

DECLARATIONS, RESTRICTIONS,
PROTECTIVE COVENANTS AND CONDITIONS
FOR
PINWOOD COUNTRY ESTATES

This Declaration of Covenants, Conditions, and Restrictions is made this 28th day of April, 1990, by PERLA DEVELOPMENT CO., INC., an Arizona Corporation, hereinafter referred to as "Declarant".

WHEREAS, Declarant is the owner of the real property described as Pinewood Country Estates, a subdivision located within Deschutes County, Oregon, except for Lots 1, 2 and 5, Block 3 of said subdivision. Declarant intends by this Declaration to impose upon the Properties mutually beneficial restrictions under a general plan of improvement for the benefit of all owners of residential property within PINWOOD COUNTRY ESTATES, made subject to this Declaration and amendments thereto by the recording of this Declaration.

NOW, THEREFORE, Declarant hereby declares that all the Properties described above shall be held, sold, and conveyed subject to the following easements, restrictions, covenants, and conditions which shall run with the real property subjected to this Declaration and which shall be binding on all parties having any right, title, or interest in the described Properties or any part thereof, their heirs, successors, successors-in-title, and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I: DEFINITIONS

Section 1. "Association" shall mean the Pinewood Country Estates Association, Inc., an Oregon non-profit corporation.

Section 2. "Bylaws" shall refer to the Bylaws of Pinewood Country Estates Association, Inc.

Section 3. "Common Area" shall mean all real and personal property now or hereafter owned by the Association for the common use and enjoyment of the Owners.

Section 4. "Common Expenses" shall mean and include the actual and estimated expenses of operating the Association, including any reasonable reserve, all as may be found to be necessary and appropriate by the Board pursuant to the Declaration, the Bylaws, and the Articles of Incorporation of the Association.

Section 5. "Eligible Votes" shall mean those votes available to be cast on the issue at hand. A vote which is for any reason suspended is not available to be cast.

Section 6. "Lot" shall mean a portion of the Properties other than the Common Area intended for any type of independent ownership and use as may be set out in this Declaration and as shall be shown on the plats of survey filed with this Declaration or amendments thereto.

Section 7. "Majority" means those eligible votes, Owners, or other groups as the context may indicate totalling more than fifty (50%) percent of the total eligible number.

Section 8. "Member" shall mean and refer to a person or entity entitled to membership in the Association, as provided herein.

Section 9. "Owner" shall mean and refer to the record

owner, whether one or more persons or entities, of any Lot which is part of the Properties, but excluding any party holding the fee simple title merely as security for the performance of an obligation. Owner shall include the Declarant.

Section 10. "Person" means a natural person, a corporation, a partnership, trustee, or other legal entity.

Section 11. "Property or Properties" shall mean and refer to the real property described as Pinewood Country Estates, a subdivision located in Deschutes County, Oregon, except for Lots 1, 2 and 5, Block 3 of said subdivision.

ARTICLE II: PROPERTY RIGHTS

Section 1. OWNER'S EASEMENT OF ENJOYMENT. Every Owner shall have a right and easement of ingress and egress, use and enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

(a) The right of the Declarant, with regard to the Properties which may be owned for the purpose of development, to grant easements in and to the Common Area contained within the respective Properties to any public agency, authority, or utility for such purposes as benefits only the Properties or portions thereof and Owners or Lots contained therein;

(b) The right of the Association to grant any easements in and to all or any portion of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members of the Association. No such grant shall be effective unless an instrument agreeing to such dedication or transfer has been approved by at least two-thirds (2/3) of the votes of members of the Association which are present or represented by proxy are entitled to cast at a meeting duly called for such purpose.

Section 2. USE OF LOTS. Except as may be otherwise expressly provided in this Declaration, each Lot shall be used for residential purposes only as a residence for a single family; no trade or business of any kind may be conducted. Lease or rental of a Lot or any building thereon for residential purposes shall not be considered to be a violation of this covenant, so long as the lease is in compliance with reasonable rules and regulations as the Board of Directors may promulgate. Any lessee or tenant shall in all respects be subject to the terms and conditions of this Declaration, the By-laws, and the rules and regulations adopted hereunder.

Section 3. RULES AND REGULATIONS. The Board of Directors may establish reasonable rules and regulations concerning the use of the Common Area, facilities located thereon, and individual Lots. Copies of such regulations and amendments thereto shall be furnished by the Association to all Owners prior to the rule's effective date. Such regulations shall be binding upon the Owners, their families, tenants, guests, invitees, and agents until and unless such regulation, rule, or requirement shall be specifically overruled, cancelled, or modified by the Board or the Association in a regular or special meeting by the vote of members holding a majority of the total votes in the Association.

