

85-13064

0098-0754

DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR VACATION RESORT OWNERSHIP
EAGLE CREST

THIS DECLARATION made this 24th day of June, 1985, by EAGLE CREST PARTNERS LTD., an Oregon limited partnership ("Declarant") is as follows:

RECITALS

A. Declarant is the owner of certain real property (the "Subject Property") located in Deschutes County, State of Oregon, as more particularly described in Exhibit A attached hereto and made a part hereof. The Subject Property, known as Eagle Crest Vacation Resort Ownership Project (the "Project") will consist of 9 lots each of which is hereinafter referred to individually as a "Lot" and collectively as "Lots") and several easements. 5 Lots shall each be improved with 4 dwelling units ("Units"), which Units are more particularly described in Exhibit B attached hereto and made a part hereof. One Lot shall be improved with an outdoor swimming pool, a structure containing 3 racquetball courts and two indoor tennis courts. One Lot shall be improved with two outdoor tennis courts. One Lot shall comprise a road system. One Lot shall comprise open space.

B. Declarant is the record owner of certain real property adjacent to the Subject Property (the "Annexable Property"). The Subject Property and the Annexable Property, if annexed, are hereinafter collectively referred to as the "Property". The Annexable Property is more particularly described in Exhibit C attached hereto and made a part hereof.

C. Declarant intends to convey Vacation Resort Ownership Intervals ("Intervals") in the Vacation Resort Ownership Units", providing in the "Original Deeds" thereof that the grantees named therein shall have certain defined rights to occupy a Vacation Resort Ownership Unit and to use the "Common Areas" and the "Common Furnishings" during certain specified time periods and reserving to Declarant and its respective successors and assigns the exclusive right to occupy the Property, the Units, the Vacation Resort Ownership Units and to use the Common Areas and the Common Furnishings during all other periods of time, subject to the declarations, limitations, covenants, conditions and restrictions set forth in this Declaration and in the

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B. Declarant is the record owner of certain real property adjacent to the Subject Property (the "Annexable Property"). The Subject Property and the Annexable Property, if annexed, are hereinafter collectively referred to as the "Property". The Annexable Property is more particularly described in Exhibit C attached hereto and made a part hereof.

C. Declarant intends to convey Vacation Resort Ownership Intervals ("Intervals") in the Vacation Resort Ownership Units", providing in the "Original Deeds" thereof that the grantees named therein shall have certain defined rights to occupy a Vacation Resort Ownership Unit and to use the "Common Areas" and the "Common Furnishings" during certain specified time periods and reserving to Declarant and its respective successors and assigns the exclusive right to occupy the Property, the Units, the Vacation Resort Ownership Units and to use the Common Areas and the Common Furnishings during all other periods of time, subject to the declarations, limitations, covenants, conditions and restrictions set forth in this Declaration and in the "Association Policies and Procedures" (as the preceding quoted terms are hereinafter defined).

D. By this Declaration, Declarant intends to establish a common plan for the use, enjoyment, repair, maintenance, restoration and improvement of the Property and the interests therein conveyed or reserved, and for the payment of taxes, assessments, insurance premiums and other expenses pertaining thereto.

NOW, THEREFORE, in furtherance of such intent, Declarant hereby declares that the Property shall be held, conveyed, hypothecated, mortgaged, encumbered, leased, rented, used, occupied and improved subject to the following easements, covenants, conditions and restrictions set forth in this Declaration, as this Declaration may be amended from time to time, and subject to the Association Policies and Procedures, all of which easements, covenants, conditions and restrictions and the Association Policies and Procedures are declared to be in furtherance of a plan established for the purpose of enhancing and perfecting the value, desirability and enjoyment of the Property, and the interest or interests therein to be conveyed or reserved. All such easements, covenants, conditions and restrictions and Association Policies and Procedures shall constitute covenants running with the land and equitable servitudes and liens, and shall be binding upon and for the benefit of Declarant, and each such interest conveyed, to wit, each Interval, and shall be binding upon and for the benefit of all parties having or acquiring any right, title, interest or estate in the Property, including, but not limited to, the heirs, executors, administrators and assigns of any such parties and all subsequent owners and lessees of all or any part of the Property.

**ARTICLE I
DEFINITIONS**

As used herein, the following terms shall have the following meanings:

1.1 **"Annexable Property"** means that certain real property adjacent to the Subject Property upon which additional Units and common facilities may be constructed. The Annexable Property is described in Exhibit C attached hereto but shall not be subject to the terms hereof unless annexed hereto as provided in

Article VIII hereof.

1.2 **"Annexation Date"** means the date of any annexation pursuant to Article VIII hereof.

1.3 **"Annexed Units"** means subsequent to the annexation of the Annexable Property pursuant to the provisions of Article VIII hereof, the Units located upon that portion of the Annexable Property annexed and identified in the Declaration of Annexation recorded with respect thereto.

1.4 **"Annual Report"** means a report to Owners comprising (a) a balance sheet relating to the Association as of the last day of a Fiscal Year, (b) an operating statement for such Fiscal Year, (c) a statement of the net changes in financial position of the Project and the Association for such Fiscal Year, and (d) a list of the names, mailing addresses and telephone numbers of the members of the Board.

1.5 **"Articles"** means the Articles of Incorporation of the Eagle Crest Vacation Resort Owners Association, which are, or shall be, filed in the Office of the Secretary of State of Oregon as said Articles may be amended from time to time.

1.6 **"Assessments"** means, collectively, the Basic Assessment, Special Assessment and Reconstruction Assessment.

1.7 **"Assigned Unit"** means any Vacation Resort Ownership Unit, the occupancy of which has been assigned to an Owner in accordance with the Association Policies and Procedures.

1.8 **"Association"** means the Eagle Crest Vacation Resort Owners Association, an Oregon non-profit corporation, whose members consist of Owners.

1.9 **"Association Policies and Procedures"** means the Association Policies and Procedures for Use and Enjoyment of Eagle Crest by Vacation Resort Owners adopted by the Board and in effect from time to time relating to the possession, use and enjoyment of the Project.

1.10 **"Association Property"** means any property, whether real or personal owned by the Association, including, but not limited to that certain real property, together with improvements thereon, more particularly described in Exhibit D attached hereto and made a part hereof, and any portion of the Annexable Property annexed hereto and owned by the Association.

1.11 **"Basic Assessment"** means, for each Interval and Fiscal Year, an assessment levied by the Association against such Interval in an amount determined by dividing the Basic Expenses for such Fiscal Year by the product of 51 times the number of Units subject to the provisions of this Declaration.

1.12 **"Basic Expenses"** means the estimated aggregate amount of expenses, as set forth in the Budget, to be incurred by the Association during the applicable Fiscal Year (a) to operate, manage, maintain, improve and repair the Project, including, but not limited to, the Units, and the Common Furnishings, and to administer the Interval program; (b) to provide for the collection of funds on an annual basis over the useful life of Project components in an amount sufficient to meet the Reserve Expenses; (c) to provide for a contingency fund in the event that some Assessments may not be paid on a current basis; and (d) to provide for the payment of the fees of the Managing Agent. Without limiting the generality of the foregoing, Basic Expenses shall include: (1) all charges, costs, and expenses whatsoever incurred by the Association for or in connection with the administration and operation of the Property including except as provided in Article VIII) all common expenses and assessments charged to the Property by the Master Association; (2) real and personal property taxes assessed against the Property or the Common Furnishings or any other interest of the Owners (except as and to the extent that such taxes are separately assessed to the individual Owners); (3) assessments and other similar governmental charges levied on or attributable to the Interval program exclusive of hotel or transient occupancy tax or any governmental charge levied in lieu of such hotel or transient occupancy tax; (4) insurance obtained pursuant to the Declaration; (5) any liability whatsoever for loss or damage arising out of or in connection with the Interval program or any fire, accident, or nuisance within the Project; (6) cost of repair, reinstatement, rebuilding and replacement of all or any portion of the Property, including, but not limited to, the Association Property, the Units or the Common Furnishings therein; (7) the cost of all basic utility services, including water, electricity, garbage disposal, road maintenance and snow removal, telephone, cable television and any other similar service attributable to the Project; (8) the unpaid share of any Assessment levied during the previous Fiscal Year against any Interval for which a default in payment thereof has occurred, to the extent that the same becomes uncollectable; and (9) wages, accounting and legal fees, management fees, maid service, and cleaning fees, and other necessary expenses of upkeep, maintenance, management and operation actually incurred with respect to the Interval program. Basic Expenses shall not include any expense constituting a Personal Charge.

1.13 **"Board"** means the Board of Directors of the Association.

1.14 **"Bonus Use"** means an Owner's use of an Assigned Unit pursuant to the provisions of the Association Policies and Procedures permitting such use, which use is in addition to Regular Use and Space-Available Use.

1.15 **"Budget"** means a proforma operating statement setting forth the Basic Expenses for a particular

Fiscal Year.

1.16 **"Bylaws"** means the Bylaws of the Association as such Bylaws may be amended from time to time.

1.17 **"Check-In Time"** and **"Check-Out Time"** mean the times designated as such in the then current Association Policies and Procedures.

1.18 **"Common Area"** means all of the Property, including the improvements thereto, but excepting the Units.

1.19 **"Common Furnishings"** means all furniture, furnishings, appliances, telephone system, equipment, and other personal property from time to time owned, leased or held for use in common by the Association and which are located within the Project.

1.20 **"Conversion Date"** means the first date on which the number of Developer Intervals is less than twenty-five percent (25%) of the total number of Intervals in the Project.

1.21 **"Day Use"** means an Owner's use of the Common Areas pursuant to the provisions of the Association Policies and Procedures permitting such use, which use is in addition to Regular Use, Space-Available Use and Bonus Use.

1.22 **"Deannexation Date"** means the date of any deannexation pursuant to Article VIII hereof.

1.23 **"Declarant"** means Eagle Crest Partners Ltd., an Oregon limited partnership, or any successor-in-interest to Declarant by express assignment of the rights of Declarant hereunder by an instrument (i) executed by Declarant, (ii) recorded in the Office of the County Recorder of Deschutes County, and (iii) filed with the Secretary of the Association.

1.24 **"Declarant Intervals"** means the Intervals owned by Declarant, the number of which shall equal the difference between (i) 51 times the number of Units subject to this Declaration as of any applicable date and (ii) the number of intervals conveyed to third parties by Original Deed as of such date. For purposes of this Declaration, an Interval which is conveyed to a third party by Original Deed and is subsequently reacquired by the Declarant through foreclosure proceedings or by acceptance by the Declarant of a deed-in-lieu of foreclosure shall be deemed to be a Declarant Interval and shall not be included as an Interval conveyed to third parties in the calculation called for under clause (a) of this Paragraph 1.24.

1.25 **"Declarant's Report"** means a statement containing the following information, where applicable:

(a) A status report covering each improvement, if any, included in the Project which was scheduled for completion during the quarter according to the planned construction statement for the Project and each still uncompleted improvement that was scheduled for completion during an earlier quarter;

(b) The number of Declarant Intervals owned by Declarant as of the first and last day of the quarter;

(c) If no Subsidy Agreement is in effect during a quarter, the total Basic and Special Assessments which Declarant became obligated to pay during the quarter;

(d) If no Subsidy Agreement is in effect during a quarter, the total Basic and Special Assessments actually paid by Declarant to the Association during the quarter.

(e) If no Subsidy Agreement is in effect during a quarter, the amount of any delinquency by Declarant in the payment of Basic and Special Assessments that has not been cured as of the date of such Declarant's Report; and

(f) An itemized report of funds, goods and services furnished by Declarant or caused to be furnished to the Association (if any) under the Subsidy Agreement, if any, including, without limitation, payment of Reserve Expenses thereunder.

1.26 **"Declaration"** means this Declaration of Covenants, Conditions and Restrictions for Vacation Resort Ownership, as the same may be amended from time to time in the manner herein provided.

1.27 **"Declaration of Annexation"** means a Declaration of Annexation recorded in the Office of the Deschutes County Recorder in the manner and containing the information required pursuant to Article VIII hereof.

1.28 **"Delinquent"** means any payment due to the Association hereunder which remains unpaid more than 30 days after the due date therefor.

1.29 **"Detained User"** means any Owner, Permitted User or Exchange User prevented from using or occupying his Assigned Unit for all or any portion of his Use Period because of the unauthorized use or occupancy, or uninhabitability of such Assigned Unit or any portion of the Common Area or the Association Property.

1.30 **"Detaining User"** means any Owner, Permitted User or Exchange User who makes unauthorized use or occupancy of a Unit, or through any act or course of conduct affecting the Project or any portion

thereof renders a Unit uninhabitable.

1.31 **"Exchange Program"** means a service provided by an independent organization whereby Owners and owners of time periods in other interval ownership or time sharing programs may exchange Use Periods in the Project for time periods in projects in other locations.

1.32 **"Exchange User"** means an owner of a time period in another interval ownership or time sharing program who occupies a Vacation Resort Ownership Unit and uses the Common Areas pursuant to an Exchange Program.

1.33 **"Fair Rental Value"** means for each Vacation Resort Ownership Unit, the cost of renting comparable accommodations located in the vicinity of the Property.

1.34 **"Fiscal Year"** means the one-year period commencing on the first day of January of each year which shall be the fiscal year of the Association; provided, however, that the first Fiscal Year shall be the partial one-year period commencing on the Starting Date and ending on December 31, 1985; provided, further, that the Fiscal Year shall be subject to change by amendment to the Bylaws.

1.35 **"General Account"** means the separate account(s) with a bank and/or savings and loan association located within the State of Oregon and selected by the Association into which all cash and cash equivalent receipts of the Association shall be deposited.

1.36 **"Golf Course"** means that certain real property described in the Master Declaration as the "Golf Course," including, without limitation, the initial nine holes and any additional golf holes added thereto by Declarant as set forth in the Master Declaration.

1.37 **"Governing Instruments"** means the Master Declaration and the Articles, Bylaws and the Master Association Policies and Procedures, this Declaration and the Articles, Bylaws and Association Policies and Procedures.

1.38 **"Interval"** means (a) an Owner's right to use and occupy (i) an Assigned Unit during the Owner's Season designated in such Owner's Purchase Agreement and Original Deed and (ii) the Common Area, (b) an Owner's easement for ingress, egress, use and enjoyment of the Association Property during such Owner's Use Period(s) as the rights and easements set forth in subsections (a) and (b) are more particularly described in such Owner's Original Deed, and (c) an Owner's right to use the Common Furnishings during his Use Period(s), together with an undivided interest in a Unit Lot, determined by multiplying 51 times the number of Units constructed on such Unit Lot, and an easement for ingress, egress, use and enjoyment of each Unit Lot within the Property. "Interval" shall also mean the interest of Declarant in the Property. Each Interval is identified by one of the identification numbers set forth in Exhibit B.

1.39 **"Majority of Owners"** means (a) prior to the Conversion Date, (i) the vote or written assent of a Majority of Non-Declarant Owners and (ii) the consent of the Declarant; and (b) from and after the Conversion Date, (i) the vote or written assent of Owners entitled to vote or so assent, and who collectively own more than 50% of all Intervals owned by such Owners, and (ii) the vote or written assent of a Majority of Non-Declarant Owners.

1.40 **"Majority of Non-Declarant Owners"** means the vote or written assent of Non-Declarant Owners entitled to vote or so assent, and who collectively own more than 50% of all Intervals owned by such Non-Declarant Owners.

1.41 **"Majority of Voting Owners"** means (a) prior to the Conversion Date, (i) the vote or written assent of Non-Declarant Owners entitled to vote or so assent, who exercise such entitlement and who collectively own more than 50% of all Intervals owned by such Non-Declarant Owners who exercise such entitlement, and (ii) the consent of the Declarant; and (b) from and after Conversion Date, (i) the vote or written assent of Owners entitled to vote or so assent, who exercise such entitlement and who collectively own more than 50% of all Intervals owned by such Owners, and (ii) the vote or written assent of Non-Declarant Owners entitled to vote or so assent, who exercise such entitlement and who collectively own more than 50% of all Intervals owned by such Non-Declarant Owners who exercise such entitlement.

1.42 **"Management Agreement"** means that certain agreement between the Association and the Managing Agent, a copy of which is attached as Exhibit F hereto.

1.43 **"Managing Agent"** means the agent engaged by the Board pursuant to Paragraph 4.3, below. The first Managing Agent shall be appointed by Declarant and may be Declarant or an affiliate of Declarant.

1.44 **"Master Association"** means the Eagle Crest Master Association, an Oregon non-profit corporation, formed pursuant to the Master Declaration.

1.45 **"Master Declaration"** means the Declaration of Covenants, Conditions and Restrictions for the Eagle Crest Planned Community, dated June 24, 1985, and recorded same date as this instrument, in the Office of the County Recorder of Deschutes County, Oregon, as such Master Declaration may be amended from time to time.

1.46 **"Mortgage"** means a mortgage or deed of trust.

1.47 "**Mortgagee**" means the beneficiary pursuant to a recorded Mortgage.

1.48 "**Non-Declarant Owners**" means all Owners other than Declarant.

1.49 "**Original Deed**" means each warranty deed from Declarant first recorded after the date hereof which identifies each Interval by one of the identification numbers set forth in Exhibit B and which conveys each Interval conveyed by Declarant excluding, however, any warranty deed which conveys the entire interest in the Property then owned by Declarant and which expressly recites that it is not an Original Deed within the meaning of this Declaration.

1.50 "**Owner**" means and includes (a) the grantee(s) named in each Original Deed and successor(s)-in-interest to such grantee(s) and (b) Declarant with respect to each Declarant Interval.

1.51 "**Owner's Anniversary Date**" means, with respect to each Owner, the earliest date upon which Declarant shall execute a Purchase Agreement naming such Owner, or his predecessor-in-interest, as the purchaser of an Interval.

1.52 "**Owner's Anniversary Year**" is the one-year period commencing each year at check-in time on the Owner's Anniversary Date and ending at check-out time on the Owner's Anniversary Date in the next calendar year.

1.53 "**Owner's Season**" means the Season designated in the Original Deed naming an Owner, or his predecessor-in-interest, as the named grantee.

1.54 "**Permitted User**" means any person, other than an Exchange User, who occupies a Vacation Resort Ownership Unit with the permission of an Owner, including, without limitation, members of such Owner's family, his guests, licensees or invitees.

1.55 "**Personal Charges**" means any expense resulting from the act or omission of any Owner, Permitted User or Exchange User, including, without limitation: the cost of long distance telephone charges or telephone message unit charges and other special services or supplies attributable to the occupancy of an Interval Unit during such Owner's Use Period; the cost to repair any damage to any portion of the Project or to repair or replace any Common Furnishings on account of loss or damage caused by such Owner or his Permitted User(s); the cost to satisfy any expense to any other Owner(s) or to the Association due to any intentional or negligent act or omission of such Owner or Permitted User, or resulting from the breach by such Owner or Permitted User of any provisions of the Governing Instruments. In amplification of the foregoing, the act or negligence of a Permitted User shall be deemed to be the act of negligence of the Owner who permits such Permitted User to use and occupy any portion of the Project.

1.56 "**Prior Mortgage**" means, with respect to each Interval owned by Non-Declarant Owners, any first Mortgage made in good faith and for value and created in connection with the acquisition of an interval, or (ii) with respect to each Declarant Interval, any Mortgage encumbering the Property or any portion thereof, securing an obligation of Developer with respect to any land acquisition, development or construction of any improvements on the Property, including, without limiting the generality of the foregoing, that instrument recorded in the office of the recording office of Deschutes County, entitled "**Master Trust Deed and Security Agreement**" of Security Pacific Finance Corp., a Delaware corporation.

1.57 "**Project**" shall have the meaning ascribed thereto in Recital A, above.

1.58 "**Property**" means the Subject Property and any portion of the Annexable Property annexed pursuant to the provisions of Article VIII hereof.

1.59 "**Purchase Agreement**" means a Purchase and Sale Agreement by and between Declarant and the person or firm named therein as "Buyer" providing for the sale by Declarant and the purchase by Buyer of an Interval.

1.60 "**Reconstruction Assessment**" means an assessment levied by the Association against an Interval for the purpose of raising funds to rebuild, restore or replace any portion of the Project or Common Furnishings suffering material damage.

1.61 "**Regular Use**" means an Owner's basic entitlement to use and occupy an Assigned Unit reserved in accordance with the Association Policies and Procedures for a maximum of 7 nights per Interval during such Owner's Season in each Owner's Anniversary Year, together with a non-exclusive right to use and enjoy the Common Areas and the Association Property.

1.62 "**Reserve Account**" means (a) one or more interest bearing accounts with one or more banks and/or savings and loan associations selected by the Association, or (b) one or more Treasury Bills and/or Certificates of Deposit, which account(s), Treasury Bills and/or Certificates of Deposit shall contain funds collected as and for Reserve Expenses.

1.63 "**Reserve Expenses**" means the specific capital expenditures required to be made at any time and from time to time to provide for the repair, replacement or restoration of the Project and all improvements thereto, and for such other purposes as prudent business practice requires.

1.64 "**Roster**" means a compilation of the names and addresses of each Owner.

1.65 **"Season"** means any one of three seasons designated herein and identified in the Use Week Calendar attached hereto as Exhibit H and made a part hereof, being the "Summer Season," the "Changing Seasons" or the "Winter Season," which quoted terms shall have the following meanings:

(a) "Winter Season" means Use Week number 1 and Use Weeks numbered 6 through 17, inclusive, and 48 through 52A, inclusive, in the Use Week Calendar.

(b) "Changing Season" means the Use Weeks numbered 2 through 5, inclusive, and 44 through 47, inclusive, in the Use Week Calendar.

(c) "Summer Season" means the Use Weeks numbered 18 through 43, inclusive, in the Use Week Calendar.

1.66 **"Service Period"** means, (a) with respect to each Vacation Resort Ownership Unit, (i) a period of not to exceed seven (7) nights and days during the Changing Seasons each year, which shall be reserved by the Association for the cleaning, maintenance and repair thereof and the Common Furnishings therein, (ii) the periods of time between Check-In and Check-Out, and (b) the period(s) of time, outside of those described in clauses (i) and (ii), during which any maintenance or repair thereof or of the Common Furnishings in such Vacation Resort Ownership Units which is requested by a Vacation Resort Ownership Unit occupant or is reasonably necessary is performed by or on behalf of the Association, and (c) with respect to Units which are not Vacation Resort Ownership Units, such time periods as Declarant may reasonably request. The Association shall determine which days and nights will comprise the Service Period described in clause (a) (i) for each Vacation Resort Ownership Unit, which days and nights need not be consecutive or the same from year to year.

1.67 **"Space-Available Use"** means an Owner's use of an Assigned Unit pursuant to the provisions of the Association Policies and Procedures permitting such use, which use is made possible by reason of the short-term reservation availability of Vacation Resort Ownership Units and is counted against such Owner's Regular Use.

1.68 **"Special Assessment"** means an assessment levied against each Interval to provide funds to the Association in the event the Basic Assessment proves inadequate, in an aggregate amount sufficient to provide for such inadequacy.

1.69 **"Statement of Status"** means a written statement setting forth the amount of any delinquent Assessments, Personal Charges or any other amounts unpaid with respect to the Interval and the use entitlement for the remainder of the Owner's Season attributable to such Interval.

1.70 **"Starting Date"** means the date on which the first Original Deed is recorded.

1.71 **"Subject Property"** means the real property described in Exhibit A attached hereto and made a part hereof, together with the easement granted to the Association with respect to the Temporary Fairway 5.

1.72 **"Subsldy Agreement"** means that certain agreement between the Association and Declarant, a copy of which is attached as Exhibit I hereto.

1.73 **"Super-Majority of Owners"** means (a) prior to the Conversion Date (i) the vote or written assent of Non-Declarant Owners entitled to vote or so assent, and who collectively own more than 75% of all Intervals owned by such Non-Declarant Owners, and (ii) the consent of the Declarant; and (b) from and after the Conversion Date (i) the vote or written assent of Owners entitled to vote or so assent, and who collectively own more than 75% of all Intervals owned by such Owners, and (ii) the vote or written assent of Non-Declarant Owners entitled to vote or so assent, and who collectively own more than 75% of all Intervals owned by such Non-Declarant Owners.

1.74 **"Temporary Fairway 5"** means that certain real property described in Exhibit G attached hereto and made a part hereof.

1.75 **"Termination Declaration"** means a Declaration of Termination, duly executed and acknowledged by Declarant and recorded in the Office of the County Recorder of Deschutes County, Oregon, containing (a) a legal description of the real property deannexed and (b) a statement that such real property is no longer subject to the provisions of the Declaration.

1.76 **"Unit"** means one of the separate living units located within a Unit Lot, including any Annexed Units. There are 20 Units within the 5 Unit Lots within the Subject Property, which Units are identified in Exhibit B.

1.77 **"Unit Lot"** means a legal parcel within the Property created in compliance with the subdivision laws of the State of Oregon which has been improved with Units.

1.78 **"Use Period"** means the time period(s) during which each Owner has reserved the use and occupancy of a Vacation Resort Ownership Unit or the Common Area in accordance with the provisions of this Declaration and the Association Policies and Procedures, whether for Regular Use, Space-Available Use, Bonus Use or Day Use.

