

VOL: 1999 PAGE: 41448
RECORDED DOCUMENT

STATE OF OREGON
COUNTY OF DESCHUTES



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Printed: 08/25/1999 16:48:45

DO NOT REMOVE THIS CERTIFICATE

(This certificate constitutes a part of the original instrument in accordance with ORS 205.180(2). Removal of this certificate may invalidate this certificate and affect the admissibility of the original instrument into evidence in any legal proceeding.)

I hereby certify that the attached instrument was received
and duly recorded in Deschutes County records:

DATE AND TIME: Aug. 25, 1999; 4:37 p.m.

RECEIPT NO: 10450

DOCUMENT TYPE: Covenants,
 Conditions & Restrictions

FEE PAID: \$210.00

NUMBER OF PAGES: 41

A handwritten signature in cursive script, reading "Mary Sue Penhollow".

MARY SUE PENHOLLOW
DESCHUTES COUNTY CLERK

1999-41448-1

DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR
PINE MEADOW VILLAGE

THIS DECLARATION is made this 25th day of August,
1999, by PMR Devco, L.L.C. an Oregon limited liability company
("Declarant").

OBJECTIVES

Declarant owns or has an option to purchase property located in Deschutes County, Oregon described on Exhibit A attached hereto. Declarant proposes to develop this property as a planned community to be known as "Pine Meadow Village." Declarant intends to create in Pine Meadow Village a planned community that emphasizes community livability and cohesion through inclusion of a variety of housing types, a comprehensive design that enhances street interaction, the provision of quality shared open spaces and the use of the architectural vernacular to reference local historic design.

Declarant has recorded the plat of Pine Meadow Village, Phase One, in the plat records of Deschutes County, Oregon. Declarant desires to subject the property described in such plat to the covenants, conditions, restrictions and charges set forth herein for the benefit of such property and its present and subsequent owners, and to establish such property as the first phase of the planned community to be known as "Pine Meadow Village." Additional areas may be annexed to Pine Meadow Village in accordance with the provisions set forth in this Declaration.

NOW, THEREFORE, Declarant hereby declares that the property covered in the plat of Pine Meadow Village, Phase One, more particularly described on Exhibit B attached hereto shall be held, sold, and conveyed subject to the following easements, covenants, conditions, restrictions, and charges, which shall run with such property and shall be binding upon all parties having or acquiring any right, title or interest in such property or any part thereof and shall inure to the benefit of each owner thereof.

PMR Devco LLC
Box 1999
Sisters Or 97759-1-

ARTICLE 1
DEFINITIONS

As used in this Declaration, the terms set forth below shall have the following meanings:

1.1 "Alleys" means any area designated as such in the plat of the Initial Development or any plat filed in connection with the annexation of additional real property, or in any Supplemental Declaration.

1.2 "Architectural Guidelines" means the design standards established by the ARC pursuant to Article 7 hereof.

1.3 "Architecture Review Committee" or "ARC" means the Architecture Review Committee appointed pursuant to Article 7 hereof.

1.4 "Assessment" means a regular or special assessment, as the case may be, imposed in accordance with the provisions of Article 10 herein.

1.5 "Association" means the nonprofit corporation to be formed to serve as the association of Owners (as hereinafter defined) as provided in Article 8 hereof and its successors and assigns.

1.6 "Board" means the Board of Directors of the Association.

1.7 "Capital Improvement Assessments" means assessments to cover the cost of capital improvements made pursuant to Section 10.3.

1.8 "Common Areas" means the property referred to in paragraph 3.1(c).

1.9 "Declarant" means PMR Devco, L.L.C. an Oregon limited liability company, any person who succeeds to any special Declarant right and to whom all of the Declarant's ownership interest in Pine Meadow Village is transferred, or any person, other than the Association, to whom the Declarant has transferred, for purposes of resale, all of Declarant's ownership interest in the planned community.

1.10 "Flat" means a condominium, usually of one story.

1.11 "Improvement" means every temporary or permanent structure or improvement of any kind, including but not limited to a house, fence, wall, driveway, swimming pool, tennis court, club house, bridge, water feature, service building or other product of construction efforts on or in respect to any property within Pine Meadow Village, including landscaping, and every alteration, painting or reconstruction thereof.

1.12 "Initial Development" means the property referred to in Section 2.1.

1.13 "Living Unit" means a residence within a building located or to be located upon a Lot within Pine Meadow Village and designated for separate residential occupancy (whether or not occupied) or ownership, but not including any building or portion of a building located on Common Area. Any athletic facility or assisted living facility located on a Lot shall be treated as a Living Unit for purposes of this Declaration.

1.14 "Lot" means a platted or legally partitioned lot, within Pine Meadow Village or any property so designated in any Supplemental Declaration annexing such property to Pine Meadow Village, but not including any Common Area.

1.15 "Mortgage" means a mortgage, trust deed, or land sales contract; "mortgagee" means a mortgagee, beneficiary of a trust deed, or vendor under a land sales contract; and "mortgagor" means a mortgagor, grantor of a trust deed, or vendee under a land sales contract.

1.16 "Operating Assessments" means the assessments to cover operating expenses referred to in Section 10.2.

1.17 "Owner" means the person or persons, including Declarant, owning any Lot or Living Unit, including any vendee under a recorded land sales 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 Lot or Living Unit, including any vendor under a recorded land sales contract who has given up possession. The rights, obligations, and other status of being an Owner commence upon acquisition of the ownership of a Lot or Living Unit and terminate upon disposition of such ownership, but termination of ownership shall not discharge an Owner from obligations incurred prior to termination.

1.18 "Pine Meadow Village" means the property designated in Section 2.1 of this Declaration and any other property designated in any Supplemental Declaration.

1.19 "P.U.D. Master Plan" means the approved plat, site plan, narrative, and development standards book collectively accepted by the City of Sisters as the development guide to Pine Meadow Village.

1.20 "RH Zone" means any area so designated in the P.U.D. Master Plan, generally comprising Lots 1 through 15 together with its roads and Common Areas.

1.21 "RS Zone" means any area so designated in the P.U.D. Master Plan, generally comprising Lots 16 through 127, together with its roads and Common Areas.

1.22 "Reserve Account Assessments" means assessments to cover the reserve fund for replacements pursuant to Section 10.4.

1.23 "Rules and Regulations" means the rules and regulations adopted as provided in Article 8 herein.

1.24 "Supplemental Declaration" means an instrument annexing additional real property to Pine Meadow Village.

1.25 "This Declaration" means this Declaration of Covenants, Conditions, and Restrictions for Pine Meadow Village and any and all Supplemental Declarations.

1.26 "Townhouse" means a condominium, usually of two stories.

ARTICLE 2 PROPERTY SUBJECT TO THIS DECLARATION

2.1 Initial Development. Declarant hereby declares that all of the real property described on Exhibit B attached hereto is owned and shall be owned, conveyed, hypothecated, encumbered, used, occupied, and improved subject to this Declaration. The Initial Development consists of Phase I, with a maximum of 153 Living Units contemplated on Lots 1 through 15 and 35 units on Lots 16 through 38, 66, 67, 87, 88, 107, 108 and Lots 122 through 127.

2.2 Annexation of Additional Property. Declarant reserves the right to annex all remaining real property approved in the P.U.D. Master Plan in subsequent phases. The maximum number of Living Units in Pine Meadow Village may not exceed 275, pursuant to the P.U.D. Master Plan. Declarant may from time to time and in its sole discretion pursue an amendment to the P.U.D. agreement with the City of Sisters which would allow it to annex to Pine Meadow Village any adjacent real property now owned or hereafter acquired by it. The annexation of real property shall be accomplished as follows:

(a) Supplemental Declaration. Declarant shall record a Supplement Declaration which shall be executed by the Declarant and contain, among other things, a description of the real property to be annexed, establish any additional limitations, uses, restrictions, covenants, and conditions which such property is held and shall be held, conveyed, hypothecated, encumbered, used, occupied, and improved subject to this Declaration.

(b) Provisions of Supplemental Declaration. Notwithstanding any provisions apparently to the contrary, a Supplemental Declaration with respect to any annexed property may:

- (i) Establish such new land classifications and such limitations, uses, restrictions, covenants, and conditions with respect thereto as Declarant may deem to be appropriate for the development of the annexed property.
- (ii) With respect to existing land classifications, establish additional or different limitations, uses, restrictions, covenants, and conditions with respect thereto as Declarant may deem to be appropriated for the development of such annexed property.

(c) Effect of Annexation. The property included in any such annexation shall thereby become a part of Pine Meadow Village and this Declaration, and the Declarant and the Association shall have and shall accept and exercise administration of this Declaration with respect to such property.

