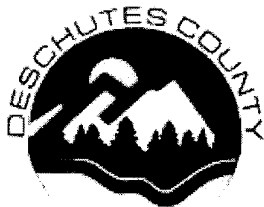




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**DECLARATION OF
COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR POINTS WEST**

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**DECLARATION OF
COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR POINTS WEST**

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS OF POINTS WEST ("Declaration") is made this _____ day of _____, 2007 by ARROWOOD DEVELOPMENT, LLC, an Oregon limited liability company and Bhelm, LLC, an Oregon limited liability company, collectively as the "Declarant".

RECITALS

Declarant is the owner of all that certain real property and improvements thereon located in the City of Bend, County of Deschutes, State of Oregon, described more particularly on Exhibits "A" and "B" attached hereto and incorporated herein (the "Points West Property" or the "Property").

Declarant intends to develop the Points West Property as a townhome development subject to the provisions of the Oregon Planned Community Act, ORS 94.550 to 94.783 (a Class I Planned Community), and desires to impose these mutually beneficial covenants, conditions, restrictions, easements, assessments and liens on the Points West Property under a comprehensive general plan of improvement and residential development for the benefit of all of the Owners, the Lots and Common Property within the Points West Property.

Declarant has recorded or will record a plat entitled "Points West" (the "Plat") in the plat records of Deschutes, County, Oregon. The Plat consists of Lots 3 through 64, Tracts B – D, F, G, H, L and M and will include 62 single-family townhome residences with parking on each individual Lot for each Townhome. The legal description for Points West is set forth in Exhibit "A" hereto.

Declarant Arrowood Development, LLC is also the owner of all that certain real property and improvements thereon located in the City of Bend, County of Deschutes, State of Oregon, described more particularly on Exhibit "B" attached hereto and incorporated herein (the "Phase II Property").

Declarant Arrowood Development, LLC has recorded or will record a plat for the development of the Phase II Property in the records of Deschutes County, Oregon as a planned community development with an aesthetic and appearance complimentary to and in keeping with Points West.

The Phase II Property will be subject to a separate Declaration of Covenants, Conditions and Restrictions which will also address shared rights and obligations related to Common Property along with the Offsite Easements and Water Company as defined and addressed below.

Points West and the Phase II Property will share a common access and certain water delivery facilities located, in part within the Property and in part on adjacent land owned by third parties subject to various easement and contractual agreements. These facilities and easements are included in the Offsite Easements as defined herein.

The Points West Property is located adjacent to a condominium/hotel facility currently known as Seventh Mountain Resort and formerly known as the Inn at the Seventh Mountain ("SMR") and a Golf Course commonly known as Widgi Creek. Some of the Lots are directly adjacent to Golf Course property and are subject to the risks and activities inherent in property ownership in proximity to golf activities including golf balls, golf related traffic, and golf course maintenance.

Current Access to the Points West Property and Phase II Property is via an improved right-of-way and recorded easement across property leased by the SMR Association of Unit Owners ("SMR AUO"). There are various amenities located on the SMR Property including but not limited to tennis, skating, stables and swimming which will be available to the Owners under a Shared Amenities Agreement between Declarant and the SMR AUO. This contract will be assigned to the Association however all such amenities are subject to the exclusive control of the SMR AUO and its successors. These amenities are included in the Shared Amenities defined herein.

The current water delivery facilities including wells, pumps and distribution system for the Points West Property and Phase II Property are located on SMR property leased by the SMR AUO subject to a recorded easement benefiting the Property.

The Water Company has or will own, by way of easements and contractual agreements with the SMR AUO, and third party property owner Bhelm, LLC, the right to obtain and deliver domestic, commercial and irrigation water to the Property from an alternative location and through alternative facilities if necessitated by termination of the SMR AUO lease recited above.

The SMR AUO lease for the land upon which the current access and water delivery facilities are located will expire by its terms on or about 2065. The lease may also terminate before that date for various reasons including the SMR AUO's breach.

Declarant has secured easements from the SMR AUO and Bhelm LLC across land owed in fee by each to allow the construction, development and maintenance of Alternative Water Facilities and Alternative Access. Such alternatives may carry acquisition, development, maintenance and construction costs including a payment of \$250,000 to Bhelm LLC for use of the Alternative Access route.

Declarant owns the Arrowood Community Water Company, LLC (the "Water Company") and has or will transfer to the Water Company certain water rights allowing the provision of domestic, commercial and irrigation water for the service to the Points West Property and Phase II Property.

At the time of Turnover to the Homeowners Associations for Points West and Phase II or earlier at Declarant's discretion, Declarant shall assign, transfer and grant all of its right, title and interest in the Water Company, the current water delivery facilities, the current access road, the Alternative Access and Alternative Water Facility to the Homeowners Associations for Points West and the Phase II Property as set forth herein.

Declarant has deemed it desirable for the preservation of the values and amenities in Points West to create a Homeowners Association, which shall be an Oregon non-profit corporation, to which will be delegated and assigned the powers and authority to own, maintain and administer the Common Property and related facilities, the Water Company and related facilities, administer and enforce the covenants, conditions, and restrictions of this Declaration, and collect and disburse the assessments and charges hereinafter created.

NOW THEREFORE, the Declarant declares that the Property shall be held, transferred, sold, conveyed and occupied subject to the following covenants, conditions, restrictions, easements, charges and liens, or as noted herein, which shall run with the land and shall be binding upon all parties having or acquiring any right, title or interest in the Property or any part thereof and shall inure to the benefit of the Association and of each Lot Owner.

ARTICLE 1 DEFINITIONS

1.1 “Alternative Access” shall mean an alternative access route to the Property from a public roadway as outlined in the Recitals and depicted in Exhibit “C” and all related agreements and/or easements.

1.2 “Alternative Water Facility” shall mean alternative delivery, pumping, storage and distribution facilities as outlined in the Recitals and depicted in Exhibit “D” and all related agreements and/or easements.

1.3 “Articles” shall mean the Articles of Incorporation for the non-profit corporation, Points West Home Owners Association, or such similar name approved by and filed with the Oregon Corporation Commissioner.

1.4 “Association” shall mean and refer to Points West Home Owners Association, its successors and assigns, an Oregon nonprofit corporation.

1.5 “Board” shall mean the Board of Directors of Points West Home Owners Association.

1.6 “Building Structure” shall mean a building that is comprised of one or more contiguous Townhomes constructed and located on Lots, including without limitation, garage structures located on the Lots, whether attached to or detached from the Building Structure. The Building Structure shall mean all exterior components of each Townhome including the exterior siding, trim, roof, gutters and down-spouts, exterior windows, exterior doors, and all other exterior features appurtenant to each Townhome, as well as all structural components of each Townhome including foundation, floor slabs, load-bearing portions of the floors, load-bearing walls, roof trusses, roof decking and the Party Walls. All interior nonload-bearing walls, interior doors, drywall, window coverings, wall coverings, floor coverings, all electrical systems, mechanical systems, plumbing systems, all fixtures and appurtenances, cabinets, appliances, and all contents are excluded from the definition of Building Structure.

1.7 “Bylaws” shall mean and refer to the duly adopted bylaws of the Association, set forth in the attached Exhibit “E” as the same may hereafter be amended or replaced. The Bylaws shall be recorded in the County of Deschutes.

1.8 “Common Property” shall mean and refer to any real property or interest in real property shown on the Plat, including any improvements thereon, which are intended to be devoted to the common use and enjoyment of the members of the Association, unless provided otherwise in this Declaration. The Common Property includes Tracts J, K and L (private streets and walkways), Tracts B, C, E, F, G and H (common area), and Tracts D and I (open space and possible onsite Water Facilities including a possible water storage facility) and the access gate.

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

1.10 “Current Access” shall mean the access route to the Property as shown on the Plat and Exhibit “C”.

1.11 “Current Water Facility” shall mean the water wells, pumping and distribution facilities located on the SMR Property leased by the SMR AUO as depicted in Exhibit “D”.

1.12 “Declarant” shall mean and refer to Arrowood Development, LLC, its successors or assigns, or any successor or assign to any of their interests in the development of the Property. “Declarant” shall not refer to any other subsequent purchaser of a Lot or Townhome. No successor or assignee of Declarant shall have the rights or obligations of Declarant unless specifically set forth in the instrument of succession or assignment. Declarant may assign and/or delegate some of its special Declarant rights upon recording an instrument indicating the party to whom such rights are assigned or delegated and the scope of such assignment or delegation.

1.13 “Declaration” shall mean the covenants, conditions, restrictions, and all other provisions set forth in this Declaration of Covenants, Conditions and Restrictions for Points West.

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

1.15 “Lot Easement Area” shall mean and refer to those portions of any Lot subject to any easement benefiting the Association.

1.16 “Members” shall mean and refer to the members of the Points West Home Owners Association.

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

1.18 “Offsite Easements” shall mean the Current Access, Alternative Access, Current Water Facility and Alternative Water Facility to the extent each is located off of the Property.

1.19 "Owner" shall mean and refer to the record Owner, including Declarant, whether one or more persons or entities, of the fee simple title to any Lot or a purchaser in possession under a land sale contract. The foregoing does not include persons or entities that hold an interest in any Lot merely as security for the performance of an obligation.

1.20 "Party Walls" shall mean and refer to each load-bearing wall or two (2) inch shaft wall which is built as part of the original construction of a Townhome and placed upon the boundary line between any Lots.

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

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

1.23 "Property" shall have the meaning set forth in the Recitals.

1.24 "Rules and Regulations" shall mean and refer to the documents containing rules, regulations and policies as may be adopted and amended from time to time by the Board.

1.25 "Shared Access" shall mean that portion of the Current Access and Alternative Access used or intended to be used for access to the Property and Phase II Property as depicted in Exhibit "C".

1.26 "Shared Amenities" shall mean the recreational facilities and open space located off of the Property at SMR, which may include swimming pools, tennis courts and horse stables. Such amenities are controlled by the SMU AUO and are subject to change.

1.27 "Shared Amenities Agreement" shall mean the agreement between Arrowood Development, LLC and the AUO SMR for access to and use of the Shared Amenities.

1.28 "Townhome" or "Townhomes" shall mean and refer to any portion of any of the Building Structures designed and intended for use and occupancy as a residence by a single family or household, including garages. The Lots in the Plat containing Townhomes will be Lots 3 through 64.

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

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

1.31 "Water Company" shall be the Arrowood Water Company, LLC.

ARTICLE 2 PROPERTY SUBJECT TO THIS DECLARATION

2.1 The real property which is and shall be held, transferred, sold, conveyed and occupied subject to this Declaration is located in County of Deschutes, Oregon, as shown on the

Plat, more particularly described as Lots 3 through 64 and Tracts B – L together with Offsite Easements. Points West is subject to ORS 94.550 to 94.783.

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

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

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

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

- (a) establish new land classifications and types of Lots and related limitations, uses, restrictions, covenants and conditions with respect thereto as Declarant may deem to be appropriate for the development of the annexed property;
- (b) with respect to existing land classifications, establish additional or different limitations, uses, restrictions, covenants and conditions as Declarant may deem to be appropriate for the development of such annexed property; and/or
- (c) contain provisions necessary or appropriate to comply with any condition, requirement, or imposition of any governmental or regulatory authority.

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

2.2.4 Voting Rights; Allocation of Assessments. Upon annexation, additional Lots so annexed shall be entitled to the same voting rights as set forth for Lots in this Declaration, as it may be amended from time to time, and such Owners shall be responsible for payment of assessments as required for the fiscal year in which the annexation occurs. At the beginning of the next fiscal year, assessments for the general common areas shall be apportioned

equally based upon the total number of Lots following such annexation, but assessments that are relative to a specific Lot type will be spread equally over only the units of that type.

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

ARTICLE 3 OWNERSHIP: LOTS; EASEMENTS AND COMMON PROPERTY

3.1 Non-Severability. The interest of each Owner in the use and benefit of the Common Property, subject to any limitations pertaining to the Offsite Easements, shall be appurtenant to the Lot owned by the Owner. No Lot shall be conveyed by an Owner separately from such Owner's interest in the Common Property, subject to the provisions of Section 3.4. Any conveyance of any Lot shall automatically transfer the right to use the Common Property without the necessity of express reference in the instrument of conveyance. There shall be no judicial partition of the Common Property located on the Property. Each Owner, whether by deed, gift, devise or operation of law, for his/her own benefit and for the benefit of all other Owners, specifically waives and abandons all rights, interests and causes of action for judicial partition of any interest in the Common Property and does further agree that no action for judicial partition shall be instituted, prosecuted or reduced to judgment. The ownership interests in the Common Property and Lots described in this Article are subject to the easements assigned, granted and reserved in this Declaration. Each of the easements reserved or granted herein shall be deemed to be established upon the recordation of this Declaration and shall forever be deemed to be covenants running with the land for the use and benefit of the Owners and their Lots and to the extent located on the Points West Property, shall be superior to all other encumbrances applied against or in favor of any portion of Points West.

3.2 Offsite Easements. Offsite Easements are subject to the terms of each recorded easement agreement creating such Offsite Easements and shall be assigned to the Association and/or the Water Company as set forth herein.

3.3 Ownership of Lots. Title to each Lot in Points West shall be conveyed in fee to an Owner. If more than one person and/or entity owns an undivided interest in the same Lot, such person and/or entities shall constitute one Owner.

3.4 Ownership of Common Property and Offsite Easements. The Common Property shall be owned by the Association. Declarant shall deliver the deed conveying title to the Common Property and Easements to the Association not later than ninety (90) days after the last Lot has been conveyed to a purchaser. Upon delivery of the deed by Declarant to the Association, the Association shall unconditionally accept the conveyance of all Common Property and the Easements stated herein. At the same time, Declarant shall transfer, grant, convey and assign all of its right, title and interests in the Offsite Easements relating to water facilities to the Water Company and all right, title and interest to the Offsite Easements relating to Current and Alternative Access to the Associations for the Property.

3.5 Ownership of the Water Company. The Water Company shall be owned by the Association and the Phase II Association. Declarant shall transfer a 49% ownership interest in the Water Company to the Association not later than ninety (90) days after the last Lot has been conveyed to a purchaser. Declarant shall transfer a 1% ownership in the Water Company to the Association and the remaining 50% to the Phase II Association not later than ninety (90) days after the last Lot in Phase II has been conveyed to a purchaser. Each Association shall be responsible for its pro rata share of all Water Company expenses including charges for water delivery. The Board shall have the exclusive right to manage the Water Company under Section 4.2 of the Bylaws, subject to the Water Company's governing documents, without Owner approval or vote.

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

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

3.6.2 Easements for Common Property, Offsite Easements and Shared Amenities. Every Owner shall have a non-exclusive right and easement of use and enjoyment in and to the Common Property, which shall be appurtenant to and shall pass with the title to every Lot. Further, Declarant, the Association and every Owner shall have a nonexclusive right and easement to and through every portion of the Points West Property where no Building Structure is physically established for access to and maintenance, inspection and repair of Common Property, Offsite Easements and Shared Amenities.

3.6.3 Easements Reserved by Declarant. So long as Declarant owns any Lot or Tract, Declarant reserves an easement over, under and across the Common Property in order to carry out sales activities necessary or convenient for the sale of Lots including placing sales offices and related parking, signs and banners. In addition, Declarant hereby reserves to itself, and for its successors and assigns, a perpetual easement and right of access over, upon and across the Common Property for construction, inspection, repair and/or maintenance of utilities, communication lines, drainage, and ingress and egress including Alternative Access and Alternative Water Facilities for the benefit of the Lots, Phase II or other property owned by Declarant. Declarant specifically, but not by way of limitation, reserves the right to establish an alternative water storage facility and related water delivery equipment for water service to Points West and Phase II within the Points West Common Area. Declarant, for itself and its successors and assigns, hereby reserves a perpetual right and easement of ingress and egress over, in, upon, under and across the Common Property and the right to store materials thereon and to make such other use thereof as may be reasonably necessary or incident to the construction of the improvements on the Property or other real property owned by Declarant in such a way as to not unreasonably interfere with the occupancy, use, enjoyment or access to an Owner's Lot by that Owner or that Owner's family, tenants, guests or invitees. Nothing in this section is intended to obligate Declarant to undertake any inspection or otherwise perform any inspection, repair or maintenance on the Property.

