties;

(c) 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

(d) Capital Additions. To make capital acquisitions, additions or improvements, by vote of at least seventy-five percent (75%) of all votes allocated to the Lots.

Any special assessments shall be owned solely by the Association regardless of their purpose and the individual Owners so assessed shall have no rights or interests in said funds.

10.8 Accounts.

(a) Types of Accounts. Assessments collected by the Association will be deposited into at least two separate accounts with a bank, which accounts shall be designated as (i) the Current Operating Account and (ii) the Reserve Account. Those portions of the assessments collected for current maintenance and operation levied under Section 10.5(b) will be in the Current Operating Account and those portions of the assessments collected as reserves for replacement and deferred maintenance of capital improvements into the Reserve Account. The Board may hold funds in the operating account until such time as the total reserve funds meet bank account minimum deposits to avoid special fees. Special Assessments shall be deposited into one of the two accounts, whichever is deemed by the Board to be appropriate. Withdrawal of funds for the Association's Reserve Account shall require the signatures of two (2) Directors, or Board approval in the written minutes of the Association.

(b) Reserve Account. The Association shall pay out of the Reserve Account only those costs that are attributable to the maintenance, repair or replacement of capital improvements for which reserves have been collected and held. After the individual Lot Owners have assumed responsibility for administration of the planned community, the Board of Directors may borrow funds from the reserve account to meet high seasonal demands on the regular operating funds or to meet unexpected increases in expenses. Funds borrowed must be authorized by a resolution passed by the Board of Directors, which also outlines the manner of repayment from later assessments. Such resolution may be an annual continuing resolution, authorizing the borrowing of funds. Not later than the adoption of the budget for the following year, the Board shall adopt by resolution a written payment plan providing for repayment of the borrowed funds within a reasonable period.

(c) Current Operating Account. All ordinary maintenance and operating expenses shall be paid from the Current Operating Account.

10.9 Default in Payment of Assessments, Enforcement of Liens.

(a) Personal Obligation. All assessments properly imposed under this Declaration or the Bylaws shall be the joint and several personal obligations 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 affecting the conveyance. Said provisions shall be in accordance with the

provisions of the Oregon Planned Community Act. 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.

(b) Association Lien. At any time any assessment (of any type provided for by this Second Amended 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, penalties, fines, attorneys' fees (whether or not suitor action is instituted) and other appropriate costs properly chargeable to an Owner by the Association, until such amounts are fully paid. The provisions regarding the attachment, notice, recordation and duration of liens established on real property under ORS 94.704 to 94.716, as the same may be amended, shall apply to the Association's lien. The lien shall be foreclosed in accordance with the provisions regarding the foreclosure of liens under ORS Chapter 88. 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 and any mortgage or deed of trust granted to an institutional lender which is recorded previously to the Association's notice of lien.

(c) 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 and penalties on delinquent assessments or for violations of the provisions of this Declaration, the Bylaws, any Rules and Regulations, and any rules and regulations adopted by the ARC. 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 addresses of such Owners. Such impositions shall be considered assessments which are lienable and collectible in the same manner as any other assessments. Provided, however, no fine or penalty for violation of this Declaration, the Bylaws or any Rules and Regulations (other than late fees, fines or interest arising from an Owner's failure to pay regular or special assessments) may be imposed against an Owner or his/her Lot until such Owner is given an opportunity for a hearing as provided in Section 4.26.

(d) 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 calendar year and all future installments of any special assessments.

(e) 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 party or to which the Lot is subject.

ARTICLE 11 GENERAL PROVISIONS

11.1 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 labor and materials relative to providing copies, Owners can obtain copies of this information within ten (10) days of receipt of a written request.

11.2 Indemnification of Directors, Officers, Employees and Agents. The Association shall indemnify any Director, officer, 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 who participated with or benefited from the acts which created said liability.

11.3 Enforcement; Attorneys' Fees. 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 pertain 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.

11.4 Severability. Invalidation of anyone 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.

11.5 Duration. The covenants, conditions and restrictions of this Second Amended Declaration shall run with and bind the land for a term of thirty-five (35) years from the date of this Second Amended 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, that amendments which do not constitute rescission of the planned development may be adopted as provided in Section 11.6 below. Additionally, any

such rescission that affects the Common Area shall require the prior written consent of the County of Deschutes, Oregon.

11.6 Amendment. Except as otherwise provided in Sections 11.5, 11.9, and the restrictions set forth elsewhere herein, this Second Amended Declaration may be amended at any time by an instrument approved by not less than seventy-five percent (75%) of the total votes for all Lots subject to this Declaration. Any amendment must be executed, recorded and certified as provided by law. Provided, however, that no amendment of this Second Amended Declaration shall effect an amendment of the Bylaws or Articles without compliance with the provisions of such documents, and the Oregon Non-Profit Corporation Act. Provided further, so long as the Declarant own any Lot, no amendment affecting the general plan and development or any other right of the Declarant herein contained may be affected without the express written consent of the Declarant or its successors and assigns.

11.7 Release of Right of Control. The Declarant may give up its right of control in writing at any time by notice to the Association, subject to the provisions of the Oregon Nonprofit statutes and the Oregon Planned Community Act.

11.8 Personal Pronouns. All personal pronouns used in this Declaration, whether used in the masculine, feminine or neuter gender, shall include all other genders; the singular shall apply to the plural and vice versa.

11.9 Unilateral Amendment by Declarant. The Declarant may amend this Second Amended 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 Declarant amendment shall require notice to or approval by any Member.**

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

1. Second Amended and Restated Declaration of Covenants, Conditions and Restrictions;
2. Bylaws (Exhibit B); and
3. Clubhouse License Agreement (Exhibit C).

IN WITNESS WHEREOF, the undersigned officers of the Association have executed this instrument on behalf of the Association, and the Declarant hereby consents to the adoption of this instrument, this 26 day of December 2012.

ASSOCIATION:

TUSCANY PINES PHASE 1
HOMEOWNERS ASSOCIATION,
an Oregon nonprofit corporation

By: [Signature]
Jon Brodeur, President

By: [Signature]
AJ Kitt, Secretary

Connecticut
STATE OF ~~OREGON~~)
COUNTY OF Middlesex) ss.

The foregoing instrument was acknowledged before me the 26th day of December 2012, by Jon Brodeur and AJ Kitt, as President and Secretary, respectively, of Tuscany Pines Phase 1 Homeowners Association, an Oregon nonprofit corporation, on behalf of said nonprofit corporation.

[Signature]
Notary Public for the State of Oregon
My Commission Expires: 8/15/15

DECLARANT:

COTD I, LLC

By: [Signature]
Name: Jon Brodeur, Manager

COTD II, LLC

By: [Signature]
Name: Jon Brodeur, Manager

COTD III, LLC

By: [Signature]
Name: Jon Brodeur, Manager

COTD IV, LLC

By: [Signature]
Name: Jon Brodeur, Manager

Connecticut
STATE OF ~~OREGON~~)
COUNTY OF Middlesex) ss.

On this day, personally appeared before me Jon Brodeur, known to be to be the individual named herein and who executed the within and foregoing Second Restated and Amended Declaration in his representative capacity as Manager for COTD I, LLC, COTD II, LLC, COTD III, LLC and COTD V, LLC as the official act and deed of said limited liability companies for the uses and purposes stated therein.

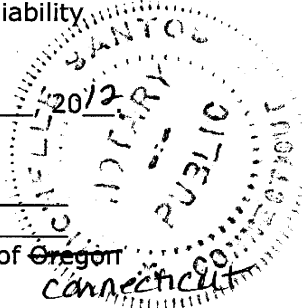
GIVEN MY HAND AND OFFICIAL SEAL this 26th day of December

Michelle Santos

Name: Michelle Santos

NOTARY PUBLIC in and for the State of ~~Oregon~~

My commission Expires: 8/15/19



ACKNOWLEDGEMENT

STATE OF OREGON
COUNTY OF HOOD RIVER)

On this 31st day of DECEMBER, 2012 before me, the undersigned Notary Public, personally appeared AJ Kitt, as Secretary of Tuscany Pines Phase 1 Homeowners Association, an Oregon nonprofit corporation, on behalf of said nonprofit corporation.