(d) No Limitation on Annexation. There is no limitation on the number of Lots or Living Units which Declarant may create or annex to Pine Meadow Village. There is no limitation on the right of Declarant to annex Common Areas.

(e) Voting Rights. Upon annexation, additional Lots so annexed shall be entitled to voting rights as set forth in Section 8.5 below.

(f) Adjustment of Association Expenses. The formula to be used for reallocating the common expenses if additional Lots are annexed and the manner of reapportioning the common expenses if additional Lots are annexed during a fiscal year are set forth in Section 10.6 below.

2.3 Declarant Improvements. Declarant agrees to build improvements necessary for public and private streets, utilities, common areas including parks, open space and water features, bridges, sidewalks, lighting, in accordance with the P.U.D. Master Plan. Declarant does not agree to build any additional improvements but does not choose to limit Declarant's rights to add improvements not described in this Declaration.

ARTICLE 3 LAND CLASSIFICATIONS

3.1 Initial Development. All land within the Initial Development is included in one of the following classifications:

(a) RS Zone. This area shall consist of Lots numbered 16 through 38, 66, 67, 87, 88, 107, 108 and 122 through 127, each containing only one living unit. Lots in the RS Zone are limited to the uses specified on Exhibit C attached hereto.

(b) RH Zone. This area shall consist of Lots numbered 1 through 15, containing a maximum of 153 living units, as dispersed throughout each lot according to the P.U.D. Master Plan. Lots in the RH Zone are limited to the uses specified on Exhibit C attached hereto.

(c) Common Areas. Common Areas shall consist of all areas designated as such or as "open space", "alley", "park", "bike paths", "sidewalks" or "walking paths" on the plat of the Initial Development or in any Supplemental Declaration or on the plat of any land annexed by Supplemental Declaration. Common Areas shall be subject to easements as provided in Section 4.3(f).

3.2 Additional Land Classifications. Additional land classifications and uses may hereafter be established in any Supplemental Declaration.

3.3 Conversion of Lots to Common Areas. Declarant may elect to build common facilities on one or more Lots and designate such Lots as Common Areas by a declaration recorded in the official records of Deschutes County. Declarant shall execute such declaration, as owner of the Lots.

3.4 Consolidation and Partition of Lots. The Owner of two adjoining Lots in the RH Zone, with the approval of the ARC, may elect to consolidate such Lots into one Lot. The ARC may impose reasonable conditions or restrictions on the granting of its approval of a Lot consolidation, including, but not limited to maintenance or landscaping requirements and limitations on use. The consolidation shall be effective upon the recording in the deed records of Deschutes County of a declaration of the Owner stating that two Lots are consolidated. The declaration shall include a written consent to the consolidation executed on behalf of the ARC by at least one member thereof and a description of any restrictions and conditions imposed as a condition of such consent. Thereafter, and except if otherwise provided by the ARC as a condition to its consent, the consolidated Lots shall constitute one Lot for all purposes of this Declaration, except for assessments. No Living Unit may be placed upon the remainder of the Lot, a portion of which was consolidated with another Lot but which remainder has not been consolidated with another Lot, unless the area of such remainder meets the minimum lot size standards as specified in the P.U.D. Master Plan. Areas that have once been consolidated may not be partitioned at any time in the future. No Lot in the RS Zone may be consolidated or partitioned.

3.5 Amendment of P.U.D. Each Owner, by acceptance of legal or equitable title to such Owner's Lot, appoints Declarant as such Owner's attorney in fact to execute all documents and take all action to obtain approval of such amendments to the P.U.D. Master Plan as Declarant deems reasonable; provided that no such amendment has a material adverse affect on the value of such Owner's Lot.

ARTICLE 4 **PROPERTY RIGHTS IN COMMON AREAS**

4.1 Owners' Easements of Enjoyment. Subject to provisions of this Declaration, every Owner and such Owner's invitees and tenants shall have a right and easement of enjoyment in and to the Common Areas.

4.2 Title to Common Areas. Fee title to the Common Areas shall be conveyed by Declarant to, and must be accepted by, the Association free and clear of liens and encumbrances other than those created pursuant to this Declaration and the rights of the public to use parks and pathways pursuant to one or more agreements between Declarant and the City of Sisters.

4.3 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:

(a) Association's and Owners' Easements. Declarant grants to the Association for the benefit of the Association and all Owners of Living Units within Pine Meadow Village the following easements over, under, and upon the Common Areas:

- (i) An easement for installation and maintenance of power, gas, electric, water, and other utility and communication lines and services installed by Declarant or with the approval of the Board of Directors of the Association and any such easement shown on any plat of property within Pine Meadow Village.
- (ii) An easement for construction, maintenance, repair, and use of the Common Areas and common facilities thereon, including, but not limited to, walkways, bike paths, fences, bridges, landscaping, irrigation systems, entry way structures, decorative ornamentation, water features and signs, and for any purposes and uses adopted by the Association and the Owners.
- (iii) An easement for the purpose of making repairs to any existing structure on the Common Areas.

(b) Declarant's Easements. So long as Declarant owns any Lot, and in addition to any other easements to which Declarant may be entitled, Declarant reserves an easement over, under, and across the Common Areas in order to carry out development, construction, and sales activities necessary or convenient for the development of Pine Meadow Village and the sale of Lots and Living Units and for such other purposes as may be necessary or convenient for the development of Pine Meadow Village and the sale of Lots and Living Units and for such other purposes as may be necessary or convenient for discharging Declarant's obligations or for exercising any of Declarant's rights hereunder. As long as Declarant has any maintenance obligations

with respect to Pine Meadow Village, Declarant shall have an easement across the Common Areas as required to carry out its maintenance responsibilities with respect to Pine Meadow Village. Declarant shall have an easement varying in width designated a "Developer's Easement" on the plat of the Initial Development and on plats covering any land annexed by Supplemental Declaration for water feature purposes, including the right in ingress and egress for construction or maintenance.

(c) Utility Easements. Declarant or the Association may (and, to the extent required by law, shall) grant or assign easements to municipalities, communications companies, or other utilities over Common Areas performing utility services, 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 Pine Meadow Village.

(d) Use of the Common Areas. Except as otherwise provided in this Declaration, the Common Areas shall be reserved for the use and enjoyment of all Owners except where specifically dedicated to public use pursuant to the P.U.D. Master Plan, and no private use may be made of the Common Areas. Nothing herein shall prevent the placing of a sign or signs upon the Common Areas for the purpose of identifying Pine Meadow Village or any subdivision therein, indicating path directions, or identifying trails or other items of interest, provided such signs are approved by the ARC. The Board of Directors of the Association 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.

(e) Alienation of the Common Areas. The Association may not by act or omission seek to abandon, partition, subdivide, encumber, cause the Common Area to be subject to any security interest, sell or transfer the Common Areas unless the holders of the at least 80 percent of the Class A voting rights (as described in Section 8.5(b) below) and the Class B member (as defined in Section 8.5(b) below), if any, have given their prior written approval and in the case of sale or transfer of a park, the City of Sisters has given its prior written approval. This provision shall not apply to the easements described in Section 4.3(a) above. A sale, transfer, or encumbrance of the Common Area or any portion of the Common Area in accordance with this Section 4.3(e) may provide that the Common Area so conveyed shall be released from any restriction imposed on such Common Area by this Declaration. No sale, transfer, or encumbrance

may, however, deprive any Owner of such Owner's right of access or support without the written consent of the Owner.

(f) Restrictions of Use of Common Areas. Use of the Common Areas by the Owners shall be subject to the provisions of this Declaration and to the following:

- (i) The right of the Association to suspend such use rights of an Owner to the extent provided in Article 11 below.
- (ii) The right of the Association to adopt, amend, and repeal rules and regulations in accordance with this Declaration and the Bylaws of the Association, including, without limitation, the right to require reservations for use of the Common Area or Common Area facilities and the right to impose reasonable fees in connection with such use.

Declarant hereby reserves for each Owner an easement for driveway and underground utility purposes across any Common Area lying between such Owner's Lot and the Alley providing access to such Lot. The width of such driveway easement shall not exceed 20 feet. Declarant also reserves a nonexclusive easement over the Common Area for public utilities and water feature operation, maintenance, well, pipelines irrigation systems, and related uses on property owned by Declarant.

(g) Alleys. The Board of Directors, in its discretion, may dedicate Alleys to the public. The Board of Directors shall grant free access on Alleys to police, fire, and other public officials, to employees of utility companies serving Pine Meadow Village, and to such others to whom the Board believes access should be given for the benefit of Owners. Declarant may use Alleys for its own purposes and for the dedication of Alleys.