1.79 **"Use Week Calendar"** means the calendar attached hereto as Exhibit H and made a part hereof, as such Use Week Calendar may be supplemented by the Association as provided in subparagraph 4.2(x), below.

1.80 **"Vacation Resort Ownership Unit"** means each Unit which shall have been designated as such by Declarant in a Declaration of Dedication, in form and substance identical to Exhibit E attached hereto, which shall have been recorded in the Office of the County Recorder for Deschutes County. Upon recordation of each Declaration of Dedication, a copy thereof shall be delivered by Declarant to the Secretary of the Association. The number of Interval Units identified in Declarations of Dedication shall not be less than the greater of:

(a) that number, rounded to the higher whole number, determined by dividing the number of Intervals conveyed by Original Deed designating the Winter Season by 18; or

(b) that number, rounded to the higher whole number, determined by dividing the number of Intervals conveyed by Original Deed designating the Changing Seasons by 8; or

(c) that number, rounded to the higher whole number, determined by dividing the number of Intervals conveyed by Original Deed designating the Summer Season by 26.

ARTICLE II

USE RIGHTS AND RESTRICTIONS

2.1 **Use Rights** Subject to all the terms and conditions contained elsewhere in this Declaration and in the Governing Instruments, the ownership of an Interval shall entitle its Owner to:

(a) **Regular Use.** The exclusive right during each calendar year, for each Interval owned, as Regular Use to use and occupy an Assigned Unit and the non-exclusive right to use and enjoy the Common Areas and the Association Property for up to seven nights during his Owner's Season provided such Owner shall have reserved such use and occupancy in accordance with the requirements and procedures for the making of reservations set forth in the then current Association Policies and Procedures; and

(b) **Bonus Use.** The exclusive right, as Bonus Use, to use and occupy an Assigned Unit and the non-exclusive right to use and enjoy the Common Area and the Association Property provided that such Owner shall have reserved such use and occupancy in accordance with the procedures for the making of reservations set forth in the then current Association Policies and Procedures.

(c) **Space-Available Use.** The exclusive right, as Space-Available Use, to use and occupy one more Assigned Units and the non-exclusive right to use and enjoy the Common Area and the Association Property provided that such Owner shall have reserved such use and occupancy in accordance with the procedures for the making of reservations set forth in the then current Association Policies and Procedures.

(d) **Day Use.** On a space-available basis, the non-exclusive right to use and enjoy the Common Area and the Association Property during time periods not constituting Regular, Space-Available or Bonus Use, provided such Owner shall have reserved such use and enjoyment in accordance with the Procedures for the making of reservations set forth in the then current Association Policies and Procedures.

No use or occupancy by any Owner will be permitted if such Owner is delinquent in the payment of any amounts owed to the Association. The time periods within which reservations may be requested and confirmed may not be changed by the Board without approval of a Majority of Non-Declarant Owners.

2.2 **Occupancy.** No Owner shall occupy any Unit or exercise any other rights of ownership with respect to any Unit other than the rights provided to him in this Article II. Each Owner shall keep his Assigned Unit occupied by him and Common Furnishings therein in good condition and repair during his Use Period(s), vacate the Assigned Unit at the expiration of his Use Period(s), remove all persons and property therefrom, excluding only the Common Furnishings, leave the Assigned Unit and the Common Furnishings therein in good and sanitary condition and repair and otherwise comply with such check-out and other procedures and regulations as may from time to time be contained in the Association Policies and Procedures. Any Owner may permit his Assigned Unit to be occupied by other persons (not in excess of the number of occupants permitted by the Association Policies and Procedures) for the purposes permitted by this Declaration during his Use Period(s), but such Owner shall be responsible for any loss, damage, destruction or violation of this Declaration or the Association Policies and Procedures (except on the part of an Exchange User) which occurs during such occupancy as if such Owner were occupying the Assigned Unit.

2.3 **Failure to Vacate.** A Detaining User shall (a) be subject to immediate removal, eviction or ejection from the Vacation Resort Ownership Unit wrongfully used or occupied; (b) be deemed to have waived any notice required by law with respect to any legal proceedings regarding removal, eviction or ejection (to the extent that such notices may be waived under Oregon law); (c) reimburse the Association and the Detained

User for all costs and expenses incurred by him as a result of such conduct, including, but not limited to, costs of alternate accommodations, travel costs, court costs and reasonable attorneys' fees incurred in connection with removing, evicting or ejecting the Detaining User from such Vacation Resort Ownership Unit, and costs (including reasonable attorneys' fees) incurred in collecting such reimbursement(s); and (d) pay to the Detained User entitled to use and occupy the Vacation Resort Ownership Unit during such wrongful occupancy, as liquidated damages (in addition to the costs and expenses set forth in subparagraph 2.3(c), above), a sum equal to 200% of the Fair Rental Value per day of the Vacation Resort Ownership Unit for each day or portion thereof, including the day of surrender, during which the Detaining User prevents use and occupancy of the Vacation Resort Ownership Unit; provided, however, that if the Detaining User is an Exchange User, the Owner whose Use Period was used by the Exchange User shall have no liability pursuant to the provisions of clauses (c) and (d) above. The Association shall be responsible for determining the Fair Rental Value of a Vacation Resort Ownership Unit. The Association shall use reasonable efforts to attempt to remove such Detaining User from the Vacation Resort Ownership Unit, and/or to assist the Detained User in finding alternate accommodations during such holdover period and to secure, at the expense of the Association, alternate accommodations for any Detained User which alternate accommodations shall be as near in value to the Detained User's Assigned Unit as possible and the cost thereof shall be assessed to the Detaining User (unless the Detaining User was an Exchange User) as a Personal Charge. In the event that the Association, in its sole discretion, deems it necessary to contract for a period greater than the actual period for which the use is prevented in order to secure alternate accommodations as set forth above, the cost of the entire period shall be assessed to the Detaining User as a Personal Charge. By accepting any assignment or transfer of an interval, each Owner agrees that, in the event of a wrongful occupancy or use by him or his Permitted User, damages would be impracticable or extremely difficult to ascertain and that the measure of liquidation damages provided for herein constitutes fair compensation to those who are deprived of occupancy. If an Owner or his Permitted User, by intentional or negligent act renders a Vacation Resort Ownership Unit uninhabitable for all or any portion of any Use Period, then (i) such Owner shall be deemed a Detaining User, (ii) the foregoing provisions of this Paragraph 2.3 shall apply and (iii) such Owner shall be liable to the Owner(s) and/or Permitted User(s) entitled to occupy such Vacation Resort Ownership Unit during such subsequent Use Period(s) just as if such Owner had refused to vacate the Vacation Resort Ownership Unit at the end of his Use Period(s). For the purposes of this Paragraph 2.3, the act or negligence of a Permitted User shall be deemed to be the act of the Owner.

2.4 Use Restrictions. The maximum occupancy of any Vacation Resort Ownership Unit shall be as provided in the Association Policies and Procedures. Except as required to prevent damage or injury to persons or property in an emergency, no Owner shall make or authorize any alterations, additions or improvements to the Association Property, the Property, or any portion thereof, including, but not limited to, the Common Area, the improvements, landscaping, or any personal property thereon, and the Common Furnishings; or paint, repaint, tile, paper or otherwise refinish or redecorate the inner or outer surfaces of the walls, ceilings, floors, windows or doors bounding any Vacation Resort Ownership Unit which such Owner may from time to time occupy; or remove, alter or replace any portion of the common furnishings without the prior written consent of the Association. The right to perform all of the foregoing acts has been delegated to the Association by this Declaration. The foregoing prohibitions, however, shall not modify or affect the obligation of each Owner for the prudent care and ordinary maintenance and upkeep of all property subject to his use. No animals shall be allowed or kept in or upon any Vacation Resort Ownership Unit. Each Owner by accepting the assignment or transfer of an Interval hereby covenants and agrees to abide by the Association Policies and Procedures. Use and occupancy of the Project is limited to private, residential use and non-residential and/or commercial use of the Project by any Owner is prohibited, except as expressly provided in this Article II.

2.5 Rental of Units by Declarant. Declarant shall have the exclusive right to occupy the Units which are not Vacation Resort Ownership Units, and to rent such Units to the general public. Any rentals received by Declarant shall inure to the benefit of Declarant. Declarant, on behalf of itself and its successors, assigns, agents, employees, contractors, subcontractors and other authorized personnel reserves an exclusive easement in gross in, over and through the Project for the purpose of conducting rental activities under this Paragraph 2.5. The use of such easement shall not interfere with the Association's use of the Project as necessary to perform its duties and obligations pursuant to the Declaration and the Association Policies and Procedures.

2.6 Transfer of Interest. No Owner shall sell, assign, transfer, hypothecate or encumber less than all of his interest in his Interval; provided, however, that nothing herein contained shall restrict the manner in which title to the Interval may lawfully be held under Oregon law (e.g. joint tenants, tenants-in-common, or the like). Any sale, assignment, transfer, hypothecation or encumbrance by any Owner of less than all of his

interest in his Interval shall be null, void and of no effect. The transfer of any Interval shall operate to transfer to the new owner of the Interval the interest of the prior Owner in all funds in the hands of the Association even though not expressly mentioned or described in the instrument of transfer and without further instrument of transfer.

2.7 Separate Mortgages. Each Owner shall have the right to mortgage or otherwise to encumber all, but not less than all, of his Interval. Any Mortgage shall be subordinate to all of the provisions of this Declaration, and in the event of foreclosure, the provisions of this Declaration shall be binding upon any Owner whose title is derived through foreclosure by private power of sale, judicial foreclosure or otherwise. Notwithstanding any other provision of this Declaration, no breach of the provisions herein contained, nor the enforcement of any lien created pursuant to the provisions hereof shall defeat or render invalid the lien of any Prior Mortgage of any Owner's Interval if such Prior Mortgage is recorded in the Office of the County Recorder of Deschutes County, Oregon, and is given in good faith and for value.

2.8 Partition and Subordination of Tenancy-in-Common Attributes.

(a) It is intended that this Declaration alone shall govern all rights with respect to the use, possession, enjoyment, management and disposition of the Intervals, the Property and the Project. Accordingly, all rights with respect to the use, possession, enjoyment, management or disposition of an Interval, the Property and the Project which an Owner might otherwise have as a tenant-in-common (including, but not limited to, any common law or statutory right jointly to use, possess or manage commonly owned property) are hereby unconditionally and irrevocably subordinated to this Declaration for so long as this Declaration shall remain in effect; provided, however, that in the event that an election to terminate this Declaration is made pursuant to Paragraph 9.2, an Owner shall have the rights specified in Paragraph 9.2.

(b) Except as provided in Paragraph 9.2, below, no Owner or other person or entity acquiring any right, lien or interest in the Property shall seek or obtain, through any legal procedures, judicial partition of the Property or the sale thereof in lieu of partition. If, however, any Interval is owned by two or more persons as tenants-in-common or as joint tenants or as community property, nothing herein contained shall prohibit a judicial sale of the Interval in lieu of partition as between such co-tenants or joint tenants.

2.9 Protection of Interest. Except as provided in Paragraph 2.7, no Owner shall permit his Interval to be subject to any lien (other than the liens of current real property taxes), claim or charge, the enforcement of which may result in a sale or threatened sale of the Interval of any other Owner or any part thereof or in any interference in the use or enjoyment thereof by any other Owner. In the event of a threatened sale of the Property or the Interval of any Owner or any part thereof, or should the use and enjoyment of any portion thereof by any Owner be threatened by reason of any lien, claim or charge against the Interval of any other Owner, or should proceedings be instituted to effect any such sale or interference, any Owner acting on his own behalf or through the Association or the Association acting on behalf of any one or more Owners (if promptly indemnified to his or its satisfaction) may, but shall not be required to, pay or compromise the lien, claim or charge without inquiry into the proper amount or validity thereof and, in such event, the Owner whose interest was subjected to such lien, claim or charge shall forthwith pay the amount so paid or expended to the Owner or the Association, whosoever shall have paid or compromised the lien, claim or charge, together with such reasonable attorneys' fees and related costs as he or it may have incurred. No Owner shall permit his interest in any funds from time to time in possession of the Association to be subjected to any attachment, lien, claim or charge or other legal process and each Owner shall promptly restore any funds held by the Association with respect to his Interval to the extent depleted by the reason of the assertion of any such attachment, lien, claim, charge or other legal process and shall reimburse the Association for all reasonable attorneys' fees or other costs incurred in respect thereof.

2.10 Easements.

(a) Easement for Association Maintenance and Use.

(i) **Unit Lots.** The Association, for itself, its successors and assigns, and its and their agents, employees, contractors, subcontractors, and other authorized personnel, shall have the right and is hereby granted, for so long as the Association or its successors and assigns shall be required hereunder to manage and maintain the Property, an exclusive easement in gross in, over and through the Unit Lots for the repair and maintenance of the Project during Service Periods; provided, however, that use of such easement shall not (1) unreasonably interfere with or diminish the rights of Owners, Permitted Users, Exchange Users or Declarant to occupy the Vacation Resort Ownership Units and the Common Area, and to use the Common Furnishings, or (2) interfere with the occupancy of Units which are not Vacation Resort Ownership Units by the Declarant. In amplification and not limitation thereof, the Association and its successors and assigns shall have

the right, during Service Periods and upon giving reasonable notice if a Unit is occupied, to enter such Unit for the purpose of cleaning, maid service, painting, maintenance and repair, and at any reasonably necessary time, whether or not in the presence of an Owner, to enter upon any Unit for the purpose of (1) making emergency repairs therein, (2) abating any nuisance or any dangerous, unauthorized, prohibited or unlawful activity being conducted or maintained in such Unit, (3) protecting property rights and welfare of any Owner, Permitted User or Exchange User, or (4) for any other purpose reasonably related to the performance by the Association of its duties and obligations under the terms of the Declaration. Such right of entry shall be exercised in such a manner as to avoid any unreasonable or unnecessary interference with the possession, use and enjoyment of the rightful occupant of such Unit and shall be preceded by reasonable notice to such occupant whenever the circumstances permit.

(ii) **Temporary Fairway 5.** The Association, for itself, its successors and assigns, and its and their agents, employees, contractors, subcontractors, and other authorized personnel, shall have the right and is hereby granted, until such time as the Temporary Fairway 5 is annexed to the Master Declaration as a part of the Golf Course, (1) an exclusive easement in gross in, over and upon the Temporary Fairway 5 for the repair and maintenance of the Temporary Fairway 5 and (2) a non-exclusive easement for maintenance, construction and recreational uses on, over and across a 40 foot wide portion of each Unit Lot appurtenant to the Temporary Fairway 5, within which 40 foot wide area Owners and the Association may conduct any and all activities as are usual and proper for the construction, maintenance, operation and use of the Temporary Fairway 5; provided, however, that the use of such easement shall not unreasonably interfere with or diminish the rights of Owners, Permitted Users or Exchange Users to use and enjoy the Temporary Fairway 5 in accordance with the Association Policies and Procedures.

(b) **Easement for Improvements.** Declarant, for itself and its successors, assigns, agents, employees, contractors, subcontractors, and other authorized personnel, reserves, for a period of 10 years following the Starting Date, an exclusive easement in, over and through the Property for the renovation, rehabilitation, remodeling, refurbishment and construction of the Units and other improvements to the Common Area.

(c) **Easement for Sales, Resales, Customer Service and Related Purposes.** Declarant, for itself and its successors, assigns, agents, employees, contractors, sub-contractors and other authorized personnel, reserves, for a period of 10 years following the Starting Date, an exclusive easement in gross in, over and through the Property, for the purposes of: (i) marketing and selling the Intervals, (ii) maintaining customer relations and providing post-sales service to Owners; (iii) displaying signs and erecting, maintaining and operating, for sales and administrative purposes, model units and a customer relations, customer service and sales office complex in the Property; (iv) showing the Units and the Vacation Resort Ownership Units; and (v) reserving the Units and, during time periods not reserved by Owners, Vacation Resort Ownership Units for occupancy by prospective buyers of Intervals at the Property; provided, however, that use of such easement shall not (1) interfere with or diminish the rights of Owners to use and occupy Vacation Resort Ownership Units and the Common Area for Regular Use, Space-Available Use or Bonus Use reserved more than 24 hours in advance of the first day of the Use Period sought to be reserved or (2) interfere with the use and occupancy of the Interval Units and the Common Area by the Association as reasonably required to administer the Vacation Resort Ownership program, all as provided in this Declaration and the Association Policies and Procedures.

(d) **Easements for Use.** In order to permit the use and occupancy of all Units in accordance with the provisions of this Declaration and the Association Policies and Procedures, each Original Deed by incorporation of this Declaration, shall include a reservation of the following easements:

(i) For the benefit of each Owner who owns an undivided interest in a Unit Lot within the Subject Property and whose Owner's Season is the same Owner's Season as that designated in any Original Deed conveying an undivided interest in a Unit Lot within any portion of the Annexable Property, an easement for use and occupancy of all Vacation Resort Ownership Units as Regular Use and Space-Available Use during such Owner's Season within such Unit Lot within the Annexable Property from and after the Annexation Date relating to that portion of the Annexable Property annexed, subject to all other provisions of this Declaration and the Association Policies and Procedures.

(iii) For the benefit of each Owner who owns an undivided interest in a Unit Lot within any portion of the Annexable Property and whose Owner's Season is the same Owner's Season as that

designated in any Original Deed conveying an undivided interest in any other Units Lot within the Annexable Property which is not designated in such Owner's Original Deed, an easement for use and occupancy of the Vacation Resort Ownership Units as Regular Use and Space-Available Use during such Owner's Season within such other Unit Lot within the Annexable Property which is not designated in such Owner's Original Deed, subject to all other provisions of this Declaration and the Association Policies and Procedures.

(iii) For the benefit of each Owner who owns an undivided interest in a Unit Lot within any portion of the Subject Property and whose Owner's Season is the same Owner's Season as that designated in any Original Deed conveying an undivided interest in any other Unit Lot within the Subject Property which is not designated in such Owner's Original Deed, an easement for use and occupancy of the Vacation Resort Ownership Units as Regular Use and Space-Available Use during such Owner's Season within such other Unit Lot within the Subject Property which is not designated in such Owner's Original Deed, subject to all other provisions of this Declaration and the Association Policies and Procedures.

(iv) For the benefit of each Owner who owns an undivided interest in a Unit Lot within the Annexable Property and whose Owner's Season is the same Owner's Season as that designated in any Original Deed conveying an undivided interest within a Unit Lot within the Subject Property, an easement for use and occupancy of all Vacation Resort Ownership Units as Regular Use and Space-Available Use during such Owner's Season within the Subject Property from and after the Annexation Date relating to that portion of the Annexable Property annexed, subject to all other provisions of the Declaration and the Association Policies and Procedures.

(v) For the benefit of each Owner who owns an undivided interest in any Unit Lot within the Property, an easement for the use and occupancy of all other Units Lots within the Property as Bonus Use, subject to all other provisions of this Declaration and the Association Policies and Procedures.

(e) **Access and Construction Easement.** Declarant, for itself and its successors, assigns, agents, employees, contractors, subcontractors and other authorized personnel, reserves a perpetual non-exclusive easement in gross in, over and upon the Lots comprising the road system within the Property for purposes of ingress to, egress from and construction upon the Annexable Property.

(f) **Golf Course Uses.** Declarant, for itself and for the benefit of the Master Association, its lessee or operator of the Golf Course, and all licensees, invitees, patrons and miscellaneous users of the Golf Course, hereby reserves for as long as the Golf Course is being operated as such by the Master Association, its lessee or operator, a non-exclusive easement for maintenance, construction, and recreational uses on, over, and across a strip of land in each Unit Lot up to 70 feet in width and abutting the boundary of each Unit Lot with the Golf Course, and which portion will be designated as Golf Course fairway and rough either by means of:

(i) a recorded map or plat, or

(ii) by resolution of the Master Association Board of Directors. Within such easement area such grantees may conduct any and all activities (including, but not limited to, construction or maintenance of the Golf Course and/or retrieval or striking of golf balls, and similar related activities) as are usual and proper for the construction, maintenance, operation and use of the Golf Course.

2.11 **Animals.** No animals, livestock, birds, fish or poultry of any kind shall be kept in or upon the Property, including the Units.

2.12 **Offensive Activity.** No noxious or offensive activity or conduct shall be carried on within any portion of the Property nor shall anything be done therein or thereon which may or would become an annoyance or nuisance to other Owners or occupants. No Vacation Resort Ownership Units nor any other portion of the Property shall be used for any trade, business or other commercial activity or solicitation except as conducted by the Association in connection with the Project or as expressly permitted by this Declaration. No Owner shall cause or permit the display of any sign or advertising matter within any Vacation Resort Ownership Unit or any other portion of the Property.

2.13 **Compliance With Laws.** No Owner or his Permitted User shall permit anything to be done or kept in his Assigned Unit or within any other portion of the Property which violates any law, ordinance, statute, rule or regulation of any local, county, state or federal government or agency thereof.

2.14 **No Increased Insurance.** Nothing shall be done or kept in any Vacation Resort Ownership Unit or within any other portion of the Property which will increase the rate of insurance on the Property without the prior written consent of the Board. No Owner shall permit anything to be done or kept in his Assigned Unit, or do or place anything within the Property, which would result in the cancellation of insurance for the Property, or any portion thereof.

ARTICLE III
THE ASSOCIATION

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3.1 Membership In Association. Each Owner shall be a member of the Association and shall remain a member thereof until he ceases to be an Owner.

3.2 Transfer of Membership. The membership of each Owner in the Association is appurtenant to and inseparable from his ownership of an Interval and shall be automatically transferred upon any authorized assignment or transfer of the ownership of his Interval to any assignee or transferee and, except as provided herein, said membership shall be non-transferable whether by gift, bequest or otherwise.

3.3 Voting and Types of Membership. Voting and types of membership shall be in accordance with the provisions of the Bylaws.

3.4 Board of Directors. The Board shall initially consist of the persons appointed by Developer. At the time of the first annual meeting of Owners, Owners shall elect, in accordance with the Bylaws, a Board replacing the initial Board. From and after the first election of the Board, and for so long as there are two outstanding classes of membership in the Association pursuant to the Bylaws, one member of the Board shall be elected solely by Non-Declarant Owners, pursuant to the special election procedures set forth in the Bylaws.

ARTICLE IV
MANAGEMENT

4.1 Powers and Duties Generally. Administration of the Interval program, and operation, maintenance, repair and restoration of the Property and the Common Furnishings, and any alterations and additions thereto, shall be vested in the Association. The Association, acting alone (through the Board, its officers, or other duly authorized representatives) may, subject to the provisions of the Governing Instruments, exercise any and all rights and powers herein enumerated and, except as specifically limited herein, all the rights and powers of a non-profit corporation under the laws of the State of Oregon.

4.2 Specific Powers and Duties of the Association. The management and operation of the Property and the Interval program, the acquisition (by purchase or lease), maintenance, repair and replacement of the Common Furnishings and the administration of the affairs of Owners, the use and occupancy of the Vacation Resort Ownership Units and payment, as agent, of expenses and costs enumerated in this Declaration shall be under the direction and control of the Association. The Association shall have the duty to maintain and repair the Property, to acquire (by lease or purchase), maintain, repair and replace Common Furnishings, as needed, to administer the Interval operation as provided herein and to levy, collect and enforce the Assessments and Personal Charges enumerated in this Declaration, and to pay any assessments levied against the Property by the Master Association. The Association shall have the exclusive possession of each Unit during the Service Periods for the performance of maintenance and repairs on such Unit. The Association shall have the power to do all things that are required to be done by it pursuant to this Declaration. In amplification and not limitation of the foregoing powers and duties, the Association shall, on behalf of the Owners, do any or all of the following:

(a) **Association Policies and Procedures.** To adopt, publish and enforce, from time to time, Association Policies and Procedures relating to the possession, use and enjoyment of the Project which Association Policies and Procedures shall be consistent with the provisions of this Declaration.

(b) **Bank Accounts.** To deposit all funds collected from Owners by the Association in connection with its rights and duties hereunder as follows:

(i) All funds shall be deposited in the General Account. Funds deposited in the General Account(s) may be used by the Association only for the purposes for which such funds have been collected.

(ii) Within 10 days after deposit in the General Account, all amounts collected as Reserve Expenses shall be deposited in the Reserve Account. Funds deposited in the Reserve Account shall be held in trust and may be used by the Association only for the specific purposes for which such funds have been collected. Interest, if any, earned on funds deposited in the Reserve Account may be accumulated therein or may be deposited in the General Account and used by the Association in its discretion for Project purposes.

(c) **Cleaning and Maid Service.** To provide for cleaning and maid service (i) upon the departure of each Owner, Permitted User or Exchange User from each Vacation Resort Ownership Unit, (ii) during each Use Period as particularly provided in the Association Policies and Procedures and (iii)

during Service Periods so that the Units are maintained in good order and repair. In addition to cleaning and maid service that is normally provided to each Unit, the Association may provide for such additional cleaning and maid services as shall reasonably be requested by an Owner, Permitted User, or Exchange User, and may charge a reasonable fee therefor.

(d) **Collection of Damages.** If any loss, damage or destruction to the Property or the Common Furnishings, other than by ordinary wear and tear, was caused by an intentional or negligent act or omission to act of any Exchange User, the Association shall use reasonable efforts to collect from such Exchange User the cost of the repair, restoration or replacement of the same to the extent such loss, damage or destruction is not covered by insurance proceeds paid to the Association.