Beverly Nanez
Notary Public in and for the State of OREGON

My commission expires: 11/08/2014

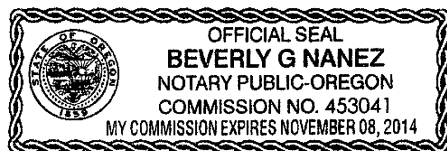


EXHIBIT A

Legal Description of Tuscany Pines Phase I Property

Tracts A, B, C, D and E and private roads, TUSCANY PINES PHASE I, City of Bend, Deschutes County, Oregon

Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44 and 45, TUSCANY PINES PHASE I, City of Bend, Deschutes County, Oregon

Account #: 259751

Map/Tax Lot #: 17-12-20-AB-00136

(08132009 Tuscany Pines Phase 1 Legal Description)

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EXHIBIT B
AMENDED AND RESTATED BYLAWS
OF
TUSCANY PINES PHASE I HOMEOWNERS ASSOCIATION

ARTICLE 1
EFFECT AND INTERPRETATION

1.1 Effect of Bylaws. These Amended and Restated Bylaws of TuscanY Pines Phase I Homeowners Association (these "Bylaws") amend, restate and replace in their entirety those certain Bylaws of TuscanY Pines Phase I Homeowners Association attached as Exhibit C to the Restated and Amended Declaration of Covenants, Conditions, and Restrictions for TuscanY Pines recorded in the official records of Deschutes County, Oregon on August 18, 2009 as Document No. 2009-35480 (the "Declaration").

1.2 Interpretation of Bylaws. These Bylaws are subject to the terms and provisions of the Oregon Nonprofit Corporation Act, ORS Chapter 65, as amended from time to time (the "Nonprofit Corporation Act") and the Oregon Planned Community Act, ORS 94.550 to ORS 94.783, as amended from time to time (the "Planned Community Act"), and shall at all times be interpreted and construed in accordance therewith.

ARTICLE 2
IDENTITY AND LOCATION

2.1 Identity. The Association is a nonprofit mutual benefit corporation organized under the laws of the State of Oregon. The Association was formed upon the filing of its Articles of Incorporation with the Corporation Division of the Oregon Secretary of State on August 13, 2009.

2.2 Principal Office. The principal office of the Association shall be fixed and located at such place as the Board shall determine. The Board shall have sole authority to change the location of the principal office of the Association from time to time.

2.3 Registered Office. The registered office of the Association required by the Nonprofit Corporation Act shall be fixed and located at such place within the State of Oregon as the Board shall determine. The Board shall have sole authority to change the location of the registered office within the State of Oregon from time to time.

ARTICLE 3
DEFINITIONS

All capitalized terms used in these Bylaws, and not otherwise defined herein, shall have the meanings given to such terms in the Declaration.

ARTICLE 4
MEMBERSHIP AND VOTING RIGHTS

4.1 Membership. Each Owner shall be a 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 acknowledgement, Occupants and Owners shall governed by these Bylaws, the Declaration, Articles, and Rules and Regulations and any amendments thereof.

4.2 Voting Rights. The Association shall have the following two (2) classes of voting Members:

(a) Class A Members. Class A Members shall be all Owners of Lots other than 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.

(b) Class B Members. The Class B Member shall be Declarant, its successors and assigns. The Class B member shall have three (3) votes for each Lot owned; provided, however, that Class B membership shall cease within ninety (90) days after the date on which the last Lot has been sold and conveyed to a third party. After termination of the Class B membership, each Owner (including 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 equal the total number of Lots annexed to the Property.

(c) Co-Owners of a Lot. When more than one (1) person or entity owns a Lot, the vote for such Lot may be cast as the co-Owners of the Lot shall determine, but in no event shall fractional voting be allowed. Fractionalized or split votes shall be disregarded, except for purposes of determining a quorum.

4.3 Suspension. All voting rights of a Member shall be suspended during any period in which the Member is delinquent in the payment of any assessment duly established pursuant to the Declaration or is otherwise in default under these Bylaws, the Declaration or the Rules and Regulations. The Board may also suspend a Member's right to use of any of the Common Areas during such period of default.

ARTICLE 5 ASSOCIATION MEETINGS

5.1 Annual Meetings. A meeting of the Association shall be held annually. The annual meeting of the Association shall be held at such reasonable hour and on such reasonable date as may be established by the Board or, if the Board should fail to designate a date and time by the first day of October 2013, then at 1 p.m. on the second Monday in November. If the date set for the annual meeting is a legal holiday, the meeting shall be held at the same hour on the first day following which is not a legal holiday. At the annual meeting, the president, and any other person whom the president may designate, shall report on the activities and financial condition of the Association. The first annual meeting of the Association held for the purpose of electing Directors (as defined in Section 6.1 below) shall be the Turnover Meeting.

5.2 Special Meetings. Special meetings of the Association may be called at any time by the president, by a majority of the Board, or by the president or secretary upon receipt of a written request of the Members holding at least twenty-five percent (25%) of the outstanding votes of the Association. If the Members request a special meeting as provided herein and notice of the meeting is not given to the Members within thirty (30) days after the date the written request for the meeting was delivered to the president or the secretary, then any Member who signed the request may set the date, time and place of the

meeting and give the required notice. Business transacted at a special meeting shall be restricted to the purposes set forth in the notice for the meeting.

5.3 Turnover Meeting. Declarant shall call the Turnover Meeting for the purpose of turning over control of the Association to the Members no later than ninety (90) days of the sale of the last Lot from Declarant to a third party (other than a bulk sale that is accompanied by an assignment of Declarant rights to a successor Declarant). The Turnover Meeting shall be conducted in accordance with Section 18.1 below.

5.4 Place of Meetings. Meetings of the Association shall be held at the principal office of the Association or at such other suitable and convenient place within Deschutes County, Oregon as may be designated in the notice for the meeting.

5.5 Notice of Meetings. Except as otherwise provided these Bylaws, written notice of each meeting of the Association shall be sent by, or at the direction of, the secretary or person authorized to call the meeting, to each Member entitled to vote at the meeting at least ten (10) days but not more than fifty (50) days before the meeting. The notices shall be given in accordance with the notice provisions set forth in Section 19.1 and shall specify the place, day and hour of the meeting and the items on the agenda, including the general nature of any proposed amendment to the Declaration or these Bylaws, any budget changes, or any proposal to remove a Director. When a meeting of the Association is adjourned for thirty (30) days or more, or when a redetermination of the persons entitled to receive notice of the adjourned meeting is required by law, notice of the adjourned meeting shall be given in the same manner as for the original meeting. In all other cases, no notice of the adjournment or of the business to be transacted at the adjourned meeting need be given other than by announcement at the meeting at which such adjournment is taken. Notice of a meeting may be waived by a Member at any time. No Member who is present at a meeting may object to the adequacy or timeliness of the notice given.

5.6 Quorum. At any meeting of the Association, the Members holding at least twenty percent (20%) of the voting rights in the Association entitled to be cast at such meeting, present in person or by proxy, or absentee ballot, if permitted by the Board of Directors, shall constitute a quorum, unless a larger quorum is expressly required by the Declaration, the Articles or elsewhere in these Bylaws. When a quorum is once present to organize an Association meeting, it cannot be broken by the subsequent withdrawal of a Member or Members. If any Association meeting cannot be organized because of a lack of quorum, the Members who are present, either in person or by proxy, may adjourn the meeting from time to time not less than forty-eight (48) hours or more than thirty (30) days from the time the original meeting was called until a quorum is present.

5.7 Proxies and Absentee Ballots. At all meetings of the Association, each Member may vote in person, by proxy or, if authorized by the Board, by absentee ballot. All proxies shall be in writing, dated and signed by the Member, filed with the secretary of the Association and in compliance with all other proxy requirements of the Planned Community Act. Proxies may only be revoked upon the giving of actual notice of revocation to the person presiding over the meeting of the Members or to the Board if a vote is being conducted by written ballot. Proxies shall automatically cease upon cessation of membership or suspension of the Member's voting rights. An absentee ballot shall set forth each proposed action and provide an opportunity to vote for or against each proposed action. All solicitations for absentee ballots shall include instructions for return delivery of the completed absentee ballot and information about whether or not the absentee ballot may be canceled if it is returned in accordance with the instructions. If an absentee ballot is delivered by a Member, the Member may vote in person at the meeting if the Member

returned the absentee ballot and canceled the absentee ballot, if cancellation was permitted in the instructions included with the absentee ballot.

5.8 Majority Vote. The vote of (i) more than fifty percent (50%) of the voting power of the Association present in person, by proxy or by absentee ballot (if authorized by the Board) at a meeting at which a quorum is constituted or (ii) more than fifty percent (50%) of the votes cast by written or electronic ballot pursuant to Section 5.10 below shall be binding upon all Members for all purposes unless a higher voting percentage is specifically required by these Bylaws, the Articles, the Declaration, the Planned Community Act or any other applicable law, in which case such higher voting percentage shall apply.

5.9 Rules of Order. Unless other rules of order are adopted by the Board, all meetings of the Association shall be conducted according to the latest edition of *Robert's Rules of Order*, published by Robert's Rules Association.