4.4 Delegation of Use. Any Owner may delegate, accordance with the Bylaws of the Association, such Owner's right of enjoyment of the Common Areas to the members of such Owner's family or tenants who reside on the Lot or in the Living Unit.

ARTICLE 5

EASEMENTS

5.1 Easements Reserved. In addition to any easements shown on the recorded plats, Declarant hereby reserves the

following easements for the benefit for Declarant and the Association:

(a) Adjacent Common Area. The Owner of any Lot which blends together visually with any Common Area or Declarant Area or which contains part of the water feature shall permit the Association or Declarant, as the case may be, to enter upon such Lot to perform the construction, maintenance or such alterations as might be needed of such Common Area or water feature.

(b) Right of Entry. Declarant, the ARC, and any representative of the Association authorized by it may at any reasonable time, and from time to time at reasonable intervals, enter upon any Lot for the purpose of determining whether or not the use of and/or Improvements on such Lot are then in compliance with this Declaration. No such entry shall be deemed to constitute a trespass or otherwise create any right of action in the Owner of such Lot.

(c) Utility Easements. Easements for installation and maintenance of utilities are reserved over portions of certain Lots as shown on the recorded plat. Within the easements, no structure or other material shall be placed or permitted to remain which may damage or interfere with the installation or maintenance of utilities. The easement area of each Lot and all Improvements in it shall be maintained continuously by the Owner of the Lot, except for those improvements for which a public authority or utility company is responsible.

ARTICLE 6 RESTRICTIONS ON USE OF LOTS AND LIVING UNITS

6.1 Occupancy. No Owner shall occupy, use, or permit his Lot or Living Unit, or any part thereof, to be used for any purpose other than a private residence for the Owner, his family or his guests, except that each Owner shall be permitted to rent the Living Unit to a maximum of six (6) people according to the Rules and Regulations of the Association when he is not in occupancy and certain Lots may be used for other purposes in accordance with Exhibit C attached hereto. Nothing in this section shall be deemed to prohibit (a) activities relating to the sale of Living Units, or (b) the right of Declarant or any contractor or homebuilder to construct Living Units on any Lot, to store construction materials and equipment on Lots in the normal course of construction.

6.2 Improvements. Each Lot shall be maintained in a clean and attractive condition, in good repair, and in such a fashion as not to create a fire hazard. Each Lot shall be seeded, planted with a minimum of four trees, and irrigated within 18 months of the first conveyance from Declarant to any Owner.

6.3 Appearance. All hot tubs, garbage, trash, cuttings, refuse, garbage, and refuse containers, clothes drying apparatus, and other service facilities located on any Lot shall be screened from view in a manner approved by the ARC.

6.4 Construction and Alteration. Nothing shall be materially altered or constructed in or removed from or placed on a Lot except with the prior written consent of the ARC.

6.5 Offensive or Commercial Activity. No offensive or commercial activity shall be carried on, nor shall anything be done on any Lot or in any Living Unit that may be or become an annoyance or nuisance to the other Owners.

6.6 Signs. No signs shall be erected or maintained on any Residential Lot or Living Unit except signs which are approved as to appearance and location by Declarant. The restrictions contained in this paragraph shall not apply to:

(a) Political Signs. The temporary placement of "political" signs on any Lot or Living Unit by the Owner thereof;

(b) Declarant's Sales Office and Model Home Signs. The placement by the Declarant or Declarant's agent of one or more signs identifying the name of the Declarant and/or the location of a sales office or model home; or

(c) For Sale Signs. The temporary placement of not more than one "For Sale" sign on any Lot or Living Unit meeting the guidelines of Declarant or the ARC.

6.7 Exterior Lighting or Noise Making Device. No exterior lighting or noise-making device shall be placed on a Lot or Living Unit, or any portion thereof, without the prior written consent of the ARC.

6.8 Antennas and Satellite Dishes. No exterior satellite receivers, transmission dishes, or exterior antennas shall be placed upon any Lot or Living Unit except as approved by the ARC and except as otherwise permitted by law.

6.9 Limitation on Transfer. No Owner shall transfer, directly or indirectly either by conveyance, Contract of Sale, or lease, any interest in his Living Unit which would result in ownership of such Living Unit being held by more than five persons without the prior written consent of the Association.

6.10 Prohibited Structures. No house trailer, mobile home, manufactured home assembled off site, tent, shack, greenhouse, barn, or other similar outbuilding or structure, whether permanent or temporary, except garages as authorized by the ARC, shall be erected or placed on any Lot.

6.11 Single Family Residences. No more than one single-family residence shall be erected or placed on any Lot in the RS Zone.

6.12 Utilities. No above-ground utilities, pipes, or wires shall be used to connect improvements with supplying facilities.

6.13 Views. Mandatory height limitations for structures are imposed on certain Lots pursuant to the View Corridor studies in the P.U.D. Master Plan. Optional height limitations for structures may be applied by the ARC on other Lots. The height of vegetation and trees on a Lot shall not materially restrict the view of other Owners. The ARC, using the view studies in the P.U.D. Master Plan, shall be the judge in its sole and exclusive discretion of the suitability of such heights. If the ARC determines there is such restriction to the view of the other Owners, written notice shall be delivered to the offending Owner. If after 30 days the improvement, vegetation, or trees are not removed or reduced in height as directed by the ARC, the ARC shall have the right to enter the offending Lot and complete the removal or reduction, charging the Owner of the Lot the reasonable costs for the work done. This section is not to be read as justification to create views not present when the Lot was originally purchased. Declarant assumes no responsibility for obstruction of views by activity on property not owned by Declarant.

6.14 Parking. A maximum of three parking places will be allowed for each Living Unit in the RS Zone and must meet the standards set by the ARC. No house trailer, travel trailer, boat trailer, camper, incapacitated motor vehicle, snowmobile, motor home, or off-road vehicle shall be parked or stored outdoors on any Lot or Common Area. Parking in the RH Zone shall be in accordance with the P.U.D. Master Plan.

6.15 Control of Pets. No pets or domestic animals shall be permitted to run loose or unattended. Owners of pets shall be responsible for compliance with all leash laws and other laws related to the control of pets within the City of Sisters as well as the Rules and Regulations of the Association. Behavior of pets that, in the sole discretion of the Board, deprives any Owner of the Owner's privacy or constitutes a nuisance, shall be in violation of this Declaration and the Board may require removal of the offending pet from Pine Meadow Village. No animals shall be kept or raised on any Lot except household pets and domestic animals not used for commercial purposes.

6.16 Firearms or Other Weapons. No firearms, air pistols, archery, sling shots, fireworks, or any other weapons or projectiles shall be used or discharged within Pine Meadow Village except in such areas as may be designated in writing by the Board.

6.17 Motor Vehicles. No motorized vehicle shall be operated anywhere except upon a surfaced roadway, nor shall any motor vehicle be parked in other than a designated parking area. Except for construction equipment not required to be licensed, no unlicensed motor vehicles shall be operated within Pine Meadow Village.

6.18 Firewood. Firewood must be screened from view. All fire screens and covers must conform to the standards set by the ARC.

6.19 Maintenance. Each Owner is required to keep his Lot and landscaping and all Improvements thereon in good repair and attractive condition.

6.20 Solar Encroachment. Any planting that interferes with the existing use of solar energy on an adjacent property is prohibited.

ARTICLE 7

ARCHITECTURAL REVIEW AND STANDARDS

7.1 Approval Required. No Improvement shall be erected, placed, altered, maintained, or permitted to remain on any land subject to this Declaration until final plans and specifications have been submitted to and approved in writing by the ARC. All

approvals shall be in conformance with the building area established on each Lot as detailed in the P.U.D. Master Plan.

7.2 Architecture Review Committee. Declarant has established an Architecture Review Committee (ARC) to implement architectural rules and guidelines for Pine Meadow Village as they are specified in the P.U.D. Master Plan and the Pine Meadow Village Architectural Guidelines. The ARC will be responsible for the approval of plans and specifications for the Improvements in Pine Meadow Village, and for the modification, promulgation and enforcement of its rules governing the improvement and maintenance of Lots and the Improvements thereon.

The ARC shall consist of five persons who shall be appointed by the Board. Members of the ARC may be removed and replaced at any time by the Board. The Association shall keep on file at its principal office a list of the names and addresses of the members of the ARC. The Declarant or its designated representative shall be a member of the ARC so long as there is a Class B member.

Except as otherwise provided herein, any three members of the ARC shall have the power to act on behalf of the ARC without the necessity of a meeting and without the necessity of consulting the remaining member of the Committee.

