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**DECLARATION
OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR THE MEADOWS AT TIMBERHILL**

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**DECLARATION
OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR THE MEADOWS AT TIMBERHILL**

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR THE MEADOWS AT TIMBERHILL (this "Declaration") is made and entered into effective this _____ day of March, 2002 by K&F HOMES, LLC, an Oregon limited liability company, K&F Homes II, LLC, an Oregon limited liability company and TIMBERHILL TOWNHOMES, LLC, an Oregon limited liability company (together the "Co-Declarants").

It is the intention of the Co-Declarants to amend and restate the previously recorded Covenants, Conditions and Restrictions to fully comply with the requirements of FHA.

1. DEFINITIONS

The following terms shall have the following meanings when used in this Declaration:

1.1 "Articles" shall mean the Articles of Incorporation of the Association, as amended from time to time.

1.2 "Assessment" shall mean any assessment levied against one or more Owners by the Association for payment of expenses relating to the Property and shall include Regular, Special, Limited, Project, and Reserve Fund Assessments, as those terms are defined herein.

1.3 "Architectural Review Committee" or "Committee" shall mean the architectural review committee appointed pursuant Article 5 below.

1.4 "Association" shall mean the non-profit corporation formed or to be formed to serve as the association of Owners as provided in this Declaration and such corporation's successors and assigns.

1.5 "Board" shall mean the duly-elected Board of Directors of the Association.

1.6 "Building Lot" shall mean a platted or partitioned lot or tract within the Property improved or scheduled to be improved with a dwelling unit forming a part of a Building Structure, and shall not include any tract or lot marked on any plat of any portion of the Property as common or open space, streets, alleys, or dedicated areas.

1.7 "Building Structure" shall mean a building structure which is comprised of one or more contiguous dwelling units constructed and located on Building Lots, including, without limitation, garage structures located on the Building Lots, whether attached to or detached from the Building Structure.

1.8 "Bylaws" shall mean the Bylaws of the Association, as amended from time to time.

1.9 "Common Areas" shall mean Tracts B, C, D, E, F, G, H, I, J and M as shown on the Plat. Tract B is a sidewalk. Tracts C, D, F and H are private streets. Tracts E and I as shown on the plat, which are pocket parks. Tracts G, J and M as shown on the plat, which are Trail Corridors. The area of Lots 76-100 between the Required Fencing and Tracts K and N.

1.10 "Co-Declarants" shall mean K&F Homes, LLC, an Oregon limited liability company, K&F Homes II, LLC, an Oregon limited liability company (collectively "K&F") and Timberhill Townhomes, LLC, an Oregon limited liability company, and their successors and assigns if such successor or assign should acquire: (i) all or a material portion of K&F's interest in the Property or (ii) all or a material portion of K&F's rights under this Declaration, in either case as determined by Co-Declarants and only pursuant to a recorded instrument expressly evidencing the acquisition of such interest or right executed by Co-Declarants. A request to approve a proposed assignment of such interests or rights shall be sent to Timberhill Townhomes, LLC. If Timberhill Townhomes, LLC fails to respond to a request by K&F to assign such interests or rights within ten (10) business days after receipt of such a request, then Timberhill Townhomes, LLC shall be deemed to have disapproved such assignment. Any person or entity who acquires all or a material portion of K&F's rights or interests under this Declaration shall be known as the "Successor Declarant" with respect to the rights or interests acquired. Conveyance of a Building Lot to a third-party purchaser shall not have the effect of transferring or conveying any Co-Declarant's interest or rights. In the event K&F is in default of the takedown schedule under the Purchase Agreement and K&F does not cure such default within thirty (30) days after written notice of the default from Timberhill Townhomes, LLC to K&F, then Timberhill Townhomes, LLC shall become the sole Declarant by executing and acknowledging a declaration of Successor Declarant and causing such declaration to be recorded in the Official Records of Benton County, Oregon. Such declaration shall recite that K&F is in default of the Purchase Agreement and has failed to cure timely such default, and that, in accordance with the terms and conditions of this Declaration, Timberhill Townhomes, LLC is Successor Declarant upon recordation of the declaration of Successor Declarant. From and after recordation of such declaration of Successor Declarant, all references to "Co-Declarant" in this Declaration shall mean Timberhill Townhomes, LLC, and K&F Homes, LLC and K&F Homes II, LLC shall thereafter be Class A members with respect to those Lots that they own.

1.11 "FHA/VA" shall mean the Federal Housing Administration, including its Department of Housing and Urban Development, and/or the Veterans Administration.

1.12 "Improvement" shall mean every structure or improvement of any kind, including but not limited to a building, fence, wall, driveway, storage shelter, patio, deck, or other product of construction efforts on or in respect to a Building Lot.

1.13 "Interior Lots" shall mean lots where the Outdoor Living Area has no access to a street other than through the lots garage or an adjoining lot.

1.14 "Limited Assessment" shall mean an Assessment by the Association against some, but less than all, of the Owners for common expenses arising out of or related to a particular project or effort undertaken by the Association that benefits (or primarily benefits) some, but less than all, of the Owners. Limited Assessment is further described in Section 4.3.

1.15 "Outdoor Living Area" shall mean that portion of a Building Lot which is located immediately adjacent to a Building Structure and which is enclosed or set off in any manner to create a private outdoor area within that Building Lot. Outdoor Living Areas do not abut the public sidewalk or a street. Outdoor Living Areas generally mean the back yards of the Building Lots. Each Owner of a Building Lot is to establish his or her Outdoor Living Area in the manner and by the time set forth in Section 7.20.

1.16 "Owner" shall mean any person or entity, including the Co-Declarants, at any time owning a Building Lot, including any vendee under a recorded land sale contract to whom possession has passed, but does not include a tenant or holder of a leasehold interest or a person holding only a security interest in a Building Lot, including any vendor under a recorded land sale contract or memorandum of land sale contract who has surrendered possession.

1.17 "Parkway Strip" shall mean that strip of real property located in the public right of way bounded by the curb of the public street and extending over and across a portion of the Building Lots, together with all Improvements thereon, such as landscaping therein, including, without limitation, trees, shrubs, grass, sod, fencing, walls, signage and irrigation systems.

1.18 "Plat" shall mean that certain Plat of The Meadows at Timberhill, consisting of four sheets, recorded in the Plat Records Benton County, Oregon on May 21, 2001 in Book 10, Page 29, Document No. M-298766-01.

1.19 "Private Utilities" shall mean utilities (such as gas, water, storm water, sewer, electricity, cable, and telecommunication lines) that are not public utilities and that run under or on or over and across the Building Lots or Limited Common Areas and serve a dwelling unit located on a Building Lot.

1.20 "Project Assessment" shall mean an Assessment levied against an Owner by the Association for costs and expenses incurred by the Association for corrective action performed pursuant to this Declaration that is required as a result of the willful or negligent actions or omissions of such Owner or such Owner's tenants, guests, contractors, or invitees.

1.21 "Property" shall mean the real property in Benton County, Oregon legally described on the attached Exhibit A.

1.22 "Regular Assessment" shall mean an Assessment by the Association against all Owners to provide for the payment of all estimated normal operating expenses of the Association for the performance of the Association's duties as provided in this Declaration.

1.2 "Required Fencing" shall mean the fence to be built by Co-Declarants one (1) foot inside the rear lot line of Lots 76-100.

1.24 "Reserve Fund Assessment" shall have the meaning given to such term in Section 4.6.1.

1.25 "Special Assessment" shall mean an Assessment against all Owners in the event that the Regular Assessment for any particular year is or will become inadequate to meet the expenses of the Association.

1.26 "Special Tracts" shall include Tract A, as shown on the plat as a public water detention area, Tract L, as shown on the plat as a conservation area currently owned and maintained by the Declarant and which are intended to be dedicated to the City of Corvallis (the "City"). It is further provided that in the event the City does not accept dedication of Tracts A and L, the Co-Declarants will transfer them to the Association and they will become Common Areas. Tracts N and K, as shown on the plat have been deeded to the City by the plat and will be maintained by the City.

1.27 "Transitional Advisory Committee" shall have the meaning given such term in Section 3.7.

2. DECLARATION

2.1 Property Covered. The property that is covered by and is hereby made subject to this Declaration is the Property.

2.2 Purpose. The purpose of this Declaration is to provide for the exterior maintenance and repair of the Building Structures to be constructed upon the Property and maintenance, repair, and replacement of the Common Areas, Parkway Strips and Required Fencing, the creation of the The Meadows at Timberhill Owners' Association, and to set forth other terms and conditions governing the use and enjoyment of the Property.

2.3 Declaration. Co-Declarants hereby declare that the Property and all lots, parcels and portions thereof are hereby made subject to all of the conditions, covenants, restrictions, and provisions contained in this Declaration.

2.4 Limitations on Improvements. Co-Declarants do not elect to limit Co-Declarants' rights to add Improvements not described in this Declaration and Co-Declarants may add such Improvements with the written consent of each other, which consent shall not be unreasonably withheld, delayed or conditioned. Such consent of any party shall not be required for such additional Improvements if the additional Improvements are contained in plans previously delivered to and accepted by the party.

2.5 Development in Phases. Co-Declarants may, in their sole discretion, develop the Property in Phases.

3. THE ASSOCIATION

3. i Organization. Co-Declarants shall, before the first Building Lot is conveyed by Co-Declarants to an Owner other than Co-Declarants, organize the Association as a nonprofit corporation under the Oregon Nonprofit Corporation Act under the name "The Meadows at Timberhill Owners' Association, Inc." or such similar name as Co-Declarants shall designate. The Articles shall provide for the Association's perpetual existence, but in the event the

Association is at any time dissolved, whether inadvertently or deliberately, it shall automatically be succeeded by an unincorporated association of the same name. All of the property, powers and obligations of the incorporated Association existing immediately prior to its dissolution shall thereupon automatically vest in the successor unincorporated association. Such vesting shall thereafter be confirmed as evidenced by appropriate conveyances and assignments by the incorporated Association. To the greatest extent possible, any successor unincorporated association shall be governed by the Articles and Bylaws as if they had been drafted to constitute the governing documents of the unincorporated association.