3.6.4 School District Easement. Declarant reserves for the benefit of the Bend LaPine School District a perpetual, nonexclusive easement on, over and across all private roads within Points West for ingress and egress. Declarant, its successors and assigns, shall hold the Bend LaPine School District harmless and indemnify it from claims for damage to the private streets within Points West caused by school district vehicles except for damage caused by the negligent or intentional acts or omissions of school district employees or agents other than normal operation of school district vehicles.

3.6.5 Additional Easements. Notwithstanding anything expressed or implied to the contrary, this Declaration shall be subject to all easements granted by Declarant for the installation and maintenance of utilities and drainage facilities necessary for the development of the Property. No structure, planting or other material shall be placed or permitted to remain within any easement area which may damage or interfere with the installation or maintenance of utilities, or which may change the direction of flow of drainage channels in the easements, or which may obstruct or retard the flow of water through drainage channels in the easements. Subject to this Declaration, each Lot and all easements located thereon shall be maintained continuously by the Owner of the Lot, except for those improvements for which a public authority or utility company is responsible. In addition, an easement is specifically reserved to each Owner, and the Association, as their interests may exist, for access to and right of repair or service to utility and/or drainage lines and facilities for the common use of such Owners which exist on such Owner's Lot.

3.6.6 Association's Easements. Declarant reserves for the benefit of the Association and its duly authorized agents and representatives such easements as are necessary to perform the duties and obligations of the Association set forth in this Declaration, the Bylaws and Articles for the maintenance of Points West, including support, maintenance, repair and replacement of and for all Common Property; the Building Structures, drainage facilities, construction and maintenance of Alternative Access and Alternative Water Facility and any other improvements located on the Points West or owned by the Water Company.

3.6.7 Landscaping, Building Structure Maintenance and Repair. Declarant reserves for the benefit of the Association a perpetual easement over the outdoor areas of all Lots, all Building Structures and all Common Property for performance of the Association's landscaping, inspection, maintenance and repair obligations pursuant to this Declaration including construction and maintenance of Alternative Water Facilities and Alternative Access.

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

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

3.7 Gate. Declarant shall construct a gate across the Shared Access route at the point where the Shared Access route enters the Points West Property as depicted in Exhibit "C". The Association shall maintain the access gate to preserve access for Owners, their guests and invitees to the Property.

3.8 Sale or Encumbrance of Common Property. Following turnover, the right of Declarant or the Association to sell, convey or subject to a security interest any portion of the Common Property (excluding Offsite Easements) shall require approval by two-thirds (2/3) of the Owners pursuant to a duly authorized vote. Offsite Easements may not be sold, conveyed or encumbered.

ARTICLE 4 USE AND MAINTENANCE

4.1 Residential Use. Lots shall be used for residential purposes only; provided, however, that a resident may use his or her home as a place of work so long as such use does not involve entry onto the Lot by employees, vendors or customers, and so long as such use does not impair or negatively impact the residential viability of the home or the residential character of Points West. Except as set forth in the preceding sentence or pursuant to the written consent of the Board, no trade, craft, business, profession, commercial or similar activity of any kind shall be conducted on any Lot, nor shall any goods, equipment, vehicles, materials or supplies used in connection with any trade, service or business be kept or stored on any Lot. Nothing in this paragraph shall be deemed to prohibit (a) activities relating to the sale of residences, (b) the right of Declarant, its successors and assigns to construct residences on any Lot, to store construction materials and equipment on such Lots in the normal course of construction of Points West, and to use any residence as a sales office or model home for purposes of sales in Points West, to maintain on site a temporary construction office or trailer, and (c) the right of the Owner of a Lot to maintain his/her professional or personal library, keep his/her personal business or professional records or accounts, handle his/her personal business or professional telephone calls or confer with business or professional associates, clients or customers, in his/her residence, so long as such activity is not observable outside of the residence, does not significantly increase

parking or vehicular traffic, or is in violation of applicable local government ordinances. The Board shall not approve commercial activities otherwise prohibited by this paragraph unless the Board determines that only normal residential activities would be observable outside of the residence and that the activities would not be in violation of applicable local government ordinances.

4.2 Construction. Only as allowed by Article 6, allowing Limited Construction and except for construction performed by or contracted for by Declarant, no construction, reconstruction or exterior alterations (including, without limitation, security doors and windows) shall occur on any Lot. The intent of this covenant is to ensure quality of workmanship and material, harmony of external design with the existing and planned structures as to location and visual compatibility and finish grade elevations. Original construction designs, materials and product specifications by Declarant may vary from any or all specified in this document. All construction performed by or contracted for by Declarant, shall be presumed to have met these minimum requirements or have been granted a variance thereto.

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

4.4 Landscaping. The Association shall continuously maintain all landscaping on the Property. All outdoor portions of the Property other than driveways and walkways located within Lots shall be maintained by the Association, including irrigation systems and the replacement of dead and dying vegetation. Notwithstanding the foregoing, installation and maintenance of any landscaping within any enclosed courtyards or patios, or decks shall be the sole responsibility of the Owner and shall be carried out in compliance with Article 6.

4.5 Maintenance/Snow Removal.

4.5.1 Maintenance Plan and Inspections. The Association shall maintain those portions of the Property to be maintained by the Association in as good or better condition as at the time of the Turnover Meeting. Declarant shall initially prepare and thereafter the Board shall implement, review and update a maintenance plan (the "Maintenance Plan") for the maintenance, repair and replacement of all property for which the Association has maintenance, repair or replacement responsibility under this Declaration or the Bylaws or the Oregon Planned Community Act. The Maintenance Plan shall describe the maintenance, repair or replacement to be conducted, include a schedule for maintenance, repair or replacement, be appropriate for the size and complexity of the maintenance, repair and replacement responsibility of the Association and address issues that include, but are not limited to, warranties and the useful life of the items

of which the Association has maintenance, repair or replacement responsibility. The operating and reserve budgets of the Association shall take into account such costs. The Board shall review and update the Maintenance Plan as necessary. Changes or updates to the Maintenance Plan shall be based upon the advice of competent experts or consultants. In addition, the Board shall cause a professional inspection of those portions of the Property to be maintained by the Association pursuant to this Declaration for the purposes of identifying any items needing repair or preventive maintenance, and shall cause such repair or preventive maintenance to be implemented. If the Association fails to follow such maintenance and inspection requirements, then neither the Association nor any Owner shall have any claim against Declarant or its design professionals, contractors and subcontractors and their consultants, including without limitation, all of the officers, members, managers, directors, employee, agents and brokers, for loss or damage to the extent that they result from such failure to follow the Maintenance Plan, and shall indemnify such persons and entities from and against claims by Owners or other persons or entities for loss or damage resulting from such failure. For a period of 10 years following recording of the Declaration, any changes to the Maintenance Plan without the approval of the Declarant and the original general contractor may void any applicable warranty and will release each of them from liability for any damage resulting from such change.

4.5.2 Maintenance – Building Structures and Exterior Surfaces. The Association shall maintain each Building Structure, including, without limitation, the following: stain, paint, repair, replace and care for roofs, gutters, and downspouts, exterior building surfaces, sidewalks, foundations, structural walls, Party Walls, all exterior doors, including the garage doors, and all other exterior improvements, including, without limitation, exterior mounted lighting fixtures (except light bulbs and excluding any recessed light fixtures), and the exterior portions of any chimneys. Association maintenance shall also include power washing exterior surfaces of Building Structures as determined from time to time by the Association, inspecting roofs annually, cleaning rain gutters annually and cleaning and refinishing natural wood finishes every 3-5 years as determined by the Association. The Association shall also maintain the landscaping in accordance with Section 4.4. Such maintenance does not include repair or replacement of windows, screens, glass in light fixtures, and other glass surfaces, and to the extent of the proceeds of the Association's insurance.

4.5.3 Snow Removal and Street Maintenance. The Association shall be responsible for removing snow from and maintaining the streets and walkways located within Common Property or adjacent to streets and shall contract for its pro rata share of snow removal and maintenance of streets located within the Shared and/or Alternative Access routes. The Association shall not be responsible for driveways or walkways located on individual Lots and not generally used in common by other Owners for access to Common Property. The Owner of each Lot shall maintain all driveways and walkways located on individual Lots in good repair and condition. If an Owner fails to maintain a driveway or walkway as required, or if maintenance or snow removal is required for emergency access, the Association shall have the right to perform such repairs and/or snow removal and charge such to the Owner as an Individual Assessment. Upon Turnover of the Phase II Property, snow removal and street maintenance costs associated with the Shared Access shall be shared equally between the Association and the Phase II Association.

(a) Snow Removal and Street Maintenance Costs. The cost of all such maintenance and snow removal by the Association shall be a Common Expense paid out of the Assessments described in Article 10. In the event, however, the need for such maintenance or repair is caused by the willful or negligent act or omission of an Owner, the Owner's family, tenants, guests or invitees, and to the extent such maintenance or repair is not covered by the Association's insurance policy, the costs of such maintenance and repair may, at the discretion of the Board, be charged to such Owner as an individual assessment. The acceptance and submission of any insurance claims for Association insurance is at the sole discretion of the Board.

4.6 Annual Repair and Maintenance Review. Not less than annually and subject to Section 4.5.1 of these Declarations, the Association shall inspect all Common Property and Building Structures to determine the need for maintenance, repair and replacement of such Common Property or Building Structures and shall promptly report the findings of such inspection to Owners in writing. The cost reasonably associated with such inspection shall be a Common Expense and paid out of the Assessments described in Article 10.

4.7 Water.

4.7.1 Domestic Irrigation and Commercial Water. Domestic irrigation and commercial water is provided to the Property through the Current Water Facility under the terms of an agreement between the Water Company and the SMR AUO. Under that agreement, the SMR AUO will bill the Water Company for water delivered to the Property. The Water Company will, in turn, bill the Associations for Points West and Phase II for the costs paid by the Water Company for water delivered to the Property with each Association being responsible for its share of the cost of water delivered to the Property based upon the number of Townhomes located with the Points West and Phase II properties.

4.8 Rental of Townhomes. An Owner shall be entitled to rent or lease his/her residence if:

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

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

4.8.3 Tenant Must Be Given Documents. The Owner gives each tenant a copy of the Declaration, Bylaws and Rules and Regulations; and

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

4.9 Animals. The Association shall have the right to enact and enforce Rules and Regulations restricting or excluding pets. No animals, livestock or poultry of any kind shall be raised, bred, kept or permitted within any Lot other than up to two (2) domestic household pets, which shall not be kept, bred or raised for commercial purposes and must be reasonably controlled so as not to be a nuisance. Any inconvenience, damage or unpleasantness caused by such pets, including noise and waste, shall be the responsibility of the respective Owners thereof. No dogs shall be permitted to roam the Property unattended, and all dogs shall be kept on a leash while outside a Lot. Pets may be restricted or excluded from use of Shared Amenities and Owners shall make themselves aware of and abide by the rules governing any Shared Amenities. An Owner may be required to remove a pet from the property upon the receipt of the third notice in writing from the Association of violation of any rule, regulation or restriction governing pets within the Property. The definition of "domestic household pets" shall be subject to rules adopted and approved by the Board in its sole discretion.

4.10 Use of Shared Amenities and Offsite Easements. Shared Amenities and Offsite Easements are owned by and subject to the control of third parties. Points West's owners, families, guests, invitees and Tenants are subject to the rules, restrictions and prohibitions on the use of Offsite Easements and Shared Amenities as promulgated, amended and dictated by owners thereof. Owners shall make themselves aware of and shall abide by any such rules, restrictions and prohibitions. Access to and use of Shared Amenities is subject to the Shared Amenities Agreement which may be modified or terminated by the Board or the SMR AUO. The Shared Amenities Agreement is available for review through Declarant and/or the Board. Owners shall make themselves aware of the terms of the Shared Amenities Agreement including payment obligations and Section 4.2 of the Bylaws.

4.11 Nuisance. No noxious, harmful or offensive activities shall be carried on upon any Lot or Common Property, nor shall anything be done or placed on any Lot or Common Property which interferes with or jeopardizes the enjoyment, or which is Nuisance as defined by Oregon law.

4.12 Parking. Parking of boats, trailers, commercial vehicles, mobile homes, campers, other recreational vehicles or equipment regardless of weight shall not be allowed on any part of any Lot or Common Property. Non-oversized passenger cars, trucks, and motorcycles may be parked on the street immediately adjacent to that Owner's Townhome for up to 72 hours during seven consecutive day period. Parking shall only be in garages or driveways if no portion of the vehicle overhangs the street, sidewalks or pathways. Garages shall be used primarily for vehicular parking and not solely for storage. The parking of vehicles is prohibited on any public or private street within the Property if posted or marked "No Parking", or curbs are painted to restrict parking.

4.13 Vehicles in Disrepair. No Owner shall permit any vehicle which is not currently licensed or is in a state of visible disrepair to remain parked upon any Lot (except within an enclosed garage) for a period in excess of forty-eight (48) hours, or on a Common Property for any length of time. A vehicle shall be deemed in a "visible state of disrepair" when the Board of Directors reasonably determines that its presence offends the Owners and Occupants. Should any Owner fail to remove such vehicle within five (5) days following the date on which the notice is mailed to him/her by the Association, the Association may have the vehicle removed from the

Property and charge the expense of such removal to the Owner. All oil or grease on roadways or driveways shall be cleaned up immediately by Owner, at such Owner's sole expense.

4.14 Signs. No signs shall be erected or maintained on any Lot except as shown in Exhibit "F" which may be located within the front yard of a residential Building Structure. No "For Rent" or "For Lease" signs are allowed. The restrictions contained in this paragraph shall not prohibit the temporary placement of "political" signs on any Lot by the Owner or Occupant, provided such signs are not placed more than thirty days before and are removed within 3-days following the completion of the stated political event. Further, the restrictions contained in this paragraph shall not prohibit the temporary placement of construction and marketing related signage by the Declarant or its contractors. No sign of any kind, other than Declarant's marketing signs, or any Association signs for the common good of the community which have been previously approved by the Directors, will be allowed on Common Property.

4.15 Rubbish and Trash. No Lot or part of the Common Property shall be used as a dumping ground for trash or rubbish of any kind including yard debris. All garbage and other waste shall be kept in appropriate containers for timely and proper disposal, out of public view. Yard rakings, dirt and other material resulting from landscaping work shall not be dumped onto streets, the Common Property or any other Lots. Should any Owner fail to remove any trash, rubbish, garbage, yard rakings or any such materials from any Lot, any roadways or Common Property where deposited by him/her within five (5) calendar days following the date on which notice is mailed to him/her by the Board, the Association may have such materials removed and charge the expense of such removal to the Owner. Each Owner is responsible for trash disposal, and shall remove individual trash containers within 24 hours of collection. Trash and storage containers shall not be visible from any adjacent street or neighboring Lot, and shall not be allowed to emit any odors or attract insects or rodents.

4.16 Fences, Walls, Landscaping and Hedges. No fences, walls, landscaping or hedges shall be constructed, installed or placed on the Property except by Declarant. Except as provided in Section 4.4, maintenance, repair and replacement of any landscaping or walls installed on the Property will be the Association's responsibility.

4.17 Utilities. All utility lines from the point of entry to a Lot from a Common Property, including those lines shared in common with Owners of any contiguous Townhome in the same Building Structure, shall be maintained, repaired and replaced by the Owner of each Lot. The Association is not responsible for the maintenance of any utility, cable TV, or phone facilities located on a Lot. The Association must approve in writing prior to installation the exterior location of any heating and/or air conditioning compressors or heat pumps except those installed by Declarant. Said locations must take into consideration the noise and view from adjacent Townhomes, common areas or streets. No window air conditioners will be installed. All air conditioning or heat pump facilities shall be located in enclosed structures approved by the Association.