7.3 Action. The ARC may render its decisions only by written instrument setting forth the ARC's actions taken and the reasons therefor.

7.4 Submittal and Approval Procedures. A checklist and copies of the Architectural Guidelines, updated from time to time, shall be made available in the Association's offices to guide applicants through the ARC's approval process.

(a) Preliminary Approval Required.

- (i) Purpose. Preliminary ARC approval is required for all new construction. The purpose of preliminary approval is to review designs at an early stage, to obtain ARC comment on designs which may not be in keeping with the concepts of Pine Meadow Village, or designs which could be duplications of others in close proximity to the requested Improvement. The preliminary approval allows the Owner to obtain ARC advice regarding changes that may be requested

before additional amounts of time and money have been expended.

- (ii) Preliminary Approval Submission Materials. The ARC will respond to any pertinent preliminary information submitted, but must include at a minimum a site plan and building elevations. Any or all of the information that will be required for Construction Approval will lead to a more detailed and definitive response.
- (iii) Limits of Preliminary Approval. The preliminary approval shall not be deemed to be approval for the construction of the Improvements.

(b) Construction Approval. Before any Improvements may be constructed in Pine Meadow Village, the Owner must obtain a construction approval letter from the ARC. To obtain such approval, four sets of required documents must be submitted to the ARC. The ARC will respond with approval, requests for additional information or required modifications within 30 days of the date that all required documents and fees have been received.

- (i) Construction Submittal Requirements. Incomplete applications will not be accepted. The following information meeting the requirements of the Architectural Guidelines must be submitted for review: site plan, landscaping plan, building elevations, floor plans, building sections, exterior lighting plan and materials list.
- (ii) Staking And Stringing. For ARC use, the property lines, building footprint, driveway, parking area, exterior decks, grade level patios and walkways shall be staked and strung for all final Construction Approvals. Staking and stringing shall be incorporated on site 7 days prior to the ARC's review of the final submittal. Failure to professionally stake and string the proposed submittal will result in a delay of the review process. The Owner shall remove and properly dispose of, off site, all staking and stringing 14 days from the date noted on the ARC's notice of review.
- (iii) Inspection. Submittal of an application shall be authorization to the ARC to make on-site inspection of the Lot and Improvements. In addition, the Owner is responsible for notifying the ARC upon completion of the proposed Improvements, at which time the ARC

shall again make an inspection to verify compliance with the plan as submitted.

- (iv) Deposit and Submittal Form. The application shall be submitted with the required deposit as set from time to time by the ARC and a completed ARC submittal form.
- (v) Expiration Date of Approval. The construction approval shall be valid for a period of one year at which time it shall expire.

(c) Alteration Approval. Before the exterior of an Improvement in Pine Meadow Village may be altered, whether by excavation, fill, alteration of existing drainage, exterior color change, or the establishment or substantial modification of landscaping, such alteration must be approved by the ARC. Approval shall be obtained in the same manner as for Construction Approval. The ARC will respond with approval, request for additional information or required modifications within 30 days of the date that all required documents and fees have been received.

- (i) Alteration Submittal Requirements. Submittal requirements are the same as those for Construction Approval to the extent applicable.
- (ii) Repainting Or Restaining. Repainting or re-staining must utilize the approved materials, paints and stains as for initial construction.
- (iii) Inspection. Submittal of an application shall be authorization to the ARC to make physical and on-site inspection of the Lot where the proposed alteration is to be completed. In addition, the Owner is responsible for notifying the ARC upon completion of the proposed alteration.
- (iv) Fee and Submittal Form. The application shall be submitted with the required fee as set by the ARC from time to time, and a completed ARC submittal form.
- (v) Expiration Date of Approval. The alteration approval shall be valid for a period of one year, at which time it shall expire.

7.5 Architectural Guidelines. Architectural Guidelines shall be established by the Architecture Review Committee in accordance with the design concept delineated in the P.U.D. Master Plan.

7.6 Severability. If any provision of this Declaration or the Architectural Guidelines is for any reason held by a court of competent jurisdiction to be invalid, such decision shall not affect the validity of the remainder of this Declaration or the Architectural Guidelines.

7.7 Nonwaiver. Consent by the ARC to any matter proposed to it or within its jurisdiction, or failure by the ARC to enforce any violation of this Declaration or the Architectural Guidelines, shall not be deemed to constitute a precedent or waiver impairing the ARC's right to withhold approval as to any similar matter thereafter proposed or submitted to it for consent or to enforce any subsequent or similar violation.

7.8 Pine Meadow Village Approved Housing. Homes built at Pine Meadow Village shall be of materials consistent with the design concept illustrated in the P.U.D. Master Plan Development Standards Book, local architectural vernacular and the natural context of Pine Meadow Village, subject to the exclusive review and approval of the ARC.

Previously approved plans and pictures of homes within Pine Meadow Village are available for review at the offices of the ARC upon reasonable notice. Each Owner is encouraged to review these prior approved plans an example of the type of housing that has been approved pursuant to the Architectural Guidelines.

7.9 Inspection. All work related to any building, structure, or Improvement or any landscaping, vegetation, ground cover, or other Improvements within Pine Meadow Village shall be performed in strict conformity with the plans and drawings approved under Section 7.4 above. The ARC shall have the right to inspect any such work to determine its conformity with the approved plans and drawings and reserves the right to order a stop to all work if, in good faith, it believes that any such work is nonconforming. In the event that it is determined in good faith by the ARC that certain work is nonconforming, a stop work notice may be issued, without necessity of court order, specified in the notice before the remainder of the proposed work may be completed. Continued work without correction of any such nonconforming items shall be deemed a breach of this Declaration. Neither the ARC nor the Association nor any officer, director, employee, agent, member, or servant of the ARC or the Association shall be responsible for any damages, loss, delay, cost, or legal expense occasioned through a stop work notice given in good faith, even it if is ultimately

determined that such work was in conformity with the approved plans and drawings.

7.10 Fee Structure. The ARC shall establish a reasonable schedule of fees to cover costs related to review of submissions, inspection of work and appeals of decisions of the ARC. The fees are subject to change without notice. All fees shall be accounted for and invoiced to Owners through the Association. At the time of submittal to the ARC for Construction Approval, a deposit of \$350 payable to the Association shall be required. The Association will apply the deposit to actual costs incurred as specified in this section, and refund or bill additional costs to Owners, as applicable.

7.11 Right of Appeal. All ARC decisions are subject to appeal to the Board utilizing the appeal procedure contained in the Bylaws of the Association. The appeal procedure insures that ultimate responsibility for and authority over all ARC decisions rests with the Board, which, by majority vote, may confirm, modify, or reverse any such decision thus appealed. The decision of the Board on any appeal will be binding on the parties absent fraud, bad faith or failure to exercise honest judgment.

7.12 Liability. The scope of the ARC's review is not intended to include any review or analysis of structural, geotechnical, or other engineering, building or zoning code compliance, or other similar considerations. Neither the ARC 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 ARC or a member thereof, provided only that the ARC has, or the member has, in accordance with the actual knowledge possessed by the ARC or by such member, acted in good faith.

ARTICLE 8

ASSOCIATION

Declarant shall organize an association of all of the Owners within Pine Meadow Village. Such Association, its successors, and assigns, shall be organized under the name "Pine Meadow Village Home Owners Association, Inc." or such similar name as Declarant shall designate, and shall have such property, powers, and obligations as are set forth in this Declaration for the benefit of Pine Meadow Village and all Owners or property located therein.

8.1 Organization. Declarant shall, before the first Lot is conveyed to an Owner other than the Declarant, organize the Association as a nonprofit mutual benefit corporation under the Oregon Nonprofit Corporation Act.

8.2 Membership. Every Owner of one of more Living Units or Lots upon which no Living Unit has yet been built shall, immediately upon creation of the Association and thereafter during the entire period of such Owner's ownership, 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.

8.3 Board of Directors. A board of directors shall be elected by the membership to administer the affairs of the Association by such procedure as specified in the Association's Bylaws. The powers and duties of the Board are also delineated in the Bylaws of the Association.

8.4 Rules and Regulations. In the exercise of the powers and in the performance of its obligations, the Board may adopt, amend or repeal rules and regulations to provide for the manner in which all areas and classifications of property within Pine Meadow Village are to be used. 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 Lots upon the date of delivery.