The Board shall have the authority to impose reasonable monetary fines and other sanctions, and monetary fines may be collected by lien and foreclosure as provided in Article VI.

Section 4. Each lot shall be used for residential purposes only, nor shall more than one detached single family dwelling not to exceed two (2) stories in height and not more than one double garage or carport and two accessory buildings such as workshops or stables be constructed or placed upon each Lot in the subdivision.

Section 5. All driveways must be composed of cinders, gravel or asphalt.

Section 6. The floor area of constructed residences shall be not less than 1,200 square feet, exclusive of porches and garages.

Section 7. Buildings must be suitable for year around uses and must be placed on permanent foundations, consisting of concrete, brick, pumice blocks, or stone masonry. Pitch of the roof and size and spacing and ceiling joists must be adequate to withstand area snow packs. All buildings, fences and improvements must be constructed in workmanlike manner and kept in a condition of good repair. Exposed portion of foundation must be painted or sided if more than 12" above the ground. Exteriors to be finished with natural materials with a rustic appearance.

Section 8. Setback line shall be at least fifty (50) feet from front lot line and twenty-five (25) feet back from other lot lines to any structure upon the lot with the exception of a fence. Fences must be constructed of properly finished material and shall harmonize with the surroundings and not exceed 60 inches in height.

Section 9. All land owners must comply with the laws and regulations of the State of Oregon, County of Deschutes, and any municipality applicable to fire protection, building construction, water, sanitation and public health.

Section 10. Mobile homes, whether permanently attached to a foundation or with or without wheels, are allowed on the property, provided they must be at least 1,200 square feet, exclusive of porches and garages. They must be double wide, skirted, appear as permanent installations, and be factory finished.

Section 11. No more than 18 months' construction time shall elapse for the completion of a permanent dwelling nor shall a temporary structure, travel trailer or motor home be used as living quarters except during the construction of a permanent dwelling or for vacations not to exceed 21 days per year. An exterior latrine shall be allowed only during the construction of a permanent residence.

Section 12. No noxious or offensive trade or activity shall be carried on upon any lot, nor shall anything be done thereon which may become an annoyance or nuisance to the neighborhood.

Section 13. No animals other than domestic household pets, horses or llamas shall be kept on any part of said property. No more than a total combination of six (6) horses or llamas shall be permitted on any Lot. No other livestock, poultry, or fowl shall be kept or raised on any Lot.

Section 14. Lot signs will be limited to one 18" x 24" sign to identify the lot name, if any, the owner and his address, excluding any subdivision entry sign.

Section 15. All garbage, trash, cuttings, refuse, garbage and refuse containers, fuel tanks, clothes lines, and other service facilities shall be screened from view from neighboring units and common areas.

Section 16. Each lot and its improvement shall be maintained in a clean and attractive condition in good repair and in such fashion as not to create a fire hazard.

Section 17. Septic tanks and drainfields must meet County Health Department and Department of Environmental Quality Standards.

Section 18. Declarant shall have the right to annex and subject Lots 1, 2 and 5, Block 3, Pinewood Country Estates, Deschutes County, Oregon, to the terms and conditions of this Declaration for so long as it owns any property within Pinewood Country Estates with the consent of the owner of said lot or lots, and the Association shall have the right to annex and subject said property at any time thereafter.

ARTICLE III. MEMBERSHIP AND VOTING RIGHTS

Section 1. MEMBERSHIP. Every person or entity who is the record owner of a fee interest, or contract vendee, in any Lot that is subject to this Declaration shall be deemed to have a membership in the Pinewood Country Estates Association, Inc. Membership shall be appurtenant to and may not be separated from such ownership. The foregoing is not intended to include persons who hold an interest merely as security for the performance of an obligation, and the giving of a security interest shall not terminate the Owner's membership. No Owner, whether one or more persons, shall have more than one (1) membership per Lot owned. In the event the Owner of a Lot is more than one person or entity, votes and rights of use and enjoyment shall be as provided herein. The rights and privileges of membership, including the right to vote, may be exercised by a Member or the Member's spouse, but in no event shall more than one (1) vote be cast for each Lot.

Section 2. VOTING. Each member shall have one (1) vote for each lot owned.