4.18 Tarps. The use of tarps is prohibited.

4.19 Woodpiles. There shall be no wood piled or stored on any Lot.

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

4.21 Exterior Lighting or Noisemaking Devices.

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

4.21.2 Lots 19-34 Restrictions. On the rimrock side of the townhomes located on Lots 19-34, there shall only be one downward facing patio light and all lighting shall be installed to minimize nighttime visibility of external lights from the Deschutes River.

4.22 Recreational Equipment. No playground, athletic or recreational equipment or structures, including without limitation, basketball backboards, hoops and related supporting structures, shall be permitted, installed or utilized on any sidewalk or public or private street without the prior written consent of the Association.

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

4.24 Damage or Destruction to Home and/or Lot. If all or any portion of a Lot, Building Structure or Townhome excluding interior contents is damaged by fire or other casualty the Association shall restore the damaged improvements subject to the provisions of any applicable insurance policies. Restoration must be performed so that the improvements are in

substantially the same condition in which they existed prior to the damage, subject to current governmental regulations, building codes, and provisions of Article 6 of this Declaration. The Association must commence such work within sixty (60) days after the damage occurs and must complete the work within twelve (12) months thereafter, subject to reasonable extensions for force majeure delays. In the event that insurance proceeds are insufficient to complete the required work, the remainder of the cost of such work shall become a special assessment to the Association shared equally by all Members. In the event the insurance proceeds are greater than the costs to repair or replace, the excess proceeds shall be deposited into the Association's reserve fund. Notwithstanding the foregoing, if the damage or destruction is caused by the gross negligence or intentional act of an Owner or such Owner's occupants, guests, family members, tenants, licensees, agents or other invitees, the Association may assess any amounts for repair or replacement not covered by such Owner's personal insurance as a special assessment against such Owner to be repaid to the Association on terms reasonably approved by the Board.

4.25 Detached Buildings. Accessory buildings or structures, including, but not limited to, sheds, trellises, gazebos and temporary storage structures, storage buildings, greenhouses, children's playhouses and similar structures, are prohibited, unless constructed by Declarant.

4.26 Owner's Maintenance Obligations.

4.26.1 Improvements. All improvements upon any Lot, not maintained by the Association, shall at all times be maintained by the Owner in a clean and attractive condition, painted and in good repair, and in such a fashion as not to create a hazard of any kind. Townhomes will be provided with exterior building and landscape maintenance as outlined elsewhere in this Declaration. However, Owners of any such Lots are responsible for maintenance, replacement, repair and general upkeep of all windows and window screens.

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

4.27 Right of Maintenance and Entry by Association. If an Owner fails to perform any required maintenance or repair pursuant to this Declaration, and if the Board determines, after notice and a hearing (given pursuant to the provisions of the Bylaws), that such maintenance or repair is, in its sole discretion, necessary to preserve the attractiveness, quality, nature or value of Points West, the Board may cause such maintenance or repair to be performed and may enter any such Lot whenever entry is necessary in connection with the performance of any such maintenance or repair. Entry shall be made with as little inconvenience to an Owner as practicable and only after advance written notice of not less than forty-eight (48) hours, except in emergency situations. Such right of maintenance shall include, but not be limited to, streets, trees and all landscaped areas but shall not include the interior living space of any Townhome.

4.28 Association Rules and Regulations. The Board, from time to time, may adopt, modify or revoke Rules and Regulations governing the conduct of persons and the operation or use of Lots, Common Property, Offsite Easements and Shared Amenities, as it may reasonably deem necessary or appropriate in order to assure the peaceful and orderly use and enjoyment of

the Property. A copy of any Rules and Regulations, upon adoption, amendment, modification or revocation thereof, shall be delivered by the Board promptly to each Owner and shall be binding upon all Owners and Occupants of all Lots upon the date of delivery or actual notice thereof. The method of adoption of such Rules and Regulations shall be provided in the Bylaws of the Association.

4.29 Local Ordinances and Regulations. The standards and restrictions of Article 4 shall be the minimum required. To the extent the ordinances and regulations of any state or local government having jurisdiction over the Property, shall prevail.

4.30 Violation. The Association may impose a fine, charge or penalty for any violation of this Declaration, the Bylaws and Rules and Regulations after reasonable notice of the violation and a reasonable opportunity for a hearing. Additionally, the Association may file and record liens and may seek injunctions or other equitable relief or may file an action for money damages owing from such violations.

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

4.32 General Aesthetics. To preserve the attractive appearance and proper maintenance of the Building Structures and Property, each Owner shall maintain the Owner's Lot in an orderly manner free of toys, personal property, debris and obstructions. Items placed in or on windows, decks, porches, patios, open areas and the outside walls, so as to be visible from the street or Common Property are restricted as follows: (1) window coverings, curtains, shutters, drapes or blinds shall only be of commercially produced quality and of neutral color; (2) garments, rugs, laundry and other similar items may not be hung from windows, facades, porches, or decks; (3) planters, pots or other solid materials that can either (a) gather moisture leading to potential material disintegration or damage, and/or (b) potentially fall and create a safety concern, shall not be displayed on porch or deck railings, porch or deck surfaces. Planters on decks may be displayed if raised adequately off the deck surface to safely allow for airflow and moisture evaporation. The Association shall have the authority to determine if any planter or similar item is of acceptable color, design, size and general appearance and to prohibit any such items.

ARTICLE 5
COMMON PROPERTY AND BUILDING STRUCTURES

5.1 Use of Common Property. Use of Common Property is subject to the provisions of the Declaration, Bylaws, Articles and Rules and Regulations promulgated by the Board. There shall be no use of the Common Property except by Declarant, Owners and their invitees. There shall be no obstruction of any part of the Common Property. Nothing shall be stored or kept in the Common Property without the prior written consent of the Board of Directors. Offsite Easements are subject to restrictions and prohibitions set forth in the recorded instruments creating such easements. No alterations or additions to the Common Property shall be permitted without the prior written approval by the Board of Directors. Any work so authorized by the Association's Board of Directors shall be considered a temporary easement over the Common Property. Nothing shall be stored or kept on the Property, which will increase the rate of insurance on the Common Property or other Association insurance, without the prior written consent of the Board. Association

5.2 Maintenance of Common Property and Building Structures. The Association shall be responsible for maintenance, repair, replacement, and upkeep of the Common Property and Building Structures, including, but not by way of limitation, all drainage systems, landscaping, retaining walls, irrigation systems, benches, play equipment, Common Property lighting not maintained by a public agency, fencing, pathways, gazebos, and any other improvements that may be included in Common Property. The Association shall keep the Common Property and Building Structures in good condition and repair, provide for all necessary services and cause all acts to be done which may be necessary or proper to assure the maintenance of the Common Property in first class condition.

5.3 Alterations to Common Property. Only the Association shall construct, reconstruct, or alter any improvement within the Common Property.

5.4 Funding. Expenditures for inspections, alterations, maintenance or repairs to the Common Property for which a reserve has been collected shall be made from the Reserve Account. As provided in Article 10, the Board may levy a Special Assessment or Emergency Assessment to fund any construction, alteration, repair or maintenance of the Common Property for which no reserve has been collected or for which the Reserve Account is insufficient to cover the cost of the proposed improvement.

5.5 Landscaping. All landscaping on any Lot or portion of the Common Property shall be maintained and cared for in a manner consistent with the standard of design and quality as originally established by Declarant. The Association shall be responsible for all landscaping, as provided in Article 4. Any Owner maintained areas shall be kept free of weeds and diseased or dead lawn, tree, ground cover or shrubs shall be promptly removed and replaced. All lawn areas shall be fertilized and neatly mowed, and trees and shrubs shall be fertilized and neatly trimmed on a regular basis.

5.6 Condemnation of Common Property. If all or any portion of the Common Property is taken for any public or quasi-public use under any statute, by right of eminent domain or by purchase in lieu of eminent domain, the entire award shall be received by and

expended by the Board in a manner which in their discretion is in the best interest of the Association. The Association shall represent the interest of all Owners in any negotiations, suit or action or settlement in connection with such matters.

5.7 Owner Caused Damage or Destruction of Common Property or Building Structures. If an Owner or Owner's guests or invitees damages or destroys any Common Property or Building Structure, the Association shall repair such damage and the responsible Owner shall pay all related costs. The costs necessary for such repairs shall become a special assessment upon the Lot of the Owner who caused or is responsible for such damage and, if unpaid, shall accrue interest at the rate of 12% per annum.

ARTICLE 6 CONSTRUCTION, REPAIRS & ALTERATIONS

6.1 Board Review. No alteration, repair or construction to any improvement of any kind or portion thereof including patios, patio trellises, court yards, walkways and driveways shall be commenced, erected, placed, altered, repaired or replaced on the Property unless the construction plans and specifications showing the nature, shape, heights, materials, colors, and proposed location of the repair, alteration or construction of the improvement have been submitted to and approved in writing by the Board. It is the intent and purpose of this Declaration to assure quality of workmanship and materials and to assure harmony of exterior design with the existing improvements and landscaping. The Board is not responsible for determining compliance with structural and building codes, solar ordinances, zoning codes or other governmental regulations. Construction by the Declarant is presumed to have been approved and is thereby exempt from this review. The Association is hereby granted an easement over the Property to enable the Board to carry out its designated functions. This Section 6.1 is not intended to authorize any alteration, repair or construction of any improvement on the Property not allowed elsewhere in this Declaration.

6.2 Review Process. The Association shall enact and enforce Rules and Regulations governing the review process authorized above.

6.3 Board Discretion. The Board may, at its sole discretion, withhold consent to any proposed work if the Board finds the proposed work would be inappropriate for the particular Lot or incompatible with the design standards for Points West.

6.4 Liability. The Association, the Board, their agents, and any member thereof shall not be liable to any Owner, Occupant, or builder for any damage, loss or prejudice suffered or claimed or claimed to be suffered arising from any action by the Board or a member thereof or failure of the Board or a member thereof for any action or inaction under this Article 6, provided only that the member has acted in good faith in accordance with the actual knowledge possessed by him.

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

ARTICLE 7
POINTS WEST HOME OWNERS ASSOCIATION

7.1 Members. Each Owner shall be a member of the Association. Membership in the Association shall be appurtenant to, and may not be separated from, ownership of any Lot. Transfer of ownership of a Lot automatically transfers membership in the Association. Without any other act or acknowledgement, Occupants and Owners shall be governed and controlled by this Declaration the Articles, Bylaws, and Rules and Regulations and any amendments thereof.

7.2 Proxy. Each Owner may cast that Owner's vote in person, pursuant to a proxy executed by the Owner, or by written ballot, as provided by ORS 94.647. An Owner may not revoke a proxy given pursuant to this section except by actual notice or revocation to the person presiding over a meeting of the Association. A proxy shall not be valid if it is undated or purports to be revocable without notice. A proxy shall terminate one (1) year after its date, unless the proxy specifies a shorter term.

7.3 Procedure. All meetings of the Association, the Board and Association committees shall be conducted with such rules of order as may from time to time be adopted by the Board. Notwithstanding which rule of order is adopted, the chairman shall be entitled to vote on all matters, not merely to break a tie vote. A tie vote does not constitute a majority or approval of any motion or resolution.

7.4 Contracts Entered Into by Declarant or Before Turnover Meeting Any management contracts, service contracts or employment contracts entered into by Declarant or the Board on behalf of the Association before the Turnover Meeting shall have a term of not more than three (3) years. Any such contract shall provide that it may be terminated without cause or penalty by the Association or Board upon not less than thirty (30) days' notice to the other party given not later than sixty (60) days after the Turnover Meeting.

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

7.5.1 Class A. Class A Members shall be all Owners of Lots (with the exception of Declarant for so long as the Class B membership interest is outstanding), and each Class A Member shall be entitled to one (1) vote for each Lot owned with respect to all matters upon which Owners are entitled to vote.

7.5.2 Class B. The Class B Member shall be Declarant, its successors and assigns. The Class B Member shall have three (3) votes for each Lot owned; provided, however, that Class B membership shall cease upon the earlier of: within ninety (90) days after the date on which the last Lot has been sold and conveyed to a third party; ten years from the date of recordation of these Declarations; or, at such earlier time as Declarant may elect to terminate such special voting rights. After termination of Class B membership, each Owner (including Declarant) shall be entitled to one (1) vote for each Lot owned with respect to all matters upon which Owners are entitled to vote, and the total number of votes shall equal the total number of Lots annexed to the Property.

When more than one (1) person or entity owns a Lot, the vote for such Lot may be cast as they shall determine, but in no event shall fractional voting be allowed. Fractionalized or split

votes shall be disregarded, except for purposes of determining a quorum.

7.6 Water Company Management. As provided in Article 3, the Association shall acquire ownership as a Member of the Water Company and subject to the control of the Board in accordance with the Bylaws and the Water Company Operating Agreement.

ARTICLE 8 TURNOVER OF DECLARANT CONTROL

8.1 Transitional Advisory Committee. Declarant shall form a transitional advisory committee (the "Transitional Advisory Committee") to provide for the transition from administrative responsibility by Declarant for the Property to administrative responsibility by the Association, in accordance with the provisions in Section 3.3 of the Bylaws. Declarant shall call a meeting of Owners to select the Transitional Advisory Committee not later than the 60th day after 50 percent or more of the Lots have been conveyed to Owners other than a successor declarant. The Transitional Advisory Committee shall be comprised of three or more members only, one of which may be selected by Declarant.

8.2 Turnover Meeting. The Declarant shall call a meeting for the purpose of turning over administrative control of the Association from the Declarant to the Members within ninety (90) days termination of the Class B membership as provided in Section 7.5 above and in accordance with Section 3.2.1 of the Bylaws.

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

ARTICLE 9 DECLARANT'S SPECIAL RIGHTS

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

9.2 Voting Rights. Voting rights shall be as set forth in Section 7.5 and the Bylaws.

9.3 Marketing Rights. Declarant shall have the right to maintain any signage of any size at any location, a sales office and model on one or more of the Lots which the Declarant

may or may not own, to be staffed by the employees of the Declarant or any licensed real estate sales agents. The Declarant and prospective purchasers and their agents shall have the right to use and occupy the sales office and models during reasonable hours any day of the week. The Declarant may maintain a reasonable number of "For Sale" signs at reasonable locations of the Property, including, without limitation, the Common Property.

9.4 Declarant's Easements. The Declarant has reserved easements over the Property as more fully described in Article 3.

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

9.6 Construction by Declarant/Limitation of Liability. All construction by Declarant is presumed to have been approved by the Board and Association and to meet any applicable architectural standards. Except as expressly warranted in any applicable contracts, Declarant, its successors, assigns and any individuals or entities contracting with it or on its behalf shall not be liable to the Association or any owner or purchaser of any interest in any Points West property including any common area, offsite easements or Shared Amenities for injury to person or property related to or arising out of any construction defects regardless of the cause of such defects including negligence.

9.7 Exemptions from Assessments. To the maximum extent allowed by law, the Declarant shall be exempted from assessments as set forth in Article 10.

9.8 Declarant reserves the right to convert Lots into Common Property and Common Property into Lots, change the plan of development for Points West or Phase II and to amend these Declarations at any time prior to the sale or transfer of any Lot to any person or entity other than Declarant or a successor declarant.

ARTICLE 10 RESERVES AND ASSESSMENTS

10.1 Reserves.

10.1.1 Reserve Studies. Declarant shall annually conduct a Reserve Study to determine reserve account requirements for the replacement of all items of common property which will normally require replacement, in whole or in part, in more than three years and less than thirty years, for exterior painting of the improvements and Building Structures, the maintenance and repair of streets and all other items for which the Association has the responsibility to maintain. After turnover, the Board shall annually conduct a Reserve Study or review, and update the Reserve Study to determine the reserve account requirements as indicated by the update and for other reserve items that the Board, in its discretion, may deem appropriate. The Reserve Study shall include the identification of all items for which reserves are required to

be established; the estimated remaining useful life for each item as of the date of the Reserve Study; the estimated cost of maintenance, repair or replacement of each item at the end of its useful life; and a thirty year plan for the maintenance, repair and replacement of common property and all other items identified as the Association's responsibility with regular and adequate contributions, adjusted by estimated inflation and interest earned on reserves, to meet the maintenance, repair and replacement schedule. Copies of all reserve studies shall be provided to Owners as required by ORS 94.595(5).