3.2 Membership. Every Owner of one or more Building Lots shall, immediately upon creation of the Association and thereafter during the entire period of such Owner's ownership of one or more Building Lots, be a member of the Association. Such membership shall commence, exist and continue simply by virtue of such ownership, shall expire automatically upon termination of such ownership, and need not be confirmed or evidenced by any certificate or acceptance of membership.

3.3 Voting Rights. Voting rights within the Association shall be allocated as follows:

3.3.1 Building Lots. Except as provided in Section 3.3.2, Building Lots shall be allocated one vote per Building Lot.

3.3.2 Classes of Voting Membership. The Association shall have two classes of voting membership:

Class A. Class A members shall be all Owners with the exception of Co-Declarants (except that beginning on the date on which the Class B membership is converted to Class A membership, and thereafter, Class A members shall be all Owners including Co-Declarants). Class A members shall be entitled to voting rights for each Building Lot owned computed in accordance with Section 3.3.1. When more than one person holds an interest in any Building Lot, all such persons shall be members. The vote for such Building Lot shall be exercised as such persons among themselves determine, but in no event shall more votes be cast with respect to any Building Lot than as set forth in Section 3.3.1.

Class B. The Class B member shall be K&F Homes, LLC and K&F Homes II, LLC and shall be entitled to five (5) times the voting rights computed under Section 3.3.1 for each Building Lot owned by K&F Homes, LLC and K&F Homes II, LLC. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

(a) The turnover meeting described in Section 3.6; or

(b) At such earlier time as K&F Homes, LLC and K&F Homes II, LLC may elect in writing to terminate the Class B membership; provided, however that before any such termination becomes effective, K&F Homes, LLC and K&F Homes II, LLC shall first offer to assign all of their rights under this Declaration to Timberhill Townhomes, LLC by recorded instrument, thereby making Timberhill Townhomes, LLC the sole declarant. Timberhill Townhomes, LLC shall have twenty (20) days from receipt

of such offer within which to accept or reject the offer and if it has not responded within such twenty (20) day period, it shall be deemed to have rejected the offer. In the event Timberhill Townhomes, LLC rejects such offer, then K&F Homes, LLC and K&F Homes II, LLC may proceed to terminate the Class B membership in a writing. In the event Timberhill Townhomes, LLC accepts the offer, then the Class B membership shall continue and be held by Timberhill Townhomes, LLC as Successor Declarant.

Class C. The Class C member shall be Timberhill Townhomes, LLC for so long as it owns a Building Lot, unless the Class C membership earlier ceases as described below in this Section. The Class C member shall be entitled to one vote per Building Lot owned by the Class C member; provided, however, that the Class C member shall be prohibited from initiating or compelling any vote or from calling or voting to call a special meeting of the Association or from amending or changing this Declaration or the Bylaws of the Association or any other documentation relating to the governance, operations, or limitations of the Property. The Class C member shall merely be entitled to vote on those matters duly brought before the Association membership by Co-Declarants or the Class A members. In the event the Class C member becomes the Successor Declarant pursuant to Section 1.10, then the Class C membership shall cease to exist and Timberhill Townhomes, LLC shall become the Declarant (and the Class B member (if such membership is then in existence). Timberhill Townhomes, LLC shall become a Class A member from and after the turnover meeting if it then owns (and for so long as it owns) any Building Lots, and Class C membership shall terminate automatically at the turnover meeting (if it has not previously terminated by virtue of Timberhill Townhomes, LLC becoming the Successor Declarant prior to the turnover meeting).

3.4 Powers and Obligations. The Association shall have, exercise and perform all of the following powers, duties and obligations:

3.4.1 Declaration. The powers, duties and obligations granted to the Association by this Declaration, including, without limitation, the authority to levy assessments against Owners for the reasonable costs of maintenance by the Association and its responsibilities, as provided in this Declaration, as well as the operating costs of the Architectural Review Committee.

3.4.2 Statutory Powers. The powers and obligations of a nonprofit corporation pursuant to the Oregon Nonprofit Corporation Act and of a homeowners association of a planned community pursuant to the Oregon Planned Community Act, as either or both may be amended from time to time, except as otherwise provided by this Declaration or Bylaws.

3.4.3 General. Any additional or different powers, duties and obligations necessary or desirable for the purpose of carrying out the functions of the Association pursuant to this Declaration or otherwise promoting the general benefit of the Owners within the Property. The powers and obligations of the Association may from time to time be amended, repealed, enlarged or restricted by changes in this Declaration made in accordance with the provisions herein, accompanied by changes in the Articles or Bylaws made in accordance with such instruments and with the Oregon Nonprofit Corporation Act.

3.5 Liability. Neither the Association nor any officer or member of the Board shall be liable to any Owner for any damage, loss or prejudice suffered or claimed on account of any action or failure to act by the Association, any of its officers or any member of the Board, provided only that the officer or Board member has acted in good faith in accordance with the actual knowledge possessed by him or her.

3.6 Interim Board; Turnover Meeting. Co-Declarants shall have the right to appoint an interim board of three (3) directors, who shall serve as the Board until replaced by Co-Declarants or until their successors have been elected by the Owners at the turnover meeting described in this Section. Co-Declarants shall call a meeting by giving notice to each Owner as provided in the Bylaws for the purpose of turning over administrative responsibility for the Property to the Association not later than ninety (90) days after Building Lots in the Property representing 75% of the voting power of the Association have been sold and conveyed by Co-Declarants to Owners other than Co-Declarants. If Co-Declarants do not call the meeting required by this Section within the required period, the Transitional Advisory Committee described in Section 3.7 or any Owner may call such a meeting and give notice as required by this Section. At the turnover meeting, the interim directors shall resign and their successors shall be elected by the Owners (including Co-Declarants) as provided in this Declaration and the Bylaws. At the turnover meeting, Co-Declarants shall also deliver to the Association those items specified in ORS 94.616(3). After the turnover meeting, Co-Declarants or their representatives shall be available to meet with the Board as provided under ORS 94.616(4).

3.7 Transitional Advisory Committee. Co-Declarants or the Owners shall form a transitional advisory committee (the "Transitional Advisory Committee") to provide for the transition from administrative responsibility by Co-Declarants for the Property to administrative responsibility by the Association. Not later than the sixtieth (60th) day after Co-Declarants have conveyed to Owners other than Co-Declarants Building Lots representing 50% or more of the Building Lots in the Property, Co-Declarants shall call a meeting of Owners for the purpose of selecting the Transitional Advisory Committee. The Transitional Advisory Committee shall consist of three or more members. The Owners, other than Co-Declarants, shall select two (2) or more members. Co-Declarants may select no more than one member. The Transitional Advisory Committee shall have reasonable access to all information and documents which Co-Declarants are required to turn over to the Association under ORS 94.616(3).

3.7.1 Co-Declarants Failure to Call Meeting. Any Owner may call a meeting of Owners to select the Transitional Advisory Committee if Co-Declarants fails to do so as provided above.

3.7.2 Owners' Failure to Select Members. Notwithstanding the foregoing, if the Owners do not select members for the Transitional Advisory Committee as described above, Co-Declarants shall have no further obligation to form the Transitional Advisory Committee.

3.7.3 Turnover Meeting. The requirement for formation of a Transitional Advisory Committee shall not apply once the turnover meeting specified in Section 3.6 has been held.

3.8 Association Rules and Regulations. The Association from time to time may adopt, modify, or revoke such rules and regulations governing the conduct of persons and the operation and use of Building Lots, the Common Areas, and any other portion of the Property as it may deem necessary or appropriate in order to assure the peaceful and orderly use and enjoyment of the Property; provided that such adoption, modification, or revocation shall not be effective without the prior written consent of Co-Declarants for so long as Co-Declarants owns any Building Lot. A copy of the rules and regulations, upon adoption, and a copy of each amendment, modification or revocation thereof, shall be delivered by the Board promptly to each Owner and shall be binding upon all Owners and occupants of all Building Lots upon the date of delivery. The method of adoption of such rules shall be as provided in the Bylaws.

3.9 Special Duties of the Association. Without limiting the generality of the general powers and duties of the Association set forth in Section 3, the Association shall have the power and obligation to conduct and perform the following duties, the costs of which shall be borne as provided in Article 4:

3.9.1 Maintenance of Building Exteriors. Common Areas, Parkway Strips and Required Fences.

(a) By the Association. The Association shall be responsible for maintenance of the exteriors of all Building Structures and maintenance and repair of the Common Areas to the extent not maintained by governmental authorities (including all Improvements on or under the Common Areas, except for Private Utilities, if any, located in the Building Lots, all Parkway Strips and the Required Fencing, subject to the terms and conditions of this Section 3.9. Maintenance of the exteriors of Building Structures shall include the painting, staining, re-staining, repairing, and replacing of all exterior surfaces, including roofs (but excluding the repair and replacing of exterior doors); maintaining, repairing and replacing exterior lighting fixtures, the exterior portions of chimneys, rain gutters, down spouts, and roof and foundation drainage systems. Maintenance of the Common Areas, and Parkway Strips shall include, among other things, maintaining, repairing, and replacing grass, sod, trees, shrubs, and bushes in a neat, clean, and attractive condition.

Maintenance of the Common Area, Parkway Strips and Required Fencing shall also include, among other things, maintaining, repairing, and replacing any Required Fencing and monumentation for the Property. Maintenance of Common Areas shall also include paving, maintenance, repair, and replacement of the Common Areas. The decision as to the nature and extent of maintenance that is required for a particular Building Structure, Common Area, Parkway Strip, and Required Fencing and the timing of such maintenance, shall be solely within the discretion of the Board.