(e) **Compensating Use.** If the Association or Managing Agent shall make an error which results in the unavailability of a Vacation Resort Ownership Unit during an Owner's Use Period, the Association or Managing Agent shall compensate such Owner, at the Association's discretion, by either paying to such Owner a sum equal to 100 percent of the Fair Rental Value of a Vacation Resort Ownership Unit during his Use Period, or procuring alternate accommodations reasonably acceptable to such Owner for the time period constituting his Use Period.

(f) **Cooperation with Master Association.** Without limiting the generality of any of the powers set forth in this Paragraph 4.2, to cooperate and contract with the Master Association for the performance of any of the Association's duties hereunder or exercise of the Association's powers hereunder and to perform the duties and exercise the powers of the Master Association, to the extent permitted pursuant to the Master Declaration, including, but not limited to, the obligation to distribute notices and bills to Owners from and on behalf of the Master Association and to collect any assessments owed to the Master Association by such Owners, to the extent requested to do so by the Board of Directors of the Master Association.

(g) **Delegation.** To delegate the authority and responsibilities of the Association hereunder to one or more agents, including, without limitation, the Managing Agent provided for in Paragraph 4.3 below.

(h) **Exchange Program.** To enter into agreements with organizations to provide for participation by Owners in one or more Exchange Programs and to collect and disburse funds in connection therewith.

(i) **Financial Statements.** To cause to be regularly prepared financial statements for the Association and copies thereof distributed to all Owners as follows:

(i) A Budget shall be distributed to Owners not less than 45 days before the beginning of each Fiscal Year, except the first Fiscal Year with respect to which the Budget shall be distributed as soon as reasonably possible. The Budget shall contain at least the following information:

(1) Estimated revenue and expenses on an accrual basis;

(2) The amount of the total cash reserves of the Association currently available for replacement or major repair of common facilities and for contingencies;

(3) An itemized estimate of the remaining life of and the methods of funding to defray Reserve Expenses; and

(4) A general statement setting forth the procedures used by the Board in the calculation and establishment of Reserve Expenses.

(ii) An Annual Report shall be distributed, within 90 days after the end of each Fiscal Year. The Annual Report shall be prepared by an accountant licensed to practice accountancy in the State of Oregon in any Fiscal Year in which the gross income to the Association exceeds \$75,000.00. The Annual Report may be prepared without audit by such licensed accountant. If the Annual Report is not prepared by such a licensee, the Annual Report shall be prepared by the Managing Agent or by an officer of the Association and shall be accompanied by the certificate of the person preparing the Annual Report that the Annual Report was prepared without audit from the books and records of the Association.

(j) **Inspection of Books and Records.** The books and records of the Association shall be open to inspection on the written demand of any member, at any reasonable time during usual business hours, for a purpose reasonably related to the member's interests as a member. The inspection may be made in person or by an agent or attorney, and shall include the right to copy and make extracts.

The Board of Directors of the Association shall establish reasonable policies with respect to:

(1) Notice to be given to the custodian of records by the member desiring to make the inspection.

(2) Hours and days of the week when such an inspection may be made.

(3) Payment of the cost of reproducing copies of documents requested by a member.

Each director shall have the absolute right at any time to inspect all books, records and documents of

the Association and the physical properties owned or controlled by the Association. The right of inspection by a director includes the right to make extracts and copies of documents.

(k) **Insurance.** To obtain and pay the cost of:

(i) Insurance against loss or damage to the Property, the Common Furnishings and any of the contents thereof, including without limitation machinery used in the service of the Vacation Resort Ownership Units, by fire and other risks and hazards customarily covered by an insurance policy written on an all risk basis, including, to the extent available at a reasonable cost, earthquakes. The stipulated amount of such insurance shall be based on the full replacement cost thereof, and either such stipulated full replacement cost amount shall be updated annually by the Association to reflect the then current estimated full replacement cost thereof, or an endorsement which provides for full reimbursement for the actual cost of repair or replacement thereof, without deduction for depreciation, shall be procured and maintained by the Association.

(ii) Insurance covering the Common Furnishings and to the extent available at a reasonable cost, the personal property on the Project owned by any Owner, Permitted User, Exchange User or Licensee or in the possession of the Association, its agents or employees against hazards such as burglary and theft.

(iii) To the extent available at a reasonable cost, insurance against loss of earnings, continuing charges and expenses, and such other risks and hazards customarily covered by business interruption insurance policies. Such business interruption insurance shall be combined with insurance against loss due to extra expenses arising out of operating the Project and the cost of temporary quarters for Owners, Permitted Users and Exchange Users due to damage to the Vacation Resort Ownership Units and the Common Furnishings and such other risks and hazards customarily covered by such extra expense insurance policies.

(iv) Insurance against loss for liability due to injury to, or destruction of personal property belonging to, Owners, Permitted Users and Exchange Users and Licensees while located within the Property, including without limitation loss due to claims for bodily injury, death and property damage with a combined single limit liability with regard thereto of not less than \$1,000,000.00 per occurrence. The Association shall also procure and maintain one or more umbrella liability insurance policies against loss or damage due to claims for personal injury, death and property damage with a limit with regard thereto of not less than \$3,000,000.00 per occurrence.

(v) Directors and officers liability insurance, if required by law or to the extent available at a reasonable cost.

(vi) To the extent available at a reasonable cost, Workers' Compensation Insurance and any other insurance deemed necessary or desirable by the Association. Such other policies of insurance shall cover such risks, be written by such insurers, and be in such amounts as the Association shall deem necessary and proper under the circumstances. If required by a governmental authority, the Association shall cause to be covered by a fidelity bond or insurance providing for a blanket crime endorsement, any employee or agent of the Managing Agent or the Association who may have charge of funds of any Owner, Permitted User, Exchange User or of the Association.

All insurance policies obtained by the Association hereunder shall name all Owners (as a class) as additional insureds. Liability insurance shall contain appropriate waivers of subrogation against any Owner or member of such Owner's household, and a provision that no act or omission by an Owner, unless acting within the scope of his authority on behalf of the Association, will void the policy or operate as a condition to recovery by any other person under such policy.

(l) **Legal and Accounting.** To obtain and pay the cost of legal and accounting services necessary or proper in the operation, maintenance and repair of the Property and the enforcement of the Governing Instruments.

(m) **Levy and Collection of Assessments.** To levy, collect and enforce Assessments against the Owners in the manner provided in Articles V and VI hereof in order to pay the expenses of the Interval operation including the fee of the Managing Agent; and to do all things necessary to enforce each Owner's obligations hereunder.

(n) **Maintenance and Repair.** To repair, maintain, repaint, furnish or refurnish the Property or any parts thereof; to establish reserves for anticipated costs, including the costs of acquisition and replacement of Common Furnishings; and to acquire and pay for materials, supplies, furniture, furnishings, labor or services which the Association deems necessary or proper for the operation, maintenance and repair of the Project and the Common Furnishings.

(o) **Master Association Assessments.** To pay any assessments or charges levied by the Master Association against the Property.

(p) **Master Association Board.** To nominate from the member(s) of the Board elected by Owners to be the new Board, those two persons receiving the highest number of votes, to run for election as the Association's representative(s) on the Board of Directors of the Master Association, which persons shall be elected by the vote of the Owners at the annual meeting of the Master Association.

(q) **Master Association Voting.** To exercise the vote that the Property is entitled to exercise in the Master Association as provided in Section 2.3(b) of the Master Declaration and in this subparagraph. In connection with the exercise of such vote, the Association shall notify all Owners of the matters to be voted upon by the members of the Master Association and shall provide to Owners such information as may be available on the matters to be voted upon, together with a form of ballot prepared by the Association for return by each Owner to the Association. The form shall request that each Owner indicate to the Association the manner in which such Owner desires the vote of the Property to be exercised with respect to each matter upon which a vote is to be taken.

(i) With respect to matters which do not require the vote or written consent of a prescribed percentage of "Non-Declarant Owners" (as defined in the Master Declaration), and provided that a Majority of Owners votes, the Association's representative(s) on the Board of Directors of the Master Association shall exercise, on behalf of all Owners, the vote for the Property in the manner approved by a Majority of Voting Owners. If fewer than a Majority of Owners votes on any such matter, the Association's representative(s) on the Board of Directors of the Master Association shall be entitled to exercise, on behalf of all Owners, the vote for the Property in the manner such representative(s) deem(s) to be in the best interest of the Owners. The Association's representative(s) on the Board of Directors of the Master Association shall be entitled to exercise the vote for the Property as such representative(s) deem(s) to be in the best interest of the Owners as to all matters which come before a meeting of the members of the Master Association if, because of circumstances beyond the control of the Association, the Association shall not have had the time to implement the foregoing procedure.

(ii) With respect to matters which require the vote or written consent of a prescribed percentage of "Non-Declarant Owners" (as defined in the Master Declaration), the Association's representative(s) on the Board of Directors of the Master Association shall exercise, on behalf of all Owners, the vote for the Property as follows:

(A) The number of votes attributable to Non-Declarant Owners shall be deemed to be equal to the number of Vacation Resort Ownership Units as provided herein. The Association's representatives shall vote such number of votes as determined by the prescribed percentage of Non-Declarant Owners. If the prescribed percentage of Non-Declarant Owners is not achieved regarding the matter presented, then the entire block of votes called for in this subparagraph shall be cast accordingly.

(B) The balance of votes attributable to the Property (the difference between the number of Units and the number of Vacation Resort Ownership Units) shall be cast (1) prior to the Conversion Date, by Declarant and (2) on or after the Conversion Date, in accordance with the procedure set forth in subparagraph 4.2(q)(ii), above.

Each Owner shall be deemed to have authorized the Association's representative(s) on the Board of Directors of the Master Association to act for such Owner at any such meeting of the members of the Master Association and, for this purpose, shall, whenever requested to do so, deliver to the Association a proxy authorizing the Association's representative(s) on the Board of Directors of the Master Association to act for such Owner at any such meeting.

(r) **Minutes, Agenda and Policies.** To provide each Owner with (i) a copy of the minutes of Board meetings within 60 days following the date of such meeting, (ii) a list of the orders of business to be considered at the annual meeting of members not later than 30 days prior to the date for such meeting, which list shall contain the name, address and a brief biographical sketch (if available) of each member nominated to stand for election to the Board, and (iii) a statement of the Association's policies and practices, within 60 days prior to the beginning of each Fiscal Year, in enforcing its remedies against Owners for defaults in the payment of any amounts due to the Association, including, without limitation, the recording and foreclosing of liens against Owners' interests in the Property.

(s) **Other Necessary Acts.** To do all other things or acts and to grant easements in, over and through the Association Property as deemed by the Association to be necessary, desirable or appropriate for the operation and maintenance of the Property.

(t) **Right of Entry.** During Service Periods and at any other reasonable time, upon giving reasonable notice if a Unit is occupied, to enter the Unit for the purpose of cleaning, maid service,

painting, maintenance and repair, and to enter upon and within any Unit, at any reasonable time, whether or not during a Service Period and whether or not in the presence of an Owner, for the purpose of (i) making emergency repairs therein, (ii) abating any nuisance or any dangerous, unauthorized, prohibited or unlawful activity being conducted or maintained in such Unit, (iii) protecting property rights and welfare of the other Owners, or (iv) for any other purpose reasonably related to the performance by the Association of its responsibilities under the terms of this Declaration. Such right of entry shall be exercised in such a manner as to avoid any unreasonable or unnecessary interference with the possession, use and/or enjoyment of the Owner, his Permitted User or other occupant of such Unit and shall be preceded by reasonable notice to the Owner, his Permitted User or other occupant thereof whenever the circumstances permit.

(u) **Roster.** To compile the Roster. Upon the written request of an Owner stating the purpose for which the request is made, the Association shall furnish such Owner with a copy of the Roster and may charge such Owner a reasonable fee therefor. Each Owner who requests and receives a copy of the Roster hereby agrees not to distribute a copy of the Roster to any person who is not an Owner or make any use of the Roster for any purpose unrelated to any Owner's interest as an Owner and member. Any Owner who uses or distributes the Roster in a manner prohibited under this subparagraph shall be subject to all rights, powers and remedies available to the Association under this Declaration, and agrees to indemnify and defend the Association, the Board and the Managing Agent against and to hold the Association harmless from any and all claims arising from or related to such Owner's use of the Roster.

(v) **Statements of Status; Project Documents.**

(i) Within 10 days of the mailing or delivery of a request by any Owner, Mortgagee, prospective Mortgagee, purchaser or other prospective transferee of an Interval, to issue a Statement of Status. The Statement of Status shall be binding upon the Association in favor of any person who may rely thereon in good faith.

(ii) Within 10 days of the mailing or delivery of a request by any Owner, to provide such Owner with a copy of the Declaration, the Articles and the Bylaws.

(iii) The Association may charge a fee for providing the Statement of Status or the requested documents, which fee shall not exceed the reasonable cost of preparation and/or reproduction thereof.

(w) **Taxes and Assessments.** To pay all taxes and assessments and other costs affecting or relating to the Property or Common Furnishings; to discharge, contest or protest liens or charges affecting the Property.

(x) **Use Week Calendar.** Exhibit G hereto identifies the commencement day of all Use Weeks for the 23 year period commencing on January 4, 1985. Not later than 5 years prior to the expiration of such calendar, and any supplemental or replacement calendar provided by the Association pursuant to this subparagraph, the Association shall supplement the then effective calendar by identifying the commencement days for all Use Periods for an additional 25 year period.

(y) **Utilities.** To the extent not provided by the Master Association, to obtain and pay the costs of water, electrical, telephone, cable television, refuse pickup, garbage disposal and other utility services for the Project.

4.3 Authority and Duty to Engage Managing Agent. The Association shall have the authority to engage and the obligation to use its best efforts to engage and maintain a reputable firm as the Managing Agent for the Property and the Interval operation pursuant to a Management Agreement. A copy of the first Management Agreement is attached hereto as Exhibit F and each subsequent Management Agreement shall be in a form similar thereto.

4.4 Limitation on Powers of the Managing Agent. The Managing Agent shall not enter into a contract with a third person or entity whereby such person or entity will furnish goods or services for the Interval operation for a term longer than one year unless authorized by a Majority of Owners, except for:

(a) A contract with a public utility company if the rates charged for the materials or services are regulated by the Public Utilities Commission of the State of Oregon provided, however, that the term of the contract shall not exceed the shortest term for which the supplier will contract at the regulated rate.

(b) Prepaid casualty and/or liability insurance policies not to exceed three years duration provided that the policy permits short-rate cancellation by the insured.

(c) A lease of Common Furnishings.

4.5 Limited Liability. Neither the Association nor the Managing Agent shall be responsible for the

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acts, omissions or conduct of any Owner, Permitted User or Exchange User or for the breach of any of the obligations of any Owner, Permitted User or Exchange User.

4.6 Declarant's Obligations to the Property. For so long as (a) an improvement to be constructed by Declarant as a part of the Property (for which a bond or other security, if posted by Declarant to assure completion of such improvement, remains unexonerated) has not been completed, or (b) a Subsidy Agreement continues in effect, or (c) Declarant owns in excess of 20 percent of all Intervals in the Property, Declarant shall, within 30 days after the end of each quarter of the Fiscal Year, furnish to each member of the Board at his or her residence address a Declarant's Report.

If the Declarant's Report is not received by the Board members within 45 days after the end of a quarter, or if the Declarant's Report received evidences a failure by Declarant to fulfill any obligation of Declarant to the Association, the Board shall hold a special meeting to consider and to vote on the question of initiating action against the Declarant and/or the Declarant's surety to enforce Declarant's unfulfilled obligations.

If, within 75 days following the end of the calendar quarter with respect to which the Declarant's Report was either not submitted or reflected a failure by Declarant to fulfill its obligations to the Association, the Board fails to meet to consider and vote on the question of enforcing Declarant's obligations or if, within said 75-day period, the Board refuses to initiate action to enforce the Declarant's unfulfilled obligations, the director of the Association elected solely by the votes of Members other than Declarant shall be empowered to initiate action in the name of the Association and at the Association's expense, including, without limitation, arbitration proceedings as more particularly provided below. If such director initiates an action in the name of the Association, the Board shall thereafter take such steps as are necessary and appropriate in furtherance of the purpose of the action.

Any disagreement or controversy between the Declarant and the Association with respect to the question of the fulfillment of Declarant's obligations to complete and pay for improvements included in the Property, to pay for regular and special assessments as the Owner of the Declarant Intervals or to pay the costs of operating the Property and maintaining the property under a Subsidy Agreement shall, at the request of either party, be submitted to arbitration in accordance with the commercial Arbitration Rules of the American Arbitration Association.

The fee necessary to commence arbitration shall be paid by the party initiating the arbitration proceedings. The cost of arbitration shall ultimately be borne as determined by the arbitrator. If arbitration is requested by the director elected solely by the votes of the Members other than Declarant as provided above, the Association shall promptly reimburse such director for such costs as are reasonably incurred in initiating the arbitration proceedings.

ARTICLE V

ASSESSMENTS, PERSONAL CHARGES AND SECURITY DEPOSIT

5.1 Creation of Personal Obligations For Assessments. From and after the Starting Date, Declarant, for each Declarant Interval, hereby covenants and each Owner accepting the conveyance of an Interval, whether or not it shall be so expressed in the Original Deed shall be deemed to have covenanted and agreed, for each Interval owned, to pay to the Association the Basic Assessment, all Special Assessments, and all Reconstruction Assessments, which shall be established, made and collected as hereinafter provided. Personal Charges shall not be deemed to be Assessments for any purposes hereunder. Declarant may, in lieu of payment of the Basic Assessment, enter into a Subsidy Agreement with the Association in the form attached hereto as Exhibit I. The Assessments, together with interest thereon, costs and reasonable attorneys' fees shall be the personal obligation of each Owner at the time each Assessment becomes due and payable and shall be a lien and charge upon the Interval against which each Assessment is made. Subject to the provisions of subparagraph 6.2(b), below, the personal obligation for delinquent Assessments shall not pass to successors-in-title unless expressly assumed. No Owner may waive or otherwise avoid liability for the Assessments by non-use of his Interval or any part thereof or any abandonment thereof.

5.2 Purpose of Assessments. Assessments shall be used exclusively to promote the recreation, health, safety and welfare of the Owners, the operation, maintenance and improvement of the Property, to pay for the administration of the Interval operation and reimbursement of expenses incurred by the Association and other expenditures incurred in the performance of the duties of the Association as set forth in this Declaration.

5.3 Limitation on Basic Expenses. Except as provided in Paragraph 5.4, below, Basic Expenses, exclusive of expenses constituting charges and expenses charged to the Property by the Master Association, for any applicable Fiscal Year subsequent to the 1985 Fiscal Year shall not exceed 120 percent of Basic Expenses for the preceding Fiscal Year, without regard to any reduction pursuant to Paragraph 5.4 or increase in the Basic Expenses caused by an increase in the real property taxes assessed against the Property, unless authorized by a Majority of Owners.

5.4 Increase and Reduction of Budget.

(a) In the event of annexation pursuant to Article VIII, the Board shall, not later than 60 days following the Annexation Date, cause to be prepared a Supplemental Budget showing an increase in the Basic Expenses for the applicable Fiscal Year to an amount equal to the Basic Expenses for such Fiscal Year, prorated for the remainder of the Fiscal Year from the Annexation Date, multiplied by a fraction (i) the numerator of which is the total number of Units subject to this Declaration on the date immediately following the Annexation Date and (ii) the denominator of which is the total number of Units subject to this Declaration on the date immediately prior to the Annexation Date.

(b) In the event of deannexation pursuant to Article VIII, the Board shall, not later than 60 days following the Deannexation Date, cause to be prepared a Supplemental Budget showing a decrease in the Basic Expenses for the applicable Fiscal Year to an amount equal to the Basic Expenses for such Fiscal Year, prorated for the remainder of the Fiscal Year from the Deannexation Date, multiplied by a fraction (i) the numerator of which is the total number of Units subject to this Declaration on the date immediately following the Deannexation Date and (ii) the denominator of which is the total number of Units subject to the Declaration on the date immediately prior to the Deannexation Date.

(c) Each Owner hereby further agrees that in the event the Board shall determine at any time during the Fiscal Year that the Budget is, or will be, in excess of the amounts needed to meet the Basic Expenses (other than Reserve Expenses) for such Fiscal Year, the Board shall have the authority, exercisable in its sole discretion, to cause to be prepared an estimate of the amount of such excess, which excess shall then be subtracted from the previously prepared Budget for the Fiscal Year to which such excess is applicable. The Basic Expenses reflected in the reduced total Budget shall then be allocated among the Owners as provided in Paragraph 1.12. No Owner shall, by reason of such reduction, be entitled to a refund of all or any portion of any Basic Assessment previously paid. Each Owner hereby agrees that any amount assessed and collected in excess of the amount required to meet the Basic Expenses (other than Reserve Expenses) shall be applied to reduce the amount assessed to meet the Basic Expenses for the next succeeding Fiscal Year. Any reduction in the Budget, as provided herein, shall not relieve any Owner from his obligation to pay any past-due Basic Assessment.

5.5 Basic Assessment. From and after the Starting Date the Basic Assessment shall commence as to each Interval in the Property. The initial Basic Assessment for each Interval, other than a Declarant Interval, may be prorated as more particularly provided in the Purchase Agreement.

5.6 Payment of Basic Assessment.

The Basic Assessment shall be paid as follows:

(a) For Fiscal Year 1985 and any subsequent Fiscal Year in which an Owner becomes such, as provided in the Purchase Agreement.

(b) For each Fiscal Year thereafter, the Basic Assessment shall be payable with respect to Intervals other than Declarant Intervals in one lump sum due on or before the date determined by the Association, or if the Association shall elect, in periodic installments payable no more frequently than monthly.

(c) For each Fiscal Year in which there is no Subsidy Agreement, Declarant shall pay the Basic Assessment to the Association in 12 equal monthly installments, commencing on January 1 of each Fiscal Year and continuing on the first day of each month thereafter until paid; provided, however, that Declarant's obligations for the payment of the Basic Assessment attributable to a Declarant Interval shall cease as to such Interval upon conveyance thereof by Original Deed.

(d) That portion of the Basic Assessment which is attributable to Reserve Expenses shall be deposited in the Reserve Account.

5.7 Special Assessments. If the Basic Assessments collected or to be collected for a particular Fiscal Year are, or will be, inadequate to meet all expenses incurred by the Association hereunder (other than for items constituting Personal Charges) for any reason, including without limitation nonpayment by any Owner of any Assessment on a current basis, the Association shall immediately determine the approximate amount of such inadequacy, prepare and distribute a supplemental budget and levy against each Interval, in

accordance with the method for determining the Basic Assessment, a Special Assessment; provided, however, that without the vote or written assent of a Majority of Owners, Special Assessments, other than Special Assessments required to pay any assessments or charges owed by the Association to the Master Association, shall not, in the aggregate, exceed 5% of Basic Expenses for the applicable Fiscal Year. Any Special Assessment shall be payable in one lump sum or periodically, as determined by the Association.

5.8 **Personal Charges.**

(a) Personal Charges are not Assessments and the remedies available to the Association against any Owner for non-payment of such Owner's Personal Charges are those remedies provided in Paragraph 6.1 and subparagraph 6.2(a), below.

(b) Personal Charges shall be paid by each Owner as follows:

(i) If the Association is able to determine the amount of Personal Charges at Check-Out Time (for example, Personal charges constituting long distance telephone charges, optional additional maid service, etc.), such Personal Charges shall be payable at the termination of the Owner's Use Period.

(ii) Personal Charges constituting a transient occupancy tax, if any, shall be payable in periodic installments, not more frequently than monthly, or in one lump sum, as the Association may from time to time determine.

(iii) Except as provided in Paragraph 9.4, below, Personal Charges which are not ascertainable at the time of termination of an Owner's Use Period shall be payable as determined by the Association.

ARTICLE VI

ENFORCEMENT OF RESTRICTIONS

6.1 **In General.** In the event that any Owner or his Permitted User(s) should fail to comply with any of the provisions of the Governing Instruments, the Association or any other Owner(s) shall have full power and authority to enforce compliance with the Governing Instruments in any manner provided for therein, by law or in equity, including, without limitation, the right to enforce the Governing Instruments by bringing an action for damages, an action to enjoin the violation or specifically enforce the provisions of the Governing Instruments, to enforce the liens provided for herein and any statutory lien provided by law, including the foreclosure of any such lien and the appointment of a receiver for an Owner and the right to take possession of the Interval of any Owner in any lawful manner. In the event the Association or any Owner(s) shall employ an attorney to enforce the provisions of the Governing Instruments against any Owner, the party engaging the attorney shall be entitled to recover from the Owner violating any such provisions reasonable attorneys' fees and costs in addition to any other amounts due as provided for herein. All sums payable hereunder by an Owner which becomes delinquent shall bear interest at the maximum rate permitted by law from the due date, or if advanced or incurred by the Association, or any other Owner pursuant to authorization contained in this Declaration, commencing 10 days after repayment is requested. Each Owner who becomes delinquent in the payment of any amount due the Association shall pay to the Association a late charge of \$10.00 for each payment which is delinquent. All enforcement powers of the Association shall be cumulative. Each Owner accepting the conveyance of an Interval shall be deemed to have covenanted and agreed that the Association shall have all of the rights, powers and remedies set forth in this Article VI and elsewhere in this Declaration.