10.1.2 Alternative Access and Water Facility Reserve Study. As disclosed in the Recitals and elsewhere in this Declaration, the Current Water Facility and Current Access are located in part on land leased by the SMR AUO from a third party under the terms of a written lease. That lease expires in the year 2065. There may also be circumstances causing the lease to terminate prior to that date. Declarant has secured the right to acquire and develop an Alternative Access and Alternative Water Facilities. The Board shall, beginning in the year 2035, commence a Reserve Study to determine the costs associated with the acquisition, development, construction, improvement and maintenance of the Alternative Water Facilities and Alternative Access. Any reserve amounts assessed and collected for Alternative Water Facilities and Alternative Access shall be segregated from other reserve funds in accordance with the laws applicable to planned community reserve funds enacted at the time of any such assessment and collection. The Board may levy special or emergency assessments to pay costs and expenses associated with the acquisition, development, improvement and maintenance of Alternative Access and Alternative Water Facilities necessitated by an early termination of the SMR AUO Lease.

10.1.3 Reserve Accounts. Declarant shall establish a Reserve Account which shall be maintained separate from any other, and which shall be established in the name of the Association. The Reserve Account shall be funded by assessments against Lots for which the reserves are established. The Reserve Account need not include reserves for items that could reasonably be funded from operating assessments or for which one or more Owners are responsible for maintenance and replacement under the provisions of this Declaration, the Bylaws or Rules and Regulations. A separate Reserve Account for Alternative Access and Alternative Water Facilities shall, if necessary, be established and maintained in accordance with Section 10.1.2 above.

10.1.4 Reserve Assessments. The Assessments for reserves shall be made against Lots upon which Townhomes have been constructed and such construction has been substantially completed. As a townhome development, reserves are established for the replacement of Common Property and include Building Structures and other improvements unique to completed Townhomes. As such, Reserve Assessments shall not accrue for any Lot until the Townhome is finally constructed on a Lot. Reserve Assessments shall be allocated based upon the total reserve amounts as determined in the Reserve Study divided by the number of Lots subject to assessment. Vacant lots shall not be assessed for reserves.

10.1.5 Declarant Deferral. Declarant may defer payment of accrued assessments for reserves on any Lot subject to assessment until the date the Lot is conveyed to the first purchaser other than a successor declarant. In no event, however, may a Declarant defer

payment of accrued assessments for reserves beyond the date of turnover or, if a turnover meeting is not held, the date the Owners assume administrative control of the Association.

10.2 Operating Budget, Assessments and Accounts.

10.2.1 Annual Budget. The Board shall at least annually adopt a budget for Points West. The budget shall reasonably anticipate the annual operating expenses for the Association taking into the account the current costs of maintenance and services and future needs of the Association, previous over-assessments, and any profits of the Association. The budget shall take into account the number of Lots subject to assessment as of the first day of the fiscal year for which the budget is prepared and the number of Lots reasonably anticipated to become subject to assessments during the fiscal year. A copy of the budget shall be provided to Owners as required by ORS 94.645.

10.2.2 Operating Assessments. The Operating Assessments shall be made in accordance with the operating budget and shall be sufficient to pay all common expenses as determined by the Board through the Annual Budget including but not limited to inspection, repair and maintenance of Common Property, Building Structures, Water Company costs, water delivery costs, access, street maintenance and snow removal, and Shared Amenities costs as set forth in this Declaration and all other ordinary and necessary expenses not included in the Reserve Assessments. A Lot is subject to the operating assessment upon conveyance of the Lot to a purchaser other than Declarant. Operating assessments, except for individual assessments, shall be allocated equally between and among Lots subject to the assessments. Upon the initial sale of a Lot, the annual assessment for that year shall be collected at closing (and prorated where necessary) and each year thereafter the annual assessments shall be paid in monthly payments to the Association.

10.2.3 Special Assessments. In addition to the operating assessment authorized above, the Board may levy during any fiscal year a special assessment applicable to that year only for the purposes of deferring all or any part of the cost of any construction or reconstruction, unexpected repair, or acquisition or replacement of a described capital improvement, or for any other one-time expenditure not to be paid for out of operating assessments. Special assessments for acquisition or construction of new capital improvements or additions which in the aggregate and any fiscal year exceed an amount equal to 15 % of the budgeted gross expenses of the Association for the fiscal year may be levied only if approved by a majority of Owners voting on such matter with the written consent of the Class B member, if any. Prior to the Turnover Meeting, any special assessment for acquisition or construction of new capital improvements or additions must be approved by not less than 50% of the Class A voting rights together with the written consent of the Class B member. Special assessments shall be apportioned to all Lots subject to the assessment and payable as determined by the Board at the time the assessment is made.

10.2.4 Emergency Assessments. If the Operating Assessments and/or Special Assessments are not adequate to meet expenses incurred by the Association for any reason including nonpayment of any Owner's assessments on a current basis and/or the acquisition and construction of Alternative Access or Alternative Water Facility, the Board shall immediately determine the approximate amount of such inadequacy and issue a supplemental budget. The

Board may, immediately thereafter, levy an emergency assessment for the amount required to meet all such expenses on a current basis. Emergency Assessments shall be apportioned among the lots subject to assessment and payable as determined by the Board.

10.2.5 Individual Assessments. Any common expense or any part of the common expense benefiting fewer than all of the Lots subject to any assessment may be assessed exclusively against the Lots so benefited. Individual assessments include, without limitation, charges for services provided in accordance with this Declaration, the Bylaws or Rules and Regulations as promulgated from time to time, and any common expense that is the fault of the Owner and not paid by insurance. Individual assessments shall also include costs incurred in bringing a Lot or its Owner into compliance with the provisions of this Declaration, the Bylaws or Rules and Regulations and for fines or other charges imposed pursuant to this Declaration for violations hereof. Unless otherwise provided by the Board, Individual Assessments shall be due thirty days after the Board has been given notice thereof to the Owners subject to the Individual Assessment.

10.2.6 Working Fund Assessments. Upon the first sale of a lot to a purchaser other than a successor declarant, and upon any subsequent sale of the lot, the purchaser shall pay to the Association the Working Fund Assessment equal to two months operating assessments in effect as of the date of the purchase applicable to the lot. The Board may deposit Working Fund Assessments either in the operations fund or reserve fund at the discretion of the Board.

10.2.7 Operations Fund. The Association shall keep all funds received through assessments other than Reserve Assessments separate and apart from other funds in a bank account in the name of the Association to be known as the Operations Fund. All expenses of the Association shall be paid from the Operations Fund or the reserve fund as applicable. The Association shall use the Operations Fund to pay common expenses which may include but are not limited to:

- (a) Payment of the cost of maintenance, water delivery, Water Company expenses, utilities, and services as described in Article 4.
- (b) Payment of the cost of any property or liability insurance maintained by the Association.
- (c) Payment of taxes assessed against the Common Property and any improvements thereon.
- (d) Payment of the cost of water service, sewer service, and garbage and trash disposal for the Common Property or which are commonly billed.
- (e) Payment of the cost of other services which the Association deems to be of general benefit to the Owners, including but not limited to accounting, legal and secretarial services.
- (f) Payment of Shared Amenities costs incurred by the Association under the Shared Amenities Agreement.

(g) In the event any condemnation of a portion of the Common Property should result in a surplus in the Operations Fund not needed for payment of the other items described in this section, such surplus shall be divided by the number of units within the Property and such amounts paid equally to the Mortgagee in first position on each Lot, or if none, to the Owner of the Lot.

10.3 Creation of Lien and Personal Obligation of Assessments. Declarant, for each Lot owned by it within the Property, does hereby covenant, and each Owner of any 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. Such Assessments and charges, together with any interest, expenses, costs or attorneys' fees imposed, shall be a charge on the land and shall be a continuing lien upon the Lot against which each such Assessment or charge is made. Such Assessments, charges, and other costs shall also be the personal obligation of the person who was the Owner of such Lot at the time when the Assessment or charge fell due. Such liens and personal obligations shall be enforced in the manner set forth in below.

10.4 Voluntary Conveyance. In a voluntary conveyance of a Lot the grantee shall be jointly and severally liable with the grantor for all unpaid Assessments against the grantor of the Lot up to the time of the grant or conveyance, without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee therefor. However, upon request of a prospective purchaser, the Board shall make and deliver a statement of the unpaid Assessments against the prospective grantor of the Lot, and the grantee in that case shall not be liable for, nor shall the Lot when conveyed be subject to, a lien filed thereafter for any unpaid Assessments against the grantor in excess of the amount set forth in the statement.

10.5 Common Profits. Common Profits received by the Association shall be deposited into the Operations Fund and shall be considered by for the Board in determining the Annual Budget. Common Profits shall be allocated equally among all Lots subject to assessments and shall be used to offset common expenses.

ARTICLE 11 ENFORCEMENT

11.1 Violation of Protective Covenants. In the event any Owner shall violate any provision of the Governing Documents, then the Board shall notify the Owner in writing of any such specific violations. If the Owner is unable, unwilling or refuses to comply with the Association's specific directives for remedy or abatement, or the Owner and the Association cannot agree to a mutually acceptable solution within the framework and intent of this Declaration, then the Board shall, after notice and opportunity to be heard, have the right to do any or all of the following:

11.1.1 Assess reasonable fines against such Owner in the manner and amount the Board deems appropriate in relation to the violation, which fines shall constitute Individual Assessments for purposes of this Declaration;

11.1.2 Enter the offending Lot and remove the cause of such violation, or alter, repair or change the item which is in violation of this Declaration in such a manner as to make it conform thereto, in which case the Board may assess such Owner for the entire cost of the work done, which amount shall be payable to the Operations Fund as an Individual Assessment, provided that no items of construction shall be altered or demolished in the absence of judicial proceedings;

11.1.3 Cause any vehicle parked in violation of this Declaration to be towed and impounded at the Owner's expense, which expenses if paid by the Association shall constitute Individual Assessments for purposes of this Declaration;

11.1.4 Suspend the voting rights and the right to use the Common Property and Shared Amenities for the period that the violations remain unabated, provided that the Association shall not deprive any Owner of access to and from Owner's Lot or Townhome; and

11.1.5 Bring suit or action against the Owner on behalf of the Association and other Owners to enforce this Declaration, the Bylaws or Association Rules or Regulations.

11.2 Default in Payment of Assessments; Enforcement of Lien. If an Assessment or other charge levied under this Declaration is not paid within 30 days of its due date, such Assessment or charge shall become delinquent and shall bear interest from the due date at the rate of 12% per annum. In such event the Board may exercise any or all of the following remedies:

11.2.1 The Board may suspend such Owner's voting rights, any utility services paid from Assessments including water delivery, and the right to use the Common Property until such amounts, plus other charges, are paid in full and may declare all remaining periodic installments of any Annual Assessment immediately due and payable. In no event, however, shall the Association deprive any Owner of access to and from Owner's Lot.

11.2.2 The Association shall have a lien against each Lot for any Assessment levied against the Lot, including any fines or other charges imposed by the Association against the Owner of the Lot. The Association shall have the remedy of foreclosure of the lien pursuant to ORS 94.709.

11.2.3 The Association may bring an action to recover a money judgment for unpaid Assessments, fines, and charges without foreclosing or waiving the lien described in section (b) above. Recovery on any such action, however, shall operate to satisfy the lien, or the portion thereof, for which recovery is made.

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

11.3 Notification of First-Position Mortgagee. The Board shall notify any first-position Mortgagee of any individual Lot of any default in performance of this Declaration, the Bylaws or Association Rules or Regulations by the Lot Owner which is not cured within 60 days.

11.4 Subordination of Lien to Mortgages. The lien of the Assessments or charges provided for in this Declaration shall be subordinate to the lien of any Mortgage or deed of trust on such Lot which was made in good faith and for value and which was recorded prior to the recordation of the notice of lien. Sale or transfer of any Lot shall not affect the Assessment lien, but the sale or transfer of any Lot which is subject to any Mortgage or deed of trust pursuant to a decree of foreclosure thereunder or any deed or proceeding, deed or assignment in lieu of foreclosure shall extinguish any lien of an Assessment notice of which was recorded after the recording of the Mortgage or trust deed. The unpaid Assessments as a result of such foreclosure or sale shall become a common expense of all Owners, including the Mortgagee or purchaser, and such sale or transfer shall not release the Lot from liability for any Assessments or other charges thereafter becoming due or from the lien of such Assessments or other charges. Any purchaser at a foreclosure sale or grantee in the case of a deed in lieu of foreclosure shall be responsible for all Assessments from and after the date of sale or transfer.

11.5 Interest, Late Charges and Expenses. Any amount not paid to the Association when due in accordance with this Declaration shall bear interest from the due date until paid at a rate three percentage points per annum above the prevailing prime rate of the Association's principal bank as of the due date, or such other rate as may be established by the Board, but not to exceed the then-lawful rate of interest under the laws of the State of Oregon. A late charge may be charged for each delinquent Assessment in an amount established from time to time by resolution of the Board not to exceed 30% 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.

11.6 Costs and Attorneys' Fees. If there is a dispute arising out of or relating to this Declaration, the Bylaws or any Association Rules or Regulations, or to collect any money due thereunder or to foreclose a lien, the Owner-defendant shall pay to the Association all costs and expenses incurred by it in connection with such dispute, including a litigation guaranty report issued by a title company doing business in Deschutes County Oregon, and the prevailing party in such suit, action or arbitration shall recover its reasonable attorney fees, costs and disbursements including expert witness fees and deposition costs incurred at arbitration, trial or appeal.

11.7 Assignment of Rents. As security for the payment of all liens arising pursuant to this Article 11, each Owner hereby gives to and confers upon the Association the right, power and authority, during the continuance of such ownership, to collect the rents, issues and profits of the Owner's Lot, reserving unto the Owner the right, prior to any default by such Owner in performance of that Owner's obligation to collect and retain such rents, issues and profits as they become due and payable. Upon any such default, the Association may, at any time after 10 days written notice to such Owner, either in person, by agent or by a receiver to be appointed by a court of competent jurisdiction, and without regard to the adequacy of any security for such indebtedness, enter upon and take possession of such Owner's Lot or any part thereof, sue for or otherwise collect such rents, issues and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorneys' fees, in payment of any indebtedness to the Association or in performance of any agreement under this Declaration, and in such order as the Association may determine. Such action shall

not cure nor waive any default under this Declaration or invalidate any act done pursuant to this Declaration. The assignment of rents and powers described in this section shall not affect, and shall in all respects be subordinate to, the rights and powers of the holder of any first or second Mortgage on any Lot to do the same or similar acts.

11.8 Nonexclusiveness and Accumulation of Remedies. An election by the Association to pursue any remedy provided for violation of this Declaration shall not prevent concurrent or subsequent exercise of 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, the Bylaws or any Association Rules or Regulations.

ARTICLE 12 INSURANCE

12.1 Required Policies. Commencing not later than the time of the first conveyance of a Lot to any person other than a Declarant, the Association shall maintain, to the extent reasonably available:

12.1.1 Blanket "all-risk" casualty insurance on the Building Structures, together with every integral component of every Townhome including, but not limited to, interior paint, wall coverings, fixtures, appliances, floor coverings but not including contents or other personal property on a Lot, the Common Property, and fixtures, building service equipment, and common personal property and supplies owned by the Association, and that may, but need not, include equipment, improvements, and betterments in a Townhome installed by the Declarant or the Townhome Owners unless required by Mortgagees, insuring against all risks of direct physical loss normally insured against under a standard fire and extended coverage endorsement, and all other perils customarily covered for similar types of projects, including those covered by a standard "all risk" endorsement. The total amount of insurance after application of any deductibles shall not be less than one hundred percent (100%) of the current replacement cost of the insured property at the time the insurance is purchased and at each renewal date. The policy shall contain a construction code endorsement to the extent the applicable building codes require changes to undamaged portions of the Townhome(s) when only a part of the Townhome(s) is destroyed by an insured hazard;

12.1.2 Comprehensive general liability insurance for the Association that provides coverage for bodily injury and property damage resulting from the operation, maintenance, or use of the Common Property in an amount of at least Two Million Dollars (\$2,000,000) for any single occurrence and that contains a specific endorsement to preclude the insurer's denial of a Owner's claim because of the negligent act of the Association or other Owners; and

(a) Directors' and officers' errors, omissions and liability insurance.