(a) Approval. A petition signed by 15 percent of the Owners proposing adoption of a rule or amendment or repeal of an existing rule applying to the above areas must be considered by the Board. The Board, at its discretion, may approve, reject or abstain from acting on the proposals contained in such petition. In the event that the Board does not approve a petition duly and properly submitted, the petitioners may demand a vote of the Owners in accordance with the following: upon and pursuant to a second submission of the petition in original form but bearing the signatures of 50% of the Owners, the Board shall submit the proposals contained in such petition to a vote of all Owners. The proposals contained in such petition shall be adopted upon their approval in writing by a majority of the Owners who vote with respect to such petition. Such approval shall be valid

only where votes shall have been cast by at least one-half of those Owners eligible to vote or their duly authorized proxies.

(b) Authority. The Pine Meadow Village Rules and Regulations may, among other things, but without limitation on the Board's authority as provided for above, provide for any of the following:

- (i) For the times and manner in which owners, their lessees and guests may use the space within Common Areas.
- (ii) For charges for services to be supplied by the Association.
- (iii) For the control of noise, control of litter, and disposal of trash and for the personal conduct of owners, their lessees and guests, and their pets, while in Pine Meadow Village.
- (iv) For the conditions upon which the guests of Owners and lessees in Pine Meadow Village will be entitled to access to Common Areas.
- (v) For any other rule or regulation that the Board determines to be appropriate for regulating the use and enjoyment of Pine Meadow Village.

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

(a) Living Units and Unimproved Lots. Living Units and unimproved Lots shall be allocated one vote per Living Unit or unimproved Lot, except as provided in Section 8.5(b) with respect to the Class B member, and except that any Assisted Living Facility or Athletic Center located on a Lot will be evaluated by the Board for their users' impact upon the community. The Board, in its reasonable judgment, will assign voting rights based upon their impact relative to other Living Units.

(b) Classes of Voting Membership. The Association shall have two classes of voting membership:

- (i) Class A. Class A members shall be all Owners with the exception of the Declarant (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 the Declarant). Class A members shall be entitled to voting rights for each Living Unit

owned, computed in accordance with Section 8.5(a) above. When more than one person holds an interest in any Living Unit, all such persons shall be members. The vote for such Living Unit shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Living Unit.

- (ii) Class B. The Class B member shall be Declarant and shall be entitled to nine times the voting rights computed under Section 8.5 for each Living Unit or, if there is no Living Unit built, each Lot owned by Declarant. 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. When seventy-five percent (75%) of the Lots in the final phase of development of Pine Meadow Village have been sold and conveyed to Owners other than Declarant; or
- b. At such earlier time as Declarant may elect in writing to terminate Class B membership.

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

(a) The powers, duties, and obligations granted to the Association by this Declaration.

(b) The powers, duties, and obligations of a mutual benefit 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.

(c) Construction and subsequent maintenance of such improvements on the alleys, common areas and any other Association-owned areas as it deems will be of benefit to the Owners, their guests and tenants. Enforcement of all covenants and restrictions contained in this Declaration and in the Bylaws of the Association.

(d) Promulgation and enforcement of the Pine Meadow Village Rules and Regulations and the enforcement of both the Architectural Guidelines and the decisions rendered by the ARC.

(e) Payment of all ad valorem taxes and assessments imposed on any of the Alleys, Common Areas or Association-owned areas within Pine Meadow Village.

(f) Provision of such services to the Owners as the Association shall deem to be appropriate and of benefit to the Owners.

(g) Procurement and maintenance of property and liability insurance reasonable and necessary to protect the Association's interests in its assets. Such insurance shall also provide appropriate coverage for the directors and officers of the Association while in the performance of their duties on behalf of the Owners.

(h) Collection of assessments, fees, and penalties.

(i) 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 Pine Meadow Village.

(j) 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 of Incorporation or Bylaws of the Association made in accordance with such instruments and with the Oregon Nonprofit Corporation Act. All decisions made by the Board pursuant to the grant of powers in these covenants, conditions and restrictions shall be final. All such decisions shall be binding on Living Unit owners absent fraud, bad faith or failure to exercise honest judgment.

8.7 Liability. Neither the Association nor any officer or member of its Board of Directors 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 its Board of Directors, provided only that the officer or Board member has acted in good faith in accordance with the actual knowledge possessed by him.

8.8 Interim Board; Turnover Meeting. Declarant shall have the right to appoint an interim board of three directors or more, who shall serve as the Board of Directors of the Association until replaced by Declarant or their successors have

been elected by the Owners at the turnover meeting described in this Section. Declarant shall call a meeting by giving notice to purpose of turning over administrative responsibility for Pine Meadow Village to the Association not later than one hundred twenty (120) days after Living Units or Lots, if no Living Unit is yet built representing seventy-five percent (75%) of all the votes in all phases of Pine Meadow Village computed in accordance with Section 8.5 above have been sold and conveyed to Owners other than Declarant. If Declarant does not call a meeting required by this Section within the required time, the Transitional Advisory Committee described in Section 8.9 below or any Owner may call a meeting and give notice as required in this Section. At the turnover meeting the interim directors shall resign and their successors shall be nominated and elected by the Owners and Declarant as provided in the Bylaws of the Association.

8.9 Transitional Advisory Committee. Declarant or Owners shall form a transitional advisory committee (the "Transitional Advisory Committee") to provide for the transition from administrative responsibility by Declarant of Pine Meadow Village to administrative responsibility by the Association. Not later than the sixtieth (60) day after the Declarant has conveyed to Owners other than Declarant Living Units, or Lots if no Living Unit has yet been built, representing fifty percent (50%) of the votes of all phases in Pine Meadow Village computed in accordance with Section 8.5 above, Declarant 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 Declarant, shall select two or more members. Declarant may select no more than one member. The Transitional Advisory Committee shall have reasonable access to all information and documents which Declarant is required to turn over to the Association under ORS 94.616.

(a) Declarant Failure to Call Meeting. An Owner may call a meeting of Owners to select the Transitional Advisory committee if the Declarant fails to do so as provided above.

(b) Owners' Failure to Select Members. Notwithstanding the foregoing, if the Owners do not select members for the Transitional Advisory Committee as described above, Declarant shall have no further obligation to form the Transitional Advisory Committee.

(c) Turnover meeting. The requirement for formation of a Transitional Advisory Committee shall not apply once the turnover meeting specified in Section 8.8 above has been held.

8.10 Declarant Control After Turnover. After the turnover meeting described in Section 8.8 above, Declarant shall continue to have the voting rights described in Section 8.5(b) above. In addition, a majority of the Board of Directors of the Association shall be elected by Declarant, as a Class B member, with the balance of the Board of Directors elected by the Class A members. After termination of Class B membership, all directors shall be elected by the Class A members.

8.11 Subassociations. Nothing in this Declaration shall be construed as prohibiting the formation of subassociations within Pine Meadow Village. Members of subassociations may delegate performance of exterior maintenance obligations to their subassociations. The governing documents of each subassociation shall be subject to approval of the Board, which approval will not be unreasonably withheld.

ARTICLE 9 MAINTAINANCE, UTILITIES, AND SERVICES

9.1 Maintenance and Lighting of Common Areas. The Association shall perform all maintenance upon, and where the Association deems appropriate, provide exterior lighting for the Common Areas and all improvements situated thereon, including recreational facilities, provided that any such lighting shall require prior written consent of Declarant.

9.2 Maintenance of Utilities. The Association shall perform or contract to perform maintenance of all private utilities within Common Areas, such as sanitary sewer service lines, water features and associated service lines, domestic water service lines, storm water detention facilities, and storm drainage lines, except to the extent such maintenance is performed by the utilities furnishing such services.

9.3 Road Maintenance. It is anticipated that all streets running through Pine Meadow Village will be dedicated to the public. Notwithstanding the fact that such streets will serve property not including Pine Meadow Village, the Association shall be responsible for maintenance of such streets until such time as they are accepted for maintenance by the City of Sisters or other entity. Before and after such streets are accepted by

the City, the Association shall continue to be responsible for snow removal on all streets and alleys throughout Pine Meadow Village, a service paid for out of the Operating Assessment as provided in Article 10.

ARTICLE 10
ASSESSMENTS

10.1 Annual Operating Budgets. The Association Board of Directors shall from time to time and at least annually prepare an operating budget for the Association, taking into account the current costs of maintenance and services and future needs of the Association, any previous overassessment and any common profits of the Association. The budget shall provide for such reserve or contingency funds as the Board deems necessary or desirable or as may be required by law. The method of adoption of the budget shall be as provided in the Bylaws.

10.2 Operating Assessments. Except as hereinafter provided, all Living Units and Lots on which Living Units have not been constructed shall be assessed equally for operating costs except that the Assisted Living Facility and the Athletic Center will be evaluated by the Board for their users' impact upon the Common Areas. The Board in its reasonable judgment will prorate their operating assessments based upon their impact relative to other Owners. The decision of the Board on such assessments shall be binding absent manifest error. The amount of the Assessment per Living Unit and Lot subject to assessment shall be determined by dividing the annual budget by the total number of Living Units and Lots on which Living Units have not been built.