(b) By the Owners. The maintenance responsibilities described in Section 3.9.1(a) specifically do not include the following duties, which are the sole responsibility of each Owner of a Building Lot with respect to Improvements located on that Owner's Building Lot (or, with respect to sidewalks, immediately adjacent to that Owner's Building Lot): maintaining, repairing, replacing, restoring, or cleaning of: glass; landscaping and all other Improvements (including, without

limitation, decks and patios) located within the Outdoor Living Areas; exterior items of hardware not specifically described in Section 3.9.1(a) (including replacing and repairing exterior doors); exterior window casements, sashes and frames, if any; window screens, storm windows, storm doors, or screen doors (other than painting and staining of the same); sidewalks and walkways; driveways; fencing (other than Required Fencing), and if the fencing is on the lot line between two Building Lots, then the Owners of the Building Lots on either side of such fencing shall have the joint and equal obligations of maintenance, repair, and replacement of such fencing; electrical and mechanical doorbells, lights, and knockers; air conditioning and heating equipment and devices; skylights (if any), and exercising all due care in doing so and being solely responsible for any damage or liability arising therefrom; and other matters not set forth in Section 3.9.1(a). The Owners of Building Lots shall also be responsible for maintaining, repairing, and replacing the interiors of their respective dwelling units within the Building Structures, including without limitation, maintaining, repairing, and replacing electrical wiring and fixtures, plumbing pipes and conduits, all fixtures and appliances (whether built-in or free-standing), air conditioning, heating, sewage disposal, and interior fire protection systems and all amenities and hardware located within the interiors of the Building Structures. Each Owner of a Building Lot shall also be responsible for removal of snow and ice from that Owner's Building Lot. The Owners of Building Lots shall also be responsible for maintenance, repair, and replacement of Private Utilities as set forth in Section 3.10 below. Each Owner of a Building Lot shall be responsible for repaving, maintaining, repairing, and replacing the Driveway serving his or her Building Lot.

3.9.2 Insurance.

(a) By the Association. The Association shall obtain, and maintain in effect, from reputable insurance companies authorized to do business in the State of Oregon, public liability and property damage insurance with respect to the Common Areas and Required Fencing in such amounts and in such forms as the Board deems advisable to provide adequate protection for bodily injury, including deaths of persons, and property damage, whether caused by the negligence of the Association or otherwise; provided, however, that such policy(ies) shall not be for an amount of less than \$1,000,000.00 per person, per occurrence, and that such policy(ies) shall provide that the coverage thereunder cannot be canceled or substantially modified without at least 10 days' written notice to the Association. Additionally, the Association shall obtain, and maintain in effect, from such companies fire and extended coverage casualty insurance (including coverage for damage resulting from vandalism and malicious mischief) with respect to each Building Structure, Required Fencing, and the Common Areas (including any insurable Improvements on the Common Areas) in an amount equal to 100% of the replacement cost thereof. The casualty coverage may be obtained on a "blanket" basis. The Association may obtain such other and further policies of insurance as it deems advisable. The casualty insurance to be obtained by the Association pursuant to this Section 3.9.2(a) shall include the following terms, if these are reasonably available:

(i) A waiver of subrogation by the insurer as to any claims against the Board, any Owner, or any guest of an Owner;

(ii) A waiver by the insurer of its right to repair and reconstruct instead of paying cash;

(iii) A provision that no policy may be canceled, invalidated, or suspended because of any action of an Owner;

(iv) A provision that no policy may be canceled, invalidated, or suspended because of the conduct of any director, officer, or employee of the Association unless the insurer gives the Association a prior written demand that the Association correct the defect and allows the Association a reasonable time to make the correction; and

(v) A provision that any "other insurance" clause in any policy shall exclude from its coverage all owners' policies.

(b) By the Owners. Each Owner of a Building Lot shall obtain, and maintain in effect, from reputable insurance companies authorized to do business in the State of Oregon, public liability and property damage insurance with respect to such Building Lot in an amount of not less than \$500,000.00 per person, per occurrence. Additionally, each Owner shall obtain, and maintain in effect, from such companies fire and extended coverage casualty insurance (including coverage for damage resulting from vandalism and malicious mischief) with respect to all insurable Improvements located on such Building Lot, other than the Building Structure thereon, in an amount equal to 100% of the replacement cost thereof. EACH OWNER SHALL ALSO BE RESPONSIBLE FOR OBTAINING FIRE AND EXTENDED COVERAGE CASUALTY INSURANCE WITH RESPECT TO THAT OWNER'S PERSONAL PROPERTY. No Owner shall be obligated to obtain any of the insurance coverages described in Section 3.9.2(a), nor shall *any* insurance coverage obtained by an Owner (or such Owner's mortgagee) be brought into contribution with insurance obtained by the Association.

3.10 Maintenance of Private Utilities. Private Utilities shall be located in or under each of the Building Lots. Each Owner of a Building Lot shall be solely responsible for the maintenance, repair, and replacement of the Private Utilities serving each Owner's dwelling unit and the expense therefore. Installation, maintenance, repair, and replacement of the Private Utilities shall be performed with a minimum amount of interference to the Building Lots and a minimum amount of disruption to the other Owners. In the event a Building Lot or Improvement thereon or other utilities or portions of Common Areas are damaged in connection with maintenance, repair, or replacement of the Private Utilities, then the Owner of the Building Lot responsible for such damage shall, at such Owner's sole expense, repair the damage as soon as possible, but in no event later than two (2) days after the damage occurred. Nothing in this Section shall affect or diminish any obligation of utility companies to maintain, repair, and replace any of the Private Utilities.

4. ASSESSMENTS

4.1 Creation of Lien and Personal Obligation of Assessments. Co-Declarants, for each Building Lot owned by them within the Property, do hereby covenant, and each Owner of any Building Lot by acceptance of a conveyance thereof, whether or not so expressed in any such conveyance, shall be deemed to covenant, to pay to the Association all assessments or other charges as may be fixed, established and collected from time to time in the manner provided in

this Declaration or the Bylaws. Such assessments and charges, together with any interest, expenses or attorneys' fees imposed pursuant to Section 8.7, shall be a charge on the land and shall be a continuing lien upon the Building Lot against which each such assessment or charge is made. Such assessments, charges and other costs shall also be the personal obligation of the person who was the Owner of such Lot at the time when the assessment or charge fell due. Such liens and personal obligations shall be enforced in the manner set forth in Article 8 below. No Owner may avoid such personal obligation by abandonment of Owner's Building Lot.

4.2 Regular Assessments.

4.2.1 Commencement. No Building Lot shall be subject to Regular Assessments until after it has been conveyed from Co-Declarants to an unaffiliated third-party purchaser. Regular Assessments against any one Building Lot shall commence on the first day of the month immediately following the date on which that Building Lot is first conveyed from Co-Declarants to an unaffiliated third-party purchaser.

4.2.2 Amount of Annual Regular Assessment. The total annual Regular Assessment against all Building Lots shall be based upon an annual budget prepared by the Board with respect to projected expenses of the Association and may (but shall not necessarily) include, without limitation, the following:

- (a) maintenance, repair, replacement, and operation (including irrigation) of the Building Structures (to the extent provided in Section 3.9), Common Areas and Parkway Strips;
- (b) premiums for all insurance policies that the Association is required or permitted to maintain pursuant to this Declaration and Bylaws;
- (c) professional management fees and expenses, employee salaries, legal and accounting costs;
- (d) any deficits remaining from the previous fiscal year of the Association;
- (e) reasonable reserve funds of the Association established at the discretion of the Board;
- (f) costs related to the preparation, review, and update of the reserve study described in Section 4.6.2; and
- (g) such other and further costs, expenses, obligations, and liabilities as the Board, in its discretion, may incur for the management, operation, and maintenance of the Property and the Association in accordance with this Declaration.

4.2.3 Allocation of Assessments. All Regular Assessments shall be spread equally over the Building Lots then subject to assessment such that the Regular Assessment for one Building Lot then subject to assessment shall equal the dollar amount calculated by dividing the total sum of the Regular Assessments allocated to Building Lots then subject to assessment by the total number of Building Lots then subject to assessment.

4.2.4 Notice of Regular Assessments and Time for Payment Thereof. Regular Assessments shall be made on a monthly basis or at such other intervals (such as quarterly or semi-annually) as the Board may determine from time to time. Subject to amendment by the Board, the Association shall give written notice to each Owner as to the amount of the Regular Assessment with respect to each Building Lot on or before December 15 for each year for the calendar year commencing January 1 of the next year. The Regular Assessment shall be due and payable as the Board shall determine.

4.3 Special Assessments. In addition to the Regular Assessments (and reserve and other assessments) authorized hereby, the Board shall have the authority to levy Special Assessments to satisfy any actual or projected deficiency between the expenses of the Association and the amounts realized through Regular Assessments; provided, however, that prior to the turnover meeting described in Section 3.6, any special assessment for capital improvements or additions shall be approved by not less than fifty percent (50%) of the votes of the Association, determined on the basis of one vote per Building Lot and without according to Co-Declarants their special voting rights under Section 3.3.2 above. Special Assessments shall be spread equally over the Building Lots in the same manner as Regular Assessments. Special Assessments are payable as the Board may from time to time determine, within thirty (30) days after mailing notice thereof to affected Owners.

4.4 Project Assessments. The Association may levy against any Owner a Project Assessment equal to the costs and expenses incurred by the Association, including legal fees, for corrective action performed pursuant to this Declaration which is required as a result of the willful or negligent actions or omissions of such Owner or such Owner's tenants, guests, contractors, or invitees.