12.1.3 Workers' Compensation insurance to the extent required by Oregon law.

12.1.4 Errors and Omissions insurance for the Board of at least One Million Dollars (\$1,000,000) for any single occurrence.

12.2 Coverage Not Available. If the casualty insurance described in this Article is not reasonably available, or is modified, canceled, or not renewed, the Association shall promptly cause notice of that fact to be hand delivered or sent prepaid by first class United States mail to all Owners and to each Mortgagee to whom a certificate or memorandum of insurance has been issued, at their respective last known addresses.

12.3 Required Provisions. Insurance policies carried pursuant to this Article shall:

12.3.1 Provide that the Association is the named insured, and that each Owner is an insured under the policy with respect to liability arising out of the Owner's interest in the Common Property or membership in the Association;

12.3.2 Provide that the insurer waives its right to subrogation under the policy as to any and all claims against the Association, the Owner of any Lot and/or their respective agents, employees, guests or tenants, and members of their household, and of any defenses based upon coinsurance or upon invalidity arising from the acts of the insured;

12.3.3 Provide that no act or omission by any Owner, unless acting within the scope of the Owner's authority on behalf of the Association, nor any failure of the Association to comply with any warranty or condition regarding any portion of the premises over which the Association has no direct control, will void the policy or be a condition to recovery under the policy;

12.3.4 Provide that if, at the time of a loss under the policy, there is other insurance in the name of a Owner covering the same risk covered by the policy, the Association's policy provides primary insurance, and that the liability of the insurer thereunder shall not be affected by, and the insurer shall not claim any right to set-off, counterclaims, apportionment, proration, contribution or assessment by reason of, any other insurance obtained by or for a Owner or any Mortgagee;

12.3.5 Provide that, despite any provision giving the insurer the right to restore damage in lieu of a cash settlement, such option shall not be exercisable without the prior written approval of the Association, or when in conflict with the provisions of any insurance trust agreement to which the Association is a party, or any requirement of law; and that insurance trust agreements will be recognized;

12.3.6 Contain standard mortgagee clauses that name Mortgagees and their successors and assigns. Provide at least ten (10) days' prior written notice to the insureds before the policy may be canceled or substantially modified. Contain no provision (other than insurance conditions) that will prevent Mortgagees from collecting insurance proceeds; and

12.3.7 Contain, if available, an agreed amount and inflation guard endorsement.

12.4 Claims Adjustment. Any loss covered by the property insurance under this Article must be adjusted with the Association, and each Owner, by acquiring its Lot subject to

this Declaration, appoints the Association as the Owner's attorney-in-fact for such purposes. The insurance proceeds are payable to any insurance trustee designated for that purpose, or otherwise to the Association, and not to any holder of a Mortgage. The insurance trustee or the Association shall hold any insurance proceeds in trust for the Owners and lienholders as their interests may appear. Subject to the provisions of the Act, the proceeds must be disbursed first for the repair or restoration of the damaged property, and Owners and lienholders are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the property has been completely repaired.

12.5 Owner's Additional Insurance. Each Owner covenants and agrees with all other Owners and with the Association that each Owner shall carry blanket "all-risk" casualty insurance on its Lot(s) and structures constructed thereon meeting the same requirements as set forth in Sections 12.1 and 12.3 above, unless the Association carries such insurance. Each Owner further covenants and agrees that in the event of a partial loss or damage resulting in less than the total destruction of structures comprising its Lot(s), the Owner shall proceed promptly to repair or to reconstruct the damaged structure in a manner consistent with the original construction or such other plans and specifications as are approved in accordance with this Declaration. The Owner shall be responsible for and shall pay any costs of repair or reconstruction that are not the responsibility of the Association and/or are not covered by insurance proceeds.

12.6 Certificate. An insurer that has issued an insurance policy under this Article shall issue certificates or memoranda of insurance to the Association and, upon written request, to any Owner or holder of a Mortgage. The insurer issuing the policy may not modify the amount or the extent of the coverage of the policy or cancel or refuse to renew the policy unless the insurer has complied with all applicable provisions of pertaining to the cancellation or nonrenewal of contracts of insurance. The insurer shall not modify the amount or the extent of the coverage of the policy, or cancel or refuse to renew the policy, without complying with the requirements of the Act.

12.7 Notification Upon Sale of Lot. Promptly upon conveyance of a Lot, the new Owner shall notify the Association of the date of the conveyance and the Owner's name and address. The Association shall notify each insurance company that has issued an insurance policy to the Association for the benefit of the Owners of the name and address of the new Owner and request that the new Owner be made a named insured under such policy.

ARTICLE 13 DISPUTE RESOLUTION

13.1 Mediation/Arbitration. Any claim, controversy or dispute by or among Declarant, Association, or one or more Owners, or any of them, arising out of or related to the development and/or ownership of the Property except claims based on purchase agreements between Declarant and Owner shall be first subject to mediation and, if not timely settled by mediation, resolved by arbitration in accordance with this Article 13. At any time, a party may opt to forego mediation and submit the matter directly to arbitration as provided herein. The decisions and award of the arbitrator shall be final, binding, and nonappealable. The arbitration shall be conducted in Deschutes County, Oregon pursuant to the arbitration statutes of the State of

Oregon and any arbitration award may be enforced by any court with jurisdiction. Filing for arbitration shall be treated the same as filing in court for purposes of meeting any applicable statute of limitations or for purposes of filing a notice of pending action ("**lis pendens**"). Claims and disputes based on the purchase agreement between Declarant and any Owner shall be governed by the purchase agreement.

13.2 Selection of Arbitrator. The arbitration shall be conducted by a single arbitrator selected by mutual agreement of the parties. The arbitrator selected shall be neutral and unbiased, except to the extent the arbitrator's prior relationship with any party is fully disclosed and consented to by the other party or parties. If the parties are unable to agree upon the arbitrator within 10 days after a party's demand for arbitration, upon application of any party, the Presiding Judge of the Circuit Court for Deschutes County, Oregon shall designate the arbitrator.

13.3 Consolidated Arbitration. Upon demand by any party, claims between or among the parties and third parties shall be submitted in a single, consolidated arbitration.

13.4 Discovery. The parties to the arbitration shall be entitled to such discovery as would be available to them in an action in Deschutes County Circuit Court. The arbitrator shall have all of the authority of the Court incidental to such discovery, including without limitation authority to issue orders to produce documents or other materials, to issue orders to appear and submit to deposition, and to impose appropriate sanctions including without limitation award against a party for failure to comply with any order.

13.5 Evidence. The parties to the arbitration may offer such evidence as they desire and shall produce such additional evidence as the arbitrator may deem necessary for an understanding and determination of the dispute. The arbitrator shall determine the admissibility of the evidence offered. All evidence shall be taken in the presence of the arbitrator and all of the parties, except where any of the parties is absent in default or has waived its right to be present.

13.6 Excluded Matters. Notwithstanding the foregoing, the following matters shall not be subject to mediation or arbitration under this Article 13 (but shall be subject to the applicable provisions of Section 13.7 below): (a) actions relating to the collection of fees, Assessments, fines and other charges imposed or levied by the Association (other than disputes as to the validity or amount of such fees, Assessments, fines or charges, which disputes shall be subject to mediation/arbitration as provided above), and (b) actions to enforce any order, decision or award rendered by arbitration pursuant to this Article 13. The filing of a lis pendens or the application to any court for the issuance of any provisional process or similar remedy described in the Oregon or Federal Rules of Civil Procedure shall not constitute a waiver of the right or duty to utilize the procedures specified in this Article 13.

13.7 Costs and Attorneys' Fees. The fees of any mediator and the costs of mediation shall be divided and paid equally by the parties. Each party shall pay its own attorneys' fees and costs in connection with any mediation. The fees of any arbitrator and the costs of arbitration shall be paid by the non-prevailing party or parties; if none, such fees and costs shall be divided and paid equally by the parties. Should any suit, action or arbitration be commenced to obtain a judicial construction of any provision of any of this Declaration, to rescind this Declaration, or to

enforce or collect any judgment or decree of any court or any award obtained during arbitration, the prevailing party shall be entitled to recover its costs and disbursements, together with such investigation, expert witness and attorneys' fees incurred in connection with such dispute, as the court or arbitrator may adjudge reasonable, at trial, in the arbitration, upon any motion for reconsideration, upon petition for review, and on any appeal of such suit, action or arbitration proceeding. The determination of who is the prevailing party and the amount of reasonable attorneys' fees to be paid to the prevailing party shall be decided by the arbitrator (with respect to attorneys' fees incurred prior to and during the arbitration proceeding) and by the court or courts, including any appellate or review court, in which such matter is tried, heard or decided, including a court that hears a request to compel or enjoin arbitration or that hears exceptions made to an arbitration award submitted to it for confirmation as a judgment (with respect to attorneys' fees incurred in such proceedings).

13.8 Survival. The mediation and arbitration agreement set forth in this Article 13 shall survive the transfer by any party of its interest or involvement in the Property and any Lot therein and the termination of this Declaration.

ARTICLE 14 MORTGAGEES

14.1 Reimbursement of First-Position Mortgagees. First-position Mortgagees of Lots may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against any Common Property and may pay overdue premiums on hazard insurance policies or secure new hazard insurance coverage on the lapse of a policy, for such Common Property or any Lot. First-position Mortgagees making such payments shall be owed immediate reimbursement therefor from the Association to the extent the same was the responsibility of the Association.

14.2 Right of First-Position Mortgagees Relating to Maintenance. At any time that the Common Property are not maintained or repaired by the Association in accordance with this Declaration, to the extent reasonably necessary to protect and preserve the value of the Property for security purposes, then the Mortgagee of record, upon giving written notice as hereinafter provided, shall be entitled to exercise the rights of the Owner 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 or reference this Section 14.2 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.

ARTICLE 15 MISCELLANEOUS PROVISIONS

15.1 Amendment and Repeal. This Declaration, or any provision thereof, as from time to time in effect with respect to all or any part of the Property, may be amended or repealed by the vote or written consent of Owners representing not less than 90% of the Lots, based upon one

vote for each such Lot, together with the written consent of the Class B member if such membership has not been terminated. Any such amendment or repeal shall become effective only upon recordation in the deed records of Deschutes County, Oregon, of a certificate of the president or secretary of the Association setting forth in full the amendments or repeal so approved and certifying that said 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 consent, or change the boundaries of any Lot or any uses to which any Lot is restricted. Declarant may not amend this Declaration to increase the scope of special Declarant rights reserved in this Declaration after the sale of the first Lot unless Owners representing 75% of the total voting power of the Association, other than Declarant, agree to the amendment. Such amendment or repeal shall not have the effect of denying any Owner access to Owner's Lot unless such Owner and any Mortgagee of such Lot have consented thereto.

15.2 Regulatory Amendments. Notwithstanding the provisions of Section 15.1 above, until the Turnover Meeting has occurred, Declarant shall have the right to amend this Declaration in order to comply with the requirements of the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Home Mortgage Loan Corporation, any department, bureau, board, commission or agency of the United States or the State of Oregon, or any corporation wholly owned, directly or indirectly, by the United States or the State of Oregon which insures, guarantees or provides financing for a planned community or lots in a planned community. After the turnover meeting, any such amendment shall require the approval of a majority of the Owners of the Association voting in person, by proxy, or by ballot at a meeting or ballot meeting of the Association at which a quorum is represented.

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

15.4 Lessees and Other Invitees. Lessees, invitees, contractors, family members and other persons entering the Property under rights derived from an Owner shall comply with all of the provisions of this Declaration, the Bylaws and Rules and Regulations of the Association restricting or regulating the Owner's use, improvement or enjoyment of Owner's Lot and other areas within the Property. The Owner shall be responsible for obtaining such compliance and shall be liable for any failure of compliance by such persons in the same manner and to the same extent as if the failure had been committed by the Owner.

15.5 Enforcement. The Declarants, Association, or any Owner or any mortgagee of record shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the

provisions of this Declaration. Failure by the Declarant, Association or by any Owner to enforce any covenant or restriction contained in this Declaration shall not be deemed a waiver of the right to do so thereafter.

15.6 Construction; Severability; Number; Caption. This Declaration shall be liberally construed as an entire document to accomplish the purposes thereof as stated in the introductory paragraphs hereof. Nevertheless, each provision of this Declaration 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. As used herein, the singular shall include the plural and the plural the singular, and the masculine and neuter shall each include the masculine, feminine, and neuter, as the context requires. All captions used in this Declaration are intended solely for convenience of reference and shall not limit any provision of this Declaration.

15.7 Notices and Other Documents. Any notice or other document permitted or required by this Declaration may be delivered either personally or by mail. Delivery by mail shall be deemed made 24 hours after having been deposited in the United States mail, with postage prepaid, addressed as follows: If to Declarant, to Declarant's address stated below; if to an Owner, at the address given by the Owner at the time of the Owner's purchase of a Lot; if to the Association, to the mailing address of the Association as filed with the Oregon Secretary of State. The address of a party may be changed by the party at any time by notice in writing delivered to the Association as provided herein.

15.8 Records. The Board shall preserve and maintain minutes of the meetings of the Association, the Board and any committees. The Board shall also keep detailed and accurate financial records including individual assessment accounts of Owners, the balance sheet, and income and expense statements. Individual assessment accounts shall designate the name and address of the Owner or Owners of the Lot, the amount of each assessment as it becomes due, the amounts paid upon the account, and the balance due on the assessments. The minutes of the Association, the Board and committees, and the Association's financial records shall be reasonably available for review and copying by the Owners. A reasonable charge may be imposed by the Association for labor and materials relative to providing copies. Owners can obtain copies of this information within 10-days of receipt of a written request.

15.9 Indemnification of Directors, Officers, Employees and Agents. The Association shall indemnify any Director, officer, employee or agent who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by the Association) by reason of the fact that he/she is or was a Director, officer, employee or agent of the Association or is or was serving at the request of the Association as a Director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by said person in connection with such suit, action or proceeding if he/she acted in good faith and in a manner he/she reasonably believed to be in, or not opposed to, the best interest of the Association, and, with respect to any criminal action or proceedings, had no reasonable cause to believe his/her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or with a plea of nolo contendere or its equivalent, shall

not of itself create a presumption that a person did not act in good faith and in a manner which he/she reasonably believed to be in, or not opposed to, the best interest of the Association, and with respect to any criminal action or proceedings, had reasonable cause to believe his/her conduct was unlawful. Payment under this clause may be made during the pendency of such claim, action, suit or proceeding as and when incurred, subject only to the right of the Association to reimbursement of such payment from such person, should it be proven at a later time that such person had no right to such payments. All persons who are ultimately held liable for their actions on behalf of the Association as a Director, officer, employee or agent shall have a right of contribution over and against all other Directors, officers, employees or agents and Members who participated with or benefited from the acts which created said liability.

15.10 Duration. The covenants, conditions and restrictions of this Declaration shall run with and bind the land for a term of thirty-five (35) years from the date of this Declaration being recorded, after which time they shall be automatically extended for successive periods of ten (10) years, unless rescinded by a vote of at least ninety percent (90%) of the Owners and ninety percent (90%) of the first mortgagees; provided, however, that amendments which do not constitute rescission of the planned development may be adopted as provided in Section 15.1 and 15.2. Additionally, any such rescission that affects the Common Property shall require the prior written consent of the County of Deschutes, Oregon.