6.2 **Certain Specific Enforcement Powers.** In amplification of, and not in limitation of, the general powers specified in Paragraph 6.1 above, the Association shall have the following rights and powers:

(a) **Suspension of Privileges and Imposition of Monetary Penalties.** If any Owner or his Permitted User shall be in breach of the Governing Instruments, including but not limited to the failure of such Owner to pay any Assessment or Personal Charges on or before the due date therefor, subject to the limitations hereinafter set forth in this subparagraph 6.2(a), the Association may suspend the right of such Owner to reserve or occupy any Vacation Resort Ownership Unit and the right of such Owner to participate in any vote or other determination provided for herein, and may impose monetary penalties therefor. No such suspension or imposition of monetary penalties, except a suspension of privileges or imposition of monetary penalties for the failure of such Owner to pay any Assessments or Personal Charges, any portion thereof or any other amount(s) due hereunder on or before the due date therefor, shall be made except after a meeting of the Board at which a quorum of the Board is present, duly called and held for such purpose in the same manner as provided in the Bylaws for the noticing, calling and holding of a meeting of the Board. Written notice of such meeting, the purpose thereof,

including the reasons for the suspension sought or the monetary penalties sought to be imposed, and whether the Owner's defense shall be oral or written, shall be given to the Owner whose privileges are being sought to be suspended or against whom monetary penalties are sought to be imposed at least 15 days prior to the holding of such meeting. Such notice shall be given as provided at Paragraph 9.3 below. Such Owner shall be entitled to appear at such meeting and present his case, either orally or in writing as designated by the Board, as to why his privileges should not be suspended or such monetary penalties should not be imposed. The decision as to whether such privileges should be suspended or such monetary penalties imposed shall be made by a majority of the members of the Board present at such meetings. Written notice of suspension, the length thereof or monetary penalties imposed and the reasons therefor shall be given to the affected Owner and the suspension or monetary penalties shall become effective 5 days following the date such notice is given. If such suspension of privileges or imposition of monetary penalties is based on the failure of an Owner to pay Assessments, Personal Charges or any other amount(s) due hereunder when due, the suspended privileges of such Owner shall be reinstated automatically at such time as the Owner shall have paid to the Association, in cash or by cashier's or certified check, all amounts past-due as of the date of such reinstatement, together with accrued and unpaid interest and any late charges or other monetary penalties imposed. If such suspension of privileges is based on any act or omission other than the failure of an Owner to pay Assessments, Personal Charges or any other amount(s) due hereunder when due, the suspended privileges shall be automatically reinstated upon the expiration of the period stated in the suspension notice.

(b) **Enforcement by Lien.** Subject to the provisions of subparagraph 6.2(c), below, provision is hereby made for a claim of lien on each and every Interval to secure the prompt and faithful performance of each Owner's obligations under the Governing Instruments for the payment to the Association of any and all Assessments levied against any and all Intervals under this Declaration, together with interest thereon at the maximum rate permitted by law from the date of delinquency, and all late charges and costs of collection which may be paid or incurred by the Association in connection therewith, including reasonable attorneys' fees. Each default shall constitute a separate basis for a claim of lien or a lien, but any number of defaults may be included within a single claim of lien. At any time after the occurrence of any default in the payment of such Assessment, the Association or any authorized representative may, but shall not be required to make a written demand for payment to the delinquent Owner. Said demand shall state the date and amount of the delinquency. If such delinquency is not paid within 10 days after delivery of such demand, or at any time after the date of delinquency if no written demand is made, the Association may elect to file and record a notice of assessment and claim of lien (with a copy to the Mortgagee of such delinquent Owner if previously requested) on behalf of the Association against the Interval of the delinquent Owner in the Office of the County Recorder of Deschutes County. Such a notice of assessment and claim of lien shall be executed and acknowledged by any officer of the Association, and shall contain substantially the following information:

- A. the name of the delinquent Owner;
- B. the legal description of the Interval;
- C. the total amount of the delinquency, interest thereon, late charges, collection costs and reasonable attorneys' fees (with any proper offset allowed);
- D. that the notice of assessment and claim of lien is made by the Association pursuant to this Declaration;
- E. that a lien is claimed against the Interval in an amount equal to the amount stated; and
- F. any other information required by law.

Upon such recordation of a duly executed original or copy of such a notice of assessment and claim of lien, and mailing a copy thereof to the defaulting Owner, the lien claimed therein shall immediately attach and become effective. Unless sooner satisfied and released, or the enforcement thereof initiated as hereafter provided, such lien shall expire and be of no further force or effect three years from the date of recordation of said notice of assessment and claim of lien or such other time as may be provided by law. Any such lien may be foreclosed by appropriate action in court or in any other manner provided by law as the laws of the State of Oregon may from time to time be changed or amended. The Association shall have the power to bid in at any foreclosure sale, trustee's sale or judgment sale and to purchase, acquire lease, hold, mortgage and convey any interval acquired at such sale, subject to the provisions of this Declaration. Reasonable attorneys' fees, court costs, title search fees, interest and all other costs and expenses shall be allowed to the extent permitted by law.

Subject to the rights and priorities of any Mortgagee, the proceeds of any foreclosure, trustee's or judgment sale provided for in this Declaration shall first be paid to discharge court costs, court reporter charges, reasonable attorney's fees, title costs and costs of the sale, and all other expenses of the proceedings and sale, and the balance of the proceeds, after satisfaction of such charges and unpaid Assessments hereunder or any liens, shall be paid to the defaulting Owner. Subject to any statutory rights of redemption, any purchaser at such sale shall obtain title to the Interval free from the sums claimed (except as stated in this subparagraph) but otherwise subject to the provisions of the Governing Instruments; and no such sale or transfer shall relieve such Interval or the purchaser thereof from liability for any Assessments, other payments or performance thereafter becoming due or from the lien therefor as provided for in this subparagraph. All sums assessed hereunder but still unpaid shall remain the obligation of and shall be payable by the person foreclosed upon; but if such sum should prove uncollectable, then it shall be deemed to be a Basic Expense, collectable from all of the other Owners, including the purchaser thereof at foreclosure, and shall be shared among such Owners in the same manner as other Basic Expenses are shared.

Upon the timely curing of any default for which a notice of assessment and claim of lien was filed by the Association, the officers of the Association are hereby authorized to record an appropriate release of such lien in the Office of the County Recorder of Deschutes County.

(c) **Assignment of Rents.** As security for the payment of all liens arising pursuant to this Article VI, each Owner hereby gives to and confers upon the Association the right, power and authority, during the continuance of such ownership, to collect the rents, issues and profits of said Owner's Interval, reserving unto the Owner the right, prior to any default by such Owner in performance of that Owner's obligation under the Governing Instruments to collect and retain such rents, issues and profits as they become due and payable. Upon any such default, the Association may, at any time, after 10 days written notice to such Owner, then either in person, by agent or by a receiver to be appointed by a court of competent jurisdiction, and without regard to the adequacy of any security for such indebtedness, take possession of such Owner's Interval, in its own name sue for or otherwise collect such rents, issues and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney's fees, in payment of any indebtedness to the Association or in performance of any agreement hereunder, and in such order as the Association may determine. The taking possession thereof, the collection of such rents, issues and profits and the application thereof as aforesaid, shall not cure nor waive any default hereunder or invalidate any act done pursuant to this Declaration. The assignment of rents and power described in the foregoing paragraph shall not affect, and shall in all respects be subordinate to, the rights and power of the holder of any Mortgage on any Interval, or any part thereof, to do the same or similar acts.

6.3 Subordination to Certain Mortgages. The lien provided for herein shall be prior to all encumbrances made by an Owner or imposed by legal process upon any Owner except taxes, bonds, assessments and other levies which by law are prior thereto, whether the notice of lien is recorded prior or subsequent to any such encumbrances, except that the lien provided for herein shall be subordinate to the lien of any Prior Mortgage. The sale or transfer of any Interval shall not defeat or affect the lien provided for herein; provided, however, that the sale or transfer of any Interval which is subject to any Prior Mortgage pursuant to a foreclosure under such Prior Mortgage shall extinguish the lien provided for herein as to payments which become due prior to such sale or transfer. No such sale or transfer shall relieve such Interval or the purchaser thereof from liability for any Assessment(s) thereafter becoming due or from the lien thereof.

ARTICLE VII

DAMAGE, DESTRUCTION, OR CONDEMNATION

7.1 In General. In the event of any damage or destruction, whether resulting from an insured casualty, uninsured casualty or a partial taking in eminent domain proceedings, to the Property or the Common Furnishings other than by ordinary wear and tear, the Association, subject to the provisions of Paragraph 7.2, shall cause such damage or destruction to be repaired promptly and, subject to the rights of a Mortgagee, as reserved in a Prior Mortgage, shall use any available insurance or condemnation proceeds for such purpose. If the damage is not covered by condemnation proceeds or by insurance proceeds, or if the available insurance or condemnation proceeds are insufficient, the Association shall, subject to the

provisions of Paragraph 7.2 and the next succeeding sentence, levy against all Owners a Reconstruction Assessment at a uniform rate determined in accordance with the method for calculating the Basic Assessment, for the amount required to meet the cost of such repair or restoration. In the event the damage or destruction was caused by the intentional grossly negligent act or omission of an Owner or his Permitted User(s), the cost of such repair or the amount of such deficiency shall be a Personal Charge and paid by such Owner as provided in Paragraph 5.9 above.

7.2 Extensive Damage or Destruction. In the event the amount of the Reconstruction Assessment which is required to be levied pursuant to Paragraph 7.1 above, shall exceed 10 percent of the amount of Basic Expenses for such Fiscal Year, such Reconstruction Assessment shall not be levied unless such Reconstruction Assessment is approved by a Majority of Owners. If such Reconstruction Assessment is not so approved or if no action is taken with respect to such Reconstruction Assessment within 180 days following the date of such damage or destruction, such disapproval or inaction shall be deemed to be an election to terminate this Declaration, in which event this Declaration shall terminate upon the consummation of the sale of the Property, pursuant to Paragraph 9.2, below, and the recordation of an amendment stating that the Declaration has been terminated in accordance with the provisions of this Paragraph 7.2. The proceeds arising from such sale, together with any insurance proceeds or condemnation proceeds received as a result of such damage or destruction, shall be distributed by the Association, as trustee, to each Owner, including Declarant, with respect to the Declarant Intervals (subject to the rights of Mortgagees as reserved in Prior Mortgages), at a uniform rate in accordance with the method for calculating the Basic Assessment; provided, however, that there shall be deducted from the amount due any Owner the amount, if any, of all sums due to the Association from such Owner.

7.3 Excess Insurance Proceeds. Any excess insurance or condemnation proceeds over the cost of repair or restoration or any insurance or condemnation proceeds available in the event the Property or the Common Furnishings are not rebuilt, restored, repaired or replaced pursuant to the provisions of this Declaration, shall be distributed by the Association, as trustee, to the Owners, including Declarant with respect to the Declarant Intervals (subject to the rights of Mortgagees as reserved in Prior Mortgages) at a uniform rate determined in accordance with the method of calculating the Basic Assessment; provided, however, that there shall be deducted from the amount due any Owner, the amount, if any, of all sums due to the Association from such Owner.

ARTICLE VIII

ANNEXATION AND DEANNEXATION

8.1 Annexation of Annexable Property. Declarant may annex to this Declaration all or any portion of the Adjacent Property without the consent of any Owner at any time and from time to time within 10 years after the Starting Date; provided, however, that any portion of the Adjacent Property annexed hereunder shall first be annexed to the regime of the Master Declaration as more particularly set forth in the Master Declaration.

8.2 Procedure for Annexation of Annexable Property. The annexation of all or any portion of the Annexable Property to the plan of this Declaration shall be effected by recording in the Office of the County Recorder of Deschutes County a Declaration of Annexation which shall contain the following:

(a) A legal description of the Annexable Property being annexed, including (i) a description of the Units located thereon, if any, in the form of Exhibit B attached hereto, (ii) an identification of the Intervals to be conveyed therein by identification numbers in the form of Exhibit B attached hereto, and (iii) a statement, if applicable, that all or any portion of the Annexable Property being annexed is to become Association Property.

(b) A statement submitting the Annexable Property (or portion thereof being annexed) to this Declaration, which Declaration shall be referred to by title, date of recording and instrument number.

(c) Such other terms and conditions as Declarant deems advisable or necessary; provided, however, that such terms and conditions shall not be inconsistent or in conflict with the terms and provisions hereof nor adversely or materially affect the interests of Owners hereunder.

8.3 Effect of Declaration. Upon any annexation pursuant to Paragraph 8.1, above, and at all times thereafter, this Declaration shall govern the use, enjoyment, repair, maintenance, restoration and improvement of the Units located on the Annexable Property so annexed, the Intervals therein conveyed and the interests therein conveyed or reserved. Any monetary encumbrances or liens existing on the date of any such annexation shall be subordinate to this Declaration and the lien rights conferred hereby.

8.4 Deannexation Procedure. Declarant may, subsequent to annexation, deannex all or any portion of the Annexable Property so annexed from this Declaration, without the consent of any Owner, at any time prior to the conveyance by Original Deed of an Interval conveying an interest in such portion of the Annexable Property, provided that such portion of the Annexable Property being deannexed constitutes a separate legal parcel of real property. Such deannexation shall be effected by recording a Termination Declaration. Upon recordation of the Termination Declaration, the identified portion of the Annexable Property shall be removed and deannexed from the Interval program and, thereafter, shall be free from the obligations, requirements, declaration, limitation, covenants, conditions, and restrictions set forth in this Declaration.

ARTICLE IX MISCELLANEOUS PROVISIONS

9.1 Amendment. This Declaration may be amended as follows:

(a) By Declarant at any time (i) prior to the Starting Date, or (ii) if required to do so by any governmental entity to meet the requirements of the laws of any State in which Declarant desires to register the Intervals for sale; or (iii) by recording a revised Exhibit B in the office of the recorder officer of Deschutes County in order to modify the Interval numbering identification system; or,

(b) By a Majority of Owners; provided, however, that Paragraph 9.2, below, may not be amended except by a Super-Majority of Owners.

An amendment to Exhibits F and I shall not be deemed to be an amendment of the Declaration for purposes of this Paragraph 9.1. Any amendment shall be binding upon every Owner and every Interval whether the burdens thereon are increased or decreased. No amendment shall require the consent or approval of any Mortgagee. Any amendment authorized hereby shall be evidenced by an instrument in writing, signed and acknowledged, (i) in the event of an amendment pursuant to clause (a) by Declarant or (ii) in the event of an amendment pursuant to clause (b) by any two officers of the Association, which amendment shall be effective upon filing in the Office of the County Recorder of Deschutes County, Oregon.

9.2 Termination.

(a) Subject to the provisions of Paragraph 7.2, above, and subparagraph 9.2(b), below, this Declaration shall remain in effect for a period of 50 years from the date of recordation hereof and thereafter shall remain in effect for successive periods of 10 years each.

(b) This Declaration may be terminated at any time (i) after 40 years from the date of recordation of this Declaration, by a Super-Majority of Owners electing to terminate the Declaration and authorizing the Association, as trustee for all Owners, to sell the Property, or (ii) if under the provisions of Paragraph 7.2, the provisions of this Paragraph 9.2 are applicable. In such event, Declarant, for each Declarant Interval, and each Owner, by accepting the conveyance of an Interval, whether or not it shall be so expressed in the Original Deed, hereby confers upon the Association, as trustee, the power and authority to sell, convey or otherwise transfer the Property and this Declaration shall terminate upon the consummation of such sale and the recordation of an instrument stating that this Declaration is terminated pursuant to subparagraph 9.2(b). Notwithstanding the termination of this Declaration as hereinabove provided in this subparagraph 9.2(b) and the termination thereby of all of the covenants, conditions, restrictions, easements, rules and regulations, Association Policies and Procedures, liens and equitable servitudes created by this Declaration, the existence of the Association shall continue for so long as reasonably required to provide for the collection and disbursement of the proceeds from the sale, conveyance or transfer of the Property.

(c) In the event that no conveyance, sale or transfer of the Property shall have been effected by the Association within nine months after (i) the event described in clause (i) or (ii) of subparagraph 9.2(b) occurred, any Owner, including Declarant, shall have the right to petition a court of competent jurisdiction for the sale of the Property in lieu of partition. Such court shall recognize and give effect to any agreement, document or instrument made or entered into by the Association within said nine-month period, and pursuant to which the Property shall be conveyed, sold or transferred.

(d) The proceeds from a sale of the Property (i) by the Association pursuant to the power of sale conferred upon the Association, as set forth in subparagraph 9.2(b), or (ii) by a referee appointed to do so pursuant to a decree of partition obtained pursuant to subparagraph 9.2(c), above, shall be distributed by the Association, as trustee, to each Owner, including Declarant with respect to each

Declarant Interval (subject to the rights of each Owner's Mortgagee) in accordance with the method for determining the Basic Assessment; provided, however, that there shall be deducted from the amount due any Owner, the amount, if any, of all sums due to the Association from such Owner.

9.3 Notices. Notices provided for in this Declaration shall be in writing and shall be deemed sufficiently given either when delivered personally at the appropriate address set forth below (in which event, such notice shall be deemed effective only upon such delivery) or 48 hours after deposit of same in any United States post office box in the state to which the notice is addressed, 72 hours after deposit of same in any such post office box other than in the state to which the notice is addressed, postage prepaid, addressed as set forth below. Any notice to an Owner required under this Declaration shall be addressed to the Owner at the last address for such Owner appearing in the records of the Association or, if there be none, at the address of the Property. Notices to the Association shall be addressed to Eagle Crest Vacation Resort Owners Association, P.O. Box 953, Redmond, Oregon 97756. Notices to the Managing Agent shall be addressed to the address designated by the Managing Agent by written notice to all Owners. Notices to Declarant shall be addressed to Eagle Crest Partners Ltd., P.O. Box 1215, Redmond, Oregon 97756. The addresses and addressees for purposes of this Paragraph 9.3 may be changed by giving notice of such change in the manner herein provided for giving notice. Unless and until such notice is received, the last address and addressee as stated by notice or as provided herein, if no notice of change has been sent or received, shall be deemed to continue in effect for all purposes hereunder.

9.4 Notification of Sale of Interval. No later than 10 days prior to the sale or transfer of any Interval under circumstances whereby the transferee becomes the Owner thereof, the transferor shall notify the Association in writing of (a) the name and address of the transferee and transferor, (b) the date on which such sale or transfer is to be consummated, (c) the purchase price to be paid by the transferee for such Interval, (d) a statement, executed by the transferee, that the transferee has received, and acknowledges receipt of, from the Owner, a copy of the Governing Instruments and a Statement of Status, (e) a statement, executed by the transferee, that the transferee has received a copy of the then effective Association budget and (f) a statement, executed by the transferee, that the transferee agrees to be bound by all of the provisions of the Governing Instruments. Any outstanding and unpaid Assessments and Personal Charges shall be paid to the Association prior to the transfer of such Interval. Unless and until such notice is given and any unpaid Assessments and Personal Charges have been paid to the Association on behalf of the transferor, the Association shall not be required to recognize the transferee for any purpose, and any action taken by the transferor as an Owner may be recognized by the Association. Prior to (a) receipt of any such notification by the Association or the Managing Agent, (b) the payment of Assessments and Personal Charges by the transferor, any and all communications required or permitted to be given by the Association shall be deemed duly given and made to the transferee if duly and timely made and given to such transferee's transferor.

9.5 Severability and the Rule Against Perpetuities. If any provision of this Declaration, or any section, sentence, clause, phrase or word or the application thereof in any circumstances, shall be held invalid, the validity of the remainder of this Declaration and of the application of such provisions, sentence, clause, phrase or word under any other circumstances shall not be affected thereby. If any provision of this Declaration would violate the Rule Against Perpetuities or any other limitation on the duration of the provisions contained herein imposed by law, then such provisions shall be deemed to remain in effect only for the maximum permissible period permitted by law or until 21 years after the death of the last survivor of the now living descendants of former President James E. Carter and President Ronald W. Reagan, whichever is later.

9.6 Successors. The provisions of this Declaration shall be binding upon all parties having or acquiring any Interval or any right, title or interest therein and shall be for the benefit of each Owner and his heirs, successors and assigns. Each Owner (including Declarant) shall be fully discharged and relieved of liability on the covenants herein insofar as such covenants relate to each Interval upon ceasing to own such Interval and paying all sums and performing all obligations hereunder insofar as the same relate to each Interval up to the time his ownership interest terminated.

9.7 Violation or Nuisance. Every act or omission whereby any provision of the Governing instruments is violated in whole or in part is hereby declared to be a nuisance and may be enjoined or abated whether or not the relief sought is for negative or affirmative action, by Declarant, the Association or any Owner.

9.8 Interpretation. The captions of the Articles, Paragraphs and subparagraphs hereof are for convenience only and shall not be considered to expand, modify or aid in the interpretation, construction or meaning of this Declaration. As used herein the singular shall include the plural and the masculine shall include the feminine and neuter.

0098-0778

9.9 **No Waiver.** The failure to enforce any provision of this Declaration shall not constitute a waiver thereof or of the right to enforce such provision thereafter.

9.10 **Right of First Refusal.** No Owner may, during the twenty year period commencing with recordation of the Original Deed from Declarant as grantor, convey all or part of the fee interest in an Interval, without first giving Declarant written notice (the "Sale Notice") of such intent together with the proposed sale price (the "Sale Price") and other terms upon which the Owner intends to offer the Interval for sale. Declarant shall have the right to purchase such Interval at a price equal to the Sale Price on the terms set forth in the Sale Notice by notifying Owners in writing within 15 days of the date of receipt of the Sale Notice. If Declarant does not notify Owner within such time period, such failure to notify shall be deemed to constitute Declarant's election not to purchase the Interval. If Declarant notifies Owner of its desire so to purchase, Owner shall be bound to sell and Declarant shall be bound to purchase the Interval in accordance with the terms of the Sale Notice, and the closing of the purchase shall take place the later of (a) the date for closing set forth in such Sale Notice; or (b) sixty (60) days after the date upon which Declarant notifies Owner of the exercise of its rights so to purchase. The other terms of the closing and payment of costs in connection therewith shall be in accordance with the terms of the Sale Notice, as applicable, except that no brokerage fee or commission shall be payable by Declarant, and Declarant may elect to purchase the Interval for all cash despite any provision in such Sale Notice for financing of such purchase to be provided by Owner.

If Declarant shall elect not to exercise its right to purchase the Interval, Owner may proceed to offer the Interval for sale for a period of one year, provided that no sale shall be made at a price less than 90% of the Sale Price or otherwise on terms less favorable to Owner than were offered to Declarant without first sending to Declarant a new Sale Notice setting forth such new Sale Price and/or terms, in which event Declarant shall have a further period of 15 days in which to elect to purchase the Interval upon the new price and/or terms. If a sale pursuant to the Sale Notice is not consummated within the lesser of: (a) the period described in the Sale Notice; or (b) expiration of the one year period, or (c) such longer period of time as Declarant shall approve in writing, any sale thereafter, whether to the same or any other purchaser, shall be subject to all the above provisions relating to Declarant's first right to purchase the Interval.

Notwithstanding any other provision hereof to the contrary, any Mortgagee of such Interval who shall acquire title to such Interval pursuant to the exercise of its rights under its Mortgage shall, upon resale of the Interval, not be bound to comply with the provisions of this Paragraph 9.10, but all persons who shall acquire title to such Interval from such Mortgagee or pursuant to any sale conducted by such Mortgagee shall be bound hereby.

IN WITNESS WHEREOF, Declarant has hereunto caused this Declaration to be executed as of the day of year first-above written.

"DECLARANT"

EAGLE CREST PARTNERS LTD.,
an Oregon limited partnership

By Barry G. Evans, Trustee,
Atlantic National Trust,
a California Intervivos Trust,
General Partner

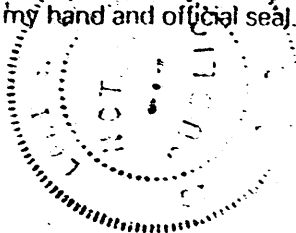
By 
Barry G. Evans, Trustee

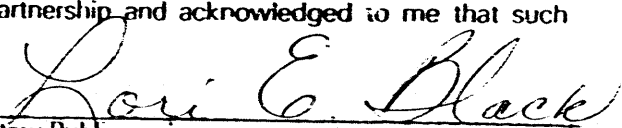
STATE OF OREGON

COUNTY OF DESCHUTES

On June 24, 1985, before me, the undersigned, a Notary Public in and for said State, personally appeared Barry G. Evans, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) who executed this instrument as the trustee for Atlantic National Trust, a California intervivos trust, the sole general partner of the limited partnership and acknowledged to me that such limited partnership executed the same.

WITNESS my hand and official seal.