4.5 Reserve Funds.

4.5.1 Reserve Fund for Replacing Certain Improvements. Co-Declarants shall establish a reserve fund in the name of the Association for replacement, in whole or in part, of the any Improvements located in, on, or under the Common Areas, Landscaped Areas, exteriors of Building Structures, Parkway Strips, or Required Fencing for which the Association is responsible pursuant to this Declaration, including roofs and exterior painting, that will normally require replacement in more than three (3) and fewer than thirty (30) years. Assessments for the reserve fund under this Section shall begin accruing from the date the first Building Lot assessed is conveyed by Co-Declarants to an unaffiliated third-party purchaser, except that assessments for the reserve fund shall accrue on a Building Structure-by-Building Structure basis until all of the Building Structures contemplated for the Property are built out. Until all of the Building Structures contemplated for the Property are built out, Reserve Fund Assessments shall be spread equally over the dwelling units in the Building Structures subject to the Reserve Fund

Assessment. After all Building Structures contemplated for the Property are built out, Reserve Fund Assessments shall be spread equally over all Building Lots. Assessments for the reserve fund shall not include expenses for replacement of any portion of a Building Structure until such time as a certificate of occupancy has issued with respect to any dwelling unit included within that Building Structure and shall not include expenses for any other relevant Improvements until such time as construction or installation of those Improvements is complete, and in any event, shall not accrue earlier than the date set forth above. Co-Declarants may elect to defer payment of the amounts due on Building Lots it owns until the date of the conveyance of the Building Lot to an Owner. The books and records of the Association shall reflect the amount owing from the Co-Declarants for all reserve assessments. For purposes of funding the reserve fund, the Association shall impose an Assessment to be called the "Reserve Fund Assessment" against each Building Lot, which assessment shall be spread equally over the Building Lots, except that any reserve assessments for replacement of the Limited Common Areas shall be allocated equally to each Building Lot and no portion of such a reserve assessment shall be allocated to a Building Lot. The reserve fund shall be kept separate from other funds and may be used only for maintenance, repair, and replacement of Improvements for which reserves have been established as specified in this Section. However, after the turnover meeting, the Board may borrow funds from the reserve account to meet high seasonal demands on the regular operating funds or to meet other temporary expenses. Funds borrowed to meet temporary expenses under this Section shall be repaid from Regular or Special Assessments. The Association shall administer the reserve fund and shall adjust at least annually the amount of the periodic payments into it to reflect changes in current replacement costs over time. Following the second year after the turnover meeting, future Reserve Fund Assessments may be reduced, eliminated, or increased by an affirmative vote of Owners of at least seventy five percent (75%) of the voting power of the Association. Any funds established for any of the purposes mentioned in this Section shall be deemed to be a reserve fund notwithstanding that it may not be so designated by the Board of Directors. The amount of the reserve fund shall constitute an asset of the Association and shall not be refunded or distributed to any Owner.

4.5.2 Reserve Study. The Board of Directors shall annually conduct a reserve study, or review and update an existing study, of the components which qualify for reserve funds to determine the requirements of the reserve fund described in Section 4.6.1 above. The reserve study shall include (a) identification of all items for which reserves are required to be established; (b) the estimated remaining useful life of each item as of the date of the reserve study; (c) the estimated cost of maintenance, repair, or replacement of each item at the end of its useful life; and (d) a thirty (30) year plan with regular and adequate contributions, adjusted by estimated inflation and interest earned on the reserve fund, to meet the maintenance, repair, and replacement schedule.

4.6 Statement of Account. Upon payment of a reasonable fee, which shall be established by the Board, and upon written request of any Owner or any mortgagee, prospective mortgagee, or prospective purchaser of a Building Lot, the Association shall issue a written statement setting forth the amount of the unpaid Assessments, if any, with respect to such Building Lot, and the amount of the current monthly Assessments and the dates that such Assessments become or became due, which statement shall be conclusive upon the Association in favor of persons who rely thereon in good faith. Unless such request for a statement of

account shall be complied with within twenty (20) days, all unpaid Assessments which become due prior to the date of making such request shall be subordinate to the lien of a mortgagee which acquired its interest subsequent to requesting such statement. If a prospective purchaser makes such request, the lien for such unpaid Assessments shall be released automatically if (i) the statement is not furnished within the twenty (20) day period provided herein, (ii) an additional written request is made by such purchaser and is not complied with within ten (10) days, and (iii) the purchaser subsequently acquires the Building Lot.

5. ARCHITECTURAL REVIEW COMMITTEE

5.1 Architectural Review. No Improvement shall be commenced, erected, placed, altered or maintained on any Building Lot until the design plans and specifications (including, without limitation, site plans, building plans (including elevations), grading plans, landscape plans, lighting plans, and color and/or material samples), showing the nature, shape, heights, materials, colors and proposed location of the Improvement have been submitted to and approved in writing by the Architectural Review Committee. Improvements shall be consistent with the Design Guidelines, if any, established by the Architectural Review Committee, as amended from time to time. It is the intent and purpose of this Declaration to achieve a high standard of quality of workmanship and materials and to assure harmony of external design with existing Improvements and location with respect to topography and finished grade elevations.

5.2 Procedure. In all cases which require Architectural Review Committee approval or consent pursuant to this Declaration, the provisions of this Article 5 shall apply. The procedure and specific requirements for Architectural Review Committee approval or consent may be set forth in Design Guidelines adopted from time to time by the Architectural Review Committee., The Architectural Review Committee may charge a reasonable fee to cover the cost of processing an application for its approval.

5.3 Committee Decision. The Architectural Review Committee shall use all reasonable efforts to render its decision on an application for approval of the design of an Improvement or any other proposal submitted to it for approval or consent within fifteen (15) working days after it has received a complete written application therefore. A complete application shall specify the approval or consent requested and be accompanied by all material reasonably required or desired by it to make an informed decision on such application. If the Architectural Review Committee fails to render approval or disapproval of such application within thirty (30) working days after the Architectural Review Committee has received a complete application, or if no suit to enforce the terms of this Declaration has been commenced within one year after completion of construction of the Improvement, approval will not be required and the related provisions of this Declaration shall be deemed to have been fully complied with. "Working days" as used in this Section shall mean Monday through Friday, except for generally recognized holidays.

5.4 Committee Discretion. The Architectural Review Committee may, at its sole discretion, withhold consent to any proposed Improvement if the Architectural Review Committee finds the proposed Improvement would be inappropriate for the particular Building Lot or incompatible with the design standards that the Architectural Review Committee intends

for the Property. Consideration of siting, shape, size, color, design, height, materials, solar access, impairment of the view from other Building Lots within the Property, effect on the enjoyment of other Building Lots, disturbance of existing terrain and vegetation and any other factors which the Architectural Review Committee reasonably believes to be relevant, may be taken into account by the Architectural Review Committee in determining whether or not to approve or condition its approval of any proposed Improvement.

5.5 Membership; Appointment and Removal. The Architectural Review Committee shall consist of as many persons, but not less than three, as Co-Declarants may from time to time appoint. Co-Declarants may remove any member of the Architectural Review Committee from office at any time and may appoint new or additional members at any time. The Association shall keep on file at its principal office a list of the names and addresses of the members of the Architectural Review Committee. Co-Declarants may at any time delegate, but shall, in any event, delegate at or prior to the turnover meeting described in Section 3.6, to the Board of Directors of the Association the right to appoint or remove members of the Architectural Review Committee. If Co-Declarants fail to delegate to the Board of Directors the right to appoint or remove members of the Architectural Review Committee by the date of the turnover meeting, or if Co-Declarants fail to appoint an Architectural Review Committee, the Board of Directors shall assume responsibility for appointment and removal of members of the Architectural Review Committee. If the Board of Directors has assumed the responsibility for appointment of the members of the Architectural Review Committee and fails to make such appointments, the Board of Directors shall serve as the Architectural Review Committee.

5.6 Majority Action. Except as otherwise provided herein, a majority of the members of the Architectural Review Committee shall have the power to act on behalf of the Architectural Review Committee, without the necessity of a meeting and without the necessity of consulting or notifying the remaining members of the Architectural Review Committee. The Architectural Review Committee may render its decision only by written instrument setting forth the action taken by the members consenting thereto. No determination or consent of the Architectural Review Committee shall mean or be construed to mean that the matter subject to the determination has been or will be approved by, or is consistent with, the rules, regulations, or requirements of, a governmental body or regulatory agency and each Owner shall be responsible, at its own expense, for complying with such rules, regulations, or requirements.

5.7 Liability. The scope of the Architectural Review Committee's review is not intended to include any review or analysis of structural, geophysical, engineering or other similar considerations. Neither the Architectural Review Committee nor any member thereof shall be liable to any Owner, occupant, builder, or developer for any damage, loss or prejudice suffered or claimed on account of any action or failure to act of the Architectural Review Committee or a member thereof, provided only that the member has, in accordance with the actual knowledge possessed by the Architectural Review Committee or by such member, acted in good faith.

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

5.9 Appeal. After Co-Declarants have delegated appointment of the members of the Architectural Review Committee to the Board of Directors of the Association, any Owner adversely affected by an action of the Architectural Review Committee may appeal such action to the Board of Directors of the Association. Appeals shall be made in writing within ten (10) days after the Architectural Review Committee's action and shall contain specific objections or mitigating circumstances justifying the appeal. A final, conclusive decision shall be made by the Board of Directors of the Association within fifteen (15) working days after receipt of such notification.

5.10 Effective Period of Consent. The Architectural Review Committee's consent to any proposed Improvement shall automatically be revoked one year after issuance unless construction of the work has been commenced or the Owner has applied for and received an extension of time from the Architectural Review Committee.

5.11 Estoppel Certificate. Within fifteen (15) working days after written request therefor is delivered to the Architectural Review Committee by any Owner, and upon payment to the Architectural Review Committee of a reasonable fee, if any, fixed by the Architectural Review Committee to cover costs, the Architectural Review Committee shall provide such Owner with an estoppel certificate executed by a member of the Architectural Review Committee and acknowledged, certifying with respect to any Building Lot owned by the Owner, that as of the date thereof, either: (a) all Improvements made or done upon or within such Building Lot by the Owner comply with this Declaration, or (b) such Improvements do not so comply. If the estoppel certificate states that the Improvements do not comply, such certificate shall also identify the noncomplying Improvements and set forth with particularity the nature of such noncompliance. Any purchaser from the Owner, and any mortgagee or other encumbrances, shall be entitled to rely on such certificate with respect to the matters set forth therein, such matters being conclusive as between Co-Declarants, the Architectural Review Committee, the Association and all Owners, and such purchaser or mortgagee.