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

- 15.11.1 Declaration of Covenants, Conditions and Restrictions;
- 15.11.2 Articles of Incorporation;
- 15.11.3 Bylaws;
- 15.11.4 Rules and Regulations;
- 15.11.5 Offsite Easements;
- 15.11.6 Water Company Operating Agreement.

IN WITNESS WHEREOF, the undersigned being the Declarant herein, has executed this instrument this 14th day of November, 2007.

ARROWOOD DEVELOPMENT, LLC, an Oregon limited liability company

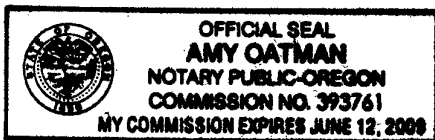
By: [Signature]

Name: John P. Lietz

Title: President

STATE OF OREGON)
) ss
County of Deschutes)

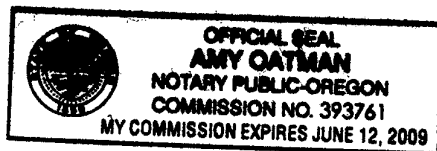
On this 14th day of November, 2007, personally appeared John Lietz as member of ARROWOOD DEVELOPMENT, LLC, an Oregon limited liability company, and acknowledged the foregoing instrument to be the voluntary act of said company.



[Signature]
NOTARY PUBLIC OF OREGON
My Commission Expires 6/12/09

IN WITNESS WHEREOF, the undersigned being the Declarant herein, has executed this instrument this 14th day of November, 2007.

Bhelm, LLC, an Oregon limited liability company



By: [Signature]

Name: Barry Helm

Title: member

STATE OF OREGON)

County of Deschutes)

) ss ,

On this 14th day of November, 2007, personally appeared Barry Helm as member of Bhelm, LLC, an Oregon limited liability company, and acknowledged the foregoing instrument to be the voluntary act of said company.

Amy Oatman
NOTARY PUBLIC OF OREGON
My Commission Expires 6/12/09

Exhibit A
Page 1
Points West
Legal Description

November 1, 2007

All that land, located in the Southeast Quarter of Section 22, Township 18 South, Range 11 East, Willamette Meridian, in Deschutes County, Oregon, more particularly described as follows:

Lots 3 through 64 inclusive and Tracts 'B', 'C', 'D', 'F', 'G', 'H', 'L', and 'M', of Points West, as per the plat thereof recorded in Volume 2007, Page 49935, Official Records, Deschutes County, Oregon.

EXHIBIT,
F COVANI
TIONS FO
PAGE 2

LOCATED IN THE SOUTHEAST QUARTER OF
SECTION 22,
TOWNSHIP 16 SOUTH, RANGE 11 EAST,
WILLAMETTE MERIDIAN, DESCHUTES COUNTY,
OREGON

●
POUND 3/8" REBAR WITH YELLOW
LINELESS CHROME MOLD

- [illegible]

A. DEPENDENT RESIDENTS
BY US BULK, DATED JAN.

6. **DATA SET DETERMINED THAT IT IS BY PERSON BUDDY A. ASHOK, IN JULY 1, 2000, RECEIVED FROM THE FOLLOWING:**
 - a. RECORD OF SEARCH BY INDIAN BUREAU, DATED JAN 1, 2000, ABOUT COUNTRY SEARCHES.
 - b. COUNTRY SEARCHES.
 - c. RECORD OF SEARCH BY INDIAN BUREAU, DATED JAN 1, 2000, ABOUT COUNTRY SEARCHES.
 - d. RECORD OF SEARCH BY INDIAN BUREAU, DATED JAN 1, 2000, ABOUT COUNTRY SEARCHES.
 - e. RECORD OF SEARCH BY INDIAN BUREAU, DATED JAN 1, 2000, ABOUT COUNTRY SEARCHES.
 - f. RECORD OF SEARCH BY INDIAN BUREAU, DATED JAN 1, 2000, ABOUT COUNTRY SEARCHES.
 - g. RECORD OF SEARCH BY INDIAN BUREAU, DATED JAN 1, 2000, ABOUT COUNTRY SEARCHES.
 - h. RECORD OF SEARCH BY INDIAN BUREAU, DATED JAN 1, 2000, ABOUT COUNTRY SEARCHES.
 - i. RECORD OF SEARCH BY INDIAN BUREAU, DATED JAN 1, 2000, ABOUT COUNTRY SEARCHES.
 - j. RECORD OF SEARCH BY INDIAN BUREAU, DATED JAN 1, 2000, ABOUT COUNTRY SEARCHES.
 - k. RECORD OF SEARCH BY INDIAN BUREAU, DATED JAN 1, 2000, ABOUT COUNTRY SEARCHES.
 - l. RECORD OF SEARCH BY INDIAN BUREAU, DATED JAN 1, 2000, ABOUT COUNTRY SEARCHES.
 - m. RECORD OF SEARCH BY INDIAN BUREAU, DATED JAN 1, 2000, ABOUT COUNTRY SEARCHES.
 - n. RECORD OF SEARCH BY INDIAN BUREAU, DATED JAN 1, 2000, ABOUT COUNTRY SEARCHES.
 - o. RECORD OF SEARCH BY INDIAN BUREAU, DATED JAN 1, 2000, ABOUT COUNTRY SEARCHES.
 - p. RECORD OF SEARCH BY INDIAN BUREAU, DATED JAN 1, 2000, ABOUT COUNTRY SEARCHES.
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 - s. RECORD OF SEARCH BY INDIAN BUREAU, DATED JAN 1, 2000, ABOUT COUNTRY SEARCHES.
 - t. RECORD OF SEARCH BY INDIAN BUREAU, DATED JAN 1, 2000, ABOUT COUNTRY SEARCHES.
 - u. RECORD OF SEARCH BY INDIAN BUREAU, DATED JAN 1, 2000, ABOUT COUNTRY SEARCHES.
 - v. RECORD OF SEARCH BY INDIAN BUREAU, DATED JAN 1, 2000, ABOUT COUNTRY SEARCHES.
 - w. RECORD OF SEARCH BY INDIAN BUREAU, DATED JAN 1, 2000, ABOUT COUNTRY SEARCHES.
 - x. RECORD OF SEARCH BY INDIAN BUREAU, DATED JAN 1, 2000, ABOUT COUNTRY SEARCHES.
 - y. RECORD OF SEARCH BY INDIAN BUREAU, DATED JAN 1, 2000, ABOUT COUNTRY SEARCHES.
 - z. RECORD OF SEARCH BY INDIAN BUREAU, DATED JAN 1, 2000, ABOUT COUNTRY SEARCHES.

LOTS 1-64	R. 034
TRACTS A-M	R. 044

BOUNDARY TOTAL 24,792 ACRES

TABLE 1

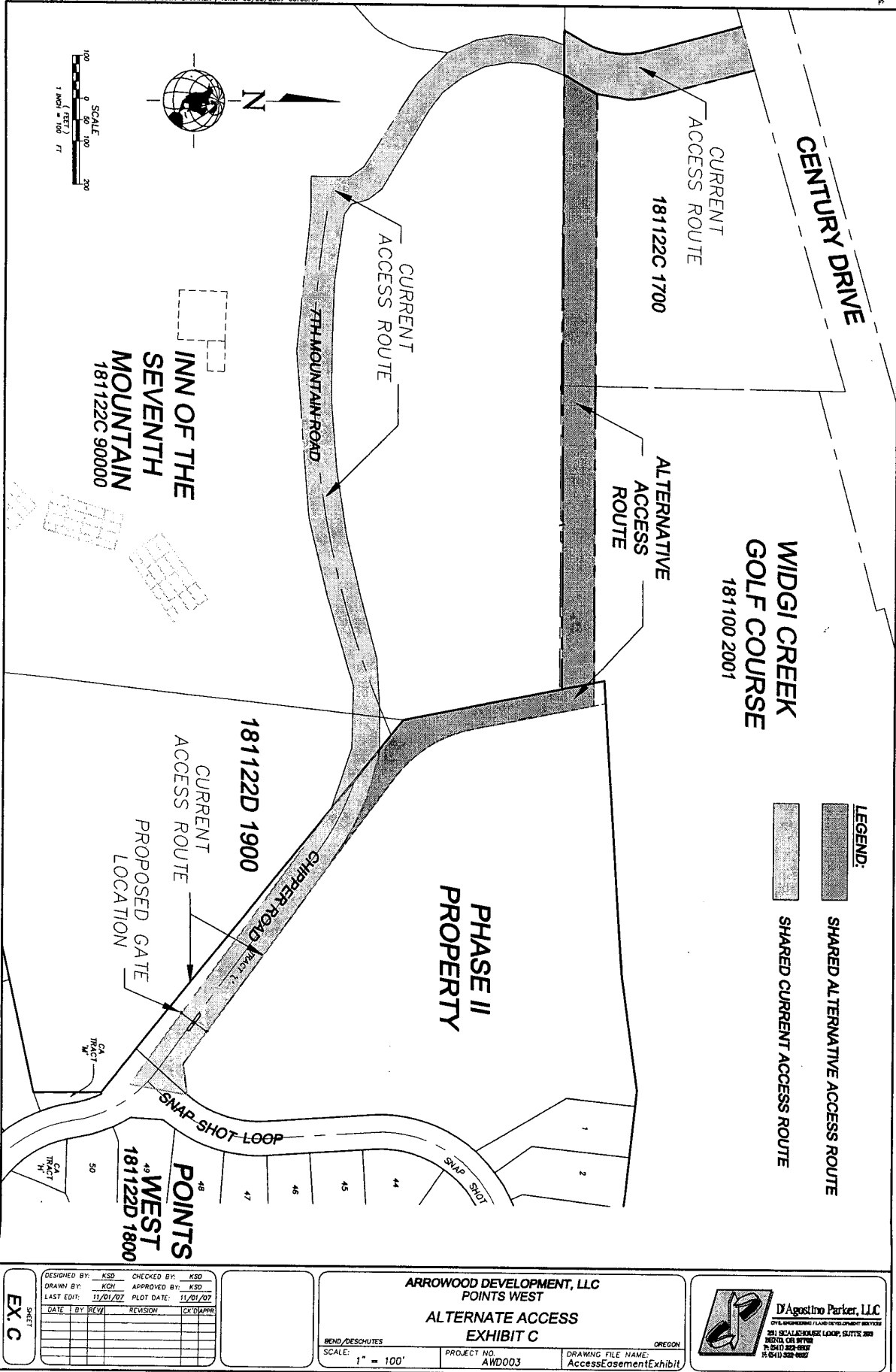


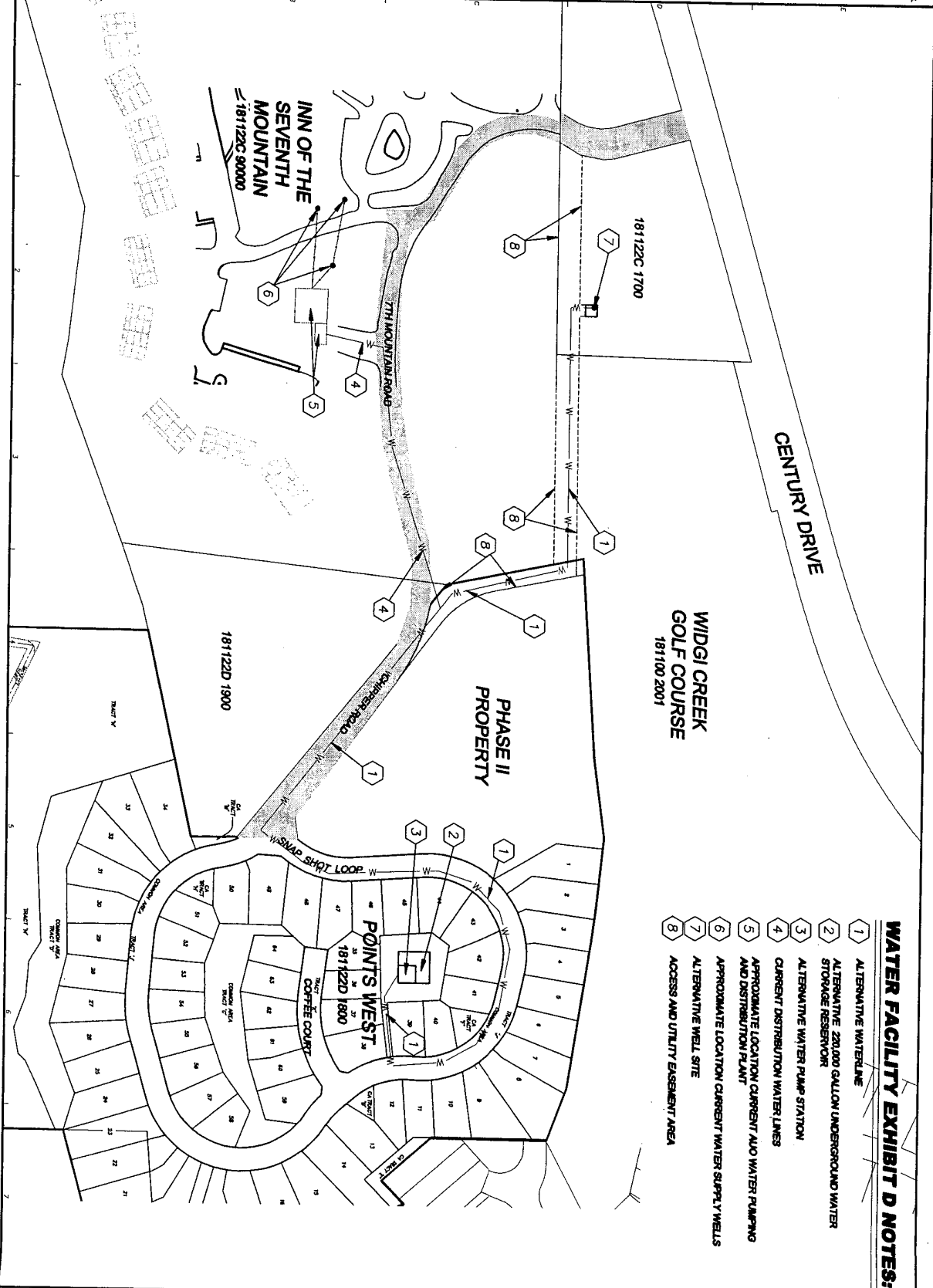
Exhibit B
Phase II Property
Legal Description

October 25, 2007

All that land, located in the Southeast Quarter of Section 22, Township 18 South, Range 11 East, Willamette Meridian, in Deschutes County, Oregon, more particularly described as follows:

Lots 1 and 2 and Tract 'A', of Points West, as per the plat thereof recorded in Volume 2007, Page 49935, Official Records, Deschutes County, Oregon.