Notary Public

My commission expires:
5-11-87

EXHIBIT A

0098-0779

"Subject Property"

All of the following described lots as shown on the Eagle Crest Plat recorded June 24, 1985 in the office of the county recorder in Deschutes County, Oregon:

Unit Lots:

Lots 14, 15, 16, Block 5

Lots 19 & 20, Block 5

Recreational Facilities:

Lots 22 & 23, Block 5

Road Lot:

Lot 3, Block 11

Open Space:

Lot 13, Block 5

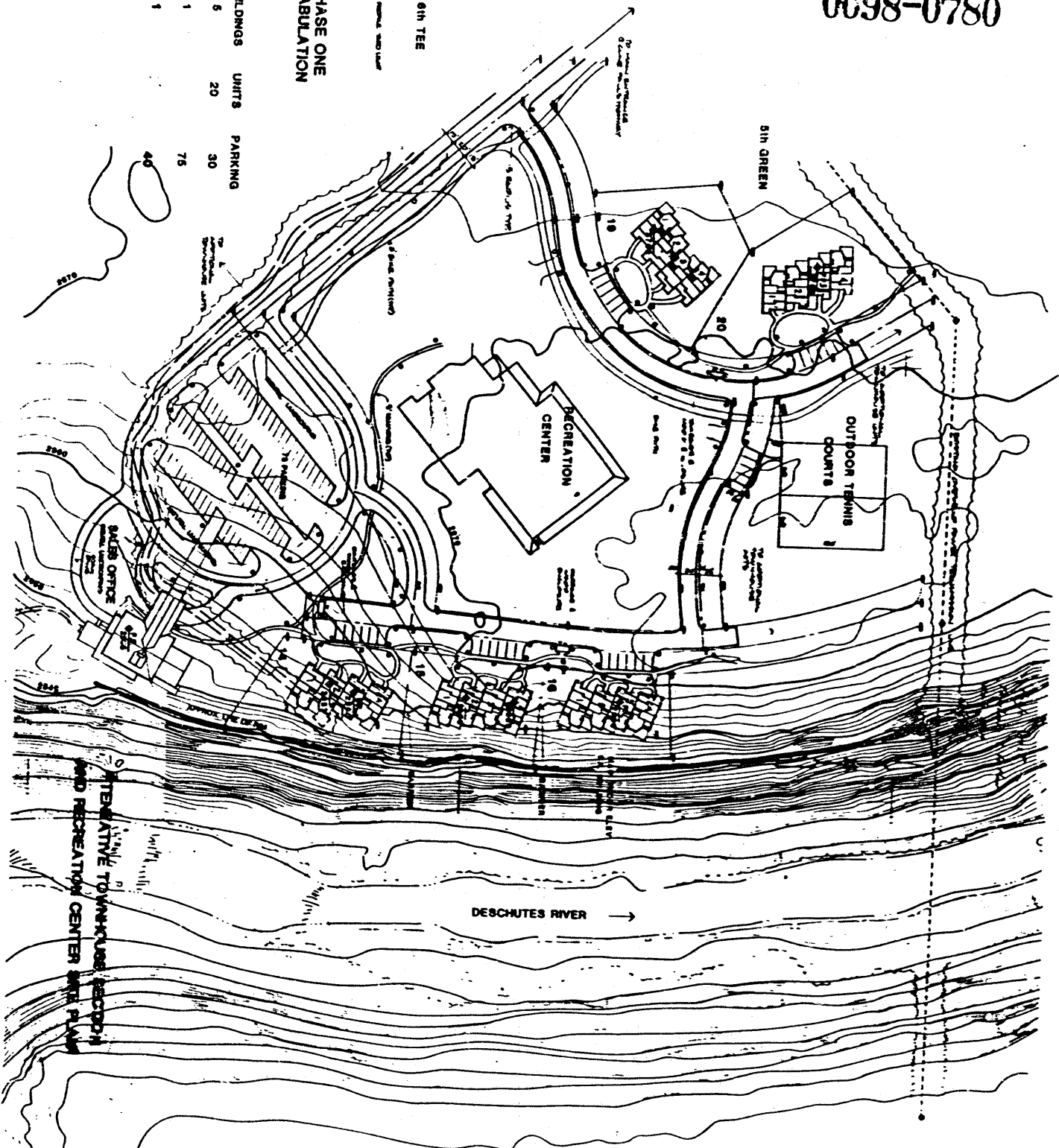
0098-0780

LIGHTING - - - - -

6th TEE

PHASE ONE
TABULATION

BUILDINGS	UNITS	PARKING
TOWNHOUSES	5	20
SALES OFFICE	1	30
RECREATION	1	75
		40



RECREATION CENTER AND
SALES OFFICE

DESCHUTES RIVER

ARCHITECTS
ZAIK/MILLER

EAGLE CREST

PROJECT
1" = 50'



14-~~2~~

VACATION RESORT OWNERSHIP DECLARATION INTERVAL IDENTIFICATION NUMBERS

0698-0781

EXHIBIT B

UNIT LOT	WEEK NO.	SEASON	UNIT LOT	WEEK NO.	SEASON	UNIT LOT	WEEK NO.	SEASON	UNIT LOT	WEEK NO.	SEASON
14.04	1	S	14.04	27	S	14.04	53	S	14.04	79	S
14.04	2	S	14.04	28	S	14.04	54	S	14.04	80	S
14.04	3	S	14.04	29	S	14.04	55	S	14.04	81	S
14.04	4	S	14.04	30	S	14.04	56	S	14.04	82	S
14.04	5	S	14.04	31	S	14.04	57	S	14.04	83	S
14.04	6	S	14.04	32	S	14.04	58	S	14.04	84	S
14.04	7	S	14.04	33	S	14.04	59	S	14.04	85	S
14.04	8	S	14.04	34	S	14.04	60	S	14.04	86	S
14.04	9	S	14.04	35	S	14.04	61	S	14.04	87	S
14.04	10	S	14.04	36	S	14.04	62	S	14.04	88	S
14.04	11	S	14.04	37	S	14.04	63	S	14.04	89	S
14.04	12	S	14.04	38	S	14.04	64	S	14.04	90	S
14.04	13	S	14.04	39	S	14.04	65	S	14.04	91	S
14.04	14	S	14.04	40	S	14.04	66	S	14.04	92	S
14.04	15	S	14.04	41	S	14.04	67	S	14.04	93	S
14.04	16	S	14.04	42	S	14.04	68	S	14.04	94	S
14.04	17	S	14.04	43	S	14.04	69	S	14.04	95	S
14.04	18	S	14.04	44	S	14.04	70	S	14.04	96	S
14.04	19	S	14.04	45	S	14.04	71	S	14.04	97	S
14.04	20	S	14.04	46	S	14.04	72	S	14.04	98	S
14.04	21	S	14.04	47	S	14.04	73	S	14.04	99	S
14.04	22	S	14.04	48	S	14.04	74	S	14.04	100	S
14.04	23	S	14.04	49	S	14.04	75	S	14.04	101	S
14.04	24	S	14.04	50	S	14.04	76	S	14.04	102	S
14.04	25	S	14.04	51	S	14.04	77	S	14.04	103	S
14.04	26	S	14.04	52	S	14.04	78	S	14.04	104	S
14.04	1	W	14.04	19	W	14.04	37	W	14.04	55	W
14.04	2	W	14.04	20	W	14.04	38	W	14.04	56	W
14.04	3	W	14.04	21	W	14.04	39	W	14.04	57	W
14.04	4	W	14.04	22	W	14.04	40	W	14.04	58	W
14.04	5	W	14.04	23	W	14.04	41	W	14.04	59	W
14.04	6	W	14.04	24	W	14.04	42	W	14.04	60	W
14.04	7	W	14.04	25	W	14.04	43	W	14.04	61	W
14.04	8	W	14.04	26	W	14.04	44	W	14.04	62	W
14.04	9	W	14.04	27	W	14.04	45	W	14.04	63	W
14.04	10	W	14.04	28	W	14.04	46	W	14.04	64	W
14.04	11	W	14.04	29	W	14.04	47	W	14.04	65	W
14.04	12	W	14.04	30	W	14.04	48	W	14.04	66	W
14.04	13	W	14.04	31	W	14.04	49	W	14.04	67	W
14.04	14	W	14.04	32	W	14.04	50	W	14.04	68	W
14.04	15	W	14.04	33	W	14.04	51	W	14.04	69	W
14.04	16	W	14.04	34	W	14.04	52	W	14.04	70	W
14.04	17	W	14.04	35	W	14.04	53	W	14.04	71	W
14.04	18	W	14.04	36	W	14.04	54	W	14.04	72	W
14.04	1	C	14.04	8	C	14.04	15	C	14.04	22	C
14.04	2	C	14.04	9	C	14.04	16	C	14.04	23	C
14.04	3	C	14.04	10	C	14.04	17	C	14.04	24	C
14.04	4	C	14.04	11	C	14.04	18	C	14.04	25	C
14.04	5	C	14.04	12	C	14.04	19	C	14.04	26	C
14.04	6	C	14.04	13	C	14.04	20	C	14.04	27	C
14.04	7	C	14.04	14	C	14.04	21	C	14.04	28	C

14-84-16

VACATION RESORT OWNERSHIP DECLARATION **0098-0782**
 INTERVAL IDENTIFICATION NUMBERS **EXHIBIT B**

UNIT LOT	WEEK NO.	SEASON	UNIT LOT	WEEK NO.	SEASON	UNIT LOT	WEEK NO.	SEASON	UNIT LOT	WEEK NO.	SEASON
15.04	1	S	15.04	27	S	15.04	53	S	15.04	79	S
15.04	2	S	15.04	28	S	15.04	54	S	15.04	80	S
15.04	3	S	15.04	29	S	15.04	55	S	15.04	81	S
15.04	4	S	15.04	30	S	15.04	56	S	15.04	82	S
15.04	5	S	15.04	31	S	15.04	57	S	15.04	83	S
15.04	6	S	15.04	32	S	15.04	58	S	15.04	84	S
15.04	7	S	15.04	33	S	15.04	59	S	15.04	85	S
15.04	8	S	15.04	34	S	15.04	60	S	15.04	86	S
15.04	9	S	15.04	35	S	15.04	61	S	15.04	87	S
15.04	10	S	15.04	36	S	15.04	62	S	15.04	88	S
15.04	11	S	15.04	37	S	15.04	63	S	15.04	89	S
15.04	12	S	15.04	38	S	15.04	64	S	15.04	90	S
15.04	13	S	15.04	39	S	15.04	65	S	15.04	91	S
15.04	14	S	15.04	40	S	15.04	66	S	15.04	92	S
15.04	15	S	15.04	41	S	15.04	67	S	15.04	93	S
15.04	16	S	15.04	42	S	15.04	68	S	15.04	94	S
15.04	17	S	15.04	43	S	15.04	69	S	15.04	95	S
15.04	18	S	15.04	44	S	15.04	70	S	15.04	96	S
15.04	19	S	15.04	45	S	15.04	71	S	15.04	97	S
15.04	20	S	15.04	46	S	15.04	72	S	15.04	98	S
15.04	21	S	15.04	47	S	15.04	73	S	15.04	99	S
15.04	22	S	15.04	48	S	15.04	74	S	15.04	100	S
15.04	23	S	15.04	49	S	15.04	75	S	15.04	101	S
15.04	24	S	15.04	50	S	15.04	76	S	15.04	102	S
15.04	25	S	15.04	51	S	15.04	77	S	15.04	103	S
15.04	26	S	15.04	52	S	15.04	78	S	15.04	104	S
15.04	1	W	15.04	19	W	15.04	37	W	15.04	55	W
15.04	2	W	15.04	20	W	15.04	38	W	15.04	56	W
15.04	3	W	15.04	21	W	15.04	39	W	15.04	57	W
15.04	4	W	15.04	22	W	15.04	40	W	15.04	58	W
15.04	5	W	15.04	23	W	15.04	41	W	15.04	59	W
15.04	6	W	15.04	24	W	15.04	42	W	15.04	60	W
15.04	7	W	15.04	25	W	15.04	43	W	15.04	61	W
15.04	8	W	15.04	26	W	15.04	44	W	15.04	62	W
15.04	9	W	15.04	27	W	15.04	45	W	15.04	63	W
15.04	10	W	15.04	28	W	15.04	46	W	15.04	64	W
15.04	11	W	15.04	29	W	15.04	47	W	15.04	65	W
15.04	12	W	15.04	30	W	15.04	48	W	15.04	66	W
15.04	13	W	15.04	31	W	15.04	49	W	15.04	67	W
15.04	14	W	15.04	32	W	15.04	50	W	15.04	68	W
15.04	15	W	15.04	33	W	15.04	51	W	15.04	69	W
15.04	16	W	15.04	34	W	15.04	52	W	15.04	70	W
15.04	17	W	15.04	35	W	15.04	53	W	15.04	71	W
15.04	18	W	15.04	36	W	15.04	54	W	15.04	72	W
15.04	1	C	15.04	8	C	15.04	15	C	15.04	22	C
15.04	2	C	15.04	9	C	15.04	16	C	15.04	23	C
15.04	3	C	15.04	10	C	15.04	17	C	15.04	24	C
15.04	4	C	15.04	11	C	15.04	18	C	15.04	25	C
15.04	5	C	15.04	12	C	15.04	19	C	15.04	26	C
15.04	6	C	15.04	13	C	15.04	20	C	15.04	27	C
15.04	7	C	15.04	14	C	15.04	21	C	15.04	28	C

VACATION RESORT OWNERSHIP DECLARATION
INTERVAL IDENTIFICATION NUMBERS

EXHIBIT B

0098-0783

UNIT LOT	WEEK NO.	SEASON	UNIT LOT	WEEK NO.	SEASON	UNIT LOT	WEEK NO.	SEASON	UNIT LOT	WEEK NO.	SEASON
16.04	1	S	16.04	27	S	16.04	53	S	16.04	79	S
16.04	2	S	16.04	28	S	16.04	54	S	16.04	80	S
16.04	3	S	16.04	29	S	16.04	55	S	16.04	81	S
16.04	4	S	16.04	30	S	16.04	56	S	16.04	82	S
16.04	5	S	16.04	31	S	16.04	57	S	16.04	83	S
16.04	6	S	16.04	32	S	16.04	58	S	16.04	84	S
16.04	7	S	16.04	33	S	16.04	59	S	16.04	85	S
16.04	8	S	16.04	34	S	16.04	60	S	16.04	86	S
16.04	9	S	16.04	35	S	16.04	61	S	16.04	87	S
16.04	10	S	16.04	36	S	16.04	62	S	16.04	88	S
16.04	11	S	16.04	37	S	16.04	63	S	16.04	89	S
16.04	12	S	16.04	38	S	16.04	64	S	16.04	90	S
16.04	13	S	16.04	39	S	16.04	65	S	16.04	91	S
16.04	14	S	16.04	40	S	16.04	66	S	16.04	92	S
16.04	15	S	16.04	41	S	16.04	67	S	16.04	93	S
16.04	16	S	16.04	42	S	16.04	68	S	16.04	94	S
16.04	17	S	16.04	43	S	16.04	69	S	16.04	95	S
16.04	18	S	16.04	44	S	16.04	70	S	16.04	96	S
16.04	19	S	16.04	45	S	16.04	71	S	16.04	97	S
16.04	20	S	16.04	46	S	16.04	72	S	16.04	98	S
16.04	21	S	16.04	47	S	16.04	73	S	16.04	99	S
16.04	22	S	16.04	48	S	16.04	74	S	16.04	100	S
16.04	23	S	16.04	49	S	16.04	75	S	16.04	101	S
16.04	24	S	16.04	50	S	16.04	76	S	16.04	102	S
16.04	25	S	16.04	51	S	16.04	77	S	16.04	103	S
16.04	26	S	16.04	52	S	16.04	78	S	16.04	104	S
16.04	1	W	16.04	19	W	16.04	37	W	16.04	55	W
16.04	2	W	16.04	20	W	16.04	38	W	16.04	56	W
16.04	3	W	16.04	21	W	16.04	39	W	16.04	57	W
16.04	4	W	16.04	22	W	16.04	40	W	16.04	58	W
16.04	5	W	16.04	23	W	16.04	41	W	16.04	59	W
16.04	6	W	16.04	24	W	16.04	42	W	16.04	60	W
16.04	7	W	16.04	25	W	16.04	43	W	16.04	61	W
16.04	8	W	16.04	26	W	16.04	44	W	16.04	62	W
16.04	9	W	16.04	27	W	16.04	45	W	16.04	63	W
16.04	10	W	16.04	28	W	16.04	46	W	16.04	64	W
16.04	11	W	16.04	29	W	16.04	47	W	16.04	65	W
16.04	12	W	16.04	30	W	16.04	48	W	16.04	66	W
16.04	13	W	16.04	31	W	16.04	49	W	16.04	67	W
16.04	14	W	16.04	32	W	16.04	50	W	16.04	68	W
16.04	15	W	16.04	33	W	16.04	51	W	16.04	69	W
16.04	16	W	16.04	34	W	16.04	52	W	16.04	70	W
16.04	17	W	16.04	35	W	16.04	53	W	16.04	71	W
16.04	18	W	16.04	36	W	16.04	54	W	16.04	72	W
16.04	1	C	16.04	8	C	16.04	15	C	16.04	22	C
16.04	2	C	16.04	9	C	16.04	16	C	16.04	23	C
16.04	3	C	16.04	10	C	16.04	17	C	16.04	24	C
16.04	4	C	16.04	11	C	16.04	18	C	16.04	25	C
16.04	5	C	16.04	12	C	16.04	19	C	16.04	26	C
16.04	6	C	16.04	13	C	16.04	20	C	16.04	27	C
16.04	7	C	16.04	14	C	16.04	21	C	16.04	28	C

14-21-2020

VACATION RESORT OWNERSHIP DECLARATION
INTERVAL IDENTIFICATION NUMBERS

EXHIBIT B

0098-0784

UNIT LOT	WEEK NO.	SEASON	UNIT LOT	WEEK NO.	SEASON	UNIT LOT	WEEK NO.	SEASON	UNIT LOT	WEEK NO.	SEASON
19.04	1	S	19.04	27	S	19.04	53	S	19.04	79	S
19.04	2	S	19.04	28	S	19.04	54	S	19.04	80	S
19.04	3	S	19.04	29	S	19.04	55	S	19.04	81	S
19.04	4	S	19.04	30	S	19.04	56	S	19.04	82	S
19.04	5	S	19.04	31	S	19.04	57	S	19.04	83	S
19.04	6	S	19.04	32	S	19.04	58	S	19.04	84	S
19.04	7	S	19.04	33	S	19.04	59	S	19.04	85	S
19.04	8	S	19.04	34	S	19.04	60	S	19.04	86	S
19.04	9	S	19.04	35	S	19.04	61	S	19.04	87	S
19.04	10	S	19.04	36	S	19.04	62	S	19.04	88	S
19.04	11	S	19.04	37	S	19.04	63	S	19.04	89	S
19.04	12	S	19.04	38	S	19.04	64	S	19.04	90	S
19.04	13	S	19.04	39	S	19.04	65	S	19.04	91	S
19.04	14	S	19.04	40	S	19.04	66	S	19.04	92	S
19.04	15	S	19.04	41	S	19.04	67	S	19.04	93	S
19.04	16	S	19.04	42	S	19.04	68	S	19.04	94	S
19.04	17	S	19.04	43	S	19.04	69	S	19.04	95	S
19.04	18	S	19.04	44	S	19.04	70	S	19.04	96	S
19.04	19	S	19.04	45	S	19.04	71	S	19.04	97	S
19.04	20	S	19.04	46	S	19.04	72	S	19.04	98	S
19.04	21	S	19.04	47	S	19.04	73	S	19.04	99	S
19.04	22	S	19.04	48	S	19.04	74	S	19.04	100	S
19.04	23	S	19.04	49	S	19.04	75	S	19.04	101	S
19.04	24	S	19.04	50	S	19.04	76	S	19.04	102	S
19.04	25	S	19.04	51	S	19.04	77	S	19.04	103	S
19.04	26	S	19.04	52	S	19.04	78	S	19.04	104	S
19.04	1	W	19.04	19	W	19.04	37	W	19.04	55	W
19.04	2	W	19.04	20	W	19.04	38	W	19.04	56	W
19.04	3	W	19.04	21	W	19.04	39	W	19.04	57	W
19.04	4	W	19.04	22	W	19.04	40	W	19.04	58	W
19.04	5	W	19.04	23	W	19.04	41	W	19.04	59	W
19.04	6	W	19.04	24	W	19.04	42	W	19.04	60	W
19.04	7	W	19.04	25	W	19.04	43	W	19.04	61	W
19.04	8	W	19.04	26	W	19.04	44	W	19.04	62	W
19.04	9	W	19.04	27	W	19.04	45	W	19.04	63	W
19.04	10	W	19.04	28	W	19.04	46	W	19.04	64	W
19.04	11	W	19.04	29	W	19.04	47	W	19.04	65	W
19.04	12	W	19.04	30	W	19.04	48	W	19.04	66	W
19.04	13	W	19.04	31	W	19.04	49	W	19.04	67	W
19.04	14	W	19.04	32	W	19.04	50	W	19.04	68	W
19.04	15	W	19.04	33	W	19.04	51	W	19.04	69	W
19.04	16	W	19.04	34	W	19.04	52	W	19.04	70	W
19.04	17	W	19.04	35	W	19.04	53	W	19.04	71	W
19.04	18	W	19.04	36	W	19.04	54	W	19.04	72	W
19.04	1	C	19.04	8	C	19.04	15	C	19.04	22	C
19.04	2	C	19.04	9	C	19.04	16	C	19.04	23	C
19.04	3	C	19.04	10	C	19.04	17	C	19.04	24	C
19.04	4	C	19.04	11	C	19.04	18	C	19.04	25	C
19.04	5	C	19.04	12	C	19.04	19	C	19.04	26	C
19.04	6	C	19.04	13	C	19.04	20	C	19.04	27	C
19.04	7	C	19.04	14	C	19.04	21	C	19.04	28	C

VACATION RESORT OWNERSHIP DECLARATION
INTERVAL IDENTIFICATION NUMBERS

EXHIBIT B

0098-0785

UNIT LOT	WEEK NO.	SEASON	UNIT LOT	WEEK NO.	SEASON	UNIT LOT	WEEK NO.	SEASON	UNIT LOT	WEEK NO.	SEASON
20.04	1	S	20.04	27	S	20.04	53	S	20.04	79	S
20.04	2	S	20.04	28	S	20.04	54	S	20.04	80	S
20.04	3	S	20.04	29	S	20.04	55	S	20.04	81	S
20.04	4	S	20.04	30	S	20.04	56	S	20.04	82	S
20.04	5	S	20.04	31	S	20.04	57	S	20.04	83	S
20.04	6	S	20.04	32	S	20.04	58	S	20.04	84	S
20.04	7	S	20.04	33	S	20.04	59	S	20.04	85	S
20.04	8	S	20.04	34	S	20.04	60	S	20.04	86	S
20.04	9	S	20.04	35	S	20.04	61	S	20.04	87	S
20.04	10	S	20.04	36	S	20.04	62	S	20.04	88	S
20.04	11	S	20.04	37	S	20.04	63	S	20.04	89	S
20.04	12	S	20.04	38	S	20.04	64	S	20.04	90	S
20.04	13	S	20.04	39	S	20.04	65	S	20.04	91	S
20.04	14	S	20.04	40	S	20.04	66	S	20.04	92	S
20.04	15	S	20.04	41	S	20.04	67	S	20.04	93	S
20.04	16	S	20.04	42	S	20.04	68	S	20.04	94	S
20.04	17	S	20.04	43	S	20.04	69	S	20.04	95	S
20.04	18	S	20.04	44	S	20.04	70	S	20.04	96	S
20.04	19	S	20.04	45	S	20.04	71	S	20.04	97	S
20.04	20	S	20.04	46	S	20.04	72	S	20.04	98	S
20.04	21	S	20.04	47	S	20.04	73	S	20.04	99	S
20.04	22	S	20.04	48	S	20.04	74	S	20.04	100	S
20.04	23	S	20.04	49	S	20.04	75	S	20.04	101	S
20.04	24	S	20.04	50	S	20.04	76	S	20.04	102	S
20.04	25	S	20.04	51	S	20.04	77	S	20.04	103	S
20.04	26	S	20.04	52	S	20.04	78	S	20.04	104	S
20.04	1	W	20.04	19	W	20.04	37	W	20.04	55	W
20.04	2	W	20.04	20	W	20.04	38	W	20.04	56	W
20.04	3	W	20.04	21	W	20.04	39	W	20.04	57	W
20.04	4	W	20.04	22	W	20.04	40	W	20.04	58	W
20.04	5	W	20.04	23	W	20.04	41	W	20.04	59	W
20.04	6	W	20.04	24	W	20.04	42	W	20.04	60	W
20.04	7	W	20.04	25	W	20.04	43	W	20.04	61	W
20.04	8	W	20.04	26	W	20.04	44	W	20.04	62	W
20.04	9	W	20.04	27	W	20.04	45	W	20.04	63	W
20.04	10	W	20.04	28	W	20.04	46	W	20.04	64	W
20.04	11	W	20.04	29	W	20.04	47	W	20.04	65	W
20.04	12	W	20.04	30	W	20.04	48	W	20.04	66	W
20.04	13	W	20.04	31	W	20.04	49	W	20.04	67	W
20.04	14	W	20.04	32	W	20.04	50	W	20.04	68	W
20.04	15	W	20.04	33	W	20.04	51	W	20.04	69	W
20.04	16	W	20.04	34	W	20.04	52	W	20.04	70	W
20.04	17	W	20.04	35	W	20.04	53	W	20.04	71	W
20.04	18	W	20.04	36	W	20.04	54	W	20.04	72	W
20.04	1	C	20.04	8	C	20.04	15	C	20.04	22	C
20.04	2	C	20.04	9	C	20.04	16	C	20.04	23	C
20.04	3	C	20.04	10	C	20.04	17	C	20.04	24	C
20.04	4	C	20.04	11	C	20.04	18	C	20.04	25	C
20.04	5	C	20.04	12	C	20.04	19	C	20.04	26	C
20.04	6	C	20.04	13	C	20.04	20	C	20.04	27	C
20.04	7	C	20.04	14	C	20.04	21	C	20.04	28	C

EXHIBIT C

"Annexable Property"

All of the following described lots as shown on the Eagle Crest Plat recorded June 24, 1985 in the office of the county recorder in Deschutes County, Oregon:

0098-0786

Lots 4 & 15, Block 2

Lots 17, 18, 21, Block 5

In addition, the following described parcels:

The certain real property situated in Deschutes County, State of Oregon, described as follows:

That portion of the Southwest Quarter of the Southwest Quarter (SW1/4 SW1/4) of Section Thirteen (13), lying Westerly of the centerline of the Deschutes River, in Township Fifteen (15) South, Range Twelve (12) East of the Willamette Meridian, Deschutes County, Oregon; and

(A) That certain real property situated in Deschutes County, State of Oregon, described as follows:

That portion of the Northwest Quarter of the Northwest Quarter (NW1/4 NW1/4) of Section Twenty-Four (24), lying Westerly of the centerline of the Deschutes River, in Township Fifteen (15) South, Range Twelve (12) East of the Willamette Meridian, Deschutes County, Oregon.