Section 3. TURNOVER COMMITTEE: The Declarant shall form a transitional advisory committee to provide for the transition of administrative responsibility by the Declarant to the Association. Not later than the 60th day after the Declarant has conveyed the lots representing fifty percent (50%) of the votes in the Association, the Declarant shall call a meeting of owners for the purpose of selecting a transitional advisory committee. This process shall comply with the provisions of ORS 94.604.

ARTICLE IV. MAINTENANCE

Section 1. ASSOCIATION'S RESPONSIBILITY: The Association shall maintain and keep in good repair the common areas and roads within the development, such maintenance to be funded as hereinafter provided. This maintenance shall include, but not be limited to: (a) maintenance, repair and replacement of all roadways, including snow plowing; and (b) maintenance of all

landscaping, structures, and improvements situated upon the Common Area. Declarant does not promise or plan any improvements to the Common Area.

Section 2. OWNER'S RESPONSIBILITY: Except as provided in Section 1 of this Article, all maintenance of the Lot and all part of the residence thereon shall be the responsibility of the Owner, and each Owner shall maintain and keep in good repair such property and improvements.

ARTICLE V. RIGHTS AND OBLIGATIONS OF THE ASSOCIATION

Section 1. COMMON AREA. The Association, subject to the rights of the Owners set forth in this Declaration, shall be responsible for the exclusive management and control of the Common Area and all improvements therein, and shall keep it in good, clean, attractive, and sanitary condition, order, and repair, pursuant to the terms and conditions of this Declaration and the By-laws.

ARTICLE VI. ASSESSMENTS

Section 1. PURPOSE OF ASSESSMENT. The assessments provided for herein shall be used for the general purposes of promoting the recreation, health, safety, welfare, common benefit, and enjoyment of the Owners, including the maintenance of real and personal property, all as may be more specifically authorized from time to time by the Board of Directors.

Section 2. CREATION OF ASSESSMENTS. Each Owner of any Lot, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, covenants and agrees to pay to the Association: (a) annual assessments or charges; (b) special assessments, such assessments to be established and collected as hereinafter provided; and (c) specific assessments against any particular Lot which are established pursuant to the terms of this Declaration, including, but not limited to, reasonable fines as may be imposed in accordance with the terms of this Declaration. All such assessments, together with late charges, interest, not to exceed the maximum legal rate, costs, and reasonable attorney's fees actually incurred, shall be a charge on the land and shall be a continuing lien upon the Lot against which each assessment is made and a personal obligation to the Owner.

Section 3. COMPUTATION OF ASSESSMENT. It shall be the duty of the Board to prepare a budget covering the estimated costs of operating the Association, which shall include a reserve account as required by ORS 94.595. The Board shall cause the budget and the assessments to be levied against each Lot for the following year to be delivered to each member at least thirty (30) days prior to the end of the current fiscal year. The assessment shall not exceed \$300 per year for any Lot in any one year, unless a larger amount shall be approved by two-thirds (2/3) of all members. The budget and the assessment shall become effective unless disapproved at a meeting by a Majority of the Owners. Notwithstanding the foregoing, however, in the event the membership disapproved the proposed budget or the Board fails for any reason so to determine the budget for the succeeding year, then and until such time as a budget shall have been determined, as provided herein, the budget in effect for the then current year shall continue for the succeeding year. Each Lot shall be responsible for its prorata share of the annual assessment based on the total number of units subject to this Declaration

including any annexations thereto. Any common profits will also be distributed pro rata based on the total number of lots subject to this Declaration.

Section 4. SPECIAL ASSESSMENTS. In addition to the other assessments authorized herein, the Association may levy special assessments in any year, which shall be assessed on a prorata basis based on the total number of lots subject to this Declaration. So long as the total amount of special assessments allocable to each Lot does not exceed Two Hundred Fifty Dollars (\$250) in any one fiscal year, the Board may impose the special assessment. Any special assessment which would cause the amount of special assessments allocable to any Lot to exceed this limitation shall be effective only if approved by a Majority of the members. Special assessments shall be paid as determined by the Board, and the Board may permit special assessments to be paid in installments extending beyond the fiscal year in which the special assessment is imposed.

Section 5. LIEN FOR ASSESSMENTS. All sums assessed against any Lot pursuant to this Declaration, together with late charges, interest, costs, and reasonable attorney's fees actually incurred, as provided herein, shall be secured by a lien on such Unit in favor of the Association. Such lien shall be superior to all other liens and encumbrances on such Unit, except for (a) liens for real property taxes; or (b) liens for all sums unpaid on a first Mortgage or on any Mortgage to Declarant duly recorded in the land records of Deschutes County, Oregon, and all amounts advanced pursuant to such Mortgage and secured thereby in accordance with the terms of such instrument.