10.3 Capital Improvement Assessments. The Association may purchase, construct or otherwise acquire additional equipment, facilities or other capital improvements for the general use and benefit of all the members of the Association, and for that purpose may impose a special assessment to be called a "Capital Improvement Assessment." Any such assessment shall be assessed to the Living Units and Lots within Pine Meadow Village on the same formula as set forth in Section 10.2. No new Capital Improvement Assessment may be imposed under this section which, for any one purchase, construction or other acquisition, or group of related purchases, constructions or other acquisitions, in the aggregate exceeds \$300 per Living Unit, unless approved by the vote or written consent of the Class B member, if any, and by not less than sixty percent (60%) of the votes of the

Class A members who are voting in person, by absentee ballot or by proxy at a meeting duly called for the purpose of approving the Capital Improvement Assessment.

10.4 Reserve Account for Replacing Common Property.

Declarant shall establish a reserve account which shall be called the "Common Property Reserve Account," and which will be kept separate and apart from all other funds of the Association. Except as provided in Section 10.4(b) below, the Common Property Reserve Account shall be used exclusively for replacement of items of common property which will normally require replacement, in whole or in part, in more than three and less than thirty years and not for regular or periodic maintenance expenses.

(a) Reserve Account Assessments. Not less often than annually, the Association shall inventory all items of common property which will normally require replacement, in whole or in part, in more than three and less than thirty years, and shall estimate the remaining life of each item of common property and the current replacement cost of each of such items. The Association may identify items for which reserve account assessment is required as those items which are insurable by a common carrier of all-purpose risk insurance. For the purpose of funding the Common Property Reserve Account, the Association shall impose an assessment to be called the "Common Property Reserve Account Assessment" against each Lot based on the total number of Living Units to be built on such Lot under the P.U.D. Master Plan. The total Common Property Reserve Account Assessment shall take into account the current replacement cost of each item of common property which has an estimated life of greater than three but less than thirty years and the estimated remaining life for such items of common property. Declarant shall not be required to pay any assessment under this Section 10.4 assessed to a Lot owned by Declarant until such date as the Lot is conveyed by the Declarant to an unaffiliated party in an arms-length transaction.

(b) Loan From Common Property Reserve Account. After the turnover meeting described in Section 8.8 above, the Association may borrow funds from the Common Property Reserve Account to meet high seasonal demands on the Association's regular operating fund or to meet other temporary expenses. Funds borrowed to meet high seasonal demands or temporary expenses under this paragraph must be repaid from special or operating assessment within six months of the date such funds are borrowed.

(c) Increase, Reduction, or Elimination of Common Property Reserve Account Assessments. At any time after the second year after the turnover meeting described in Section 8.8 above, future assessments for the Common Property Reserve Account may be increased, reduced or eliminated by the vote of Owners of Living Units or unimproved Lots representing seventy-five percent (75%) of the votes computed in accordance with Section 8.5 above.

10.5 Special Assessments for Enforcement Expenditures. The Homeowners' Association is authorized to obtain a Letter of Credit and impose a Special Assessment to collateralize thereof in the event the Association should need to expend significant funds for legal expenses to enforce any provision of the Declaration, Bylaws or Rules and Regulations.

10.6 Reallocation Upon Annexation or Withdrawal of Property. When additional property or phases are annexed to Pine Meadow Village the Association shall, within 60 days of the annexation, recompute the budget in accordance with Section 10.1 based upon the additional Common Areas and recompute assessments for each Living Unit or assessable Lot based upon the formula set forth in Section 10.2. Assessments shall be due and payable on or before a date set forth in the notice which shall not be less than 30 days from the date that notice is mailed or at such other time or times set in accordance with this Declaration or the Bylaws as the Association may specify in the notice. To the extent that any adjustment results in a credit for an Owner, such credit shall be applied towards the next occurring payment or payments on the annual assessment.

10.7 Payment of Assessments. The Association shall, not less than bi-annually, provide notice to the Owner of each Living Unit and assessable Lot of the amount of the assessments for such Living Unit or assessable Lot. Assessments shall be due and payable on or before a date set forth in the notice which shall be not less than 30 days from the date the notice is mailed or at such other time or time set in accordance with this Declaration or the Bylaws as the Association may specify in the notice. The Board shall have the right to give discounts for advance payment of assessments.

10.8 General Fund. The Association shall keep all monies that it may collect from assessments other than special assessments in a separate fund to be called the "general fund"

and shall administer and account for the fund as provided in the Bylaws.

10.9 Annual Accounting. Within a reasonable period of time following the close of each calendar year, the Association shall render to each Owner an accounting which shall set forth the amount and nature of all income and all disbursements during such year together with a statement of the assets and liabilities of the Association at the close of such year. The Association shall maintain records of all income and disbursements, which records shall be open to inspection by any Owner at any reasonable time during normal business hours.

10.10 Creation of Lien; and Personal Obligation of Assessments. Declarant, for each Lot owned by it within Pine Meadow Village does hereby covenant, and each Owner of any Living Unit or 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 attorney fees imposed pursuant to Section 11.6, shall be a charge on the land and a continuing lien upon the Living Unit or 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 Living Unit or 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 11 below.

ARTICLE 11

ENFORCEMENT

11.1 Use of Common Areas. In the event any Owner or the invitee of any Owner shall violate any provision of this Declaration, the Bylaws of the Association or any rules or regulations adopted by the Association governing the use of Lots, Living Units or Common Areas, then the Association, acting through its Board of Directors, may notify the Owner in writing that the violations exist and that such Owner is responsible for them, and may, after reasonable notice and opportunity to be heard, do any or all of the following: (a) suspend the Owner's voting rights and right to use the Common Areas 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, (b) bring suit or action against such Owner to enforce this Declaration, or (c) impose fines as provided in Section 11.7. Nothing in this section, however, shall give the Association the right to deprive any Owner of access to and from such Owner's Lot or Living Unit.

11.2 Nonqualifying Improvements and Violations of General Protective Covenants. In the event, any Owner constructs or permits to be constructed on such Owner's Lot an Improvement contrary to the provisions of this Declaration, or causes or permits any Improvements, activity, condition or nuisance contrary to the provisions of this Declaration to remain uncorrected or unabated on such Owner's Lot or Living Unit, 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 Lot or Living Unit, the Improvements thereon, and the Owner's use thereof, into conformance with this Declaration. If the Owner is unable, unwilling, or refuses to comply with the Association's specific directives or remedy or abatement, or the Owner and the Association cannot agree to a mutually acceptable solution within the framework and intent of this Declaration, after notice and opportunity to be heard and within sixty (60) days of written notice to the Owner, 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:

(a) Remove Cause of Violation. Enter onto the offending Lot or Living Unit, without being subject to any 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.

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

(c) Fines. Impose one or more fines as provided in Section 11.7.

11.3 Default in Payment of Assessments; Enforcement of Lien. If an assessment, fine or other charge levied under this Declaration is not paid within thirty (30) days of 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:

(a) Suspension of Rights; Acceleration. The Association may suspend such Owner's voting rights' and right to use the Common Areas until such amount, plus other charges under this Declaration, are paid in full and may declare all remaining periodic installments of any annual 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 Lot or Living Unit.

(b) Lien. The Association shall have a lien against each Lot and Living Unit for any assessment levied against the Lot or Living Unit and any fines or other charges imposed under this Declaration or the Bylaws against the Owner of the Lot or Living Unit 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. Any lien on a Living Unit in the RH Zone shall also attach to the interest of the Owner of such Living Unit in the Lot on which such Living Unit is situated. 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 Lot or Living Unit at such foreclosure sale, and may acquire and hold, lease, mortgage, and convey the Lot or Living Unit. 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.

(c) Suit or Action. The Association may bring an action to recover a money judgment for unpaid assessments and charges under this Declaration without foreclosing or waiving the lien described in paragraph 11.3(b) above. Recovery on any such action, however, shall be operated to satisfy the lien, or the portion thereof, for which recovery is made.

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

11.4 Notification of First Mortgagees. The Board of Directors may notify any first mortgagee of any Lot or Living Unit of any default in performance of this Declaration by the

Lot or Living Unit Owner which is not cured within sixty (60) days.