EXCEPTING THEREFROM a portion of the Northwest Quarter of the Northwest Quarter (NW1/4 NW1/4) of Section 24, Township 15 South, Range 12 East of the Willamette Meridian, lying Westerly of the centerline of the Deschutes River in Deschutes County, Oregon, and more particularly described as follows:

Commencing at a 1 1/2" pin at the Northwest Section corner of said Section 24, the Initial Point; thence South 00°37'10" East along the section line common to said Sections 24 and 23 685.48 feet to a 1/2" pipe and the point of beginning; thence North 88°15'13" East 967.23 feet to the centerline of the Deschutes River witness by a 1/2" pipe 217.58 feet from the Easterly extremity; thence 720.40 feet along the arc of a 857.30 foot radius curve right forming a delta angle of 48°08'47" and a long chord bearing South 16°22'29" East 699.39 feet; thence North 89°58'46" West along the Southerly line of said Northwest Quarter of the Northwest Quarter (NW1/4 NW1/4), 1157.02 feet to a 1/2" pipe; thence 00°37'10" West along the section line common to said Sections 24 and 23, 641.16 feet to the Point of Beginning.

(B) That portion of the Southwest Quarter of the Northwest Quarter (SW1/4 NW1/4) and the Northwest Quarter of the Southwest Quarter (NW1/4 SW1/4) of Section Twenty-Four (24), lying Westerly of the centerline of the Deschutes River, in Township Fifteen (15) South, Range Twelve (12) East of the Willamette Meridian, Deschutes County, Oregon.

EXCEPTING THEREFROM a portion of the Northwest Quarter of the Northwest Quarter (NW1/4 NW1/4) of Section Twenty-Four (24) Township Fifteen (15) South, Range Twelve (12) East of the Willamette Meridian, Deschutes County, Oregon, lying Westerly of the centerline of the Deschutes River, containing 11.72 acres more or less, and more particularly described as follows:

Beginning at a 1 1/2" pin at the Northwest section corner of said Section 24; thence North 89°42'48" East a distance of 638.87 feet along the north line of said Section 24; thence following the arc of a 900.00 foot radius curve right a distance of 285.67 feet (chord bears South 12°45'57" East 284.48 feet); thence North 86°57'50" East a distance of 104.98 feet; thence South 06°07'35" East a distance of 171.75 feet; thence South 04°09'42" West a distance of 156.18 feet; thence South 07°03'05" West a distance of 66.58 feet; thence South 88°16'01" West a distance of 798.49 feet to the west line of said Section 24; thence North 00°36'22" West a distance of 685.48 feet along the west line of said Section 24 to the Northwest corner of said Section 24 the Point of Beginning; and

That portion of the Southwest Quarter Southwest Quarter (SW1/4 SW1/4) of Section 24, Township Fifteen (15) South, Range Twelve (12), E.W.M., lying Westerly of the centerline of the Deschutes River;

EXCEPTING THEREFROM the following described parcel: Beginning at the Southwest corner of said Section 24; thence North 00°13'50", a distance of 202.42 feet; thence North 89°54'40" East, a distance of 243.75 feet; thence South 42°31'42" West, a distance of 275.07 feet; thence South 89°54'40" West, a distance of 57.00 feet to the Point of Beginning; and

That certain real property situated in Deschutes County, State of Oregon, described as follows:

That portion of the Northeast Quarter of the Southeast Quarter of Section 14, lying southerly of the centerline of the Deschutes River in Township Fifteen (15) South, Range Twelve (12) East of the Willamette Meridian, Deschutes County, Oregon.

0098-0787

EXHIBIT D

"Association Property"

All of the following described lots as shown on the Eagle Crest Plat recorded June 24, 1985 in the office of the county recorder in Deschutes County, Oregon.

Recreational Facilities:

Lots 22 & 23, Block 5

Road Lot:

Lot 3, Block 11

Open Space:

Lot 13, Block 5

② in RW
RTG/24

0098-0788

(Eagle Crest)

RECITALS

"DECLARANT"

Notary Public

dt94175 comm
p
management agree 1-20

0098-0789

Exhibit F (set) 11 HEL
BOLD
CAPS

MANAGEMENT AGREEMENT

THIS MANAGEMENT AGREEMENT (the "Agreement") is made and entered into this 24th day of June, 1985, by and between EAGLE CREST VACATION RESORT OWNERS ASSOCIATION, an Oregon non-profit corporation (the "Association") and COUNTRY CLUB MANAGEMENT, INC., an Oregon Corporation (the "Manager").

RECITALS:

- A. Pursuant to the provisions of that certain Declaration of Covenants, Conditions and Restrictions for Vacation Resort Ownership (Eagle Crest) (the "Declaration") recorded in the Official Records of Deschutes County, Oregon, the Association is responsible for maintenance, control, operation, and management of the Eagle Crest Vacation Resort Ownership Project (the "Project") which has been established pursuant to the Declaration. The Association is authorized to engage an agent or manager for the Project and to delegate such of its powers to the agent or manager as may be required for the proper functioning of the Project.
- B. The Association desires to retain Manager to perform and provide various services for the Project and Manager is willing to provide such services, all on the terms and conditions hereinafter set forth.

THEREFORE, in consideration of the mutual promises, covenants and agreements herein contained, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

1.1 **Certain Definitions.** The defined terms as used in this Agreement shall have the following meanings:

- (a) "**Agreement**" means this Management Agreement.
- (b) "**Association**" means the Eagle Crest Vacation Resort Owners Association, an Oregon non-profit corporation.
- (c) "**Board**" means the Board of Directors of the Association.
- (d) "**Starting Date**" means the date of which the Original Deed conveying the first Interval in the Project is recorded in the Official Records of Deschutes County, Oregon.
- (e) "**Declaration**" means that certain Declaration of Covenants, Conditions and Restrictions for Vacation Resort Ownership (Eagle Crest) recorded in the official Records of Deschutes County, Oregon.
- (f) "**Notice**" means any notice, demand, instruction or other communication required or permitted under the terms of this Agreement.
- (g) "**Operating Year**" means a Fiscal Year of the Association during the term of this Agreement. The first Operating Year shall be the period from the Starting Date through the last day of the then current Fiscal Year of the Association, and the last Operating Year hereunder shall end upon the date of the expiration, or sooner termination, of this Agreement.
- (h) "**Project**" means the Eagle Crest Vacation Resort Ownership Project, which has been established pursuant to the Declaration.

1.2 **Other Defined Terms.** Unless otherwise expressly indicated herein, the balance of the terms defined in this Agreement shall have the same meaning as described thereto in the Declaration.

ARTICLE II

ENGAGEMENT OF MANAGER

2.1 **Basic Agreement.** The Association hereby engages and hires Manager as the exclusive managing and servicing agent of the Project contemplated by the Declaration and Manager hereby accepts and assumes the obligation to manage and operate the Project during the term hereof, upon the terms, conditions and provisions hereinafter set forth and subject to the provisions contained in the Declaration. Manager shall manage and operate the project in accordance with good practices and standards prevailing in vacation resort ownership and timeshare projects of comparable size and character, consistent with the best interests of the Association.

2.2 **Term.** The term of this Agreement shall be for a period of three (3) years, commencing on the Starting Date.

2.3 **Early Termination.** This Agreement shall be terminated if the Manager fails to perform its duties in accordance with the terms of this Agreement.

2.2 **Term.** The term of this Agreement shall be for a period of three (3) years, commencing on the Starting Date.

2.3 **Early Termination.** This Agreement may be terminated at any time as follows:

0098-0790

(a) **Termination by the Board.** This Agreement may be terminated by the Board either:

(i) for cause, upon the vote or written assent of a majority of the Board; provided, that if the cause constitutes a breach of or a failure to perform any term, covenant or condition contained in the Agreement which is capable of being cured, such breach or failure to perform shall not have been cured, or commencement and diligent pursuit of all reasonable efforts to effect such cure shall not have been undertaken, within thirty (30) days following Notice of such default or breach from the Association. In the event Manager shall dispute a termination of this Agreement pursuant to this subsection, the dispute shall be submitted to Arbitration in accordance with the provisions of Section 5.1 hereof; or

(ii) without cause, upon thirty (30) days prior Notice to Manager authorized by vote or written consent of a Majority of Owners.

(b) **Termination by Manager.** Except as expressly provided in this subparagraph, Manager may terminate this Agreement, at any time, upon ninety (90) days prior Notice to the Association. In the event (i) the Association shall fail to keep, observe or perform any material covenant, agreement, term or provision of this Agreement to be kept, observed, or performed by the Association and such default shall continue for a period of thirty (30) days after Notice hereof by Manager; or (ii) the Project or any portion thereof shall be damaged or destroyed by fire or other casualty and the Association shall fail to undertake to repair, restore, rebuild or replace any such damage or destruction within ninety (90) days after receipt of insurance proceeds therefor, if such loss was insured, or within ninety (90) days after such fire or casualty, if such loss was not insured, then and in either event this Agreement, subject to the provisions of the following subparagraph (c) shall terminate at Manager's option, upon five (5) days' Notice to the Association.

(c) **Condemnation.** If the whole of the Project shall be taken or condemned in any eminent domain, condemnation, compulsory acquisition or like proceeding by any competent authority for any public or quasi-public use or purpose, or if such a portion thereof shall be taken or condemned as to make it imprudent or unreasonable, in the reasonable opinion of the Board, to use the remaining portion as a vacation resort project of the type and class immediately preceding such taking or condemnation, then in either of such events, the term of this Agreement shall cease and terminate as of the date of such condemnation. To the extent (and only to the extent) any award for such taking or condemnation includes compensation to Manager for any loss of its income resulting from such taking or condemnation, such award shall be fairly and equitably apportioned between the Association and Manager as to compensate Manager for any such loss of income. Manager shall continue to supervise and direct the management and operation of the Project until such time as Manager shall be required to surrender possession of the Project as a consequence of such taking or condemnation.

2.4 **Extended Term.** Manager may extend the term of this Agreement, upon mutual consent, for additional and successive one-year terms upon the same terms and conditions as those set forth for the initial term of this Agreement. This initial term and any extension thereof shall be automatically extended unless Manager delivers, to the Board, written Notice of its election not to extend not less than sixty (60) days prior to the expiration of the initial or extended term, as applicable. If no such Notice of nonrenewal is delivered, this Agreement shall be automatically extended for an additional one-year period unless (i) Manager is in default under any of the terms of this Agreement, or (ii) not less than thirty (30) days prior to the expiration of the then current term, the Association, with the prior approval by a Majority of Non-Declarant Owners, determines not to extend the term and gives Notice of that determination to Manager.

ARTICLE III

SERVICES OF MANAGER

3.1 **In General.** Manager shall provide or cause to be provided all services and personnel required to administer the affairs of the Association and to manage and operate the Project contemplated by the Declaration, at all times in the manner consistent with the provisions of the Declaration and the Bylaws of the Association and subject to the terms and conditions set forth herein. Manager shall have all the powers which the Association has, pursuant to the Declaration, to the extent necessary to perform its duties and obligations hereunder. Subject to the provisions of Paragraph 3.9 below, Manager may delegate its authority and responsibilities to one or more sub-agents for such periods and upon such terms as Manager deems proper. Services of Manager shall include services described in Paragraphs 3.2, 3.3, 3.4, 3.5 and 3.7 (collectively "Management Services") for a Management Fee as set forth in the provisions of Paragraph 4.1, and Financial Services as described in Paragraph 3.6 for a separate "Financial Services Fee" subject to the provisions of the Budget.

3.2 **Operating Services.** During the term of this Agreement, Manager shall operate and manage the Project in accordance with the terms and conditions of this Agreement. Manager shall provide the following operating services to the Association with respect to the Project:

(a) **Licenses and Permits.** Manager, or its nominee, shall apply for, obtain and maintain, either in its own name or on behalf of the Association or in the Association's name, as may be required by the applicable authorities, all licenses and permits required for the Association, in connection with the management and operation of the Project. The Board agrees to execute and deliver any and all

behalf of and at the expense of the Association, cause to be provided to the Project all utility services used or consumed in the Project, including, without limitation, water, electricity, telephone, refuse collection, sewage disposal and, if available, cable television.

0098-0791

(c) **Compliance with Laws.** Manager agrees to operate the Project for the Association in compliance with all applicable governmental laws, regulations, ordinances, orders and requirements. Manager agrees to do everything reasonable within its powers to operate the Project in accordance with the terms and conditions of the Declaration and in accordance with the requirements of any insurance carrier insuring the Project or any part thereof. The Association or Manager, with the majority consent of the Board, shall have the right to contest any such governmental law, regulation, ordinance, order or requirement unless failure to comply promptly with any such order or requirement would or might expose either party to criminal liability or to substantial civil penalty unless the party affected thereby consents to such action.

(d) **Operating Supplies.** Manager shall, on behalf and at the expense of the Association, purchase and maintain sufficient inventories of all consumable items utilized in the operation of the Project, including, without limitation, soap, cleaning materials, matches, stationery, stamps and other similar items.

(e) **Investigation of Accidents.** Manager shall, on behalf of the Association, promptly investigate all accidents, any damage or destruction to the Project (and the estimated cost of repair thereof) which are made known to Manager and make a full written report to the Board as to all material claims for damages relating to the ownership, operation and maintenance of the Project as such claims shall become known to Manager. Manager shall prepare for approval by the Board any and all reports required to be filed by any insurance company in connection therewith. All such reports shall be filed with the Board within twenty (20) days after the occurrence of, or Manager's knowledge of, any such accident, claim, damage or destruction. Manager is not authorized to settle for the Association any claim for personal injury or property damage in excess of One Thousand Dollars (\$1,000) for any claim, without the prior written approval of the Board.

(f) **Front Desk Services.** Manager shall cause on-site personnel to be available at all required times in order to check-in and check-out Members of the Association, Permitted Users and Exchange Users occupying Assigned Units.

3.3 Supervisory Services. Manager shall develop, implement and supervise the application of sound administrative practices, operational policies, and personnel and purchasing programs consistent with the terms and provisions of this Agreement. Manager agrees to establish, implement and supervise for the Association the accounting, inventory and cost control systems necessary for the efficient operation and maintenance of the Project, subject to and consistent with the Budget for the Operating Year.

3.4 Administrative Services. Not in limitation of the provisions of Paragraph 3.1, Manager shall provide the following services of an administrative nature:

(a) **Association Meetings.** Manager shall organize the meetings of the Board and of the Association, including the preparation and delivery of notices of meetings, in accordance with the provisions of the Bylaws. Manager shall prepare the agenda for all meetings and assist in the conduct of the meetings and oversee the election of directors. Manager shall circulate minutes of any such meeting as prepared by the secretary of the Association.

(b) **Association Records.** Manager shall keep all records of the affairs of the Association, including, but not limited to, minutes of meetings, correspondence, modifications of the Bylaws and the Association Policies and Procedures.

(c) **Association Policies and Procedures.** Manager shall, from time to time, as necessary or desirable, recommend to the Association that it amend, modify or supplement the Association Policies and Procedures.

(d) **Roster of Owners.** Manager shall annually compile a complete and accurate Roster of Owners setting forth the name of each Owner and the mailing address of such Owner. Manager shall furnish a copy of the Roster to the Owners as provided in the Declaration.

(e) **Exchange Services.** The Manager shall have no authority with respect to the administration of any exchange programs operated by independent corporations, other than to communicate with representatives of such exchange programs.

3.5 Personnel Services. Manager shall select, appoint and supervise a Resort Manager and such other personnel required for the operation, maintenance and security of the Project, and shall supervise, through the Resort Manager, the selection, hiring and work of such personnel. The Resort Manager of the Project may also manage other projects. The Resort Manager and all personnel of the Project, in every instance, shall be employees of Manager and not of the Association, which shall have no right to supervise or direct such employees. The decision in regard to any discharge of Resort Manager and any personnel shall be at the sole discretion of Manager. The salaries and all additional costs of employment of such personnel shall be reimbursed to Manager and shall be an operating expense of the Association. Manager and all employees of Manager who handle or are responsible for handling of the Association's monies hereunder shall if required by a governmental authority, be covered as employees or agents under a blanket fidelity bond or similar insurance in favor of the Association as more particularly set forth in subparagraph 3.7(b)(iii). The premiums for such bond or insurance shall be paid by the Association.

3.6 Financial Services. Not in limitation of the provisions of Paragraph 3.1 above and subject to the supervision of the Association, Manager shall provide the following services of a financial nature, at the expense of the Association:

(a) **Budgets.** Manager shall, not less than ninety (90) days prior to the end of the first Fiscal Year and each succeeding Fiscal Year thereafter, prepare and submit to the Board for approval, a budget

meeting the requirements of the Declaration. Each budget approved by the Board is called the "Budget." Manager shall distribute or cause to be distributed a copy of the Budget to all Owners not less than forty-five (45) days before the beginning of each Fiscal Year, which Budget must include the following:

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- (i) The estimated revenue and expenses on an accrual basis;
- (ii) The identification of the total current cash reserves;
- (iii) The identification of the estimated remaining life and the method of funding each reserve component identified in the Budget as an item for which Reserve Expenses are collected; and
- (iv) A general statement addressing the procedures used for calculating and establishing the Reserve Expenses.

(b) **Special Assessments.** Manager shall determine whether or not a Special Assessment may be required from time to time and, promptly upon making a determination that a Special Assessment is required, shall submit a recommendation to the Board that a Special Assessment be levied.

(c) **Collection of Assessments.** Manager shall collect the Assessments on behalf of the Association and enforce payment of Assessments as follows:

- (i) Manager shall cause to be prepared and mailed to all Owners periodic statements setting forth the amount of all Assessments then due from each Owner; and
- (ii) Manager shall cause to be prepared and mailed to any delinquent Owner a notice of delinquency and shall use its best efforts lawfully to collect delinquent Assessments as provided in the Declaration.

(d) **Bank Accounts.** Manager shall establish and maintain the bank accounts provided for in the Declaration and shall deposit or invest funds collected from Owners and all other amounts collected by Manager in connection with the performance of its duties hereunder in the accounts designated for such purpose as set forth in the Declaration. The Manager shall keep accurate books and records reflecting the amount of such accounts attributable to each Owner.

(e) **Disbursements.** Manager shall disburse from the bank accounts of the Association any and all amounts required for the payment of all Association expenses incurred consistent with the applicable Budget and as otherwise permitted by the Declaration. All Reserve Account disbursements must have the prior approval of the Board, except for instances of an emergency nature which make it impractical or unfeasible to obtain such authorization prior to remedial action.

(f) **Financial Statements.** Manager shall, within 120 days after the end of each Fiscal Year, prepare and distribute Annual Reports to each Owner in accordance with the Declaration.

(g) **Books and Records.** Manager shall keep and maintain or cause to be kept and maintained full and adequate books and records reflecting the results of operation of the Project in accordance with the accounting principles utilized by the Association. The books of accounts and other records relating to the operation of the Project shall be available to the Association. The books of accounts and other records relating to the operation of the Project shall be available to the Association and the Members at all reasonable times for examination, inspection and transcription, all as provided in the Declaration.

(h) **Statements of Status.** Manager shall prepare the Statements of Status and shall distribute copies of such Project documents as may be required to be delivered to an Owner as provided for in the Declaration.

3.7 Physical Services. Not in limitation of the provisions of Paragraph 3.1 above, Manager shall provide the following services of a physical nature:

(a) **Inspections.** Manager shall make regular inspections of the Project and render reports and make recommendations concerning the Project to the Board. In addition, but not by way of limitation, after each Owner or his Permitted User(s) has checked out of a Vacation Resort Ownership Unit, the written inventory of the Common Furnishings completed by the Owner [or his permitted User(s)] who just vacated the Vacation Resort Ownership Unit (or, if such occupant failed to complete a written inventory, the master written inventory for such Vacation Resort Ownership Unit) shall be compared with an inventory actually made by the Manager or the Manager's agent subsequent to such occupant's departure and both such inventories shall be retained for a period of one (1) year. In addition, a general check shall be made of the physical condition of the Vacation Resort Ownership Unit and any damage thereto (other than normal wear and tear) shall be noted. In the event any item is missing or damage to the Vacation Resort Ownership Unit has occurred, Manager shall, at the expense of the Association, replace the missing item(s) and/or cause the damage to be repaired and shall bill the Owner for the missing item(s) and/or the damage if, in the judgment of Manager, it is

reasonable to do so. Manager shall also have the right to enter into the Units as set forth in Declaration.

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(b) **Association Insurance.** Manager shall at the sole cost and expense of the Association, procure and keep in force all insurance and/or bonds required by the provisions of the Declaration. Manager shall administer all such insurance and claims under such insurance policies. Such insurance shall include, but shall not be limited to:

(i) A policy of insurance showing the Association as the named insured and Manager as an additional insured, evidencing that the Association is insured under the Worker's Compensation Law of the State of Oregon in accordance with the provisions of the applicable statutes;

(ii) If required by a governmental authority, a policy or policies of insurance showing the Association as the named insured, and covering Manager and its employees as employees or agents of the Association, evidencing that the Association is insured against loss against embezzlement, misappropriation and misapplication of funds by the employees retained by Manager; and

(iii) Directors and Officers liability insurance, if required by law or if available at a reasonable cost.

All such policies shall provide that the same shall not be cancelled except upon thirty (30) days prior written notice to both the Association and Manager.

(c) **Repair and Maintenance of Project and Common Furnishings.** Manager shall cause the Project and the Common Area to be repaired, maintained, repainted, furnished and refurnished in accordance with provisions of the Declaration and in the manner consistent with the reserves established for such purpose.

(d) **Maid Service.** Manager shall cause maid service to be provided to the Vacation Resort Ownership Units in the manner provided for in the Declaration and in the Association Policies and Procedures.

(e) **Major Clean-up.** Manager shall cause each Vacation Resort Ownership Unit to be thoroughly cleaned during all Service Periods.

(f) **Reservations.** Manager shall establish and operate a reservation system implementing the reservation procedure set forth in the Association Policies and Procedures. The reservation system shall include the books and records required to reflect the reservations made, Use Periods actually used, and such other information as shall be necessary to coordinate efficiently the Project operations.

3.8 All Other Acts. Manager shall, at the Association's expense, perform all such other and further acts and things to be done in and about the Project as may be appropriate or necessary to the efficient operation thereof, except for the obligations of the Association set forth in Article IV and subject to the limitations upon the powers of Manager as set forth in Section 3.9. Manager shall coordinate its responsibilities and activities hereunder with the managing agent(s) for the Eagle Crest Master Association so as to provide for the efficient operation of the entire Eagle Crest development as a whole.

3.9 Limitations on Powers of Manager. Notwithstanding the powers of Manager as set forth in Paragraph 3.1 through 3.8, the Manager shall not:

(a) Enter into a contract with a third person or entity whereby such person or entity will furnish goods or services to the Project for a term longer than one year unless authorized by a Majority of Non-Declarant Owners, except for:

(i) A contract with a public utility company at the rates charged for the materials or services regulated by the Public Utilities Commission, State of Oregon; provided, however, that the term of the contract shall not exceed the shortest term for which the supplier will contract at the regulated rate;

(ii) prepaid casualty and/or liability insurance policies not to exceed three (3) year's duration; provided, however, that the policy permits short rate cancellation by the insured; and

(iii) a lease of Common Furnishings.

(b) Enter into any contract in the name of the Association for goods or services not contemplated by the Budget for the current Operating Year or for amounts in excess of those specified in such Budget, unless the Board shall consent thereto in writing.