5.12 Construction by Co-Declarants. Improvements constructed by Co-Declarants on any property owned by Co-Declarants are not subject to the requirements of this Article 5.

6. PROPERTY RIGHTS AND EASEMENTS

6.1 Owners' Use and Occupancy. Except as otherwise expressly provided in this Declaration or in the plat in which a Building Lot was platted or partitioned, the Owner of a Building Lot shall be entitled to the exclusive use and benefit of such Building Lot (but an Owner's rights with respect to the Landscaped Area, Outdoor Living Area, Required Fencing, Parkway Strip, and the exterior of that portion of the Building Structure on such Owner's Building Lot is subject to the rights of the Association under this Declaration). Co-Declarants, the Architectural Review Committee and any representative of the Association authorized by the Association may at any reasonable time, and from time to time at reasonable intervals, enter upon any Building Lot for the purpose of determining whether or not the use of and/or Improvements on such Building Lot are then in compliance with this Declaration. No such entry shall be deemed to constitute a trespass, conversion, or otherwise create any right of action in the Owner of such Building Lot. Co-Declarants or the Association may grant or assign easements over or

with respect to any Building Lot to municipalities or other utilities performing utility services and to communications companies.

6.2 RESERVED.

6.3 Owners' Easements of Enjoyment. Subject to the provisions of this Declaration, every Owner and Owner's invitees shall have a right and easement of enjoyment in and to the Common Areas exclusive of the Limited Common Areas, which easement shall be appurtenant to and shall pass with the title to every Building Lot. Use of the Common Area shall not result in unreasonable disturbance of occupants of the dwelling units within the Building Lots and shall be subject to such rules and regulations as may be adopted by the Board from time to time. Subject to the provisions of this Declaration, every Owner and Owner's invitees members, invitees, guests, and tenants shall have a right and easement of enjoyment in and to the Common Areas, as restricted by the provisions of this Declaration.

6.4 Title to Common Areas. Fee title to the Common Areas shall be conveyed to the Association by Co-Declarants free and clear of monetary liens and monetary encumbrances at any time, in the discretion of Co-Declarants, prior to the date on which Class B membership in the Association ceases and is converted to Class A membership as described in Section 3.3.2.

6.5 Extent of Owners' Rights. The rights and easements of enjoyment in the Common Areas created hereby shall be subject to the following and all other provisions of this Declaration:

6.5.1 Association's and Owners' Easements. Co-Declarants grant to the Association for the benefit of the Association and all Owners of Lots within the Property the following easements over, under and upon the Common Area:

(a) An easement for installation and maintenance of power, gas, electric, water and other utility and communication lines and services installed by Co-Declarants or with the approval of the Board and any such easement shown on any plat of the Property.

(b) An easement for construction, maintenance, repair and use of the Common Area and any common facilities thereon.

6.5.2 Co-Declarants' Easements. In addition to any other easements to which Co-Declarants may be entitled, Co-Declarants reserve for the benefit of Co-Declarants an easement over, under and across the Common Area in order to carry out development, construction, sales and rental activities necessary or convenient for the development of the Property or the sale or rental of Building Lots (or dwelling units on the Building Lots) and for such other purposes as may be necessary or convenient for discharging Co-Declarants' obligations or for exercising any of Co-Declarants' rights hereunder. There is hereby reserved by Co-Declarants for the benefit of Co-Declarants, its employees, agents, representatives and assigns, an easement for access, construction, placement, maintenance and improvement of utilities and drainage over, under and across any portion of the Property, together with easements

in roadways and utility lines specified or established within the Property, along with the right to connect thereto.

6.5.3 Utility and Other Municipal Easements. Co-Declarants or the Association may (and, to the extent required by law, shall) grant or assign easements to municipalities or other utilities performing utility services and to communication companies, and the Association may grant free access thereon to police, fire and other public officials and to employees of utility companies and communications companies serving the Property.

6.5.4 Use of the Common Area. Except as otherwise provided in this Declaration, the Common Area shall be reserved for the use and enjoyment of all Owners and no private use may be made of the Common Area. The Board shall have authority to abate any trespass or encroachment upon the Common Area at any time, by any reasonable means and with or without having to bring legal proceedings.

6.5.5 Alienation of the Common Area. The Association may not by act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the Common Area owned directly or indirectly by the Association for the benefit of the Building Lots unless the holders of at least eighty percent (80%) of the Owners of Building Lots not owned by Co-Declarants at the time of vote and the Class B member, if any, have given their prior written approval. This provision shall not apply to a grant of the easements described in Section 6.5.1, 6.5.2, or 6.5.3. A sale, transfer or encumbrance of the Common Area or any portion of the Common Area in accordance with this Section may provide that the Common Area so conveyed shall be released from any restriction imposed on such Common Area by this Declaration. No such sale, transfer or encumbrance may, however, deprive any Building Lot of such Building Lot's right of access or support without the written consent of the Owner of such Building Lot. In addition, so long as there is Class B membership, before any sale or transfer of Common Area, Co-Declarants shall submit a written request for sale or transfer to the FHA and/or VA. If the FHA and VA (or the one to which a request was made, if only one of them) fails to notify Co-Declarants of objections to the sale or transfer within fifteen (15) days after Co-Declarants' request for approval, such approval shall be deemed to have been granted.

6.5.6 Limitations on Use. Use of the Common Area by the Owners shall be subject to the provisions of this Declaration, and to the following:

- (a) The right of the Association to suspend the use rights of an Owner to the extent provided in Article 8 below; and
- (b) The right of the Association to adopt, amend and repeal rules and regulations in accordance with this Declaration and the Bylaws.

6.6 Delegation of Use. Any Owner may delegate, in accordance with the Bylaws, Owner's right of enjoyment of the Common Area to the members of Owner's family and to Owner's tenants, in each case, who reside on the Building Lot.

6.7 Encroachments.

6.7.1 If an encroachment results from construction, reconstruction, repair, shifting, settlement or movement of any portion of the Property, an easement for the encroachment shall exist to the extent that any Building Lot encroaches on any other Building Lot or Common Areas. An easement shall continue for the purpose of maintaining the encroachment so long as the encroachment exists. Nothing in this Section shall relieve an Owner of liability in case of an Owner's willful misconduct or shall relieve Co-Declarants or any other person of liability for failure to adhere to any plat of any portion of the Property.

6.7.2 Without limitation of the meaning of the preceding subsection, an easement for encroachment is hereby created and reserved over and across any portion of the Common Areas that is affected or encroached upon by an overhanging portion of a dwelling unit located on an adjacent Building Lot that exists upon completion of initial construction of the dwelling unit in accordance with plans, including, without limitation, eaves, roofs, and other protruding features that may extend over the lot lines of Building Lots. This subsection shall not entitle an Owner to make further encroachments.

6.8 Maintenance Easement. An easement is hereby reserved in favor of the Association and its successors, assigns, contractors, agents and employees over, across, and under each Building Lot, the exterior portions of the dwelling units on each Building Lot, the Common Areas, the Parkway Strips, and any other areas of the Property necessary or appropriate for purposes of accomplishing the maintenance, repair, and replacement of Improvements.

6.9 No Parking Signage. An easement is hereby granted in favor of the Association and its successors and assigns, contractors, agents, and employees over and across and under portions of the Building Lots for the placement of No Parking signs (which signs may be affixed to the exterior surface of the dwelling unit) and maintenance, repair, and replacement of such signs, and an easement is hereby created and imposed upon such portions of such Building Lots for installation and continued placement of such signs.

7. ADDITIONAL RESTRICTIONS AND DUTIES

7.1 Structures Permitted. Except to the extent expressly provided or contemplated in this Declaration, no Improvements shall be erected or permitted to remain on any Building Lot except Improvements designed for residential living and Improvements normally accessory thereto.

7.2 Residential Use. Building Lots shall only be used for residential purposes. Except with the consent of the Board, and as allowed by applicable ordinances, agreements, or land use approvals, no trade, craft, business, profession, commercial or similar activity of any kind shall be conducted on any Building Lot, nor shall any goods, equipment, vehicles, materials or supplies used in connection with any trade, service or business be kept or stored on any Building Lot. Nothing in this paragraph shall be deemed to prohibit: (i) activities relating to the rental or sale of Building Structures, (ii) the right of Co-Declarants or any contractor or homebuilder to construct Building Structures on any Building Lot, to store construction materials and equipment on such Building Lots in the normal course of construction, and to use any Building Structure as a sales or rental office or model home for purposes of sales or rental in the

Property, and (iii) the right of an Owner to maintain Owner's professional personal library, keep Owner's personal business or professional records or accounts, handle Owner's personal business or professional telephone calls or confer with business or professional associates, clients or customers, in Owner's Building Structure. The Board shall not approve commercial activities otherwise prohibited by this Section unless the Board determines that only normal residential activities would be observable outside of the Building Structure and that the activities would not be in violation of applicable ordinances nor create additional or disruptive traffic or the need for additional parking.

7.3 Offensive or Unlawful Activities. No noxious or offensive activities shall be carried on upon any Building Lot or Common Areas, nor shall anything be done or placed on any Building Lot or Common Areas which interferes with or jeopardizes the enjoyment of other Building Lots, or which is a source of annoyance to residents. No unlawful use shall be made of a Building Lot or any part thereof, and all laws, zoning ordinances, and regulations of all governmental bodies having jurisdiction thereof shall be observed. Without limiting the generality of the foregoing, no heat pump or other heating, ventilating, or air conditioning equipment, the operation of which produces noise at a level higher than eighty (80) decibels, shall be allowed on or in any Building Lot or Building Structure.