11.5 Subordination of Lien to First Mortgages. The lien of the assessments or charges provided for in this Declaration shall be subordinate to the lien of any first mortgage on such Lot or Living Unit 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 Lot or Living Unit shall not affect the assessment lien, provided however, that if a first mortgagee acquires a Lot or Living Unit by foreclosure or deed in lien or foreclosure, such mortgagee and a subsequent purchaser (other than the Owner liable for payment of the assessment covered by the lien) shall not be liable for any of the common expenses chargeable to the Lot or Living Unit which became due before the mortgagee or purchaser acquired title to the Lot or Living Unit by foreclosure or deed of lien or foreclosure. Such sale or transfer, however, shall not release the Lot or Living Unit from liability for any assessments or charges thereafter becoming due or from the lien of such assessments or charges.

11.6 Interest, Expenses, and Attorney 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 the rate of 12 percent per annum. A late charge may be charged for each delinquent assessment in an amount of established from time to time by resolution of the Board of the Association not to exceed 10 percent of such assessment. In the event the Association shall file 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 of the Association. In the event the Association shall retain legal counsel to collect an assessment or shall bring any suit or action to enforce this Declaration, or to collect any money due hereunder or to foreclosure a lien, the Owner-defendant shall pay to the Association all costs and expenses incurred by it in connection with retaining legal counsel and with such suit or action, including a foreclosure title report, and the prevailing party in such suit or action shall recover such amount as the court may determine to be reasonable as attorney fees at trial and upon any appeal or petition for review thereof or in any bankruptcy proceeding.

11.7 Fines. The Board may establish a schedule of fines applicable to violations of this Declaration or rules and regulations established pursuant to this Declaration. Fines may be imposed by the Board after giving the alleged violator notice of the proposed fine and an opportunity to be heard. Fines shall be payable within ten days after receipt of written notice of the imposition of the fine. All fines shall be deposited in the Association's operating account.

11.8 Nonexclusive and Accumulation of Remedies. An election by the Association to pursue any remedy provided for violation of the Declaration shall not prevent concurrent or subsequent exercise of another 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.

ARTICLE 12 MISCELLANEOUS PROVISIONS

12.1 Amendment and Repeal. This Declaration, or any provision thereof, as from time to time in effect with respect to all or any part of Pine Meadow Village may be amended or repealed by the vote or written consent of Owners holding not less than seventy-five percent (75%) of the Class A votes, together with the vote or written consent of the Class B member, if such membership has not been terminated as provided herein. Any such amendment or repeal shall become effective only upon recordation in the Deed Records of Deschutes County, Oregon, or 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. In no event shall an amendment under this section create, limit or diminish special Declarant rights without Declarant's written consent, or change the boundaries of any Lot or any uses to which any Lot or Living Unit is restricted unless the Owners of the affected Lot or Living Unit unanimously consent to the amendment.

12.2 Regulatory Amendments. Notwithstanding the provisions of Section 12.1 above, until termination of the Class B membership, Declarant shall have the right to amend this Declaration or the Bylaws of the Association in order to comply with the requirements of any applicable statute, ordinance, or regulation or of the Federal Housing Administration, the Veterans Administration, the Farmers Home Administration of the United States, the Federal National Mortgage Association, 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 any corporation wholly owned, directly or indirectly, by the United States or the State of Oregon which insures, guarantees or provides financing for a planned community or lots in a planned community.

12.3 Duration. This Declaration shall run with the land and shall be and remain in full force and effect at all times with respect to all property included in Pine Meadow Village and the Owners thereof for an initial period of thirty (30) years commencing with the date on which this document is recorded. Thereafter, this Declaration shall continue to run with the land and be and remain in full force and effect at all times with respect to all property in Pine Meadow Village and the Owners thereof for successive additional periods of ten (10) years each. The continuation from the initial or any additional period into the next subsequent period shall be automatic and without the necessity of any notice, consent or other action whatsoever; provided, however, that this Declaration may be terminated at the end of the initial or any additional period by resolution approved not less than six (6) months prior to the intended termination date by the vote or written consent of Owners owning not less than seventy-five percent (75%) of the Class A votes and the vote or written consent of the Class B member, if any, and the written approval of the holders of mortgages on Lots or Living Units in the project to the extent required by Section 12.4. Any such termination shall become effective only if prior to the intended termination date a certificate of the president or secretary of the Association, certifying that terminations as of a specified termination date has been approved in the manner required herein, is duly acknowledged and recorded in the Deed Records of Deschutes County, Oregon. Such termination shall not have the effect of denying any Owner access to such Owner's Lot or Living Unit unless such Owner and any mortgage of such Lot or Living Unit have consented in writing to the termination.

12.4 Right of Mortgagees Relating to Maintenance. At any time that the Common Areas, including the Alleys, are not maintained or repaired by the Association to the extent reasonably necessary to protect and preserve the value of mortgaged property for security purposes, then the mortgagee of record, upon giving written notice as hereinafter provided, shall be entitled to exercise the right of the Owner of the Lot or Living Unit as a member of the Association to vote at all regular and special meetings of the members of the Association for a period of one year following the date of such notice. During this one-year period, the Association shall give notice of all regular and special meetings to both the Owner and the mortgagee and the Owner may attend such meetings as an observer. Notice from the mortgagee under this section shall quote this Section 12.4 and shall be sent postage prepaid by certified United States mail, return receipt requested, to the Owner with a copy by regular mail to the Association at the last known address of each.

12.5 Joint Owners. In any case in which two or more persons share the ownership of any Living Unit or unimproved 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 of 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.

12.6 Lessees and Other Invitees. Lessees, invitees, contractors, family members, and other persons entering Pine Meadow Village 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 Lot, Living Unit and other areas within Pine Meadow Village. 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.

12.7 Nonwaiver. Failure by the Association or by an Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

12.8 Construction; Severability. This Declaration and all declarations annexing property to Pine Meadow Village shall be liberally construed as one document to accomplish the purpose stated in the introductory paragraphs hereof. Nevertheless, each provision of this Declaration and all declarations annexing property to Pine Meadow Village shall be deemed independent and severable, and the invalidity or partial invalidity of any provision shall not affect the validity or enforceability of the remaining part of that or any other provision.

12.9 Number. As used herein, the singular shall include the plural and the plural the singular, and the masculine neuter shall each include the masculine, feminine and neuter, as the context requires.

12.9 Captions. All captions used herein are intended solely for convenience of reference and shall in no way limit any of the provisions of this Declaration.

12.10 Notices and Other Documents. All notices and other communications under this Declaration shall be in writing and shall be deemed to have been given on the day of delivery when delivered by personal service and to have been given three business days after delivery to the United States mails certified or registered mail, return receipt requested, addressed to the party to which such notice is directed at its address determined as provided in this Section 12.11.

(a) Addresses. All notices and other communications under this Declaration shall be given to the parties hereto at the following addresses:

- (i) If to an Owner, then to the last address for such Owner shown in the Association records.
- (ii) If to Declarant or to the Association, then to Declarant or the Association at:
 - PMR Devco, L.L.C.
 - P.O. Box 1999
 - Sisters, Oregon 97759
 - Att: Mr. Steven McGhehey or Mr. Douglas Sokol

(b) Change of Address. Any party hereto may change the address to which notices shall be directed by giving ten days written notice of such change delivered as provided herein.

IN WITNESS WHEREOF, Declarant has executed this Declaration the date first above written.

PMR DEVCO, L.L.C.

By Dorro C. Sokol
Dorro C. Sokol, Manager

By Douglas Sokol
Douglas Sokol, Manager

By Steven E. McGhehey
Steven E. McGhehey, Manager

STATE OF OREGON)
) SS
COUNTY OF)

The foregoing instrument was acknowledged before me on this 25th day of August, 1999, by Dorro C. Sokol, Douglas Sokol, and Steven E. McGhehey of PMR Devco, LLC.

Vernie A. Straight
Notary Public for Oregon
My commission expires: March 21, 2003



99-41448-38

EXHIBIT A

LEGAL DESCRIPTION

PINE MEADOW VILLAGE, A PLANNED UNIT DEVELOPMENT

A PARCEL OF LAND SITUATED IN THE NORTHEAST QUARTER OF SECTION 8, TOWNSHIP 15 SOUTH, RANGE 10 EAST, CITY OF SISTERS, DESCHUTES COUNTY, OREGON, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

PARCEL NO. 1 OF MINOR LAND PARTITION MP-87-24.

EXCEPTING THEREFROM THAT PORTION LYING WITHIN THE BOUNDS OF THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER OF SAID SECTION 8.