In order to provide systematic and equitable rules and procedures governing the manner in which the Owners may use and occupy the Project, and in order to assure that the Project remains at all times a viable and attractive project, the Board has the right to promulgate and amend reasonable Association Policies and Procedures governing the use and enjoyment of the Project. Manager agrees to perform its duties and obligations hereunder consistent with and in furtherance of the Association Policies and Procedures as in force from time to time.

3.10 Indemnification. Manager will indemnify the Association against any claims of third persons including costs and expenses incident thereto, by reason of the negligence, willful misconduct, or breach of this Agreement by manager or its officers, employees, agents or representatives.

3.11 **Limited Liability.** Manager shall not be responsible for the acts, omissions to act or conduct of any of the Owners, Permitted Users or Exchange Users, or for the breach of any of the obligations of any of the Owners, Permitted Users or Exchange Users.

0098-0794

ARTICLE IV

OBLIGATIONS AND COVENANTS OF THE ASSOCIATION

4.1 Management Fee. As compensation for the services to be rendered by Manager hereunder, and in addition to the reimbursement to Manager or payment by the Association for expenses as herein provided, the Association shall pay Manager for each Operating Year, at its principal office (or at such other place, if any, as Manager may from time to time designate by written Notice to the Board), a management fee equal to ten percent (10%) of Basic Expenses exclusive of Manager's compensation and property taxes. The management fee shall be payable in monthly installments on or before the tenth (10th) day of each month for the preceding month. Manager is hereby authorized to pay itself its management fee out of the general/operating account of the Association. All unpaid portions of the management fee shall bear interest at the maximum rate permitted by law from the date such management fee becomes due until fully paid.

4.2 Cooperation with Manager. The Board shall furnish Manager with copies of all documents and Notices which may assist or be necessary to Manager in carrying out its duties hereunder, and shall furnish Manager with sufficient instructions and funds to enable Manager to perform all of the acts required of Manager under the provisions of this Agreement.

4.3 Roster of Owners. The Association shall provide to Manager, a true, complete and current Roster of the Owners for Manager's use. The Roster shall identify each Owner. The Association shall at its discretion, notify the Manager in writing of the name(s) of any Owner(s) not in good standing. The Association will provide, or cause to be provided, to each Owner an appropriate identification number specifying that the registered holder of the identification number is the Owner of one or more Intervals.

4.4 Insurance. The Association agrees to obtain and maintain, or at the request of the Board with respect to any and all of such policies, Manager will obtain and maintain on behalf and at the expense of the Association, the insurance policies with liability limits as specified in the Declaration. If, during the term of this Agreement, the Association shall maintain any business interruption insurance, Manager shall be named as an additional insured on such business interruption insurance policy or policies to the extent of Manager's interest in fees to be paid by the Association to Manager pursuant to this Agreement. The Association and Manager shall be party insureds as their interest may appear and as may be permissible under applicable law, under all policies provided hereunder.

4.5 Indemnification. The Association will indemnify Manager against any claims of third persons, including costs and expenses incident thereto by reason of the negligence, willful misconduct or breach of this Agreement by the Association or those of its employees, agents or representatives, who are not employees, agents or representatives of Manager.

4.6 Employees. The salary and other related expenses (including, without limitation, payroll taxes and the cost of employee benefits) or other compensations for any Association employee shall be an expense of the Association though paid by Manager, and Manager shall be entitled to reimburse itself from funds of the Association on a monthly basis for such expenditure, which reimbursement shall be in addition to and separate from the compensation paid to Manager pursuant to Paragraph 4.1, above.

4.7 Advances and Reimbursements. Manager shall not be required to perform any act or duty hereunder involving an expenditure of money unless there shall be sufficient funds therefor in the bank account of the Association; if at any time the funds in the bank accounts of the Association are not sufficient to pay the charges incident to this Agreement, Manager, although not obligated to do so, may advance such sums as it deems necessary, and in such event, Manager shall be entitled to reimburse itself from Association funds for the amount of such advances, together with interest at the rate of ten percent (10%) per annum commencing from and after twenty (20) days from the date of the advance by Manager.

4.8 Discounts. All discounts, rebates or commissions or like items shall inure to the benefit of the Association.

4.9 Single Contracts. Manager may enter into single contracts for operation and maintenance services covering the Project and other projects managed by the Manager, provided that (a) the amount payable by the Association pursuant thereto shall not exceed the amount for such items set forth in the Budget for such Fiscal Year, and (b) such contracts provide that the persons or entities with whom such contracts are made shall have no claim against the Association for any amount whatsoever in excess of the amount for such service as is set forth in the Budget for such Fiscal Year.

ARTICLE V

GENERAL PROVISIONS

5.1 Arbitration. In the event any controversy or claim arising out of this Agreement cannot be settled by the parties or their legal representatives, such controversy or claim shall be settled by arbitration in accordance with the then current Commercial Arbitration Rules of the American Arbitration Association at its Portland, Oregon office. Judgment upon the award may be entered in any court having jurisdiction thereof.

5.2 Assignment. Manager shall not assign this Agreement without the prior written consent of the Board. It is understood and agreed that any consent granted by the Board to any such assignment shall not be deemed a waiver of the covenant herein contained against assignment in any subsequent case.

5.3 Attorney's Fees. If either party commences an action (including, but not limited to, a demand for arbitration) against the other to enforce any of the terms of this Agreement or because of the breach of either party of any of the terms hereof, the losing or defaulting party shall pay to the prevailing party reasonable attorneys' fees, costs and expenses incurred in connection with the prosecution or defense of such action. In the event that both parties prevail on various issues in such action, the prevailing party for purpose of this Paragraph shall be the one entitled to the net award thereof.

5.4 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original and all of which when taken together shall constitute a single document.

5.5 Entire Agreement. This Agreement contains all of the covenants and agreements of the parties hereto with respect to the matters contained herein. No prior agreement or understanding pertaining to any such matter shall be effective for any purpose.

5.6 Governing Law. This Agreement is made and shall be construed and interpreted in accordance with the laws of the State of Oregon.

5.7 Headings. The article and section headings contained herein are for convenience and reference only and are not intended to define, limit or describe the scope of intent of any provision of this Agreement. This Agreement shall be given a fair and reasonable construction in accordance with the intentions of the parties.

5.8 Notices. Any Notice shall, unless otherwise specified, be in writing, sent by telegram or telex or by certified first class mail, postage prepaid, return receipt requested to the following addresses:

To the Association: Eagle Crest Vacation Resort
Owners Association
P.O. Box 953
Redmond, Oregon 97756
Attn: President

To Manager: Country Club Management, Inc.
P.O. Box 931
Redmond, Oregon 97756

Notice shall be deemed sufficiently given either when delivered personally at the appropriate addresses set forth above (in which event, the Notice shall be deemed effective only upon such delivery) or forty-eight (48) hours after deposit of same in any United States Post Office box other than in the state to which the Notice is addressed, postage prepaid, addressed as set forth above. Either party to this Agreement may change its address by giving the other party Notice of its new address as herein provided.

5.9 Partnership or Joint Venture. Nothing contained in this Agreement shall constitute or be construed to be or create a partnership or joint venture between the Association and Manager.

5.10 Severability. The provisions of this Agreement shall be deemed independent and severable, and the invalidity, partial invalidity or unenforceability of any provision shall not invalidate any other provisions.

5.11 Successors and Assigns. Subject to Paragraph 5.2, above, this Agreement shall be binding upon, inure to the benefit of and be enforceable by the parties hereto and their respective representatives, successors and permitted assigns.

5.12 Waiver. No waiver of any breach of any of the provisions of this Agreement shall constitute a waiver of any succeeding or preceding breach of the same, or of any other, provision contained herein.

5.13 Merger. All understandings and agreements heretofore had between the parties respecting the employment contemplated by this Agreement are merged by this Agreement which fully and completely expresses the agreement of the parties. There are no agreements except as specifically set forth in this Agreement or to be set forth in the instruments of other documents delivered or to be delivered hereunder.

5.14 Amendments. No change in or addition to, or waiver or termination of this Agreement or any part hereof shall be valid unless in writing and signed by or on behalf of each of the parties hereto.

5.15 Warranties. The Association represents and warrants that it is a validly organized corporation with full power and authority to enter into this Agreement and to carry out the transactions herein contemplated, and that the undersigned officers of the Association have all necessary authority to execute this Agreement. Manager represents and warrants that it is a validly organized corporation with full power and authority to enter into this Agreement and to carry out the transactions contemplated herein. Manager further represents and warrants that it is duly qualified to do business and in good standing in the State of Oregon. The undersigned officers of Manager have all necessary authority to execute this Agreement on behalf of Manager.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement by their duly authorized officers as of the date first written above.

Association:

By: /s/ William D. Lyche
Its President
Manager:

By: /s/ Karent L. Smith
Its Secretary

0098-0796

COUNTRY CLUB MANAGEMENT, INC.,
an Oregon corporation

By: /s/ William D. Lyche
Its President

By: /s/ William D. Lyche
Its President

By: /s/ Barry G. Evans
Barry G. Evans, Trustee

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EXHIBIT G

0098-0797

"Easement for Temporary Fairway 5"

All of the following described lots as shown on the Eagle Crest Plat recorded June 24, 1985 in the office of the county recorder in Deschutes County, Oregon:

Lot 25, Block 5

EXHIBIT H

USE WEEK CALENDAR

(USE CALENDAR YEARS 1985-2007)

0098-0798

Use Week No.	1985/1991/2002	1986/1997/2003	1987/1998
1	01/04 - 01/11	01/03 - 01/10	01/02-01/09
2	01/11 - 01/18	01/10 - 01/17	01/09 - 01/16
3	01/18 - 01/25	01/17 - 01/24	01/16 - 01/23
4	01/25 - 02/01	01/24 - 01/31	01/23 - 01/30
5	02/01 - 02/08	01/31 - 02/07	01/30 - 02/06
6	02/08 - 02/15	02/07 - 02/14	02/06 - 02/13
7	02/15 - 02/22	02/14 - 02/21	02/13 - 02/20
8	02/22 - 03/01	02/21 - 02/28	02/20 - 02/27
9	03/01 - 03/08	02/28 - 03/07	02/27 - 03/06
10	03/08 - 03/15	03/07 - 03/14	03/06 - 03/13
11	03/15 - 03/22	03/14 - 03/21	03/13 - 03/20
12	03/22 - 03/29	03/21 - 03/28	03/20 - 03/27
13	03/29 - 04/05	03/28 - 04/04	03/27 - 04/03
14	04/05 - 04/12	04/04 - 04/11	04/03 - 04/10
15	04/12 - 04/19	04/11 - 04/18	04/10 - 04/17
16	04/19 - 04/26	04/18 - 04/25	04/17 - 04/24
17	04/26 - 05/03	04/25 - 05/02	04/24 - 05/01
18	05/03 - 05/10	05/02 - 05/09	05/01 - 05/08
19	05/10 - 05/17	05/09 - 05/16	05/08 - 05/15
20	05/17 - 05/24	05/16 - 05/23	05/15 - 05/22
21	05/24 - 05/31	05/23 - 05/30	05/22 - 05/29
22	05/31 - 06/07	05/30 - 06/06	05/29 - 06/05
23	06/07 - 06/14	06/06 - 06/13	06/05 - 06/12
24	06/14 - 06/21	06/13 - 06/20	06/12 - 06/19
25	06/21 - 06/28	06/20 - 06/27	06/19 - 06/26
26	06/28 - 07/05	06/27 - 07/04	06/26 - 07/03
27	07/05 - 07/12	07/04 - 07/11	07/03 - 07/10
28	07/12 - 07/19	07/11 - 07/18	07/10 - 07/17
29	07/19 - 07/26	07/18 - 07/25	07/17 - 07/24
30	07/26 - 08/02	07/25 - 08/01	07/24 - 07/31
31	08/02 - 08/09	08/01 - 08/08	07/31 - 08/07
32	08/09 - 08/16	08/08 - 08/15	08/07 - 08/14
33	08/16 - 08/23	08/15 - 08/22	08/14 - 08/21
34	08/23 - 08/30	08/22 - 08/29	08/21 - 08/28
35	08/30 - 09/06	08/29 - 09/05	08/28 - 09/04
36	09/06 - 09/13	09/05 - 09/12	09/04 - 09/11
37	09/13 - 09/20	09/12 - 09/19	09/11 - 09/18
38	09/20 - 09/27	09/19 - 09/26	09/18 - 09/25
39	09/27 - 10/04	09/26 - 10/03	09/25 - 10/02
40	10/04 - 10/11	10/03 - 10/10	10/02 - 10/09
41	10/11 - 10/18	10/10 - 10/17	10/09 - 10/16
42	10/18 - 10/25	10/17 - 10/24	10/16 - 10/23
43	10/25 - 11/01	10/24 - 10/31	10/23 - 10/30
44	11/01 - 11/08	10/31 - 11/07	10/30 - 11/06
45	11/08 - 11/15	11/07 - 11/14	11/06 - 11/13
46	11/15 - 11/22	11/14 - 11/21	11/13 - 11/20
47	11/22 - 11/29	11/21 - 11/28	11/20 - 11/27
48	11/29 - 12/06	11/28 - 12/05	11/27 - 12/04
49	12/06 - 12/13	12/05 - 12/12	12/04 - 12/11
50	12/13 - 12/20	12/12 - 12/19	12/11 - 12/18
51	12/20 - 12/27	12/19 - 12/26	12/18 - 12/25
52	12/27 - 01/03	12/26 - 01/02	12/25 - 01/01

EXHIBIT H PAGE 2

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Use Week No.	1988	1989/1895/2006	1990/2001/2007
1	01/01 - 01/08	01/06 - 01/13	01/05 - 01/12
2	01/08 - 01/15	01/13 - 01/20	01/12 - 01/19
3	01/15 - 01/22	01/20 - 01/27	01/19 - 01/26
4	01/22 - 01/29	01/27 - 02/03	01/26 - 02/02
5	01/29 - 02/05	02/03 - 02/10	02/02 - 02/09
6	02/05 - 02/12	02/10 - 02/17	02/09 - 02/16
7	02/12 - 02/19	02/17 - 02/24	02/16 - 02/23
8	02/19 - 02/26	02/24 - 03/03	02/23 - 03/02
9	02/26 - 03/04	03/03 - 03/10	03/02 - 03/09
10	03/04 - 03/11	03/10 - 03/17	03/09 - 03/16
11	03/11 - 03/18	03/17 - 03/24	03/16 - 03/23
12	03/18 - 03/25	03/24 - 03/31	03/23 - 03/30
13	03/25 - 04/01	03/31 - 04/07	03/30 - 04/06
14	04/01 - 04/08	04/07 - 04/14	04/06 - 04/13
15	04/08 - 04/15	04/14 - 04/21	04/13 - 04/20
16	04/15 - 04/22	04/21 - 04/28	04/20 - 04/27
17	04/22 - 04/29	04/28 - 05/05	04/27 - 05/04
18	04/29 - 05/06	05/05 - 05/12	05/04 - 05/11
19	05/06 - 05/13	05/12 - 05/19	05/11 - 05/18
20	05/13 - 05/20	05/19 - 05/26	05/18 - 05/25
21	05/20 - 05/27	05/26 - 06/02	05/25 - 06/01
22	05/27 - 06/03	06/02 - 06/09	06/01 - 06/08
23	06/03 - 06/10	06/09 - 06/16	06/08 - 06/15
24	06/10 - 06/17	06/16 - 06/23	06/15 - 06/22
25	06/17 - 06/24	06/23 - 06/30	06/22 - 06/29
26	06/24 - 07/01	06/30 - 07/07	06/29 - 07/06
27	07/01 - 07/08	07/07 - 07/14	07/06 - 07/13
28	07/08 - 07/15	07/14 - 07/21	07/13 - 07/20
29	07/15 - 07/22	07/21 - 07/28	07/20 - 07/27
30	07/22 - 07/29	07/28 - 08/04	07/27 - 08/03
31	07/29 - 08/05	08/04 - 08/11	08/03 - 08/10
32	08/05 - 08/12	08/11 - 08/18	08/10 - 08/17
33	08/12 - 08/19	08/18 - 08/25	08/17 - 08/24
34	08/19 - 08/26	08/25 - 09/01	08/24 - 08/31
35	08/26 - 09/02	09/01 - 09/08	08/31 - 09/07
36	09/02 - 09/09	09/08 - 09/15	09/07 - 09/14
37	09/09 - 09/16	09/15 - 09/22	09/14 - 09/21
38	09/16 - 09/23	09/22 - 09/29	09/21 - 09/28
39	09/23 - 09/30	09/29 - 10/06	09/28 - 10/05
40	09/30 - 10/07	10/06 - 10/13	10/05 - 10/12
41	10/07 - 10/14	10/13 - 10/20	10/12 - 10/19
42	10/14 - 10/21	10/20 - 10/27	10/19 - 10/26
43	10/21 - 10/28	10/27 - 11/03	10/26 - 11/02
44	10/28 - 11/04	11/03 - 11/10	11/02 - 11/09
45	11/04 - 11/11	11/10 - 11/17	11/09 - 11/16
46	11/11 - 11/18	11/17 - 11/24	11/16 - 11/23
47	11/18 - 11/25	11/24 - 12/01	11/23 - 11/30
48	11/25 - 12/02	12/01 - 12/08	11/30 - 12/07
49	12/02 - 12/09	12/08 - 12/15	12/07 - 12/14
50	12/09 - 12/16	12/15 - 12/22	12/14 - 12/21
51	12/16 - 12/23	12/22 - 12/29	12/21 - 12/28
52	12/23 - 12/30	12/29 - 01/05	12/28 - 01/04
52A	12/30 - 01/06		

EXHIBIT H PAGE 3

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Use Week No.

1992

1993/1999

1994/2005

1	01/03 - 01/10	01/01 - 01/08	01/07 - 01/14
2	01/10 - 01/17	01/08 - 01/15	01/14 - 01/21
3	01/17 - 01/24	01/15 - 01/22	01/21 - 01/28
4	01/24 - 01/31	01/22 - 01/29	01/28 - 02/04
5	01/31 - 02/07	01/29 - 02/05	02/04 - 02/11
6	02/07 - 02/14	02/05 - 02/12	02/11 - 02/18
7	02/14 - 02/21	02/12 - 02/19	02/18 - 02/25
8	02/21 - 02/28	02/19 - 02/26	02/25 - 03/04
9	03/28 - 03/06	02/26 - 03/05	03/04 - 03/11
10	03/06 - 03/13	03/05 - 03/12	03/11 - 03/18
11	03/13 - 03/20	03/12 - 03/19	03/18 - 03/25
12	03/20 - 03/27	03/19 - 03/26	03/25 - 04/01
13	03/27 - 04/03	03/26 - 04/02	04/01 - 04/08
14	04/03 - 04/10	04/02 - 04/09	04/08 - 03/15
15	04/10 - 04/17	04/09 - 04/16	04/15 - 04/22
16	04/17 - 04/24	04/16 - 04/23	04/22 - 04/29
17	04/24 - 05/01	04/23 - 04/30	04/29 - 05/06
18	05/01 - 05/08	04/30 - 05/07	05/06 - 05/13
19	05/08 - 05/15	05/07 - 05/14	05/13 - 05/20
20	05/15 - 05/22	05/14 - 05/21	05/20 - 05/27
21	05/22 - 05/29	05/21 - 05/28	05/27 - 06/03
22	05/29 - 06/05	05/28 - 06/04	06/03 - 06/10
23	06/05 - 06/12	06/04 - 06/11	06/10 - 06/17
24	06/12 - 06/19	06/11 - 06/18	06/17 - 06/24
25	06/19 - 06/26	06/18 - 06/25	06/24 - 07/01
26	06/26 - 07/03	06/25 - 07/02	07/01 - 07/08
27	07/03 - 07/10	07/02 - 07/09	07/08 - 07/15
28	07/10 - 07/17	07/09 - 07/16	07/15 - 07/22
29	07/17 - 07/24	07/16 - 07/23	07/22 - 07/29
30	07/24 - 07/31	07/23 - 07/30	07/29 - 08/05
31	07/31 - 08/07	07/30 - 08/06	08/05 - 08/12
32	08/07 - 08/14	08/06 - 08/13	08/12 - 08/19
33	08/14 - 08/21	08/13 - 08/20	08/19 - 08/26
34	08/21 - 08/28	08/20 - 08/27	08/26 - 09/02
35	08/28 - 09/04	08/27 - 09/03	09/02 - 09/09
36	09/04 - 09/11	09/03 - 09/10	09/09 - 09/16
37	09/11 - 09/18	09/10 - 09/17	09/16 - 09/23
38	09/18 - 09/25	09/17 - 09/24	09/23 - 09/30
39	09/25 - 10/02	09/24 - 10/01	09/30 - 10/07
40	10/02 - 10/09	10/01 - 10/08	10/07 - 10/14
41	10/09 - 10/16	10/08 - 10/15	10/14 - 10/21
42	10/16 - 10/23	10/15 - 10/22	10/21 - 10/28
43	10/23 - 10/30	10/22 - 10/29	10/28 - 11/04
44	10/30 - 11/06	10/29 - 11/05	10/04 - 11/11
45	11/06 - 11/13	11/05 - 11/12	11/11 - 11/18
46	11/13 - 11/20	11/12 - 11/19	11/18 - 11/25
47	11/20 - 11/27	11/19 - 11/26	11/25 - 12/02
48	11/27 - 12/04	11/26 - 12/03	12/02 - 12/09
49	12/04 - 12/11	12/03 - 12/10	12/09 - 12/16
50	12/11 - 12/18	12/10 - 12/17	12/16 - 12/23
51	12/18 - 12/25	12/17 - 12/24	12/23 - 12/30
52	12/25 - 01/01	12/24 - 12/31	12/30 - 01/06
52A		12/31 - 01/07	

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Use Week No.	1996	2000	2004
1	01/05 - 01/12	01/07 - 01/14	01/02-01/09
2	01/12 - 01/19	01/14 - 01/21	01/09 - 01/16
3	01/19 - 01/26	01/21 - 01/28	01/16 - 01/23
4	01/26 - 02/02	01/28 - 02/04	01/23 - 01/30
5	02/02 - 02/09	02/04 - 02/11	01/30 - 02/06
6	02/09 - 02/16	02/11 - 02/18	02/06 - 02/13
7	02/16 - 02/23	02/18 - 02/25	02/13 - 02/20
8	02/23 - 03/01	02/25 - 03/03	02/20 - 02/27
9	03/01 - 03/08	03/03 - 03/10	02/27 - 03/05
10	03/08 - 03/15	03/10 - 03/17	03/05 - 03/12
11	03/15 - 03/22	03/17 - 03/24	03/12 - 03/19
12	03/22 - 03/29	03/24 - 03/31	03/19 - 03/26
13	03/29 - 04/05	03/31 - 04/07	03/26 - 04/02
14	04/05 - 04/12	04/07 - 04/14	04/02 - 04/09
15	04/12 - 04/19	04/14 - 04/21	04/09 - 04/16
16	04/19 - 04/26	04/21 - 04/28	04/16 - 04/23
17	04/26 - 05/03	04/28 - 05/05	04/23 - 04/30
18	05/03 - 05/10	05/05 - 05/12	04/30 - 05/07
19	05/10 - 05/17	05/12 - 05/19	05/07 - 05/14
20	05/17 - 05/24	05/19 - 05/26	05/14 - 05/21
21	05/24 - 05/31	05/26 - 06/02	05/21 - 05/28
22	05/31 - 06/07	06/02 - 06/09	05/28 - 06/04
23	06/07 - 06/14	06/09 - 06/16	06/04 - 06/11
24	06/14 - 06/21	06/16 - 06/23	06/11 - 06/18
25	06/21 - 06/28	06/23 - 06/30	06/18 - 06/25
26	06/28 - 07/05	06/30 - 07/07	06/25 - 07/02
27	07/05 - 07/12	07/07 - 07/14	07/02 - 07/09
28	07/12 - 07/19	07/14 - 07/21	07/09 - 07/16
29	07/19 - 07/26	07/21 - 07/28	07/16 - 07/23
30	07/26 - 08/02	07/28 - 08/04	07/23 - 07/30
31	08/02 - 08/09	08/04 - 08/11	07/30 - 08/06
32	08/09 - 08/16	08/11 - 08/18	08/06 - 08/13
33	08/16 - 08/23	08/18 - 08/25	08/13 - 08/20
34	08/23 - 08/30	08/25 - 09/01	08/20 - 08/27
35	08/30 - 09/06	09/01 - 09/08	08/27 - 09/03
36	09/06 - 09/13	09/08 - 09/15	09/03 - 09/10
37	09/13 - 09/20	09/15 - 09/22	09/10 - 09/17
38	09/20 - 09/27	09/22 - 09/29	09/17 - 09/24
39	09/27 - 10/04	09/29 - 10/06	09/24 - 10/01
40	10/04 - 10/11	10/06 - 10/13	10/01 - 10/08
41	10/11 - 10/18	10/13 - 10/20	10/08 - 10/15
42	10/18 - 10/25	10/20 - 10/27	10/15 - 10/22
43	10/25 - 11/01	10/27 - 11/03	10/22 - 10/29
44	11/01 - 11/08	11/03 - 11/10	10/29 - 11/05
45	11/08 - 11/15	11/10 - 11/17	11/05 - 11/12
46	11/15 - 11/22	11/17 - 11/24	11/12 - 11/19
47	11/22 - 11/29	11/24 - 12/01	11/19 - 11/26
48	11/29 - 12/06	12/01 - 12/08	11/26 - 12/03
49	12/06 - 12/13	12/08 - 12/15	12/03 - 12/10
50	12/13 - 12/20	12/15 - 12/22	12/10 - 12/17
51	12/20 - 12/27	12/22 - 12/29	12/17 - 12/24
52	12/27 - 01/03	12/29 - 01/05	12/24 - 12/31
52A			12/31 - 01/07

EXHIBIT I
SUBSIDY AGREEMENT

0098-0802

THIS SUBSIDY AGREEMENT is made as of the 24th day of June, 1985, by and between EAGLE CREST VACATION RESORT OWNERS ASSOCIATION, an Oregon non-profit corporation (the "Association"), and EAGLE CREST PARTNERS LTD., an Oregon limited partnership ("Declarant"), with reference to the following facts and circumstances:

RECITALS

A. Declarant is the owner of certain real property (the "Vacation Resort Ownership Property") located in the County of Deschutes, State of Oregon, more particularly described on Exhibit A attached hereto and made a part hereof.