7.4 Use of Outdoor Living Areas. Outdoor Living Areas shall be used exclusively for patios, low-profile decks, and private planting, landscaping areas and reasonable outdoor living activities.

7.5 Parking. Parking of boats, trailers, motorhomes, trucks (except pickups of 3/4 ton weight or less), unmounted truck campers, or other recreational vehicles or similar equipment and vehicles shall not be allowed on any part of the Property or on public streets adjacent thereto, excepting only within areas designated for such purposes by the Board in accordance with the terms of this Declaration or within the confines of an enclosed garage or screened area, the plans of which comply with applicable ordinances, agreements, or land use approvals and have been reviewed and approved by the Architectural Review Committee prior to construction, and no portion of the same may project beyond the screened area.

7.6 Vehicles in Disrepair. No Owner shall permit any vehicle which is in a state of disrepair to be abandoned or to remain parked upon any Building Lot for a period in excess of forty eight (48) hours. A vehicle shall be deemed in an "state of disrepair" when the Board reasonably determines that its presence offends the occupants of the neighborhood. Should any Owner fail to remove such vehicle within five (5) days following the date on which notice is mailed to such Owner by the Association, the Association may have the vehicle removed from the Property and charge the expense of such removal to the Owner.

7.7 - Signs. No signs shall be erected or maintained on any Building Lot except signs which are approved as to appearance and location by the Architectural Review Committee, provided that No Parking signs described in Section 6.9 are approved. The restrictions contained in this paragraph shall not apply to:

7.7.1 Political Signs. The temporary placement of "political" signs on any Building Lot by the Owner thereof;

7.7.2 Co-Declarants' Sales Office and Model Home Signs. The placement by Co-Declarants or Co-Declarants' agents of one or more signs identifying the name of Co-Declarants and/or the location of a sales office or model home; or

7.7.3 Construction. The placement by Co-Declarants or Co-Declarants' agents of signs customarily used in connection with the original construction and sales of houses.

7.8 Rubbish and Trash. No Building Lot or Common Area shall be used as a dumping ground for trash or rubbish of any kind. All garbage and other waste shall be kept in appropriate sanitary containers for proper disposal and out of public view. If any default under this Section exists for a period longer than ten (10) days after written notice of such default is mailed to the responsible Owner by the Association, the Association shall have, in addition to any other rights under this Declaration, or at law or in equity, the particular remedies specified in Section 8.

7.9 Temporary Structures. No structure of a temporary character, trailer, basement, tent, shack, garage, barn or other outbuilding shall be used on any Building Lot at any time as a residence, either temporarily or permanently.

7.10 Service Yards. Service yards (garbage, fuel tanks, clotheslines, etc.) shall be completely screened such that the elements screened are not visible at any time from the street.

7.11 Antennas and Satellite Disks. No Owner may erect or maintain a television or radio receiving or transmitting antenna, satellite dish or similar implement or apparatus, or solar collector panels or equipment upon any Building Lot unless such apparatus is erected and maintained in such a way that it is screened from public view along the public street right-of-way directly in front (and to the side, in the case of a corner Building Lot) of the house erected on such Building Lot, and no such apparatus shall be erected without the prior written consent of the Architectural Review Committee. The Architectural Review Committee, as designated in this Declaration, shall have the absolute authority to determine whether an accessory is adequately screened from public view. The authority of the Architectural Review Committee in this matter shall be subject to any regulations issued by the Federal Communications Commission or any other applicable governmental authority.

7.12 Interior Walls. Each Owner shall ensure that the wall(s) separating such Owner's dwelling unit from other dwelling units within the same Building Structure are not punctured or otherwise breached by such Owner or Owner's lessees, invitees, contractors, or family members.

7.13 Rental of Dwelling Units. An Owner may rent or lease such Owner's dwelling unit or a portion thereof, provided that the following conditions are met:

7.13.1 Written Rental Agreements Required. The Owner and the tenant enter into a written rental or lease agreement specifying that (i) the tenant shall be subject to all provisions of this Declaration, the Bylaws and the Association rules and regulations, and (ii) a

failure to comply with any provision of this Declaration, the Bylaws and the Association rules and regulations shall constitute a default under the rental or lease agreement;

7.13.2 Minimum Rental Period. The period of the rental or lease is not less than thirty (30) days;

7.13.3 Tenant Must Be Given Documents. The Owner gives each tenant a copy of this Declaration, the Bylaws and the Association rules and regulations.

7.13.4 Landlord. The Owner shall be liable for the tenant's failure to comply with this Declaration or Association rules and regulations to the same extent as the tenant, as further described in Section 11.9.

7.14 Fences and Hedges. Fences and hedges may not be installed at the boundaries of or within Building Lot, except for Lots 76 through 100 inclusive. Boundary hedges may not be installed or allowed to grow to enclose the rear boundary line of an Outdoor Living Area so as to prevent access for maintenance, repair, and replacement as required by the Association. Any fence along the rear boundary line of Lots 76 through 100 inclusive shall have a gate to permit normal and customary access to and from the Outdoor Living Area. Any Owner who has installed a fence enclosing an Outdoor Living Area shall allow the Association, and its officers, representatives, property managers, and agents access through the gate in the fence (which gate will be in the fence bounding the rear of the Outdoor Living Area) for the purpose of accomplishing the maintenance responsibilities of the Association under this Declaration. Fences enclosing Outdoor Living Areas shall be of the same material and design. All fencing, and plans in connection therewith, shall be approved by the Architectural Review Committee prior to installation.

7.15 Exterior Lighting or Noise-making Devices. Except with the consent of the Architectural Review Committee, no exterior light or noise-making devices, other than security and fire alarms, shall be installed or maintained on any Building Lot. The Architectural Review Committee may require shielding to reduce glare on or onto other Building Lots.

7.16 Basketball Hoops. No Owner may install a permanent basketball hoop on any Building Lot without the Architectural Review Committee's prior approval. The Architectural Review Committee may, in its discretion, prohibit such basketball hoops. Basketball hoops shall be prohibited on any Building Lot if the area of play is intended to be the street.

7.17 Grades, Slopes and Drainage. There shall be no interference with the established drainage patterns or systems over or through any Building Lot so as to affect any other Building Lot or any real property outside the Property unless adequate alternative provision is made for proper drainage and is approved by the Architectural Review Committee. The term "established drainage" shall mean the drainage swales, conduits, inlets and outlets designed and constructed for the Property.

7.18 Animals. No animals, including poultry, shall be raised or kept on any Building Lot, except that a total of two (2) dogs, cats or other household pets may be kept, provided they are not raised or kept for commercial purposes and are not permitted to cause damage,

discomfort, or unreasonable noise to neighbors and neighboring Building Lots. Owners whose pets cause inconvenience to other Owners shall take all steps necessary to prevent recurrence thereof, and Owners whose pets damage other Owner's Building Lots or personal property shall reimburse such other Owners for reasonable costs actually incurred by them in repairing such damage. Owners shall ensure that their dogs are leashed when on the Property and outside of the Owner's Building Lot. An Owner may be required to remove a pet upon receipt of a third written notice from the Board of any violation of a rule, regulation, or restriction governing pets within the Property.

7.19 Stormwater Systems. No Owner shall dump or pour liquids or materials down the catch basins of any stormwater system within the Property. Such stormwater systems are to be used strictly for drainage of stormwater.

7.20 Roof Drainage Systems. Neither the Association, nor any Owner will use any chemical, herbicide or pesticide on any roof, building or other improvement on the Property, nor pour any chemical, herbicide or pesticide into any drainage system on the Property.

7.21 Landscaping. K&F Homes, LLC and K&F Homes II, LLC shall landscape all Landscaped Areas in The Meadows at Timberhill. Lot owners in Timberhill Townhomes, LLC shall be responsible for installing landscaping in all Outdoor Living Areas. All front, rear and side yard landscaping must be completed pursuant to a landscaping plan approved by the Architectural Control Committee. The landscaping on all front yards and on corner lots side yards must be installed upon substantial completion of the residence. All remaining landscaping must be completed within six (6) months of occupancy of the dwelling. In the event of undue hardship due to weather conditions, this provision may be extended for a reasonable time, but only after written application is made to the Architectural Control Committee and the Committee's approval is obtained. Landscaping plans which include fencing shall follow the fencing design adopted by and available from the Architectural Review Committee. The plans shall also incorporate plant materials designed to buffer or soften said fencing from exposure to any street or common area.

8. ENFORCEMENT

8.1 Generally. In the event any Owner shall violate any provision of this Declaration, the Bylaws, or any rules or regulations adopted by the Association governing the use of Building Lots or the Common Area or other areas, then the Association, acting through the Board, may notify the Owner in writing that the violations exist and that such Owner is responsible for them, and may, after affording the Owner reasonable notice and opportunity to be heard, do any or all of the following: (i) suspend the Owner's voting rights for the period that the violations remain unabated, or for any period not to exceed sixty (60) days for any infraction of its rules and regulations, (ii) impose reasonable fines upon the Owner, in the manner and amount the Board deems appropriate in relation to the violation, which fines shall be paid into the reserve fund account, or (iii) bring suit or action against such Owner to enforce this Declaration. Nothing in this Section, however, shall give the Association the right to deprive any Owner of access to and from such Owner's Building Lot.