All other persons acquiring liens or encumbrances on any Lot after this Declaration shall have been recorded in such records shall be deemed to consent that such liens or encumbrances shall be inferior to future liens for assessments, as provided herein, whether or not prior consent is specifically set forth in the instruments creating such liens or encumbrances.

Section 6. EFFECT OF NONPAYMENT OF ASSESSMENTS: REMEDIES OF THE ASSOCIATION. Any assessments which are not paid when due shall be delinquent. Any assessment delinquent for a period of more than thirty (30) days shall incur a late charge in an amount as the Board may from time to time determine. The Association shall cause a notice of delinquency to be given to any member who has not paid within thirty (30) days following the due date. If the assessment is not paid within thirty (30) days, a lien, as herein provided, shall attach and, in addition, the lien shall include the late charge, interest, not to exceed the maximum legal rate, on the principal amount due, and all late charges from the date first due and payable, all costs of collection, reasonable attorney's fees actually incurred, and any other amounts provided or permitted by law. In the event that the assessment remains unpaid after sixty (60) days, the Association may, as the Board shall determine, institute suit to collect such amounts and to foreclose its lien. Each Owner, by acceptance of a deed or as a party to any other type of a conveyance, vests in the Association or its agents the right and power to bring all actions against him or her, personally, for the collection of such charges as a debt or to foreclose the aforesaid lien in the same manner as other liens for the improvement of real property. The lien provided for in this Article shall be in favor of the Association and shall be for the benefit of all other Owners. The Association, acting on behalf of the Owners, shall have the power to bid on the Lot at any foreclosure sale or to acquire, hold, lease, mortgage, or convey the unit. No Owner may waive or otherwise except liability for the assessments provided for

herein, including, by way of illustration, but not limitation, abandonment of the Lot.

Section 7. SUBORDINATION OF THE LIEN TO FIRST DEEDS OF TRUST AND FIRST MORTGAGES. The lien of the assessments, including interest, late charges, costs (including attorneys' fees) provided for herein, shall be subordinate to the lien of any First Mortgage or First Deed of Trust upon any Lot. The sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to judicial or nonjudicial foreclosure of a First Mortgage or First Deed of Trust shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from lien rights for any assessments thereafter becoming due. Where the Mortgagee of a First Mortgage or Beneficiary of First Deed of Trust of record obtains title, his or her successors and assigns shall not be liable for the share of the common expenses or assessments by the Association chargeable to such Lot which became due prior to the acquisition of title to such Lot by such acquirer. Such unpaid share of common expenses or assessments shall be deemed to be common expenses collectible from all the Lots, including such acquirer, his or her successors and assigns.

Section 8. DATE OF COMMENCEMENT OF ANNUAL ASSESSMENTS. The annual assessments provided for herein shall commence as to all Lots then existing, except for Declarant owned Lots which are provided for in Section 9 below, on the first day of the month following the conveyance of the first Lot by the Declarant and shall be due and payable in a manner and on a schedule as the Board of Directors may provide. The first annual assessment shall be adjusted according to the number of months then remaining in that fiscal year. The date any Lot becomes subject to assessment hereunder shall be the date on which the Lot becomes subject to the Declaration.

Section 9. ASSESSMENTS BY DECLARANT. After the commencement of assessment payments as to any Lot, Declarant covenants and agrees to pay the full amount of the annual assessment for each Lot it owns upon the conveyance of seventy-five percent (75%) of all Lots subject to this Declaration.

ARTICLE VII. ARCHITECTURAL STANDARDS

The Board of Directors shall have the authority and standing, on behalf of the Association, to enforce, in courts of competent jurisdictions, decisions of the Committee established in this Article. This Article may not be amended without the Declarant's written consent, so long as the Declarant owns any land subject to this Declaration.

No construction, which term shall include within its definition staking, clearing, excavation, grading, and other site work, and no plantings or removal of plants, trees, or shrubs shall take place except in strict compliance with this Section, until the requirements thereof have been fully met, and until the approval of the Committee has been obtained.