5.10 Action Without a Meeting. Any action, which these Bylaws, the Declaration, the Articles or any applicable law require or permit the Members to take at a meeting of the Association, may be taken without a meeting by written ballot if the procedures set forth in ORS 94.647 are followed. For votes of the Members by written ballot, the Board shall provide the Members with at least ten (10) days' notice before written ballots are mailed or otherwise delivered. The notice shall state the general subject matter of the vote by written ballot, the right of Members to request secrecy procedures as specified in ORS 94.647, the date after which ballots may be distributed, the date and time by which any petition requesting secrecy procedures must be received by the Board, and the address where such a petition may be delivered. If, at least three (3) days before written ballots are scheduled to be mailed or otherwise distributed, at least ten percent (10%) of the Members petition the Board requesting secrecy procedures, a written ballot must be accompanied by a secrecy envelope, a return identification envelope to be signed by the Member, and instructions for mailing and returning the ballot. The secrecy procedures and the requirement to provide a secrecy envelope and return identification envelope shall not apply to the written ballot of a Member if the consent or approval of that particular Member is required under these Bylaws, the Declaration, the Articles, or the Planned Community Act. Written ballots that are returned in secrecy envelopes may not be examined or counted before the deadline for returning ballots has passed. All written ballots must set forth each proposed action and provide an opportunity to vote for or against each proposed action. All solicitations for votes by written ballot shall state the number of responses needed to satisfy any applicable quorum requirement, the required percentage of votes needed for approval, and the period during which the Association will accept written ballots for counting. Any vote that may be conducted by written ballot may also be conducted by electronic ballot subject to the procedures and requirements set forth in the Planned Community Act for electronic ballots. An electronic ballot shall mean any ballot given by electronic mail, facsimile transmission, posting on a website or other means of electronic communication approved by the Board. Approval by written or electronic ballot shall be valid only when the number of votes cast by written or electronic ballot equals or exceeds any quorum required to be present if a meeting was held to authorize the action and the number of approvals equals or exceeds the number of votes required to approve the matter if a meeting was held to authorize the action. Notwithstanding the foregoing, action by written or electronic ballot may not substitute for: (i) the Turnover Meeting; (ii) the annual meeting of the Association; (iii) a meeting of the Association if the agenda includes a proposal to remove a Director; or (iv) a special meeting of the Association called at the request of the Members under ORS 94.650(2).

ARTICLE 6
QUALIFICATION, NOMINATION AND ELECTION OF THE BOARD

6.1 Number and Qualifications. The affairs of the Association shall be managed by the Board. The Board shall consist of one (1) to three (3) directors (each, a "Director" and collectively, the "Directors") prior to the Turnover Meeting and five (5) Directors after the Turnover Meeting. All Directors must be individuals. The Directors need not be Members prior to the Turnover Meeting, but shall be Members after the Turnover Meeting; provided, however, if a corporation, limited liability company, partnership or trust owns a Lot or an interest in an entity that owns a Lot, then an officer, employee or agent of the corporation, member, manager, employee or agent of the limited liability company, partner, employee or agent of the partnership or trustee of the trust, as applicable, may serve as a Director. Additionally, an executor, administrator, guardian, conservator or other individual appointed by a court to serve in a fiduciary capacity for a Member, or an officer or employee of an entity if the appointee is an entity, may serve as a Director. Prior to election to the Board, any individual wishing to serve on the Board in the capacity as a representative or fiduciary of a Member pursuant to this Section 6.1 shall provide the Board with documentation satisfactory to the Board that the individual is qualified to represent the Member in compliance with the requirements of this Section 6.1. An individual serving on the Board as a representative or fiduciary of a Member in accordance with this Section 6.1 shall be disqualified from continuing to serve as a Director and his or her seat on the Board shall automatically be vacated if the individual no longer meets the requirements set forth in this Section 6.1.

6.2 Appointment by Declarant Prior to Turnover Meeting. Until the Turnover Meeting, Declarant shall appoint all Directors, and may remove and replace any Director, with or without cause, except that Declarant may revocably or irrevocably delegate the power to appoint, remove and replace Directors hereunder by written instrument delivered to the Association naming the party to whom the power to appoint Directors has been delegated. At and after the Turnover Meeting, the Directors shall be elected in the manner provided in Section 6.4.

6.3 Nominations for Election to the Board. At and following the Turnover Meeting, nomination for election to the Board may be made by a nominating committee (the "Nominating Committee"). Nominations may also be made from the floor at the Turnover Meeting or any annual meeting. The Nominating Committee shall consist of a chairman, who need not be a Director prior to the Turnover Meeting, but who shall be a Director following the Turnover Meeting, and two (2) or more Members or Directors. The Nominating Committee shall be appointed by the Board prior to the Turnover Meeting to nominate Directors to be elected at the Turnover Meeting. Thereafter, a Nominating Committee shall be appointed by the Board prior to each annual meeting of the Association to make as many nominations for election to the Board as it shall in its discretion determine, but not less than the number of vacancies that are to be filled

6.4 Election of Directors. At the Turnover Meeting, the Members shall elect five (5) Directors who shall serve until the next annual meeting of the Association. At the next annual meeting of the Association following the Turnover Meeting, shall elect three (3) Directors for a term of two (2) years, two (2) Directors for a term of one (1) year. The candidates receiving the highest vote totals shall serve the 2-year terms. In the event of a tie, term selection shall be by random means. At all subsequent annual meetings of the Association, the Members shall elect a number of Directors equal to the number whose terms are then expiring, each to serve a term of two (2) years. There is no limit on the number of terms, whether consecutive or otherwise, that a Director may serve. Directors

shall be elected by secret ballot. Each Member may cast as many votes as the Member is entitled to exercise under these Bylaws with respect to each vacancy on the Board. Election of Directors shall be by plurality and there shall be no cumulative voting.

6.5 Tenure of Office. All Directors shall hold office until their respective successors have been appointed or elected in accordance with these Bylaws. A Director elected at any meeting held for the purpose of election of Directors shall assume all of the duties of office effective as of the date of the meeting at which he or she is elected, at which time the resignation of the Directors in office prior to such meeting shall become effective, and they shall have no further powers as Directors.

6.6 Removal. Any Director, other than a Director appointed by Declarant, may be removed, with or without cause, by the affirmative majority vote of the Members present and entitled to vote at any meeting of the Association at which a quorum is present. No removal of a Director is effective unless the matter of removal was included in the notice of the meeting. At such meeting, the Members shall elect a replacement Director to serve the remainder of the removed Director's term.

6.7 Resignation. Any Director may resign at any time by sending a written notice of resignation to the secretary of the Association. Unless otherwise specified in the resignation notice, a resignation shall take effect upon receipt of the notice by the secretary.

6.8 Vacancies. Vacancies on the Board caused by the death, resignation, or disqualification of a Director shall be filled by the affirmative majority vote of the remaining Directors, even if they constitute less than a quorum. Any Director so elected shall serve the remainder of the replaced Director's term. Vacancies on the Board caused by the removal of a Director pursuant to Section 6.6 above shall be filled in accordance with the procedures set forth in Section 6.6 above.

6.9 Compensation. No Director shall receive compensation for any service he or she may render to the Association. However, a Director may be reimbursed for his or her actual expenses reasonably incurred in the performance of his or her duties.

ARTICLE 7 MEETINGS OF THE BOARD

7.1 Annual Meetings. The Board shall meet at least annually within thirty (30) days after each annual meeting of the Association. At each annual meeting, in addition to the actions required by the Declaration, the treasurer shall present to the Board a report on the financial condition of the Association, including a report of receipts and disbursements for the preceding calendar year, the allocation thereof to each Lot, and the estimated receipts and expenses for the coming year.

7.2 Special Meetings. Special meetings of the Board may be called at any time by the president or two (2) Directors. Such meetings shall be scheduled by the secretary at least two (2) but not more than thirty (30) days after the secretary's receipt of a written request signed by the president or at least two (2) Directors; provided that if the purpose of a special meeting is to elect a successor secretary pursuant to Section 10.2 or to consider removal of the secretary pursuant to Section 10.5, such meeting may be scheduled by the president or, if the meeting is also for the purpose of electing a successor president or removing the president, any other Director.

7.3 Place of Meetings. Meetings of the Board shall be held at the principal office of the Association or at such other suitable and convenient place within Deschutes County, Oregon as may be designated from time to time by the Board. Notwithstanding the foregoing, but subject to any applicable limitations set forth in Section 7.6, meetings of the Board may be conducted by telephonic communication or by other means of communication that allows all Directors and other participants to hear each other simultaneously or otherwise to be able to communicate during the meeting.