8.2 Nonqualifying Improvements and Violation of General Protective Covenants. In the event any Owner constructs or permits to be constructed on such Owner's Building Lot an Improvement contrary to the provisions of this Declaration, or causes or permits any Improvement, activity, condition or nuisance contrary to the provisions of this Declaration to remain uncorrected or unabated on such Owner's Building Lot, then the Association, acting through the Board, may notify the Owner in writing of any such specific violations of this Declaration and may require the Owner to remedy or abate the same in order to bring the Owner's Building Lot, the Improvements thereon and the Owner's use thereof into conformance with this Declaration. If the Owner is unable or unwilling to comply with the Association's specific directives for remedy or abatement, or the Owner and the Association cannot agree on a mutually acceptable solution within the framework and intent of this Declaration, after the Owner has been afforded notice and opportunity to be heard, within sixty (60) days after such notice, then the Association, acting through the Board, shall have, in addition to any other rights or remedies provided in this Declaration, at law or in equity, the right to do any or all of the following:

8.2.1 Fines. Impose reasonable fines against such Owner in the manner and amount the Board deems appropriate in relation to the violation, but to be imposed reasonably and consistently on each Owner according to such standards and such advance notices as the Board may adopt from time to time;

8.2.2 Remove Cause of Violation. Enter the offending Building Lot (which entry shall not subject the Association, the directors of the Association or any agent or representative thereof to liability for trespass, conversion or any other claim for damages) and remove the cause of such violation, or alter, repair or change the item which is in violation of the Declaration in such a manner as to make it conform thereto, in which case the Association may assess such Owner for the entire cost of the work done, which amount shall be payable to the reserve account, provided that no items of construction shall be altered or demolished in the absence of judicial proceedings; and/or

8.2.3 Suit or Action. Bring suit or action against the Owner on behalf of the Association and other Owners to enforce this Declaration.

8.3 Right of Cure and Entry by Association. If an Owner fails to perform maintenance and/or repair that such Owner is obligated to perform pursuant to this Declaration, and if the Board determines, after notice, that such maintenance and/or repair is necessary to preserve the attractiveness, quality, nature and/or value of the Property, the Board may cause such maintenance and/or repair to be performed and may enter any such Building Lot whenever entry is necessary in connection with the performance thereof. An Owner may request, and the Board shall conduct, a hearing on the matter. The Owner's request shall be in writing delivered within five (5) days after receipt of the notice, and the hearing shall be conducted within not less than five (5) days nor more than twenty (20) days after the request for a hearing is received. Entry shall be made with as little inconvenience to an Owner as practicable and only after advance written notice of not less than forty-eight (48) hours, except in emergency situations. The costs of such maintenance and/or repair shall be chargeable to the Owner of the Building Lot, which may be collected and enforced as a Limited Assessment.

8.4 Default in Payment of Assessments: Enforcement of Lien. If an Assessment or other charge levied under this Declaration is not paid within thirty (30) days after its due date, such Assessment or charge shall become delinquent and shall bear interest from the due date until paid at the rate set forth below and, in addition, the Association may exercise any or all of the following remedies:

8.4.1 Suspension of Rights; Acceleration. The Association may suspend such Owner's voting rights until such amounts, plus other charges under this Declaration, are paid in full and may declare all remaining periodic installments of any Assessment or any other amounts owed by such Owner to the Association immediately due and payable. In no event, however, shall the Association deprive any Owner of access to and from such Owner's Building Lot.

8.4.2 Lien. The Association shall have a lien against each Building Lot for any Assessment levied against such Building Lot and any fines or other charges imposed under this Declaration or the Bylaws against the Owner of the Building Lot from the date on which the Assessment, fine or charge is due. The provisions regarding the attachment, notice, recordation and duration of liens established on real property under ORS 87.352 to 87.382 shall apply to the Association's lien. The lien shall be foreclosed in accordance with the provisions regarding the foreclosure of liens under ORS Chapter 88. The Association, through its duly authorized agents, may bid on the Building Lot at such foreclosure sale, and may acquire and hold, lease, mortgage and convey the Lot. If any Assessment is payable in installments, the full amount of the Assessment is a lien from the date the first installment of the Assessment becomes due.

8.4.3 Suit or Action. The Association may bring an action to recover a money judgment for unpaid Assessments, fines and charges under this Declaration without foreclosing or waiving the lien described in Section 8.4.2. Recovery on any such action, however, shall operate to satisfy the lien, or the portion thereof, for which recovery is made.

8.4.4 Other Remedies. The Association shall have any other remedy available to it by law or in equity.

8.5 Notification of First Mortgagee. The Board may notify any first mortgagee of any Building Lot of any default in performance of the terms of this Declaration by the Building Lot Owner which is not cured within sixty (60) days.

8.6 Subordination of Lien to Mortgages. The lien for the assessments or charges provided for in this Declaration shall be subordinate to the lien of any mortgage or deed of trust on such Building Lot which was made in good faith and for value and which was recorded prior to the recordation of the notice of lien. Sale or transfer of any Building Lot shall not affect the assessment lien, provided that the sale or transfer of any Building Lot which is subject to a mortgage or deed of trust pursuant to a judgement of foreclosure thereunder or pursuant to a proceeding, deed or assignment in lieu of foreclosure shall extinguish the lien of an assessment, notice of which was recorded after the recording of the mortgage or trust deed. Any such sale or transfer, however, shall not release the Building Lot from liability for any assessments or charges thereafter becoming due or from the lien of such subsequent assessments or charges.

8.7 Interest, Expenses and Attorneys' Fees. Any amount not paid to the Association when due in accordance with this Declaration shall bear interest from the due date until paid at a rate of eighteen percent (18%) per annum (or the highest lawful rate, if lower), or at such other rate as may be established by the Board, but in any event not to exceed the lawful rate of interest under the laws of the State of Oregon. In addition to and not in lieu of such interest, a late charge may be charged for each delinquent assessment in an amount established from time to time by resolution of the Board not to exceed thirty percent (30%) of such assessment. In the event the Association files a notice of lien, the lien amount shall also include the recording fees associated with filing the notice, and a fee for preparing the notice of lien established from time to time by resolution of the Board. In the event the Association shall bring any suit or action to enforce this Declaration, or to collect any money due hereunder or to foreclose a lien, the Owner-defendant shall pay to the Association all costs and expenses incurred by the Association in connection with such suit or action, including a foreclosure title report, and the prevailing party in such suit or action shall recover such amount as any federal, state or bankruptcy court may determine to be reasonable as attorneys' fees at trial and upon any appeal or petition for review thereof.

8.8 Nonexclusiveness and Accumulation of Remedies. An election by the Association to pursue any remedy provided for violation of this Declaration shall not prevent concurrent or subsequent exercise of any other remedy permitted hereunder. The remedies provided in this Declaration are not exclusive, but shall be in addition to all other remedies, including actions for damages and suits for injunctions and specific performance, available under applicable law to the Association. In addition, any aggrieved Owner may bring an action against another Owner or the Association to recover damages or to enjoin, abate, or remedy any violation of this Declaration by appropriate legal proceedings.

9. CASUALTY AND CONDEMNATION

9.1 Casualty. The Association shall be responsible for repairing, reconstructing, and rebuilding all damage to or destruction of the structural components of the Building Structures and the Common Areas, subject to the provisions of this Section 9 and of Section 4.4. If casualty is caused as a result of actions specified under Section 4.4, the applicable Owner shall be responsible for correcting such casualty. The Association shall rebuild and/or restore the damaged or destroyed portions of the structural components of the Building Structures and the Common Areas to substantially the same condition in which these existed prior to such damage or destruction, unless Owners of at least seventy five percent (75%) of the Building Lots and at least seventy five (75%) of first mortgagees of Building Lots agree that the damaged or destroyed portions shall not be rebuilt and/or restored. Rebuilding and/or restoration shall begin within sixty (60) days following the damage or destruction or as soon as reasonably practicable thereafter. If the proceeds of the insurance policies held by the Association are insufficient to fund the full cost of rebuilding and/or restoration, the difference between the amount of such proceeds and such cost shall be charged to all Owners by means of a Special Assessment. If the required number of Owners and first mortgagees of Building Lots agree that the damaged or destroyed portions of the Building Structures and/or Common Areas shall not be rebuilt and/or restored, the proceeds of the insurance policies held by the Association shall be distributed on an

equitable basis among the Owners of the affected Building Lots in such manner as the Board shall determine. The Association shall represent the Owners in any proceeding, negotiation, settlement, or agreement relating to the payment of proceeds under any insurance policies held by the Association.

9.2 Total Condemnation. In the event of condemnation of the whole of the Property, the compensation to be paid to Owners of Building Lots shall be negotiated and finalized, including, if required, by representation in any proceeding, by the Association, subject to ratification of such compensation by the Owners of at least seventy five percent (75%) of the Building Lots at a special meeting called for that purpose, whether or not proceedings are necessary, and compensation, less expenses involved, if any, in obtaining the compensation shall be paid to the Association and then distributed among the Owners in equitable proportions and payable to any mortgagee to the extent required to obtain a discharge of mortgage. Notwithstanding the award for the condemnation of the whole Property, the rights of each Owner shall be separate to negotiate and finalize such Owner's personal compensation for Improvements made to the Building Lots, cost of moving, and other similar items personal to each Owner.

9.3 Partial Condemnation. In the event of a partial condemnation of the Property which includes some Building Lots, each Owner whose Building Lots is condemned shall deal with the condemning authority with regard to compensation therefor, and the compensation for such Building Lots shall be paid to such Owner (or the mortgagee of that Owner's Building Lot). The Association shall negotiate compensation relating to the Common Areas. The cost, if any, of restoring the balance of the Property so that it may be used shall be determined by the Association and the Association shall negotiate with the condemning authority with regard to compensation for this expenditure. Any moneys received by the Association for any such reconstruction shall be held in trust by the Association for the purpose of such reconstruction.

10. **SPECIAL CO-DECLARANTS RIGHTS.** Notwithstanding any provision herein to the contrary, and without limitation of any other special declarant rights conferred upon Co-Declarants hereby, Co-Declarants' special declarant rights shall include the following:

10.1 Responsibility and control of the Architectural Review Committee and the Association until the turnover meeting described in Section 3.6 and the exemption set forth in Section 5.12 until Co-Declarants no longer owns a Building Lot.