Section 1. ARCHITECTURAL REVIEW COMMITTEE. The Architectural Review Committee (ARC) shall have exclusive jurisdiction over all construction on any portion of the Properties. The ARC shall prepare and, on behalf of the Board of Directors, shall promulgate design guidelines and application procedures. The standards and procedures shall be those of the

Association, and the ARC shall have sole and full authority to prepare and to amend the standards and procedures. It shall make both available to Owners, builders, and developers who seek to engage in development of or construction upon all or any portion of the Properties and who shall conduct their operations strictly in accordance therewith. Until all the Properties described herein have been conveyed to purchasers in the normal course of development and sale, or until the right of the Declarant to submit such properties expires, the Declarant retains the right to appoint all members of the ARC, which shall consist of at least three (3), but no more than five (5), persons. There shall be no surrender of this right prior to that time, except in a written instrument in recordable form executed by Declarant. Upon the expiration of such right, the Board of Directors shall appoint the members.

In the event the ARC fails to approve or to disapprove any plans submitted pursuant to its rules or to request additional information reasonably required within forty-five (45) days after submission, the plans shall be deemed approved.

ARTICLE VIII. GENERAL PROVISIONS

Section 1. DURATION. The covenants and restrictions of this Declaration shall run with and bind the Properties, and shall insure to the benefit of and shall be enforceable by the Association or the Owner of any Properties subject to this Declaration, their respective legal representatives, heirs, successors, and assigns, for a term of thirty (30) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years, unless an instrument in writing, signed by a majority of the then Owners, has been recorded within the year preceding the beginning of each successive period of ten (10) years, agreeing to change said covenants and restrictions, in whole or in part, or to terminate the same.

Section 2. AMENDMENT. This Declaration may be amended unilaterally at any time and from time to time by Declarant (a) if such amendment is necessary to bring any provision hereof into compliance with any applicable governmental statute, rule, or regulation or judicial determination which shall be in conflict therewith; (b) if such amendment is required by an institutional or governmental lender or purchaser of mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to enable such lender or purchaser to make or purchase mortgage loans on the Units subject to this Declaration; (c) if such amendment is necessary to enable any governmental agency to insure mortgage loans on units subject to this Declaration; or (d) to comply with any state regulation agency; provided, however, any such amendment shall not adversely affect the title to any Owner's unit, Owner shall consent thereto in writing.

In addition to the above, this Declaration may be amended upon the affirmative vote or written consent, or any combination thereof, of at least seventy-five percent (75%) of the members. Amendments to this Declaration shall become effective upon recordation in the Deschutes County, Oregon records, unless a later effective date is specified therein.

Section 3. GENDER AND GRAMMAR. The singular, wherever used herein, shall be construed to mean the plural, when applicable,

and the use of the masculine pronoun shall include the neuter and feminine.

Section 4. SEVERABILITY. Whenever possible, each provision of this Declaration shall be interpreted in such manner as to be effective and valid, but if the application of any provision of this Declaration to any person or to any property shall be prohibited or held invalid, such prohibition or invalidity shall not affect any other provision or the application of any provision which can be given effect without the invalid provision or application, and, to this end, the provisions of this Declaration are declared to be severable.

Section 5. CAPTIONS. The captions of each Article and Section hereof, as to the contents of each Article and Section are inserted only for convenience and are in no way to be construed as defining, limiting, extending, or otherwise modifying or adding to the particular Article or Section to which they refer.

IN WITNESS WHEREOF, the undersigned Declarant has executed this Declaration this 28th day of April, 1990.

PERLA DEVELOPMENT CO., INC.

By

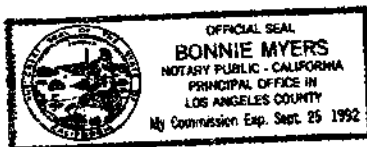
Robert M. Perla
ROBERT M. PERLA, President

By

Esther Perla
ESTHER PERLA, Secretary

STATE OF CALIFORNIA, County of Los Angeles, ss:

On April 28th, 1990, the undersigned, a Notary Public in and for said County and State, personally appeared ROBERT M. PERLA as President and ESTHER PERLA as Secretary of PERLA DEVELOPMENT CO., INC., an Arizona Corporation, known to me and that they executed the within instrument.



Bonnie Myers
Notary Public for California
My Commission Expires Sept 25, 1992

STATE OF OREGON)
COUNTY OF DESCHUTES) ss.

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

90 MAY -1 PM 3:53

MARY SUE PENHOLLOW
COUNTY CLERK

- 9 - DECLARATIONS

BY [Signature] DEPUTY
90-11945
NO. 45 FEE 45
DESCHUTES COUNTY OFFICIAL RECORDS