7.4 Notice of Meetings. For other than emergency meetings, the secretary shall give written notice to each Director of each Board meeting at least three (3) but not more than thirty (30) days prior to the date set for such meeting, stating the purpose, time, and place of the meeting and given in accordance with the notice provisions set forth in Section 19.1. Notice of any meeting may be waived by a Director at any time. No Director who is present at a meeting may object to the adequacy or timeliness of the notice given. When a meeting is adjourned for fewer than thirty (30) days, whether or not a quorum is present at the adjourned meeting, no notice of the resumption or reconvening of such adjourned meeting need be given other than by announcement at the meeting at which such adjournment takes place.

7.5 Open Meetings. All meetings of the Board shall be open to the Members, except for matters allowed by law to be considered in executive session. Except in emergencies, the Board shall vote in an open meeting whether to meet in executive session. If the Board votes to meet in executive session, the president shall state the general nature of the action to be considered and when and under what circumstances the deliberations can be disclosed to the Members. The statement, motion, or decision to meet in executive session must be included in the minutes of the meeting. A contract or action considered in executive session does not become effective unless the Board, following the executive session, reconvenes in an open meeting and votes on the contract or action, which must be reasonably identified in the open meeting and included in the minutes.

7.6 Additional Meeting Requirements. If a majority of the Lots are principal residences of the Occupants, meetings of the Board are subject to the following additional requirements:

(a) For other than emergency meetings, notice of Board meetings shall be: (i) sent to the Members not less than ten (10) days before the meeting; (ii) posted at a place or places on the Property at least three (3) days prior to the meeting; or (iii) provided by another method reasonably calculated to inform the Members of the Board meeting.

(b) Emergency meetings of the Board may be held without notice, if the reason for the emergency is stated in the minutes of the meeting.

(c) Only emergency meetings of the Board may be conducted by telephonic communication or by other means of communication that allows all Directors and other participants to hear each other simultaneously or otherwise to be able to communicate during the meeting.

7.7 Quorum. The presence in person of a majority of the Directors shall constitute a quorum for voting at a Board meeting. The Board shall have the power to adjourn and reconvene a meeting in accordance with Section 7.4 above even if less than a quorum is present.

7.8 Voting by the Board. Each Director shall have one (1) vote. All voting rights of a Director shall be suspended during any period in which the Director, or the Member for which the Director serves in a representative or fiduciary capacity in accordance with Section 6.1 above, is delinquent in the payment of any assessment, charge or other amount duly established pursuant to the Declaration or is otherwise in default under the Declaration, these Bylaws or the Rules and Regulations. So long as a quorum is constituted, the vote of a majority of the Directors, present and entitled to vote, shall be a binding vote of the Board for all purposes, unless a greater percentage is required by the Declaration, these Bylaws or any other applicable law or regulation. A Director who is present at a meeting of the Board at which action is taken on any Association matter is presumed to have assented to the action taken unless the Director votes against the action or abstains from voting on the action because the Director claims a conflict of interest. When action is taken on any matter at a meeting of the Board, the vote or abstention of each Director present shall be recorded in the minutes of the meeting. The Directors may not vote by proxy or by secret ballot at Board meetings, except that the Directors may elect officers of the Association by secret ballot.

7.9 Rules of Order. Unless other rules of order are adopted by the Board, all meetings of the Board shall be conducted according to the latest edition of *Robert's Rules of Order*, published by Robert's Rules Association.

7.10 Action of Board Without a Meeting. Any action which applicable law, the Declaration or these Bylaws permit the Board to take at a meeting may be taken without a meeting if a written consent setting forth the action so taken is signed by all of the Directors entitled to vote on the matter. The consent, which shall have the same effect as a unanimous vote of the Board, shall be filed in the records of minutes of the Association.

ARTICLE 8 POWERS AND DUTIES OF THE BOARD

8.1 Powers. The Board shall have the power:

(i) To adopt and publish the Rules and Regulations governing the use of the Lots and Common Areas and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof;

(ii) To exercise for the Association all power, duties and authority vested in or delegated to the Association and not reserved for the Members by other provisions of these Bylaws, the Articles or the Declaration;

(iii) To declare the office of a Director to be vacant if the Director is absent from three (3) consecutive regular meetings of the Board without just cause having been furnished to and accepted by the Board;

(iv) To establish, disburse and maintain such funds as necessary to carry out the functions of the Association pursuant to these Bylaws, the Declaration and the Articles;

(v) Subject to any limitations contained in the Declaration, to engage the services of a manager, an independent contractor, or such employees as it deems necessary, and to prescribe the conditions, compensation and duties of their work. Such power shall include the authority to enter into management agreements with other parties to manage, operate or perform all or any part of the affairs and business of the Association;

(vi) To exercise those powers delegated to the Board under the Declaration and the Articles;

(vii) To exercise the powers of a nonprofit corporation pursuant to the Nonprofit Corporation Act and the powers of an Association pursuant to the Planned Community Act, as such laws may be amended from time to time; and

(viii) To exercise any additional or different powers necessary or desirable for the purpose of carrying out the functions of the Association pursuant to these Bylaws, the Declaration or the Articles or otherwise promoting the general benefit of the Members.

8.2 Duties. It shall be the duty of the Board:

(i) To cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Association or at any special meeting, when such statement is requested in writing by twenty-five percent (25%) of the votes of the Members who are entitled to vote;

(ii) To supervise all officers, agents and employees of the Association, and to see that their duties are properly performed;

(iii) To establish assessments and to assess the Members for the same, in accordance with the Declaration and these Bylaws;

(iv) To procure and maintain all insurance on behalf of the Association in accordance with the Declaration and these Bylaws;

(v) To cause all officers, employees or agents of the Association, having fiscal responsibility to be bonded, as it may deem appropriate;

(vi) To cause the Common Areas and Building Structures to be maintained in accordance with these Bylaws and the Declaration;

(vii) To maintain a current mailing list of the Members;

(viii) To conduct a reserve study, or review and update an existing study, at least annually, to determine the Association's reserve account requirements in accordance with the Declaration and the requirements of ORS 94.595;

(ix) To prepare a maintenance plan, or review and update an existing maintenance plan, at least annually, for the maintenance, repair and replacement of all property for which the Association has maintenance, repair or replacement responsibility under these Bylaws, the Declaration, the Planned Community Act, or any other applicable law or legal instrument in accordance with the requirements set forth in ORS 94.595;

(x) To annually adopt a budget for the Association with respect to the management and operation of the Property. The budget shall include funds to be allocated to the reserve fund pursuant to ORS 94.595. Within thirty (30) days after adopting the annual budget, the Board shall provide a summary of the annual budget to all Members;

(xi) To perform all duties of the Association and the Board as set forth in the Declaration, the Articles, or these Bylaws; and

(xii) In performing its duties, the Board shall be governed by ORS 94.640 and the applicable provisions of ORS 65.357, 65.361, 65.367, 65.369 and 65.377.

ARTICLE 9 COMMITTEES

9.1 Committees. In addition to the Architectural Review Committee as described in the Declaration, the Nominating Committee and the Transitional Advisory Committee (as defined in Section 9.3 below), the Board may appoint such additional committees as deemed appropriate in carrying out its purposes, which may include for example, but not by way of limitation, the following:

(a) A Recreation Committee to advise the Board on all matters pertaining to the recreational program and activities of the Association and to perform other such functions as the Board in its discretion determines;

(b) A Maintenance Committee to advise the Board on all matters pertaining to the maintenance, repair or replacement of the Common Areas and Building Structures and to perform such other functions as the Board in its discretion determines;

(c) A Publicity Committee to inform the Members of all activities and functions of the Association and, after consulting with the Board, to make such public releases and announcements as are in the best interest of the Association;

(d) An Audit Committee to supervise the audit of the Association's books, if any, and to approve the financial statements of the Association prepared in accordance with Section 12.3. The treasurer shall be an ex-officio member of this committee if formed; and

(e) A Traffic and Security Committee to enforce traffic rules of the community and supervise security watch programs.

9.2 Committee Function. It shall be a function of each committee to receive complaints from the Members on any matter involving Association duties and activities within its field of responsibility. It shall dispose of such complaints as it deems appropriate or refer them to such other committee, the Board or an officer of the Association as is further concerned with the matter presented.