10.2 The right to maintain a construction, sales and management office and construction office on the Property.

10.3 The right to reserve easement and access rights across the Common Areas for future uses.

10.4 The right to reconstruct additional improvements at Co-Declarants' sole expense in the Common Areas as required to fulfill its commitments herein.

10.5 The right to approve amendments to the Declaration and Bylaws.

10.6 The right to approve special assessments for capital improvements or additions. 11.

MISCELLANEOUS

11.1 Term. The covenants, conditions and restrictions of this Declaration shall run until December 31, 2032, unless amended as herein provided. After December 31, 2032, such covenants, conditions and restrictions shall be automatically extended for successive periods of ten (10) years each, unless amended or extinguished by a written instrument executed by members holding at least seventy five percent (75%) of the voting power of the Association which is recorded in the deed records of Benton County.

11.2 Amendment and Repeal.

11.2.1 This Declaration, or any provision hereof, as from time to time in effect with respect to all or any part of the Property, may be amended or repealed by the vote or written consent of the Class B member, if any, and of Owners holding not less than seventy five percent (75%) of the voting power of the Association. Notwithstanding the foregoing sentence, so long as K&F Homes, LLC and K&F Homes II, LLC are the Class B members, this Declaration may not be amended without their written consent which consent shall not be unreasonably withheld, delayed or conditioned. So long as K&F Homes, LLC and K&F Homes II, LLC are the Class B members, notice of a proposed amendment to this Declaration, together with the proposed amendment will be sent to them and their attorney. In the event either party fails to respond to such request for consent within ten (10) business days after receipt of the proposed amendment, then the proposed shall be deemed to have been approved by the non-responding party.

11.2.2 Any such amendment or repeal shall become effective only upon recordation in the deed records of Benton County of a certificate of the president or secretary of the Association setting forth in full the amendment, amendments or repeal so approved and certifying that said amendment, amendments or repeal have been approved in the manner required by this Declaration.

11.2.3 In no event shall an amendment under this Section create, limit or diminish special Co-Declarants' rights without Co-Declarants' written consent, or change the boundaries of any Building Lot or any uses to which any Building Lot is restricted unless the Owners of the affected Building Lots unanimously consent to the amendment.

11.2.4 So long as there is Class B membership, Co-Declarants shall submit a written request for approval of amendments to this Declaration to FHA and/or VA, as appropriate, accompanied by a copy of the amendment. If FHA and VA (or the one to which submission was made, if only one of them) fails to notify Co-Declarants of objections to the amendment within fifteen (15) days after request therefor, then such approval shall be deemed to have been granted.

11.3 Regulatory Amendments. Notwithstanding the provisions of Section 11.2. until the turnover meeting described in Section 3.6, Co-Declarants shall have the right to amend this Declaration or the Bylaws in order to comply with the requirements of any applicable statute, ordinance, regulation or guideline of the Federal Housing Administration, the Veterans

Administration, the Farmers Home Administration of the United States, Fannie Mae, the Government National Mortgage Association, the Federal Home Loan Mortgage Corporation, any department, bureau, board, commission or agency of the United States or the State of Oregon or Benton County or local agencies, or any corporation wholly owned, directly or indirectly, by the United States or the State of Oregon that insures, guarantees or provides financing for a planned community or lots in a planned community or to comply with the Oregon Planned Community Act.

11.4 Rights of Transfer. Any or all of the special rights and obligations of the Co-Declarants may be transferred to other persons or entities, provided that the transfer shall not reduce any obligation nor enlarge a right beyond that contained herein, and provided, further, that no such transfer shall be effective unless it is in a duly recorded written instrument signed by Co-Declarants and approved in writing by them. Notice of a proposed assignment of any or all of the special rights or obligations of Co-Declarants, together with a listing of the special rights or obligations proposed to be assigned, shall be sent to them and their attorneys. If a party fails to respond to a request to transfer any of Co-Declarants' rights or obligations within ten (10) business days after receipt of such request, then such transfer shall be deemed approved by the non-responding party.

11.5 Notices. Any notices permitted or required to be delivered as provided herein shall be in writing and may be delivered either personally or by mail. If delivery is made by mail, it shall be deemed to have been delivered seventy two (72) hours after a copy of the same has been deposited in the United States mail, postage prepaid, addressed to any person at the address given by such person to the Association for the purpose of service of such notice, or to the residence of such person if no address has been given to the Association. Such address may be changed from time to time by notice in writing to the Association.

11.6 Right of Enforcement. Except as otherwise provided herein, any Owner of any Building Lot covered by this Declaration shall have the right to enforce any or all of the provisions hereof against any property covered by this Declaration and the Owners thereof.

11.7 Remedies Cumulative. Each remedy provided herein is cumulative and not exclusive.

11.8 Joint Owners. In any case in which two or more persons share the ownership of any Building Lot, regardless of the form of ownership, the responsibility of such persons to comply with this Declaration shall be a joint and several responsibility and the act or consent of any one or more of such persons shall constitute the act or consent of the entire ownership interest; provided, however, that in the event such persons disagree among themselves as to the manner in which any vote or right of consent held by them shall be exercised with respect to a pending matter, any such person may deliver written notice of such disagreement to the Association, and the vote or right of consent involved shall then be disregarded completely in determining the proportion of votes or consents given with respect to such matter.

11.9 Lessees and Other Invitees. Lessees, invitees, contractors, family members and other persons entering the Property under rights derived from an Owner shall comply with all of

the provisions of this Declaration restricting or regulating the Owner's use, improvement or enjoyment of such Owner's Building Lot and other areas within the Property. The Owner shall be responsible for obtaining such compliance and shall be liable for any failure of compliance by such persons in the same manner and to the same extent as if the failure had been committed by the Owner. Nothing in this Section shall diminish or limit the special declarant rights of Co-Declarants.

11.10 Non-Waiver. The failure to enforce any of the provisions herein at any time shall not constitute a waiver of the rights to enforce any such provision or any other provision of said restrictions.

11.11 Restrictions Construed Together. All of the provisions hereof shall be liberally construed together to promote and effectuate the general plan and scheme of the Property.

11.12 Restrictions Severable. Each of the provisions hereof shall be deemed independent and severable, and the invalidity or partial invalidity of any provision or portion thereof shall not *affect* the validity or enforceability of any other provision.

11.13 Singular Includes Plural. Unless the context requires a contrary construction, the singular shall include the plural and the plural the singular; and the masculine, feminine or neuter shall each include the masculine, feminine and neuter.

11.14 Captions. All captions and titles used in this Declaration are intended solely for convenience of reference and shall not affect that which is set forth in any of the provisions hereof.

11.15 Conflicts. The following documents shall be construed liberally to avoid conflicts, but in the event of an irreconcilable conflict between the provisions of the following documents, any such conflicts shall be resolved in the listed order of precedence: first, this Declaration; second, the Articles; third, the Bylaws; and fourth, rules and regulations promulgated by the Association. In addition, there exists that certain Exterior Maintenance Agreement and Easement to Perform Maintenance for recorded in the Official Records of Benton County, Oregon on 4/5/ , 2002 under Document No. **M315863-02** (the "Exterior Maintenance Agreement"). In the event of a conflict between the provisions of this Declaration and the provisions of the Exterior Maintenance Agreement, the provisions of this Declaration shall control and prevail in every such instance.

11.16 ARBITRATION AND ATTORNEY FEES. ANY DISPUTES INCLUDING BY NOT LIMITED TO CLAIMS ARISING OUT OF ALLEGED CONSTRUCTION DEFECTS, NEGLIGENCE, CLAIMS OF FRAUD OR MISREPRESENTATION, WARRANTY CLAIMS, CLASS ACTIONS BETWEEN THE CO-DECLARANTS, THE OWNERS ASSOCIATION OR ANY OWNER WILL BE SUBJECT TO BINDING ARBITRATION RATHER THAN A LAWSUIT.

THE ARBITRATOR WILL BE:

A. AS PER THE RULES OF THE RESIDENTIAL WARRANTY CORPORATION (RWC) IN THE EVENT THAT RWC IS PARTICIPATING.

B. IN THE EVENT RWC IS NOT PARTICIPATING:

I. AS AGREED TO BY THE PARTIES

2. IF NOT SO AGREED, AS PROVIDED BY THE ARBITRATION SERVICE OF PORTLAND

3. IN THE EVENT ARBITRATOR AS PER 2 ABOVE IS NOT POSSIBLE AS SELECTED BY THE PRESIDING JUDGE OF THE BENTON COUNTY CIRCUIT COURT.

EACH PARTY WILL BEAR THEIR OWN COSTS AND ATTORNEY FEES.

THIS AGREEMENT IS INTENDED TO RUN WITH THE LAND AND SHALL BE BINDING AS TO FUTURE OWNERS.

K&F HOMES II, LLC, an Oregon limited liability company

By: [Signature]
Sean Keys, Manager

STATE OF OREGON)
) ss.
County of Washington)

The foregoing instrument was acknowledged before me on this 4th day of April, 2002, by Sean Keys, who is the Manager of K&F Homes II, LLC, an Oregon limited liability company

[Signature]
Notary Public for Oregon
My Commission Expires: 4/7/2003

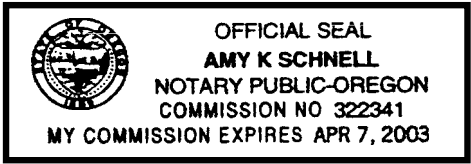


EXHIBIT A

The Property

All of that real property in Benton County, Oregon, legally described on that certain Plat of The Meadows at Timberhill, consisting of four sheets, recorded in the Plat Records of Benton County, Oregon in Book 10, Pages 29 through 32, recorded on the 21st day of MAY, 2001.

STATE OF OREGON } ss.
County of Benton }
314921

AM 11:36 '02 APR 05

I hereby certify that the within instrument was received for record

M315804 02

In the presence of _____ of said county

Witness my Hand and Seal of
James V. Moraga, County Clerk

By [Signature]
206 13 GRS Deputy
39