WATER FACILITY EXHIBIT D NOTES:

- 1 ALTERNATIVE WATERLINE
- 2 ALTERNATIVE 250,000 GALLON UNDERGROUND WATER STORAGE RESERVOIR
- 3 ALTERNATIVE WATER PUMP STATION
- 4 ALTERNATIVE DISTRIBUTION WATER LINES
- 5 APPROXIMATE LOCATION CURRENT ALSO WATER PUMPING AND DISTRIBUTION PLANT
- 6 APPROXIMATE LOCATION CURRENT WATER SUPPLY WELLS
- 7 ALTERNATIVE WELL SITE
- 8 ACCESS AND UTILITY EASEMENT AREA

DESIGNED BY: KSD CHECKED BY: KSD DRAWN BY: KCH APPROVED BY: KSD LAST EDIT: 10/24/07 PLOT DATE: 10/24/07 <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>DATE</th> <th>BY</th> <th>REV</th> <th>REVISION</th> <th>CK</th> <th>DATE</th> </tr> </thead> <tbody> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr> </tbody> </table>	DATE	BY	REV	REVISION	CK	DATE																									ARROWOOD DEVELOPMENT, LLC POINTS WEST ALTERNATE WATER FACILITY EXHIBIT D BEND, OREGON SCALE: 1" = 150' PROJECT NO: AWD003 DRAWING FILE NAME: WaterEasementExhibit	D'Agostino Parker, LLC CIVIL & ENVIRONMENTAL ENGINEERING 231 S. ALABAMA LOOP, SUITE 200 BEND, OR 97702 P: 541.322.9027 F: 541.322.9027
DATE	BY	REV	REVISION	CK	DATE																											

AFTER RECORDING, RETURN TO:
Schwabe, Williamson & Wyatt
Attn: Brian L. Gingerich
549 SW Mill View Way, Suite 100
Bend, OR 97702

**BYLAWS OF
POINTS WEST HOMEOWNERS' ASSOCIATION**

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BYLAWS
OF
POINTS WEST HOMEOWNERS' ASSOCIATION

ARTICLE 1
PLAN OF LOT OWNERSHIP; DEFINITIONS

1.1 Bylaws Applicability. These Bylaws apply to the Lots and the Common Area in Points West, a planned community in Deschutes County, Oregon, that have been subjected to the Declaration of Covenants, Conditions and Restrictions for Points West (the "Declaration"), as well as to the Points West Homeowners' Association (the "Association") and the entire management structure thereof.

1.2 Lots; Property. The Lots and the Common Area may be collectively referred to in these Bylaws as the "Property" or "Project" and the Lots individually as a "Lot" or collectively as the "Lots."

1.3 Personal Application. All present or future Owners, tenants, Occupants, and their employees, and any other person that might occupy any portion of the Property in any manner, shall be subject to the provisions set forth in these Bylaws. The acquisition, rental, or occupancy of any of the Lots shall constitute acceptance and ratification of these Bylaws and agreement to comply with all the provisions hereof.

1.4 Definitions. Capitalized terms used but not defined herein shall have meanings attributed to them in the Declaration.

1.5 Oregon Planned Community Act. The Property, all Lots and Owners thereof, the Association and all Members thereof, shall be subject to the Oregon Planned Community Act, ORS 94.550 et seq. (the "PCA").

ARTICLE 2
ASSOCIATION MEMBERSHIP, VOTING,
MAJORITY OF OWNERS, QUORUM, PROXIES

2.1 Membership in the Association. Upon recordation of a conveyance or contract to convey a Lot, the grantee or purchaser named in such conveyance or contract shall automatically be and shall remain a Member of the Association until such time as such person's ownership ceases for any reason. For all purposes of the Declaration and the administration of the Property, Lot ownership shall be determined from the records maintained by the Association. The record shall be established by the Owner filing with the Association a copy of the deed to or land sale contract for such Owner's Lot, to which shall be affixed the certificate of the recording officer of the County of Deschutes, Oregon, showing the date and place of recording of such deed or contract. No person shall be recognized as an Owner unless a copy of the deed or

contract has been filed with the Association as provided above showing such Owner to be the current Owner or contract purchaser of a Lot. Notwithstanding the foregoing, Declarant shall be the Owner of all previously unsold Lots, although no deed or land sale contract, with respect to such Lots, has been filed with the Association.

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

2.2.1 Class A. Class A Members shall be all Owners of Lots other than Declarant, and each Class A Member shall be entitled to one (1) vote for each Lot owned with respect to all matters upon which Owners are entitled to vote.

2.2.2 Class B. The Class B Member shall be Declarant, its successors and assigns. The Class B Member shall have three (3) votes for each Lot owned; provided, however, that Class B membership shall cease on the Termination Date, as defined in Section 3.3. After termination of Class B membership, each Owner (including Declarant) shall be entitled to one (1) vote for each Lot owned with respect to all matters upon which Owners are entitled to vote, and the total number of votes shall equal the total number of Lots annexed to the Property and subjected to these Bylaws.

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

2.3 Majority of Owners. As used in these Bylaws, the term "majority" shall mean those Owners holding over fifty percent (50%) of the voting rights allocated to the Owners in accordance with Section 2.2 above. "Majority of Owners present" shall mean Owners holding over fifty percent (50%) of the votes present at any legal meeting.

2.4 Quorum. Except as otherwise provided in these Bylaws, the presence in person or by proxy of Owners holding fifty percent (50%) or more of the outstanding votes in the Association, as defined in Section 2.2 of this Article, shall constitute a quorum.

2.5 Voting; Proxies. Owners may cast votes in person, by written ballot, or by proxy. Proxies must be filed with the Secretary of the Association ("Secretary") before or during the appointed meeting. A proxy shall expire one (1) year after the date it was signed unless a shorter period is specified in the proxy. The proxies may require the holder to cast a vote for or against any special proposal set out in the notice calling the meeting. Unless withdrawn, a proxy given to another person to vote at a specific meeting shall also be valid at an adjourned meeting called under the provisions of Section 3.8. Proxies and ballots must be retained by the Association for one (1) year from the date of the determination of the vote.

2.6 Authority to Vote. All Owners, including those who have leased their Lot to a third party, shall be entitled to vote. An Owner's right to vote may not be revoked. A purchaser under a land sale contract entitled to immediate possession of the Lot shall be deemed the Owner thereof, unless otherwise provided in such contract.

2.7 Fiduciaries and Joint Owners. An executor, administrator, guardian or trustee may vote, in person or by proxy, at any meeting of the Association with respect to any Lot

owned or held by such person in such capacity, whether or not the same shall have been transferred to such person's name, provided that such person has satisfied the Secretary that such person is the executor, administrator, guardian or trustee holding such Lot in such capacity. Whenever any Lot is owned by two (2) or more persons jointly according to the records of the Association, the vote of such Lot may be exercised by any one of the Owners then present, in the absence of protest by a co-owner. In the event of such protest, no one co-owner shall be entitled to vote without the approval of all co-owners. In the event of disagreement among the co-owners, the vote of such Lot shall be disregarded for all purposes, except for determining whether a quorum is present.

ARTICLE 3 ADMINISTRATION

3.1 Association Responsibilities. The Owners shall constitute the Members of the Association. Except as otherwise provided in the Declaration or these Bylaws, decisions and resolutions of the Association shall require approval by a majority of the Owners present at any legal meeting. A legal meeting is one duly called pursuant to these Bylaws at which a quorum is present, in person or by proxy at a formal gathering or, if a vote is taken by written ballots, when ballots are returned representing more than fifty percent (50%) of the vote, unless a larger vote is required to approve a ballot item, in which case the quorum requirements shall be the number of votes required to approve the proposal.

3.2 Place of Meetings. Formal meetings of the Association shall be held at suitable places convenient to the Owners as may be designated by the Board of Directors of the Association (the "Board"). If a vote is taken by written ballot, the Board shall count the returned written ballots within forty-eight (48) hours of the ballot return deadline. Each Owner shall be notified by mail or other delivery of written notice of the results of the ballot meeting or that a quorum of ballots was not returned within fifteen (15) days after the ballot return deadline.

3.2.1 Turnover Meeting. Declarant shall call a meeting (which shall be the initial meeting) for the purpose of turning over administrative control of the Association from Declarant to the Members upon the earlier of: within ninety (90) days after of the date on which the last Lot has been sold and conveyed to a third party; ten years from the date of recordation of these Declarations; or, at such earlier time as Declarant may elect to turnover as provided in Sections 7.5.2 and 8.1 of the Declarations (the "Termination Date").

Declarant shall give notice of the Turnover Meeting to each Owner as provided in these Bylaws. If Declarant does not call such meeting as required under this Section 3, the transitional advisory committee or any Owner may do so.

At the Turnover Meeting, Declarant shall relinquish control of the administration of the Association and the Owners shall assume such control and shall elect the Board in accordance with the provisions of Article 4 of these Bylaws. Additionally, Declarant shall deliver to the Association all business and financial records, together with all Association bank accounts, funds and other assets as required by ORS 94.616. The turnover meeting may not be conducted by written ballot.

3.3 Transitional Advisory Committee. Declarant shall form a transitional advisory committee (the "Committee") to provide for the transition of administrative control of the Association from Declarant to the Class A Members. Within sixty (60) days after Declarant has conveyed fifty percent (50%) or more of Lots then existing in the Project to Owners other than a successor declarant, Declarant shall call a meeting of Owners for the purpose of selecting the Committee, which shall consist of three (3) Members. The Class A Members shall, by majority vote, elect two (2) Members, and Declarant shall elect one (1) Member.

The Committee's function shall be facilitating the transfer of control of the administration of the Association from Declarant to the Owners. The Committee shall have access to the information, documents and records that Declarant must turn over to the Owners under the PCA and this Article 3.

Declarant shall give notice of the meeting required under this Section 3.4 to each Owner at least seven (7), but not more than fifty (50), days prior to the meeting. The notice shall state the purpose of the meeting and the time and place where it is to be held. If Declarant does not call such meeting within the time specified, an Owner may call such meeting. If the Owners, other than Declarant, do not select Members for the Committee under this Section 3.4, Declarant shall have no further responsibility to form the Committee.

3.4 Annual Meetings. The Board, by a Board action, shall cause the first annual meeting of the Association to be held during the calendar year following the calendar year in which the Turnover Meeting is held. The Board, at its discretion, from time to time, may change the meeting date, provided that the meeting is held annually. At such meetings, the Owners shall elect new members of the Board in accordance with the requirements of Section 4.7 of these Bylaws to replace those Directors whose terms have expired. The Owners also may transact such other business of the Association as may properly come before them. Annual meetings of the Association may not be conducted by written ballot.

3.5 Special Meetings. The President shall call a special meeting of the Owners if so directed by a resolution of the Board or a petition, presented to the Secretary and signed by thirty percent (30%) or more of the Owners. All meetings called because of petition of Owners shall be held at a formal gathering, and not by written ballot, within sixty (60) days after the Secretary's receipt of the petition. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business other than that stated in such notice shall be transacted at a special meeting unless by consent of all the Owners of the Lots or as otherwise set out in these Bylaws.

3.6 Notice of Meetings. The Secretary shall mail a notice of each annual and special meeting, stating the purpose thereof and the time and place where such meeting is to be held, to each Owner of record at least ten (10) but not more than fifty (50) days before such meeting or the date on which ballots for a ballot meeting are required to be returned. The Board of Directors may propose that the Owners take an action by written ballot without a meeting, pursuant to the provisions of the PCA and the Oregon Nonprofit Corporation Act. Such notices shall be mailed to the Owner's address last given to the Secretary in writing by the Owner or such Owner's vendee. If Lot ownership is split or the Lot has been sold on a contract, notice shall be sent to a single address, of which the Secretary has been notified in writing by such

parties. If no address has been given to the Secretary in writing, then mailing to the Project Lot shall be sufficient. The mailing of a notice in the manner provided in this Section 3.7 shall be considered notice served.

3.7 Adjourned Meetings. As permitted by ORS 65.214, if any gathering of Owners is not a legal meeting because a quorum has not attended, the Owners who are present, either in person or by proxy, may adjourn the meeting to a time not less than forty-eight (48) hours nor more than ten (10) days from the time of the original meeting. The adjournment provisions of this Section 3.8 do not apply to actions proposed to be taken by written ballot.

3.8 Ballot Meetings. Unless prohibited or limited by the Articles of Incorporation of the Association, any action that may be taken at any annual or special meeting of the Owners may be taken without a meeting if the Association delivers a written ballot to every Owner entitled to vote on the matter as provided in ORS 94.647. Such ballot shall set forth each proposed action and provide an opportunity to vote for or against each proposed action. A proposed action shall be deemed to be approved by written ballot when the number of votes cast by ballot equals or exceeds any quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot. The Board must provide Owners with at least ten (10) days' notice as required by ORS 94.647(2)(c) before written ballots are mailed or otherwise delivered. If, at least three (3) days before written ballots are scheduled to be mailed or otherwise distributed, at least ten percent (10%) of the Owners petition the Board requesting secrecy procedures, a written ballot must be accompanied by a secrecy envelope, a return identification envelope to be signed by the Owner and instructions for making and returning the ballot. Written ballots that are returned in secrecy envelopes may not be examined or counted before the deadline for returning ballots has passed.

3.9 Order of Business. The order of business at all annual meetings shall be as follows:

- Roll call.
- Proof of notice of meeting or waiver of notice.
- Reading of minutes of the preceding meeting.
- Reports of officers.
- Reports of committees.
- Election of inspectors of election.
- Election of Directors.
- Unfinished business.
- New business.
- Adjournment.

ARTICLE 4 BOARD OF DIRECTORS

4.1 Number and Qualification. The Board shall be composed of three (3) persons, all of whom must be an Owner or a co-owner of a Lot; provided, however, that if a Lot is owned by more than one (1) Owner, only one (1) co-owner of that Lot may serve on the Board of Directors at any one time. An officer or employee of a corporation, the trustee of a trust, the personal representative of an estate, or an employee of a trust or estate may serve on the Board if the corporation, trust or estate owns a Lot.

4.2 Powers and Duties. The Board shall have the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are not by law or by these Bylaws directed to be done by the Owners.

4.2.1 Water Company. The Board shall have the exclusive right, in its discretion and subject to the Water Company's Operating Agreement, to manage the Water Company without Owner approval or vote.

4.2.2 Shared Amenities. The Board shall have the right to enter into, modify and/or terminate the Shared Amenities Agreement (as defined in the Declarations) as it sees fit without Owner approval or vote.

4.3 Other Duties. In addition to duties imposed by these Bylaws or by resolutions of the Association, the Board shall have authority to carry out and be responsible for the following matters:

4.3.1 Upkeep of Common Area, Building Structures and other commonly maintained property. Care, upkeep and supervision of the Common Area, Building Structures and the commonly maintained property.

4.3.2 Reserves. Establishment and maintenance of replacement Reserve Accounts which the Board deems prudent for replacement of Common Area improvements or facilities and the Commonly Maintained Property.

4.3.3 Assessment Collection. Designation and collection of assessments from the Owners, in accordance with these Bylaws and the Declaration.

4.3.4 Budget; Voucher System. Establishment of a budget and payment of all common expenses of the Association and institution and maintenance of a voucher system for such payment, which shall require a sufficient number of signatories thereon as may be reasonably necessary to prevent any misuse of Association funds, in accordance with these Bylaws and the Declaration.

4.3.5 Insurance. Procurement and maintenance of insurance policies and payment of premiums therefor out of the common expense funds in respect to the Common Area, as more specifically provided in Article 8 of these Bylaws.

4.3.6 Personnel. Designation and dismissal of the personnel necessary for the maintenance and operation of the Project.

4.3.7 Financial Statements. Causing the preparation and distribution of annual financial statements of the Association to each of the Owners, as more specifically provided in the Declaration.

4.3.8 Rules. Adoption and amendment of administrative Rules and Regulations governing the details of operation and use of the Common Area and administration of the Association, including a fine schedule for violations of these Bylaws, the Declaration or any rules or regulations promulgated thereunder. Provided, however, that any such Rules and Regulations shall always be subject to rescission or amendment by the Association upon a majority vote of Owners present at any properly called meeting.

4.3.9 Copies of Documents; Bank Accounts. Causing the Association to comply with ORS 94.670 relating to maintenance within the State of Oregon of documents delivered to the Association by the Declarant, depositing all assessments in a separate bank account in the name of the Association, payment of all expenses of the Association from the Association's bank account, and maintenance and distribution of financial statements and to maintain copies suitable for duplication of the following: the Declaration, the Articles of Incorporation, the Bylaws, the Association rules and regulations and any amendments thereto, the most recent annual financial statement, and the current operating budget of the Association. Further, the Board of Directors shall cause to be maintained and kept current the information required to enable the Association to comply with ORS 94.670.

4.3.10 Tax Returns. Causing the Association to file the necessary tax returns of the Association.

4.3.11 Mailing Address. Establishing and maintaining a current mailing address for the Association.

4.3.12 Professional Services. Employment of legal, accounting, and other personnel or consultants for reasonable compensation to perform such services as may be required for the proper administration of the Association, and preparing and filing the required income tax returns or forms.