9.3 Transitional Advisory Committee. Declarant or the Members shall form a transitional advisory committee (the "Transitional Advisory Committee") to provide for the transition of administrative responsibility for the Association from Declarant to the Members. Not later than the sixtieth (60th) day after Declarant has conveyed to the Members other than a successor Declarant, Lots representing fifty percent (50%) or more of the Lots in the Property, Declarant shall call a meeting of the Members for the purpose of selecting the Transitional Advisory Committee. The Transitional Advisory Committee shall consist of three (3) or more committee members. The Members, other than Declarant, shall select two (2) or more committee members. Declarant may select no more than one (1) committee member. The Transitional Advisory Committee shall have reasonable access to all information and documents that Declarant is required to turn over to the Association under ORS 94.616(3). If Declarant does not call a meeting of the Members for the purpose of selecting the Transitional Advisory Committee, any Member may do so. If the Members do not select committee members for the Transitional Advisory Committee, Declarant shall have no further obligation to form the Transitional Advisory Committee. The requirement

for a Transitional Advisory Committee shall not apply once the Turnover Meeting has been held.

ARTICLE 10 OFFICERS AND THEIR DUTIES

10.1 Enumeration and Qualification of Officers. The officers of the Association shall be a president, who shall at all times be a Director, a secretary, and a treasurer. All officers must be individuals. The officers need not be Members prior to the Turnover Meeting, but shall be Members after the Turnover Meeting; provided, however, if a corporation, limited liability company, partnership or trust owns a Lot or an interest in an entity that owns a Lot, then an officer, employee or agent of the corporation, member, manager, employee or agent of the limited liability company, partner, employee or agent of the partnership or trustee of the trust, as applicable, may serve as an officer. Additionally, an executor, administrator, guardian, conservator or other individual appointed by a court to serve in a fiduciary capacity for a Member, or an officer or employee of an entity if the appointee is an entity, may serve as an officer. Any individual wishing to serve as an officer in the capacity as a representative or fiduciary of a Member pursuant to this Section 10.1 shall provide the Board with documentation satisfactory to the Board that the individual is qualified to represent the Member in compliance with the requirements of this Section 10.1. Any officer serving in a representative or fiduciary capacity of a Member in accordance with this Section 10.1 shall be disqualified from serving as an officer and his or her office shall automatically be vacated if he or she no longer meets the requirements set forth in this Section 10.1.

10.2 Election of Officers. The officers shall be elected by the Board and shall hold office at the pleasure of the Board and until their successors are elected and qualified. If any office becomes vacant, the Board shall elect a successor to fulfill the unexpired term at a special meeting of the Board called for such purpose.

10.3 Term. The officers shall be elected annually by the Board and shall hold office for one (1) year unless an officer shall sooner resign, or shall be removed, or otherwise be disqualified to serve.

10.4 Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

10.5 Resignation and Removal. Any officer may be removed from office, with or without cause, by the Board and a successor may be elected at a special meeting of the Board called for such purpose. Any officer may resign at any time by giving notice to the Board, the president or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified in the resignation notice. Acceptance of the resignation shall not be necessary to make it effective.

10.6 Vacancies. A vacancy in any office may be filled by election at a special meeting of the Board called for such purpose. The officer elected to fill such vacancy shall serve for the remainder of the term of the officer he or she replaces.

10.7 Multiple Offices. The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 10.4 above.

10.8 Duties. The duties of the officers are as follows:

(a) President. The president shall be a Director and shall preside at all meetings of the Board, shall see that orders and resolutions of the Board are carried out, shall sign all leases, mortgages, deeds, and other written instruments and shall co-sign (together with the treasurer) all checks in an amount over Five Thousand Dollars (\$5,000), payment vouchers, and promissory notes of the Association.

(b) Secretary. The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Association, keep the corporate seal of the Association and affix it on all papers requiring said seal, serve notice of meetings of the Board and of the Association, keep appropriate current records identifying the Members together with their addresses, and shall perform such other duties as required by the Board.

(d) Treasurer. The treasurer shall be responsible for Association funds and shall keep full and accurate financial records and books of account sufficient for proper accounting purposes showing all receipts and disbursements necessary for the preparation of all financial data and tax returns. The treasurer shall be responsible for the deposit of all Association funds in appropriate bank accounts as designated by the Board, and shall disburse Association funds for such purposes as may be permitted under these Bylaws or the Declaration. The treasurer may execute payment vouchers and sign checks in the amount of Five Thousand Dollars (\$5,000) or less. The treasurer shall co-sign (together with the president) all checks in an amount over Five Thousand Dollars (\$5,000). The treasurer shall perform all other duties incident to the office of the treasurer of a corporation or as may be directed by the Board.

10.9 Check-Signing Authority. The officers may delegate the signing of checks in an amount of Five Thousand Dollars (\$5,000) or less to a professional property manager, if the Association has a contract with such property manager for professional management of the Association. Otherwise, all checks in an amount of Five Thousand Dollars (\$5,000) or less shall be signed by the president or treasurer. All checks exceeding Five Thousand Dollars (\$5,000) shall be signed by both the president and treasurer.

10.10 Compensation. Other than reimbursement of out-of-pocket expenses incurred on behalf of the Association, no officer of the Association shall receive any compensation from the Association for acting as an Officer.

10.11 Suspension of Powers and Duties. All powers and duties of an officer shall be suspended during any period in which the officer, or the Member for which the officer serves in a representative or fiduciary capacity in accordance with Section 10.1 above, is delinquent in the payment of any amount duly established pursuant to the Declaration or is otherwise in default under the Declaration, these Bylaws or the Rules and Regulations.

ARTICLE 11 ASSESSMENTS

The Association shall levy, collect, and enforce the payment of assessments in accordance with Article 10 of the Declaration and other relevant provisions of the Declaration. The amount of the annual assessments shall be based on an annual budget adopted by the Board after consideration of the current and future maintenance, repair and replacement costs and other needs of the Association. The Board shall have the authority to amend the budget and adjust the amount of the regular annual assessments during any assessment period upon not less than thirty (30) days written notice to the Members. Additionally, the Board may increase the amount of the regular annual assessments from year to year based on the needs of the Association.

ARTICLE 12 BOOKS AND RECORDS

12.1 Books and Records. The books and records of the Association required to be maintained by the Planned Community Act (except for those items which are exempt from disclosure under ORS 94.670) shall at all times, during reasonable business hours, be subject to inspection by any Member. The Articles, the Declaration and these Bylaws shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable cost.

12.2 Financial Records. The Association shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of the Board and committees having any of the authority of the Board and shall keep at its registered or principal office a record giving the names and addresses of the Directors. All books and records of the Association may be inspected by any Member or Director, or his or her agent or attorney, for any proper purpose at any reasonable time (except for those items which otherwise may be exempt from disclosure under ORS 94.670).

12.3 Financial Statements. Within ninety (90) days after the end of each fiscal year, the Board shall distribute to each Member and, upon request, any mortgagee of a Lot, a copy of the annual financial statement of the Association, consisting of a balance sheet and income and expense statement for the preceding fiscal year. Additionally, if the annual assessments of the Association exceed Seventy-Five Thousand Dollars (\$75,000) for the year (or such other thresholds as may be established by Oregon law from time to time), then the Board shall cause such financial statements to be reviewed within one hundred eighty (180) days after the end of the fiscal year by an independent certified public accountant licensed in Oregon in accordance with the Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants, *provided, however*, the Board need not cause such a review to be performed if so directed by an affirmative vote of at least sixty percent (60%) of the Members, not including votes of Declarant with respect to Lots owned by Declarant. If the annual assessments of the Association are Seventy-Five Thousand Dollars (\$75,000) or less (or such other thresholds as may be established by Oregon law from time to time), then the Board shall cause such review to be performed within one hundred eighty (180) days after receipt of a petition requesting such review signed by at least a majority of Members. The terms of this Section 12.3 are intended to comply with the requirements of ORS 94.670, as the same may be amended and/or supplemented from time to time, and all other applicable Oregon laws and shall be deemed modified, as applicable, to comply therewith.

12.4 Tax Returns. The Board shall cause to be filed the necessary income tax returns for the Association.

12.5 Statement of Assessments. The Association shall provide, within ten (10) business days of receipt of a written request from a Member, a written statement that provides (i) the amount of assessments due from the Member and unpaid at the time the request was received, such as regular and special assessments, fines, accrued interest, late payment charges and other charges, (ii) the percentage rate at which interest accrues on unpaid assessments and (iii) the percentage rate or fixed charge for late payments. The Association need not provide the amount of assessments due as provided herein (i) if the Association has commenced litigation by filing a complaint against the Member and (ii) the litigation is pending when the statement would otherwise be due.

**ARTICLE 13
FISCAL YEAR**

The fiscal year of the Association shall begin on the first (1st) day of January and end on the thirty-first (31st) day of December of every year, except that the first fiscal year shall begin on the date of incorporation of the Association.

**ARTICLE 14
INSURANCE**

The Board shall obtain and maintain in effect on behalf of the Association the insurance required by the Declaration. At least annually, the Board shall review the insurance coverage of the Association. Each Member shall obtain and maintain in effect the insurance required to be maintained by the Members under the Declaration.