B. Declarant has recorded that certain Declaration of Covenants, Conditions and Restrictions for Vacation Resort Ownership (Eagle Crest) in the office of the County Recorder of Deschutes County, Oregon (the "Declaration").

C. The Association has been created pursuant to the Declaration to perform certain functions as set forth in the Declaration. The Association is or will become the owner of certain real property (the "Association Property") described in the Declaration. The Vacation Resort Ownership Property and the Association Property are hereinafter referred to as the "Property."

D. Declarant and the Association intend to establish by this Subsidy Agreement a program whereby Declarant will provide for the payment of Declarant's appropriate share of the costs and expenses of the Association for the operation of the Property as vacation resort interval ownership project (the "Project"). It is the intention of Declarant and the Association that Declarant shall, pursuant to the terms and conditions set forth below, (1) pay all of the fixed costs of operation of the Project attributable to the "Declarant Intervals," (2) pay all of the variable costs of operation of the Project attributable to Declarant's reservation of "Vacation Resort Ownership Units" for use in connection with Declarant's marketing program for the "Intervals" and (3) by its payments hereunder eliminate any need for a "Special Assessment" (other than Special Assessments approved by the "Board" and, if necessary, by "Owners," for (a) capital expenditures or (b) funds required in the event Owners become delinquent in the payment of the "Basic Assessment") during the term hereof (as the quoted terms are defined in the Declaration).

TERMS AND CONDITIONS

1. **Definitions.** Except as otherwise provided below, the terms used herein shall have the same meaning as the meanings attributed thereto in the Declaration. For purposes of this Agreement, the following terms shall have the following meanings:

1.1 **"Actual Interior Reserve Expenses"** means, for each Fiscal Year under consideration, that portion of Interior Reserve Expenses attributable (a) to the Association Property and Vacation Resort Ownership Units and the contents thereof, including, but not limited to the Common Furnishings therein or the Common Furnishings within the Common Area and (b) to any Units which have not been dedicated as Vacation Resort Ownership Units, together with the contents thereof, as and to the extent that any of the items for which Interior Reserve Expenses are collectable (i) have been placed within such Unit, (ii) are actually used by occupants of such Unit and (iii) are not to be replaced, repaired or refurbished prior to the dedication of such Unit as a Vacation Resort Ownership Unit.

1.2 **"Delinquencies"** means, for each Fiscal Year, the difference between (a) the cumulative total amount of the expenses related to the Project which are incurred by the Association (exclusive of Reserve Expenses) together with the amount of any installment of real property taxes currently due and payable with respect to the Project, for such Fiscal Year for the period, commencing in the first Fiscal Year, on the Starting Date and in each subsequent Fiscal Year, on the first day of such Fiscal Year and ending on the last day of the calendar month preceding the month in which such payment is made and (b) the applicable of the following:

(i) prior to the date (the "Phasing Date") which is the earlier to occur of July 1, 1988 or the date upon which the total number of Units subject to the Declaration shall exceed 60, for the purpose of assuring that the amounts payable by Non-Declarant Owners as and for the Basic Assessment shall be \$18.25 per month, an amount equal to \$18.25 per month for each Non-Declarant Interval, commencing as to each such Non-Declarant Interval as of the first day of the first month following the recording of the Original Deed for such Non-Declarant Interval, together with the cumulative total amount of Assessments, other than the Basic Assessment, payable to the Association for such Fiscal Year by Non-Declarant Owners for the same period; or

(ii) from and after the Phasing Date, the cumulative total amount of Assessments for such Fiscal Year payable to the Association by Non-Declarant Owners for the same period.

1.3 **"Exterior Reserve Expenses"** means those amounts set forth in the Budget for any applicable Fiscal Year for reserves for replacement, repair or refurbishment of the items identified as Exterior Reserve Expenses on Exhibit B attached hereto and made a part hereof. Exterior Reserve Expenses for the first Fiscal Year of the Association are set forth in Exhibit B.

"Interior Reserve Expenses" means those amounts set forth in the Budget for any applicable Fiscal Year for reserves for replacement, repair or refurbishment of the items identified as Interior Reserve Expenses on Exhibit B. Interior Reserve Expenses for the first Fiscal Year of the Association are set forth in Exhibit B.

1.5 **"Reserve Expenses"** means, collectively, the Exterior Reserve Expenses and the Interior Reserve Expenses for any Fiscal Year under consideration as reflected in the Budget for such Fiscal Year.

2. **Payment of Deficiencies.** From and after the first day of the second calendar month following the Starting Date, Declarant agrees to pay, on or before the 10th day of each month during the term hereof, the Deficiencies; provided, however that the first payment to be made by Declarant hereunder shall include payment for Deficiencies arising between the Starting Date and the last day of the first calendar month following the Starting Date. Within 60 days after the end of the Fiscal Year in which the term of this Agreement terminates, the Association shall reimburse Declarant for the amount, if any, by which the total of all sums paid by Declarant during such Fiscal Year to the Association as and for the Deficiencies and Assessments exceed the cumulative total amount of Assessments which would otherwise have been payable by Declarant for such Fiscal Year in the absence of this Agreement with respect to the Declarant Intervals.

3. **Term.** The term of this Subsidy Agreement shall commence on the Starting Date and shall terminate on the earlier to occur of (a) the date upon which Declarant shall convey the last Declarant Interval or (b) the date which is 30 days following the date upon which Declarant elects, by written notice to the Association, to terminate this Agreement, provided that Declarant shall have obtained (1) any bond required by law to be obtained with respect to Declarant's obligation to pay Assessments pursuant to the Declaration and (2) in the event this Subsidy Agreement shall terminate prior to the Phasing Date, a bond to secure Declarant's obligations pursuant to that certain Assessment Subsidy Agreement, a copy of which is attached hereto as Exhibit C, and shall have deposited such bond with the Escrow Depository as called for in the Assessment Subsidy Agreement. This means that the Declarant may elect in any Fiscal Year of the Association, including the first year, to terminate the term of this Subsidy Agreement by giving 30 days prior written notice to the Association.

4. **Payment of Reserve Expenses.** Declarant shall pay to the Association on account of Reserve Expenses, the following:

(a) **Exterior Reserve Expenses.** Promptly following the end of each Fiscal Year the Association shall determine the Received Exterior Reserves for such Fiscal Year. Declarant shall pay to the Association, within 10 days after receipt of a statement therefor, an amount equal to the difference between (i) the Exterior Reserve Expenses for the Fiscal Year under consideration and (ii) the Received Exterior Reserves for such Fiscal Year.

(b) **Interior Reserve Expenses.** Promptly following the end of each Fiscal Year the Association shall determine the Received Interior Reserves for such Fiscal Year. Declarant shall pay to the Association, within 10 days after receipt of a statement therefore, an amount equal to the difference between (i) the Actual Interior Reserve Expenses for the Fiscal Year under consideration and (ii) the Received Interior Reserves for such Fiscal Year. In the event that Declarant shall pay to the Association as a portion of the Actual Interior Reserve Expenses any amount attributable to any item which is subsequently replaced prior to dedication to the Vacation Resort Ownership program, the Association agrees to reimburse Declarant for such amount or, at the request of the Declarant, to credit such amount against the Actual Interior Reserve Expenses next due.

5. **Surety Bonds.** If required by a governmental authority, Declarant agrees to furnish to the Association a surety bond (the "Surety Bond") in an amount sufficient to provide for Declarant's payment of its monetary obligations pursuant to this Subsidy Agreement. Declarant and the Association agree that the Surety Bond shall be delivered to Bend Title Company ("Escrow Depository"), pursuant to the terms and provisions contained in instructions to Escrow Depository (the "Instructions"). The Instructions shall be substantially in the form of Exhibit D attached hereto and made a part hereof.

6. **Effect of Subsidy Agreement Upon Declarant's Assessment Obligations.** Provided Declarant shall not be in default in the performance of any of its obligations hereunder, Declarant shall not be required to pay to the Association the Basic Assessments attributable to Declarant Intervals pursuant to the terms and provisions of the Declaration. In the event Declarant shall default in the performance of any of its obligations hereunder and such default shall not have been cured within 10 days after notice of default is given to Declarant by the Association, (a) Declarant's obligations to pay to the Association the Basic Assessments attributable to the Declarant Intervals shall resume, (b) Declarant's default hereunder shall be deemed a default in the payment of Assessments under the Declaration, which default shall be deemed to have occurred on the date of expiration of the grace period set forth herein and (c) the Association shall have the right to exercise each and all of the rights and remedies set forth herein and in the Declaration with respect to the non-payment of the Basic Assessments by Declarant as owner of the Declarant Intervals, and as provided under the Surety Bond; provided, however, that notwithstanding Declarant's failure to cure any default hereunder within the time period specified, Declarant shall have the right thereafter to cure such default, and upon so doing, Declarant may notify the Association of Declarant's intention thereafter to comply with the terms of this Subsidy Agreement and, if necessary, to reinstate the Surety Bond, in which case all of the rights, duties and obligations of Declarant and the Association hereunder shall continue unabated and any Basic Assessments paid by Declarant shall be treated as having been paid with respect to Declarant's obligations under the Agreement.

7. **Miscellaneous.**

(a) **Notices.** Any notice, request, demand, instruction or other document to be given hereunder to

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any party shall be in writing and shall either be personally delivered to the person at the appropriate address set forth below (in which event such notice shall be deemed effective only upon such delivery) or delivered by mail, sent by registered or certified mail, return receipt requested, as follows:

If to the Association: Eagle Crest Vacation Resort
Owners Association
P.O. Box 953
Redmond, Oregon 97756

If to Declarant: Eagle Crest Partners Ltd.
P.O. Box 1215
Redmond, Oregon 97756

Notices so mailed shall be deemed to have been given 48 hours after the deposit of same in any United States mail post office box in the state to which the notice is addressed or 72 hours after deposit in any such post office box other than in the state to which the notice is addressed, postage prepaid, addressed as set forth above. The addresses and addressees for the purpose of this paragraph may be changed by giving notice of such change in the manner herein provided for giving notice. Unless and until such notice is received, the last address and addressee state by notice, or as provided herein if no notice of change has been sent or received, shall be deemed to continue in effect for all purposes hereunder.

(b) **Waiver.** The waiver or failure to enforce any provision of this Agreement shall not operate as a waiver of any future breach of such provision or of any other provisions hereof.

(c) **Merger.** All understandings and agreements heretofore had between the parties respecting the subsidization contemplated by this Agreement are merged by this Agreement and the exhibits attached hereto, all of which fully and completely express the agreement of the parties. There are no agreements except as specifically set forth in this Agreement or to be set forth in the instruments or other documents delivered or to be delivered hereunder.

(d) **Amendments.** Except as provided in subparagraph 7(a), above, no change in or addition to, or waiver or termination of this Agreement or any part thereof shall be valid unless in writing and signed by or on behalf of each of the parties hereto.

(e) **Paragraph Headings.** The paragraph headings herein contained are for the purposes of identification only and shall not be considered in construing this Agreement.

(f) **Successors and Assigns.** All of the terms and provisions of this Agreement shall be binding upon, inure to the benefit of and be enforceable by the parties and each of their respective successors and assigns.

(g) **Attorneys' Fees.** In the event any controversy, claim or dispute between the parties hereto, arising out of or relating to this Agreement or the breach thereof, results in arbitration or litigation, the prevailing party in such proceedings shall be entitled to recover from the losing party reasonable expenses, attorneys' fees and costs.

(h) **Severability.** Every provision of this Agreement is intended to be several. If any term or provision hereof is illegal or invalid for any reason whatsoever, such illegality shall not affect the validity of the remainder of the within Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

"ASSOCIATION"

"DECLARANT"

EAGLE CREST VACATION RESORT
OWNERS ASSOCIATION, an Oregon
non-profit corporation

EAGLE CREST PARTNERS LTD.,
an Oregon limited partnership

By Barry G. Evans, Trustee,
Atlantic National Trust,
a California inter vivos
trust, General Partner

By /s/ William D. Lyche
Its President

By /s/ Barry G. Evans
Barry G. Evans, Trustee

EXHIBIT I

0098-0805

EXHIBIT A

"Vacation Resort Ownership Property"

All of the following described lots as shown on the Eagle Crest Plat recorded June 24, 1985 in the office of the county recorder in Deschutes County, Oregon:

Unit Lots:

Lots 14, 15, 16, Block 5

Lots 19 & 20, Block 5

Recreational Facilities:

Lots 22 & 23, Block 5

Road Lot:

Lot 3, Block 11

Open Space:

Lot 13, Block 5

EXHIBIT B

0098-0806

RESERVE EXPENSES**A. EXTERIOR RESERVE EXPENSES**

	<u>1985</u> <u>Amounts</u>
1. Paint	\$ 3,633
2. Paving & Sidewalks	2,384
3. Motors	535
4. Pool and Spa	3,500
5. Tennis Courts	3,600
6. Light Fixtures	1,340
TOTAL	<u>\$ 14,992</u>

B. INTERIOR RESERVE EXPENSES

	<u>1985</u> <u>Amounts</u>
1. Paint	\$ 6,932
2. Water Heaters	1,000
3. Floor Coverings	6,602
4. Air Conditioners/Heat Pumps	5,900
5. Solar System	2,210
6. Furniture	52,250
7. Appliances	5,250
8. Linens	4,200
9. Racquetball Court	800
10. Light Fixtures	960
TOTAL	<u>\$ 85,204</u>

TOTAL RESERVE EXPENSES
(1985 Fiscal Year)

\$100,196*

*Dollar amounts set for the above represent annual amounts.

EXHIBIT C

Page 1 of 2

INSTRUCTIONS TO ESCROW DEPOSITARY

To: Bend Title Company
 ("Escrow Depositary")
 P.O. Box 752
 1195 Northwest Wall Street
 Bend, Oregon 97709

Gentlemen:

Eagle Crest Partners Ltd., ("Declarant") has transmitted herewith to you, as Escrow Depositary, a surety bond in the amount of \$

This bond or deposit is given in compliance with Section 2812.4, Chapter 8, Title 10, California Administrative Code, as security for the fulfillment of certain obligations of Declarant pursuant to that certain Declaration of Covenants, Conditions and Restrictions for Vacation Resort Ownership (Eagle Crest) for the Eagle Crest Resort located in the County of Deschutes, State of Oregon, to pay expenses of the Eagle Crest Vacation Resort Owners Association ("Association") in connection with the operation and maintenance of the Project and in the provision of services for the aforesaid Eagle Crest Resort as set forth in the Subsidy Agreement dated June 24, 1985.

The security shall remain in the custody of Escrow Depositary until Escrow Depositary has received a certified copy of a resolution of the governing body of the Association adopted not more than 30 days prior to its receipt, stating that Declarant has faithfully performed all of the Declarant's obligations pursuant to the Subsidy Agreement.

In the event of a dispute between Declarant and the Association with respect to the question of satisfaction of the conditions for exoneration or release of the security, the issue or issues shall, at the request of either party, be submitted to arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association. In the event of referral to arbitration, Declarant agrees to remit the fee to initiate the arbitration. The parties agree, however, that the costs and expenses of arbitration, including attorneys' fees, shall ultimately be borne as determined by the arbitrator.

"DECLARANT"

EAGLE CREST PARTNERS LTD.,
 an Oregon limited partnership

By Barry G. Evans, Trustee,
 Atlantic National Trust,
 a California intervivos
 trust, General Partner

"ASSOCIATION"

EAGLE CREST VACATION RESORT OWNERS
 ASSOCIATION, an Oregon non-profit corporation

By /s/ Barry G. Evans
 Barry G. Evans, Trustee

By /s/ William D. Lyche
 Its President

EXHIBIT C

Page 2 of 2

Escrow Depositary acknowledges receipt of an executed copy of the above instructions and agrees to carry out its instructions hereunder.

"ESCROW DEPOSITARY"

BEND TITLE COMPANY
 an Oregon corporation

By _____

Dated: _____

Its _____

EXHIBIT D

ASSESSMENT SUBSIDY AGREEMENT

0098-0808

THIS AGREEMENT, made this 24th day of June, 1985, by and between EAGLE CREST PARTNERS LTD., an Oregon limited partnership ("Declarant"), and EAGLE CREST VACATION RESORT OWNERS ASSOCIATION, an Oregon non-profit corporation (the "Association"), is made with reference to the following Recitals and is as follows:

RECITALS

A. Declarant is the developer and owner of that certain vacation resort ownership project (the "Project") known as the Eagle Crest Vacation Resort Ownership Project, located in the County of Deschutes, State of Oregon, all pursuant to that certain Declaration of Covenants, Conditions and Restrictions for Vacation Resort Ownership (Eagle Crest), recorded in the Official Records of the Deschutes County Recorder, Oregon (the "Declaration").

B. As set forth in the Declaration, the Project consists of 20 "Units," together with related "Common Areas" (as the quoted terms are defined in the Declaration). Declarant has the right under the Declaration, to annex an additional 187 Units to the Project.

C. Declarant and the Association have entered into a Subsidy Agreement (the "Subsidy Agreement") of even date herewith, pursuant to which Subsidy Agreement Declarant has agreed to pay all costs of operation of the Project over and above certain amounts payable by "Non-Declarant Owners" in order to maintain the "Basic Assessments" payable by such Non-Declarant Owners at a level of \$18.25 per month for each "Interval" until the date (the "Phasing Date") which is the earlier to occur of (1) July 1, 1988, or (2) the date upon which the total number of Units subject to the Declaration shall first exceed 60 Units (as the quoted terms are defined in the Declaration). In the event that Declarant shall terminate the Subsidy Agreement prior to the Phasing Date, Declarant and the Association desire to agree that Declarant will, in addition to its obligation to pay the Basic Assessments attributable to all Declarant Intervals, pay certain amounts necessary to keep the amounts payable by Non-Declarant Owners as and for Basic Assessments at the levels of \$18.25 per month per Interval prior to the Phasing Date, all as more particularly set forth herein.

TERMS AND CONDITIONS

NOW, THEREFORE, Declarant and the Association do hereby agree as follows:

1. **Assessment Subsidy.** In the event that the term of the Subsidy Agreement shall be terminated by Declarant prior to the Phasing Date, Declarant shall, in addition to its obligations to pay the Basic Assessments attributable to Declarant Intervals, pay to the Association an amount (the "Assessment Subsidy") equal to the difference between the Basic Assessment, as set forth in the Budget, and the sum of \$18.25 per month for each Interval owned by Non-Declarant Owners. The Assessment Subsidy shall be payable in the same manner as Basic Assessments are payable under the Declaration. Declarant's obligations under this Paragraph 1 shall terminate on the Phasing Date, and shall be guaranteed as provided in Paragraph 2, below.

2. **Surety Bonds.** If required by a governmental authority, Declarant agrees to furnish to the Association a surety bond (the "Surety Bond") in an amount sufficient to provide for Declarant's payment of its monetary obligations pursuant to this Subsidy Agreement. Declarant and the Association agree that the Surety Bond shall be delivered to Bend Title Company ("Escrow Depository"), pursuant to the terms and provisions contained in instructions to Escrow Depository (the "Instructions"). The Instructions shall be substantially in the form of Exhibit A attached hereto and made a part thereof.

3. **Arbitration of Disputes.** In the event of a dispute between Declarant and the Association with respect to the question of performance of the provisions of this Agreement, the issue or issues shall, at the request of either party, be submitted to binding arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association. In the event of referral to arbitration, Declarant agrees to remit the fee to initiate the arbitration. The parties agree, however, that the costs and expenses of arbitration, including attorney's fees, shall ultimately be borne as determined by the arbitrator.

4. **Notice.** No notice, request, demand, instruction or document to be given hereunder to any party shall be effective for any purpose unless personally delivered to the person and at the appropriate address set forth below (in which event, such notice shall be deemed effective only upon such delivery) or when delivered by mail, sent by registered or certified mail, return receipt requested to the parties at the addresses set forth herein.

5. **Merger.** It is agreed that all understandings and agreements heretofore had between the parties respecting this transaction are merged in this Agreement, which fully and completely expresses the agreement of the parties, and that there are no representations, warranties or agreements except as specifically and expressly set forth herein and in the exhibits annexed hereto.

6. **Amendments.** No change in or addition to this Agreement or any part hereof shall be valid unless in writing and signed by or on behalf of the parties hereto.

unless in writing and signed by or on behalf of the party charged therewith.

7. **Successors and Assigns.** This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto

8. **Time.** Time is of the essence of this Agreement.

9. **Governing Law.** This Agreement shall be construed and interpreted in accordance with the laws of the State of Oregon.

10. **Attorneys' Fees.** In the event of litigation or arbitration regarding the performance of either of the parties under this Agreement, the prevailing party in such proceedings shall be entitled to an award of reasonable attorneys' fees in addition to its other costs and awards.

0098-0809

"DECLARANT"

EAGLE CREST PARTNERS LTD.,
an Oregon limited partnership

By Barry G. Evans, Trustee,
Atlantic National Trust,
a California intervivos trust,
General Partner

By /s/ Barry G. Evans
Barry G. Evans, Trustee

P.O. Box 1215
Redmond, Oregon 97756

"ASSOCIATION"

EAGLE CREST VACATION RESORT
OWNERS ASSOCIATION, an Oregon
non-profit corporation

By /s/ William D. Lyche
Its President

P.O. Box 953
Redmond, Oregon 97756

*Exx in law
full 6/24*

EXHIBIT A

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0098-0810

INSTRUCTIONS TO ESCROW DEPOSITARY

To: Bend Title Company
("Escrow Depositary")
PO Box 752
1195 Northwest Wall Street
Bend, Oregon 97709

Gentlemen:

Eagle Crest Partners Ltd., ("Declarant") has transmitted herewith to you, as Escrow Depositary, a surety bond in the amount of \$

This bond or deposit is given in compliance with Section 2812.4, Chapter 6, Title 10, California Administrative Code, as security for the fulfillment of certain obligations of Declarant pursuant to that certain Declaration of Covenants, Conditions and Restrictions for Vacation Resort Ownership (Eagle Crest) for the Eagle Crest Resort located in the County of Deschutes, State of Oregon, to pay expenses of the Eagle Crest Vacation Resort Owners Association ("Association") in connection with the operation and maintenance of the Project and in the provision of services for the aforesaid Eagle Crest Resort as set forth in the Assessment Subsidy Agreement dated June 24, 1985.

The security shall remain in the custody of Escrow Depositary until Escrow Depositary has received a certified copy of a resolution of the governing body of the Association adopted after the "Phasing Date" (as defined in the Assessment Subsidy Agreement) and not more than 30 days prior to its receipt, stating that the Phasing Date has occurred and that Declarant has faithfully performed all of the Declarant's obligations pursuant to the Assessment Subsidy Agreement.

In the event of a dispute between Declarant and the Association with respect to the question of satisfaction of the conditions for exoneration or release of the security, the issue or issues shall, at the request of either party, be submitted to arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association. In the event of referral to arbitration, Declarant agrees to remit the fee to initiate the arbitration. The parties agree, however, that the costs and expenses of arbitration, including attorneys' fees, shall ultimately be borne as determined by the arbitrator.

"DECLARANT"

EAGLE CREST PARTNERS LTD.,
an Oregon limited partnership

By Barry G. Evans, Trustee,
Atlantic National Trust, a
California intervivos trust,
General Partner

By /s/ Barry G. Evans
Barry G. Evans, Trustee

"ASSOCIATION"

EAGLE CREST VACATION RESORT OWNERS
ASSOCIATION, an Oregon non-profit corporation

By /s/ William D. Lyche
Its President

EXHIBIT A

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Escrow Depositary acknowledges receipt of an executed copy of the above instructions and agrees to carry out its instructions hereunder.

"ESCROW DEPOSITARY"

Bend Title Company
an Oregon corporation

By _____

Dated: _____ Its _____

0129-480

0098-0811

STATE OF OREGON)
COUNTY OF DESCHUTES) ss.

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

1985 JUN 24 PM 4:43

MARY SUE PENNOLLO
COUNTY CLERK

BY *Clare Gordon* DEPUTY

85-13064
NO. 229.00 FEE

DESCHUTES COUNTY OFFICIAL RECORDS