EXHIBIT B

16

*.12

SURVEYOR'S CERTIFICATE:

14

*.08

I, FRED A. AST, Jr., OREGON REGISTERED PROFESSIONAL LAND SURVEYOR NO. 1938, DO HEREBY CERTIFY THAT I HAVE CORRECTLY SURVEYED AND MARKED WITH PROPER MONUMENTS THE LAND REPRESENTED ON THIS PLAT OF PINE MEADOW VILLAGE, SITUATED IN THE NORTHEAST QUARTER OF SECTION 8, TOWNSHIP 15 SOUTH, RANGE 10 EAST, WILLAMETTE MERIDIAN, CITY OF SISTERS, DESCHUTES COUNTY, OREGON AND THAT THE 5/8" IRON ROD ON THE WEST RIGHT-OF-WAY LINE OF S. PINE STREET, WHICH BEARS S00°15'56"E, 1310.03 FEET AND S89°53'03"W, 30.00 FEET FROM THE NORTHEAST CORNER OF SAID SECTION 8 WAS ACCEPTED AS THE "INITIAL POINT" FOR PINE MEADOW VILLAGE, THE BOUNDARY OF WHICH IS MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT SAID "INITIAL POINT", AS DESCRIBED ABOVE; THENCE S00°15'56"E, ON THE WEST RIGHT-OF-WAY LINE OF PINE STREET, BEING 30.00 FEET WESTERLY OF AND PARALLEL TO THE EAST LINE OF SAID SECTION 8, 818.00 FEET TO A 5/8" IRON ROD; THENCE S89°53'03"W, 53.53 FEET TO A 5/8" IRON ROD; THENCE N00°05'00"E, 280.00 FEET TO A 5/8" IRON ROD; THENCE S89°53'03"W, 100.00 FEET TO A 5/8" IRON ROD; THENCE N00°05'00"E, 408.00 FEET TO A 5/8" IRON ROD; THENCE N89°53'03"E, 100.00 FEET TO A 5/8" IRON ROD; THENCE N00°05'00"E, 70.00 FEET TO A 5/8" IRON ROD; THENCE S89°53'03"W, 920.00 FEET TO A 5/8" IRON ROD; THENCE S00°05'00"W, 332.14 FEET TO A 5/8" IRON ROD; THENCE ON THE ARC OF A 40.00 FOOT RADIUS CURVE TO THE RIGHT, (CHORD BEARS S44°59'02"W, 56.47 FEET), 62.69 FEET TO A 5/8" IRON ROD; THENCE S89°53'03"W, 100.14 FEET TO A 5/8" IRON ROD; THENCE S00°05'00"W, 6.82 FEET TO A 5/8" IRON ROD; THENCE S89°53'03"W, 182.00 FEET TO A 5/8" IRON ROD ON THE WEST LINE OF THE EAST HALF OF THE NORTHEAST QUARTER OF SAID SECTION 8; THENCE N00°05'29"E, ON SAID WEST LINE, 433.80 FEET TO A 5/8" IRON ROD; THENCE N00°04'28"E, ON SAID WEST LINE, 685.02 FEET TO A 5/8" IRON ROD AT THE SOUTHWEST CORNER OF LOT 6, NEW SISTERS VILLAGE, A SUBDIVISION OF RECORD; THENCE N89°53'03"E, ON THE BOUNDARY LINE OF SAID NEW SISTERS VILLAGE, 982.79 FEET TO A 5/8" IRON ROD ON THE RIGHT-OF-WAY LINE OF W. WASHINGTON AVENUE; THENCE S00°04'06"W, ON SAID RIGHT-OF-WAY LINE, 30.00 FEET TO A 5/8" IRON ROD; THENCE N89°53'03"E, ON SAID RIGHT-OF-WAY LINE, 300.00 FEET TO A 5/8" IRON ROD; THENCE CONTINUING N89°53'03"E, 3.84 FEET TO A POINT 30.00 FEET WESTERLY OF THE EAST LINE OF SAID SECTION 8; THENCE S00°15'56"E, ON A LINE 30.00 FEET WESTERLY OF AND PARALLEL TO SAID EAST LINE, 650.00 FEET TO THE POINT OF BEGINNING.

CONTAINING 26.28 ACRES, MORE OR LESS.

Exhibit c

99-41448-40

Ph.	Zone	Lot	Allowable Uses*, Outright ("l.u." - Living Units)	Uses Allowed Subject to Board Approval
I	RH	1	assisted living facility with maximum 50 l.u. (P.U.D. approval currently limits to 40 l.u.); parking	none
I	RH	2	multifamily residential with a maximum of 8 l.u.; parking	none
I	RH	3	athletic facilities, multifamily residential with a maximum of 8 l.u.; l.u. rental	none
I	RH	4	multifamily residential with maximum 14 l.u. of which a maximum of 8 l.u. may be townhouses; l.u. rental	home occupation
I	RH	5	multifamily residential with 10 l.u. of which 2 must be one-story* townhouses; parking; l.u. rental	home occupation
I	RH	6	multifamily residential with 10 l.u. of which 4 must be townhouses* and 6 must be flats; parking; l.u. rental	home occupation
I	RH	7	multifamily residential with a maximum of 8 l.u.; l.u. rental	home occupation
I	RH	8	multifamily residential with a maximum of 6 l.u.; parking; l.u. rental	home occupation
I	RH	9	multifamily residential with a maximum of 6 living units (P.U.D. approval currently limits to 4 townhouses)	home occupation
I	RH	10	multifamily residential with 10 l.u., of which 2 must be townhouses and 8 must be flats; l.u. rental	home occupation
I	RH	11	townhouses with a maximum of 5; l.u. rental	home occupation
I	RH	12	townhouses with a maximum of 3; l.u. rental	home occupation
I	RH	13	townhouses with a maximum of 3; l.u. rental	home occupation
I	RH	14	townhouses with a maximum of 8; l.u. rental	home occupation
I	RH	15	townhouses with a maximum of 4; l.u. rental	home occupation
I	RS	16	one single-family dwelling/rental unit	home occupation
I	RS	17	one 1-story* single-family dwelling/rental unit	home occupation
I	RS	18	one 1-story* single-family dwelling/rental unit	home occupation
I	RS	19	one single-family dwelling/rental unit	home occupation
I	RS	20	one single-family dwelling/rental unit	home occupation
I	RS	21	one single-family dwelling/rental unit	home occupation
I	RS	22	one single-family dwelling/rental unit	home occupation
I	RS	23	one single-family dwelling/rental unit	home occupation
I	RS	24	one single-family dwelling/rental unit	home occupation
I	RS	25	one single-family dwelling/rental unit	home occupation
I	RS	26	one single-family dwelling/rental unit	home occupation
I	RS	27	one 1-story* single-family dwelling/rental unit	home occupation
I	RS	28	one single-family dwelling/rental unit	home occupation
I	RS	29	one single-family dwelling/rental unit	home occupation
I	RS	30	one 1-story* single-family dwelling/rental unit	home occupation
I	RS	31	one single-family dwelling/rental unit	home occupation

*P.U.D. approval mandates height restrictions on certain lots, pursuant to the View Corridor Studies in the P.U.D. Master Plan. Optional height restrictions may be applied by the ARC in its sole and exclusive discretion.

Exhibit C

99-41448-41

Ph.	Zone	Lot	Allowable Uses*, Outright ("l.u." - Living Units)	Uses Allowed Subject to Board Approval
I	RS	32	one single-family dwelling/rental unit	home occupation
I	RS	33	one single-family dwelling/rental unit	home occupation
I	RS	34	one single-family dwelling/rental unit	home occupation
I	RS	35	one single-family dwelling/rental unit	home occupation
I	RS	36	one single-family dwelling/rental unit	home occupation
I	RS	37	one single-family dwelling/rental unit	home occupation
I	RS	38	one single-family dwelling/rental unit	home occupation
I	RS	66	one single-family dwelling/rental unit	home occupation
I	RS	67	one single-family dwelling/rental unit	home occupation
I	RS	87	one single-family dwelling/rental unit	home occupation
I	RS	88	one single-family dwelling/rental unit	home occupation
I	RS	107	one single-family dwelling/rental unit	home occupation
I	RS	108	one single-family dwelling/rental unit	home occupation
I	RS	122	one single-family dwelling/rental unit	home occupation
I	RS	123	one single-family dwelling/rental unit	home occupation
I	RS	124	one single-family dwelling/rental unit	home occupation
I	RS	125	one single-family dwelling/rental unit	home occupation
I	RS	126	one 1-story* single-family dwelling/rental unit	home occupation
I	RS	127	one single-family dwelling/rental unit	home occupation

*P.U.D. approval mandates height restrictions on certain lots, pursuant to the View Corridor Studies in the P.U.D. Master Plan. Optional height restrictions may be applied by the ARC in its sole and exclusive discretion.