**ARTICLE 15
RULES AND REGULATIONS**

The Board shall have power to adopt and publish Rules and Regulations governing the conduct of persons and the operation and use of the Lots and Common Areas as it may deem necessary or appropriate to assure the peaceful and orderly use and enjoyment of the Property, and to establish penalties for any violation thereof. The Rules and Regulations may be adopted upon a majority vote of the Board at a meeting called for such purpose. Upon the adoption of any Rules and Regulations, the Board shall cause copies thereof to be sent to each Member in accordance with the notice provisions of Section 19.1. All Rules and Regulations adopted by the Board shall be binding on the Members and all other Occupants of the Lots on the date that a copy of the adopted Rules and Regulations is sent to the Members as provided herein. Rules and Regulations which conflict with these Bylaws or the Declaration shall be null and void.

**ARTICLE 16
SHARES OF STOCK AND DIVIDENDS PROHIBITED**

The Association shall not have or issue shares of stock. No dividends shall be paid and no part of the income of the Association shall be distributed to the Directors or any officers of the Association, or to the Members. Notwithstanding the foregoing, the Association may reimburse the Directors and officers of the Association for certain out-of-pocket expenses incurred on behalf of the Association as provided elsewhere in these Bylaws, but the Directors and officers shall not be entitled to any other form of compensation.

**ARTICLE 17
LOANS TO DIRECTORS AND OFFICERS PROHIBITED**

17.1 No Loans to Directors or Officers. The Association shall not make any loans to the Directors or any officers of the Association. Any Directors who vote for or assent to the making of a loan to a Director or an officer, and any officer(s) participating in the making of such loan, shall be jointly and severally liable to the Association for the amount of such loan until the repayment thereof.

17.2 Contribution; Subrogation. Any Director against whom a claim is asserted under or pursuant to this Article 17 shall be entitled to contribution from the other Directors who voted for the action upon which the claim is asserted. To the extent that any Director

is required to pay such claim, he or she shall be subrogated to the rights of the Association against the debtor on the loan.

ARTICLE 18 TRANSFER OF CONTROL; TURNOVER MEETING

18.1 Turnover Meeting. Declarant shall call the Turnover Meeting on a date that is not later than ninety (90) days of the sale of the last Lot from Declarant to a third party. Declarant shall give notice of Turnover Meeting to each Member in accordance with Section 5.5 above. The notice shall state the time and place at which the Turnover Meeting is to be held and the purpose of the Turnover Meeting, which shall be the relinquishment by Declarant of control of the administration of the Association and the election of new Directors by the Members. If Declarant does not call the Turnover Meeting required by this Section 18.1 within the required period, any Member may call the Turnover Meeting and give notice of the Turnover Meeting as required by this Section 18.1. At the Turnover Meeting: (a) Declarant shall relinquish control of the administration of the Association and the Members shall assume the control thereof; (b) the Directors then serving shall resign and, if a quorum of the Members is present, the Members shall elect new Directors in accordance with these Bylaws; and (c) Declarant shall deliver to the Association the books, records, and other materials belonging to the Association that are in Declarant's control.

18.2 Estoppel Certificate. Within ninety (90) days after the date of the Turnover Meeting, the Board shall execute, acknowledge and deliver to Declarant on behalf of the Association and its Members a certificate certifying that Declarant has fulfilled all of its obligations under these Bylaws, the Declaration, the Planned Community Act and any other applicable law, or if the Board believes that Declarant has not fulfilled certain obligations, specifying those obligations which the Board believes Declarant has not fulfilled. If the Board fails to deliver the certificate within ninety (90) days following the date of the Turnover Meeting, then Declarant shall be deemed to have fulfilled all such obligations.

ARTICLE 19 NOTICES

19.1 Notices. All notices to the Association or to the Board shall be sent care of the manager of the Association, or if there is no manager, to the principal office of the Association or to such other address as the Board may designate from time to time. All notices to any Member or individual Director shall be sent to such address as may have been designated by such Member or Director from time to time, in writing, to the Board, or, if no address has been designated, then to the Member's or Director's Lot. All notices shall be sent by: (i) messenger service (or hand delivery); (ii) overnight courier service; or (iii) regular U.S. Mail. Notwithstanding the foregoing, in the discretion of the Board, any notice, information or other written material required to be given to a Member or Director under these Bylaws or pursuant to the Planned Community Act, may be given by electronic mail, facsimile or other form of electronic communication acceptable to the Board, provided that electronic mail, facsimile or other form of electronic communication may not be used to notify a Member of: (i) the failure to pay an assessment; (ii) the foreclosure of an Association lien under ORS 94.709; or (iii) an action the Association may take against the Member. Additionally, an Owner or Director may decline to receive notice by electronic mail, facsimile or other form of electronic communication and may direct the Board in writing to provide notice in any other manner permitted under these Bylaws or the Planned Community Act. Notices shall be deemed given on the date the notices are sent in accordance with the procedures outlined herein.

19.2 Waiver. Whenever any notice is required to be given under the provisions of the Articles, the Declaration, these Bylaws or any applicable law or statute, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE 20 AMENDMENTS

20.1 How Proposed. Amendments to these Bylaws shall be proposed by either a majority of the Board or by the Members holding at least thirty percent (30%) of the voting rights entitled to be cast for such amendment. The proposed amendment must be reduced to writing and shall be included in the notice of any meeting at which action is to be taken thereon or be attached to any request for consent to the amendment.

20.2 Adoption.

(a) A proposed amendment to these Bylaws must be approved by the Members holding a majority of the voting rights of the Members present, either in person, by proxy or by absentee ballot (if permitted by the Board), at a meeting of the Association at which a quorum is established of by written ballot in accordance with Section 5.10. Any amendment or repeal of any provision of these Bylaws that is also contained in the Declaration must be approved by the same voting requirement for amendment of such provision of the Declaration.

(b) Notwithstanding the provisions of the subparagraph (a) above, until the Turnover Meeting has occurred, Declarant shall have the right to amend these Bylaws in order to comply with the requirements of the Federal Housing Administration, the United States Department of Veterans Affairs, the Farmers Home 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 corporation wholly owned, directly or indirectly, by the United States or the State of Oregon that insures, guarantees or provides financing for a planned community or lots in a planned community. After the Turnover Meeting, any such amendment shall be approved in accordance with subparagraph (a) above.

20.3 Execution and Recording. An amendment to these Bylaws shall not be effective until certified by the president and secretary of the Association as being adopted in accordance with this Article 20 and ORS 94.625, and acknowledged and recorded in the official records of Deschutes County, Oregon.

ARTICLE 21 DISPUTE RESOLUTION

Before initiating litigation or an administrative proceeding in which the Association and a Member have an adversarial relationship, the party that intends to initiate litigation or an administrative proceeding shall offer to resolve the problem through a dispute resolution program pursuant to ORS 94.630(4), if applicable.

ARTICLE 22
CONFLICTS AND PARTIAL INVALIDITY

22.1 Conflicts. These Bylaws are intended to comply with applicable law, the Declaration and the Articles. In the case of any irreconcilable conflict, applicable law, the Declaration and the Articles shall control over these Bylaws and any Rules and Regulations adopted hereunder.

22.2 Partial Invalidity. The invalidation of any one of the provisions of these Bylaws by judgment or court order shall not affect any other provisions of these Bylaws, which shall remain in full force and effect.

ARTICLE 23
DISSOLUTION

Upon dissolution of the Association, voluntarily or otherwise, it shall automatically be succeeded by an unincorporated association of the same name and having the same purposes. All assets, property, powers, and obligations of the Association existing prior to dissolution shall thereupon automatically vest in the successor unincorporated association.

ARTICLE 24
STATUTORY REFERENCES

Any reference in these Bylaws to a specific act or section of the Oregon Revised Statutes shall mean such act or section as it is constituted at the time of execution of these Bylaws and as it may hereafter be amended, added to or otherwise changed, and it shall also include any applicable successor provision or any other provision of similar purpose which may hereafter become applicable.

ARTICLE 25
APPROVAL

By execution of these Bylaws, the president and secretary of the Association hereby certify that these Bylaws were approved and adopted in accordance with the Bylaws of Tuscany Pines Phase I Homeowners Association attached as Exhibit C to the Declaration and ORS 94.625 and may be executed and recorded in accordance with ORS 94.625.

*(Remainder of Page Intentionally Left Blank;
Signature Page Follows)*

The Association has executed these Bylaws effective as of this __ day of December 2012.

ASSOCIATION: TUSCANY PINES PHASE 1
HOMEOWNERS ASSOCIATION,
an Oregon nonprofit corporation

By: Jonathan Brodeur
Jon Brodeur, President

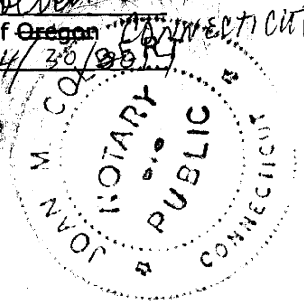
By: AJ Kitt
AJ Kitt, Secretary

CT
STATE OF OREGON)

COUNTY OF HARTFORD) ss. BRUST

The foregoing instrument was acknowledged before me the 2ND day of JANUARY 2013 ~~2012~~, by Jon Brodeur ~~and AJ Kitt~~, as President ~~and Secretary~~ respectively, of Tuscany Pines Phase 1 Homeowners Association, an Oregon nonprofit corporation, on behalf of said nonprofit corporation.

Joan M. Colbert
Notary Public for the State of Oregon
My Commission Expires: 4/30/2014



The Association has executed these Bylaws effective as of this 31 day of December 2012.

ASSOCIATION:

TUSCANY PINES PHASE 1
HOMEOWNERS ASSOCIATION,
an Oregon nonprofit corporation

By: [Signature]
Jon Brodeur, President

By: [Signature]
AJ Kitt, Secretary

Connecticut
STATE OF ~~OREGON~~)
COUNTY OF Middlesex) ss.

The foregoing instrument was acknowledged before me the 20th day of December 2012, by Jon Brodeur and AJ Kitt, as President and Secretary, respectively, of Tuscany Pines Phase 1 Homeowners Association, an Oregon nonprofit corporation, on behalf of said nonprofit corporation.

[Signature]
Notary Public for the State of ~~Oregon~~ Connecticut
My Commission Expires: 8/15/15

ACKNOWLEDGEMENT

STATE OF OREGON
COUNTY OF HOOD RIVER)

On this 31st day of DECEMBER, 2012 before me, the undersigned Notary Public, personally appeared AJ Kitt, as Secretary of Tuscany Pines Phase 1 Homeowners Association, an Oregon nonprofit corporation, on behalf of said nonprofit corporation.

Beverly G Nanez

Notary Public in and for the State of OREGON

My commission expires: 11/08/2014

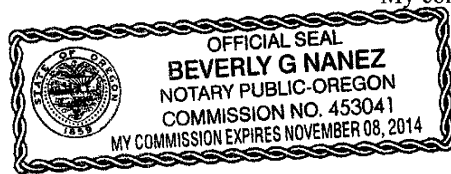


EXHIBIT C

AMENDED AND RESTATED CLUBHOUSE LICENSE AGREEMENT

This Amended and Restated Clubhouse License Agreement (this "Amended Agreement") is made, effective as of the 17th day of December 2012, by and between Tuscany Pines Phase I Homeowners Association, an Oregon nonprofit corporation ("Licensor"), as owner of certain real property being legally described as:

TRACTS A, B, C, D and E and private roads, Tuscany Pines
Phase I, City of Bend, Deschutes County, Oregon.

The foregoing property is hereinafter referred to as the "License
Area";

and

COTD I, LLC, an Oregon limited liability company; COTD II, LLC, an Oregon limited liability company; COTD III, LLC, an Oregon limited liability company; and COTD IV, LLC, an Oregon limited liability company (collectively, the "Licensee") as the owner of that certain real property being legally described as:

Tracts 2, Norwood Addition, City of Bend, Deschutes County,
Oregon.

EXCEPTING THEREFROM that portion Platted as Tuscany Pines
Phase I, City of Bend, Deschutes County, Oregon,

ALSO EXCEPTING THEREFROM that portion conveyed to the
public by Dedication Deed recorded October 9, 2007 as
Document No. 2007-54183, Deschutes County Records.

The foregoing is hereinafter referred to as the "Benefited
Property."

Licensor and Licensee or their predecessors-in-interest previously entered into that certain Clubhouse License Agreement dated effective as of August 14, 2009 and recorded in the real property records of Deschutes County, Oregon at 2009-35481 (the "Original Agreement"). The parties now desire to amend and restate the Original Agreement in its entirety. Accordingly, upon full execution and recordation of this Amended Agreement, the terms of this Amended Agreement shall supersede the Original Agreement in its entirety, and the Original Agreement shall be of no further force or effect.

SECTION ONE GRANT OF PERMISSION

The Benefited Property may be subdivided into residential lots and/or townhome lots, which may or may not be known as Tuscany Pines Phase II. In consideration of Licensee's promises contained in this Amended Agreement, Licensor hereby grants Licensee the right to issue up to a maximum of fifty-four (54) "Clubhouse Memberships" to the owners or tenants of individual lots located within the Benefited Property. A "Clubhouse Membership" or "Membership" shall allow the holder (each, a "Member") to use Licensor's Clubhouse as

described herein for exercising, swimming, meeting, entertainment and for incidental purposes related to such purposes. The Membership shall also allow the holder to use other portions of the License Area for access and parking purposes incidental to use of the Clubhouse; provided, however, such right shall not allow the holder to use any portion of the License Area for any purpose for which it was not intended. Each Membership shall be held and used on the terms and conditions set forth in this Amended Agreement and upon compliance with all of Licensor's Rules and Regulations pertaining to the use of the Clubhouse; provided, however, except as provided herein, Licensor's Rules and Regulations must be identical and equally applicable to and for members of Licensor and to holders of Memberships pursuant to this Amended Agreement.

The parties agree that the rights granted herein shall be deemed a restriction on the use of the Clubhouse as a Common Area of Tuscany Pines - -Phase I being legally described as:

Lots 1 through 45, inclusive, Tuscany Pines, Phase I, City of Bend, Deschutes County, Oregon.

SECTION TWO MEMBERSHIP

Except as otherwise provided herein, Membership is limited to individual households located within the Benefited Property. Each household with a Membership shall be considered to be one Member and all residents of the Member household may use the Clubhouse. For purposes of this Amended Agreement a household shall not consist of more than six (6) individuals. If a household consists of more than six individuals and if a Membership is available, then Licensee may grant another Membership to the additional individuals.

The granting or denial of Memberships, and the terms and cost, if any, on which they are granted by Licensee shall be within Licensee sole discretion, subject to the terms of this Amended Agreement. Individual Memberships may be resigned by a Member and revoked, for cause, by Licensee or Licensor. Licensor shall have no right to revoke Licensee's rights to grant Memberships under this Amended Agreement. Each Membership shall expire at the end of each calendar year, subject to the right of Licensee to grant the holder a new one-year Membership for each following year.

Licensee shall at all times provide Licensor with an updated list of all Memberships. The holders of each Membership shall pay dues directly to Licensor. Licensee shall not at any time grant more than fifty-four (54) Memberships. To the extent that Licensee has not issued fifty-four (54) Memberships at any given time, then Licensor shall have the right to sell any unissued Memberships to the general public; provided, such Memberships are issued on a revocable basis, permitting revocation upon thirty (30) days notice. If and when Licensee issues any additional Membership(s), Licensor shall promptly revoke the same number of "public" Memberships. In other words, Memberships sold to non-residents of the Benefited Property shall be revoked and cancelled to afford preferential treatment to residents within the Benefited Property.

Memberships in good standing in the immediately preceding calendar year shall be given priority for continuing Membership in the current year in accordance with rules and procedures as determined by Licensor.

Membership in the Clubhouse shall not be transferable except by Licensee.

SECTION THREE DESCRIPTION OF CLUBHOUSE

The Clubhouse of Licensors is an approximately 4100 square foot structure with a spa and fitness center, meeting rooms, guest entertainment room, trophy kitchen, and an outdoor private swimming pool located in Tuscany Pines — Phase I, Tract A.

SECTION FOUR ACCESS TO CLUBHOUSE

Licensors shall permit Licensee's Membership holders in good standing to enjoy free and unobstructed access to and egress from the above-described Clubhouse during normal operating hours, provided that Licensors's posted or published Rules & Regulations (as the same may from time-to-time be amended) are observed.

SECTION FIVE PERIODIC PAYMENTS

Each Member shall pay Licensors dues as described in this Section 5. The dues shall be calculated as follows: Not later than December 1 of each calendar year, Licensors shall estimate the reasonable annual cost of the maintenance, repair, insurance and operation of the Clubhouse for the following calendar year, including reasonable administrative and accounting/bookkeeping costs and reserves (the "Estimated Costs"). Licensors shall then divide this number by the total number of users of the Clubhouse (which shall include the 45 members of Licensors and the total number of Memberships then issued by Licensee or Licensors, as applicable, and outstanding). The quotient shall then be divided by 12 and multiplied by a factor of 1.3 to determine the monthly dues for each holder of a Membership (whether issued by Licensee or Licensors).

Through this calculation, Members will pay more for use of the Clubhouse than residents of Tuscany Pines — Phase I, partly in recognition that Members will use other portions of the License Area, such as roads and parking areas, and that the number of Memberships is likely to fluctuate from time to time.

Licensors shall recalculate the dues if and when the number of Memberships outstanding changes by more than three (3) from the date of the last calculation.

Not later than February 15 of each calendar year, Licensors shall calculate the actual, reasonable annual cost of the maintenance, repair, insurance and operation of the Clubhouse for the prior calendar year, including reasonable administrative and accounting/bookkeeping costs and reserves (the "Actual Costs"). If the Actual Costs are less than the Estimated Costs, then each Member shall receive a credit against future dues in the amount of his or her overpayment. If the Actual Costs are more than the Estimated Costs, then each Member shall pay his or her shortfall within thirty (30) days of receipt of an invoice for the same from Licensors.

Dues shall be payable on the first day of each month in advance.

The obligation to make payments for dues is not dependent on the availability of all the Clubhouse's facilities. Special engagements, repairs, and maintenance of the Clubhouse may make it necessary for restricted use of, or close of, one or more of the Clubhouse amenities. Licensors shall not discriminate against Members in the use or closing of the

Clubhouse. Dues will not be reduced or suspended during the time one or more of the Clubhouse amenities are not available.

SECTION SIX PERMISSION EXCLUSIVE

The permission granted by Licensor to Licensee under this Amended Agreement is non-exclusive to Licensee. Licensee and Members agree that the Clubhouse will also be used by the residents and guests of Tuscany Pines - - Phase I.

SECTION SEVEN PRIVILEGE NOT ASSIGNABLE

Except as provided herein, Licensee's privileges under this Amended Agreement shall not be assignable by Licensee in whole or in part. Notwithstanding the foregoing, Licensee shall have the right to assign its rights and obligations under this Amended Agreement to any owners' association established in connection with the development of any portion of the Benefited Property.

SECTION EIGHT NO COMMERCIAL USE OR NUISANCE

Licensee and Licensee's Membership holders shall not use the above-described Clubhouse for commercial purposes, and shall not perform or permit any of Licensee's or Licensee's Membership holder's guests, invitees, or licensees to perform any disorderly conduct or commit any nuisance on such property or to use such property in any way so as to interfere with the exercise by other Membership holders or Tuscany Pines - - Phase I homeowners of privileges that they may have to use the Clubhouse.

Licensee and Licensee's Membership holders shall not keep as a guest, invitee, or Licensee any person whose behavior is objectionable, as determined in the reasonable discretion of Licensor's representative in charge of the Clubhouse.

SECTION NINE INDEMNIFICATION

Licensee's Membership holders shall exercise their privileges under and pursuant to this Amended Agreement at his or her own risk, and, irrespective of any negligence of Licensor, the Membership holders shall indemnify and hold Licensor harmless from and against any and all liability for damages, costs, losses, and expenses resulting from, arising out of, or in any way connected with, the occupation or use of the above-described Clubhouse by the Membership holder, or the licensees, invitees, or guests of a Membership holder, or the failure on the part of any other Membership holder to perform any or all promises contained in this Amended Agreement. This hold harmless and indemnification provision shall be broadly and liberally construed to the fullest extent permitted by law so that Licensor shall have no liability of any nature to the Membership holder, or the Licensees, invitees, or guests of a Membership holder.

SECTION TEN TERMINATION

Licensor reserves the right to terminate any Membership issued by Licensee under this Amended Agreement at any time by giving the Membership Unit holder at least thirty

(30) days written notice of such termination. Termination shall be based on reasonable cause.

In the event the Member receiving notice of termination disputes the existence of "reasonable cause", then said Member may request and be heard by the Board of Directors of Licensor, whose decision will be final and from which no appeal can be taken.

SECTION ELEVEN LICENSOR'S TITLE

Licensee acknowledges the legal title of Licensor to the above-described Clubhouse and agrees never to deny such title or to claim title in Licensee's name.

SECTION TWELVE NOTICE

Any notice provided for or concerning this Amended Agreement shall be in writing and be deemed sufficiently given when sent by certified or registered mail if sent to the respective address of the Membership holder.

SECTION THIRTEEN TIME IS OF THE ESSENCE

It is specifically declared and agreed that time is of the essence of this Amended Agreement.

SECTION FOURTEEN GOVERNING LAW

It is agreed that this Amended Agreement shall be governed by, construed, and enforced in accordance with the laws of the State of Oregon.

SECTION FIFTEEN NO WAIVER

The failure of either party to this Amended Agreement to insist upon the performance of any of the terms and conditions of this Amended Agreement, or the waiver of any breach of any of the terms and conditions of this Amended Agreement, shall not be construed as thereafter waiving any such terms and conditions, but the same shall continue and remain in full force and effect as if no such forbearance or waiver had occurred.

SECTION SIXTEEN ATTORNEY'S FEES AND COSTS

In the event that any action is filed in relation to this Amended Agreement, the unsuccessful party in the action shall pay to the successful party, in addition to all the sums that either party may be called on to pay, a reasonable sum for the successful party's attorney's fees and costs.

**SECTION SEVENTEEN
EFFECT OF PARTIAL INVALIDITY**

The invalidity of any portion of this Amended Agreement will not and shall not be deemed to affect the validity of any other provision. In the event that any provision of this Amended Agreement is held to be invalid, the parties agree that the remaining provisions shall be deemed to be in full force and effect as if they had been executed by both parties subsequent to the expungement of the invalid provision.

**SECTION EIGHTEEN
LICENSE DEEMED APPURTENANT TO THE LAND**

The rights granted herein shall be deemed appurtenant to and shall run with the land and shall not be deemed personal rights. This Amended Agreement shall be binding upon and inure to the benefit of the parties, their heirs, successors and assigns. The provisions of this Amended Agreement shall be covenants deemed to run with the land and the respective estates described herein above.

**SECTION NINETEEN
DURATION**

The rights granted herein shall be deemed perpetual. The rights granted herein shall continue for so long as the Clubhouse is available for utilization for the aforementioned Clubhouse purposes. No voluntary act by the Licensor shall be asserted as a basis for the termination of the perpetual rights granted herein.

**SECTION TWENTY
MODIFICATION OF AGREEMENT**

Any modification of this Amended Agreement or additional obligation assumed by either party in connection with this Amended Agreement shall be binding only if evidenced in writing signed by each party or an authorized representative of each party.

**SECTION TWENTY-ONE
ENTIRE AGREEMENT**

This Amended Agreement shall constitute the entire Agreement between the parties and any prior understanding or representation of any kind preceding the date of this Amended Agreement shall not be binding upon either party except to the extent incorporated in this Amended Agreement.

Dated this 26th day of December 2012.

LICENSOR:

TUSCANY PINES PHASE I
HOMEOWNERS ASSOCIATION,
an Oregon nonprofit corporation

By: Jon Brodeur
Name: Jon Brodeur
Title: President

STATE OF ~~OREGON~~ Connecticut)
) ss.
COUNTY OF Middlesex)

On this day, personally appeared before me Jon Brodeur, known to me to be the individual named herein and who executed the within and foregoing Second Restated and Amended Declaration in his representative capacity as President of the Tuscany Pines Phase I Homeowners Association, an Oregon nonprofit corporation, as the official act and deed of said nonprofit corporation for the uses and purposes stated therein.

DATED this 26th day of December 2012.

Michelle Santos
Print Name: Michelle Santos
Notary Public in and for the
State of Connecticut
Residing at Westbrook, CT
My commission expires: 8/15/15

LICENSEE

COTD I, LLC,
an Oregon limited liability company

By: Jon Brodeur
Name: Jon Brodeur Manager

COTD III, LLC,
an Oregon limited liability company

By: Jon Brodeur
Name: Jon Brodeur Manager

STATE OF OREGON)
) ss.
COUNTY OF HOOD RIVER)

COTD II, LLC,
an Oregon limited liability company

By: Jon Brodeur
Name: Jon Brodeur Manager

COTD IV, LLC,
an Oregon limited liability company

By: Jon Brodeur
Name: Jon Brodeur Manager

On this day, personally appeared before me Jon Brodeur, known to me to be the individual named herein and who executed the within and foregoing Second Restated and Amended Declaration in his representative capacity as Manager for COTD I, LLC, COTD II, LLC, COTD III, LLC and COTD IV, LLC as the official act and deed of said limited liability companies for the uses and purposes stated therein.

GIVEN MY HAND AND OFFICIAL SEAL this 26th day of December 2012.

Michelle Santos
Name: Michelle Santos
NOTARY PUBLIC in and for the State of Oregon
My commission expires: 8/15/15