4.4 Limited Authority. The Board shall not take any of the following actions, except with the vote or written assent of a majority of the voting power of the Owners other than Declarant:

4.4.1 Third Party Contracts. Enter into a contract with a third party wherein the third person will furnish goods or services for the Common Area, the Commonly Maintained Property, or the Association for a term longer than one (1) year with the following exceptions:

4.4.1.1 Management contract, the provisions of which have been approved by the Federal Housing Administration, U.S. Housing and Urban Development or Veterans Administration.

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

4.4.1.3 A prepaid casualty and/or liability insurance policy the term of which does not exceed three (3) years, provided that the policy permits short-rate cancellation by the insured.

4.4.2 Capital Expenditures. Incur aggregate expenditures for capital improvements (as opposed to maintenance, repair and replacement costs) to the Common Area, the Commonly Maintained Property, during any fiscal year in excess of five percent (5%) of the budgeted gross expenses of the Association for that fiscal year.

4.4.3 Compensating Board Members. Pay compensation to members of the Board or officers of the Association for services performed in the conduct of the Association's business; provided, however, that the Board may cause a member or officer to be reimbursed for expenses incurred in carrying on the business of the Association.

4.5 Management Agent. The Board may employ a management agent, to be compensated in an amount established by the Board, to perform such duties and services as the Board shall authorize, including, but not limited to, the duties listed in Section 4.3 of these Bylaws. Any such management contract must be cancelable without penalty upon ninety (90) days' written notice. Any management contract entered into by the Declarant before the turnover meeting may be canceled by the Board of Directors elected at the turnover meeting upon thirty (30) days' written notice given not later than sixty (60) days after the turnover meeting.

4.6 Interim Board and Officers. Declarant hereby reserves administrative control of the Association until the Turnover Meeting. Declarant, in its sole discretion, may appoint and remove members of the Board and officers of the Association whose terms of service shall end on or before the date of the Turnover Meeting. However, at the Turnover Meeting, at least one (1) Director shall be elected by Owners other than Declarant, even if Declarant otherwise has voting power to elect all three (3) Directors.

4.7 Election and Term of Office. At the Turnover Meeting of the Association, the term of office of two (2) Directors shall be fixed for two (2) years. The term of office of one (1) Directors shall be fixed at one (1) year. Should the number of Directors serving on the Board be increased, the same sequential election terms shall apply as nearly as is practicable. Upon expiration of the initial term of office of each respective Director, such Director's successor shall be elected to serve a term of two (2) years. The Directors shall hold office until their successors have been elected and hold their first meeting. At the Turnover Meeting, upon agreement by vote of the Owners, the Owners may elect Directors by using a ballot that permits each Owner to vote for three (3) nominees. In such event, the two (2) nominees receiving the highest number of votes shall be the two (2) year Directors and the nominee receiving the next highest number of votes shall be the one (1) year Director.

4.8 Vacancies. Vacancies on the Board caused by any reason other than the removal of a Director by a vote of the Association shall be filled for the balance of the term of each directorship by vote of a majority of the remaining Directors, even though they may constitute less than a quorum. Each person so elected shall be a Director until a successor is elected upon expiration of the term for which such person was elected by the other Directors to serve.

4.9 Removal of Directors. At any legal annual or special meeting (not including actions proposed to be taken by written ballot without a meeting), any one (1) or more of the Directors may be removed with or without cause, by a majority vote of the total voting power of the Owners and a successor may be then and there elected to fill the vacancy thus created; provided, however, that the notice of meeting shall specifically indicate that the removal of one (1) or more named Directors is an agenda item for such meeting. Any Director whose removal has been proposed by the Owners shall be given an opportunity to be heard at such meeting.

4.10 Organizational Meeting. The first meeting of a newly elected Board shall be held within ten (10) days of election at such place as shall be fixed by the Directors at the Association meeting at which such Directors were elected, and no notice shall be necessary to the newly elected Directors in order to hold such meeting legally, providing a majority of the newly elected Directors are present.

4.11 Regular Meetings. Regular meetings of the Board may be held at such time and place as shall be determined, from time to time, by a majority of the Directors. Notice of regular meetings of the Board may be called by the President on at least three (3) days' notice to each Director, given personally or by mail, telephone, e-mail or facsimile, which notice shall state the time, place (as hereinabove provided) and purpose of the meeting.

4.12 Special Meetings. Special meetings of the Board may be called by the President or Secretary or on the written request of at least two (2) Directors. Special meetings of the Board may be called on at least three (3) days' notice to each Director, given personally or by mail, telephone, e-mail or facsimile, which notice shall state the time, place (as hereinabove provided) and purpose of the meeting.

4.13 Waiver of Notice to Directors. Before, at or after any meeting of the Board, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by such Director of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice to Directors shall be required and any business may be transacted at such meeting.

4.14 Board of Directors' Quorum. At all meetings of the Board, a majority of the existing Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors shall be the acts of the Board. If quorum requirements are not met at any meeting of the Board, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business that might have been transacted at the meeting as originally called may be transacted without further notice.

4.15 Board Meetings Open to All Association Members. Except for executive sessions, all meetings of the Board shall be open to any and all Members of the Association; provided, however, that no Association Member shall have a right to participate in the Board's meetings unless such Member is also a member of the Board. The President shall have authority to exclude any Association Member who disrupts the proceedings at a meeting of the Board. At the discretion of the Board, the following matters may be considered in executive sessions:

4.15.1.1 Consultation with legal counsel concerning rights and duties of the Association regarding existing or potential litigation or criminal matters;

4.15.1.2 Personnel matters, including salary negotiations and employee discipline;

4.15.1.3 Negotiations of contracts with third parties;

4.15.1.4 Collection of assessments; and

4.15.1.5 For any other purpose permitted by the PCA.

Except in the case of an emergency, the Board shall vote in an open meeting whether to meet in executive session. If the Board votes to meet in executive session, the presiding officer of the Board shall state the general nature of the action to be considered, as precisely as possible, when and under what circumstances the deliberations can be disclosed to Owners. The statement, motion or decision to meet in executive session must be included in the minutes of the meeting. A contract or an action considered in executive session does not become effective unless the Board, following the executive session, reconvenes in open meeting and votes on the contract or action, which must be reasonably identified in the open meeting and included in the minutes.

4.16 Notice to Association Members of Board Meetings. For other than emergency meetings, notice of special Board meetings shall be mailed to each Owner at least seven (7) days before the meeting by first class mail or at least three (3) days' notice by hand delivery to each Lot Owner's address or by facsimile transmission. The Board shall give Owners notice of regular Board meetings at the beginning of each year by first class mail or other reasonable means setting out the time and place of the regular meetings. For any changed time or place, the notice requirements for special meetings shall apply.

4.17 Emergency Meetings. In the event of an emergency, Board of Directors meetings may be conducted by telephonic communication or by the use of a means of communication that allows all Board members participating to hear each other simultaneously or otherwise to be able to communicate during the meeting. No notice to either Directors or Association members shall be required for such meetings of the Board of Directors to be held for any emergency action. Provided, however, that no such meeting shall occur unless at least seventy-five percent (75%) of the Board of Directors participate in the same and after an attempt has been made to reach each Director.

4.18 Compensation of Directors. No Director shall be compensated in any manner, except for out-of-pocket expenses, unless such compensation is approved by vote of the Owners.

ARTICLE 5 OFFICERS

5.1 Designation. The principal officers of the Association shall be a President, a Secretary and a Treasurer, all of whom shall be elected by the Directors. The Directors may appoint an assistant treasurer and an assistant secretary, and any such other officers as in their judgment may be necessary.

5.2 Election of Officers. The officers of the Association may be elected by the Board at the organizational meeting of each new Board or any Board meeting thereafter, and shall hold office at the pleasure of the Board.

5.3 Removal of Officers. Upon an affirmative vote of a majority of the Board, any officer may be removed, either with or without cause, and such officer's successor may be elected at any regular or special meeting of the Board.

5.4 President. The President shall be the chief executive officer of the Association and shall preside at all meetings of the Association and of the Board. The President shall have all of the general powers and duties which are usually vested in the office of president of an association, including, but not limited to, the power to appoint committees from among the Owners from time to time as the President may, in the President's discretion, decide is appropriate to assist in the conduct of the affairs of the Association.

5.5 Secretary. The Secretary shall keep the minutes of all meetings of the Board and the minutes of all meetings of the Association and shall have charge of such books and papers as the Board may direct; and shall, in general, perform all the duties incident of the office of secretary.

5.6 Treasurer. The Treasurer shall have responsibility for Association funds and securities not otherwise held by the managing agent and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. The Treasurer shall be responsible for the deposit of all monies and other valuable effects in the name, and to the credit, of the Association in such depositories as may from time to time be designated by the Board.

5.7 Directors as Officers. Any Director may be an officer of the Association.

ARTICLE 6 OBLIGATIONS OF THE OWNERS

6.1 Assessments. All Owners are obligated to pay assessments imposed by the Association to meet all the Association's general common expenses, as more particularly set forth in the Declaration. Assessments shall be payable on a periodic basis, not more frequently than monthly, as determined by the Board. Declarant (before turnover) and the Board (after turnover) may, but shall not be required to, impose interest or a service charge for late installment payments or allow a discount for payment of the annual assessment or any installment in advance.

6.2 Investment of Reserve Account Funds. Assessments paid into Reserve Accounts shall be kept with a safe and responsible depository, shall be accounted for separately and, if invested, the obligation or security shall be fully guaranteed as to principal by the United States of America or one of its agencies. Assessments paid into the Reserve Accounts are the property of the Association and are not refundable to sellers of Lots. However, nothing contained herein shall prevent sellers of Lots from treating their outstanding allocable share of Reserve Accounts as a separate or reimbursable item in a sales agreement. No Owner shall have any individual rights in any of these reserves, although it is understood that the value of an Owner's Lot may increase in proportion to such Lot's right to receive repair, maintenance and replacement therefrom.

6.3 Initial Assessment. The amount of the initial assessment due from Lot Owners other than the Declarant shall be determined by the Declarant. The amount of the annual assessment thereafter shall be subject to review and modification by the Board of Directors.

6.3.1 Contribution to Working Capital. At closing of the sale of each Lot, each purchaser shall contribute to the Association a sum equal to one-sixth (1/6) of the annual assessments, with respect to the Lot being purchased, as a one-time contribution to the working capital of the Association. Within sixty (60) days after the first conveyance by the Declarant of the first Lot in Points West, the Declarant shall make such contribution with respect to all Lots that have not yet been conveyed to a purchaser. If the Declarant has made such contribution, no further contribution shall be required to the Association, but each purchaser shall reimburse the Declarant at closing for the amount of the contribution made by the Declarant with respect to the Lot conveyed to the purchaser. If the amount of the assessments is reduced pursuant to the authority granted to the Declarant herein, the initial deposit to the Association budget, equal to one-sixth (1/6) of the annual assessment, shall be based on the projected amount of such annual assessments after substantial or full occupancy of the Lots rather than on the reduced amount. The working capital contribution is in addition to regular assessments and shall not be used as a prepayment of assessments by any Owner. The Declarant may not use the working capital funds to defray any of its expenses, reserve contributions, or construction costs, or to make up any budget deficits while the Declarant is in control of the Association. All working capital contributions shall be disbursed to the Association at or prior to the turnover meeting and shall be credited to the operating reserve account.

6.3.2 Procedures. If the Declarant or any other person pays all of the operating expenses of the Association or subsidizes such expenses, the assessment shall be reduced by such amount, but shall not be reduced to a sum less than the total amount of the reserve items. With respect to Lots not yet conveyed by the Declarant, the Declarant may accrue the reserve items. At the time of conveyance of the Lot for which the reserve has been accrued, the accrued reserves must be paid to the Association.

The Declarant, or such other person paying all operating expenses or subsidizing such expenses, shall give ten (10) days' written notice to individual Lot Owners before their obligation to pay the full assessment begins. Thereafter, each Owner, including the Declarant or such other person, shall pay the assessments to the Association. In the event that the Declarant has collected initial assessments from Lot purchasers at closing and thereafter elects to pay or subsidize the operating expenses, thereby causing the amount of the assessment to be reduced,

the one-time initial contribution collected from Lot purchasers shall be held by the Declarant in a separate Association account. On the date on which Lot Owners are required to pay full assessments, the aggregate sums held in such separate account shall be deposited to the Association's general account to be used as working capital.

6.3.3 Temporary Reduction of Assessment Amount. If the Association expenses are temporarily less than projected by the Declarant because some or most of the Lots are not yet sold or occupied, the Declarant shall have the authority to reduce temporarily the amount of the assessment to reflect the lower expenses of the project.

6.4 Income Tax Returns; Determination of Fiscal Year.

6.4.1 Fiscal Year. The fiscal year of the Association shall be the calendar year unless otherwise determined by the Board.

6.4.2 Tax Returns. The Board, in its sole discretion, shall determine the manner in which all necessary income tax returns are filed and of selecting any and all persons to prepare such tax returns.

6.5 Statement of Assessments.

6.5.1 The Association shall provide, within ten (10) business days of receipt of a written request from an Owner, a written statement that provides:

6.5.1.1 The amount of assessments due from the Owner and unpaid at the time the request was received, including:

- (a) Regular and special assessments;
- (b) Fines and other charges;
- (c) Accrued interest; and
- (d) Late payment charges.

6.5.1.2 The percentage rate at which interest accrues on assessments that are not paid when due.

6.5.1.3 The percentage rate used to calculate the charges for late payment or the amount of a fixed charge for late payment.

6.5.2 The Association is not required to comply with Section 6.5.1 if the Association has commenced litigation by filing a complaint against the Owner and the litigation is pending when the statement would otherwise be due.

6.6 Default. Failure by an Owner to pay any assessment of the Association shall be a default by such Owner of such Owner's obligations pursuant to these Bylaws and the Declaration. The Association shall be entitled to the remedies set forth in the Declaration.

6.7 Maintenance and Repair.

6.7.1 Lots. Except as otherwise specifically provided in the Declaration and these Bylaws, every Owner must perform promptly all maintenance and repair work to such Owner's Lot and keep the same in good repair and sanitary and neat condition.

6.7.2 Common Area. The Association shall repair and maintain the Common Area, each Building Structure, and the Clubhouse Building subject to the provisions of subsection 6.7.3.

6.7.3 Reimbursement of Association. An Owner shall reimburse the Association for any expenditures incurred in repairing or replacing any portion of the Common Area that was damaged through such Owner's fault and that is not otherwise covered by insurance policies carried by the Owner or the Association for the Owner's and the Association's benefit. In such circumstances, the insurance obtained by the Owner shall be deemed to be the primary coverage. The Board of Directors shall have the unfettered discretion to refuse to make a claim on the Association's policy even though coverage may pertain. Such discretion is for the purpose of maintaining the Association's insurability and controlling the amount of the premiums for the Association's insurance. Such charge shall be collectible as an Assessment.

6.8 Right of Entry; Easements for Maintenance.

6.8.1 Emergencies. Present and future Owners, tenants, Occupants, and any other persons that occupy any portion of the Property, by virtue of acquisition, rental, or occupancy of any of the Lots, grant to the management agent or to any other person authorized by the Board or the Association the right to enter upon such Lot in the event of an emergency originating in or threatening any Owner's Lot.

6.8.2 Maintenance Easements. Declarant grants an easement to the Association in and through any Lot and the Common Area providing access at reasonable times and with reasonable notice for purposes of maintenance, repair and replacement of the Common Area and Commonly Maintained Property. If, in performing such repair and maintenance, the Association needs to alter or damage any Lot or Common Area, it may do so without providing compensation, provided that it promptly restores the Lot and/or Common Area to substantially its prior condition.

ARTICLE 7

USE AND OCCUPANCY RESTRICTIONS; RULES OF CONDUCT

In addition to the restrictions and rules of conduct set forth in the Declaration, the following shall apply:

7.1 Use of the Common Area. No Owner shall place or cause to be placed on any portion of the Common Area any trash, structure, equipment, improvement, furniture, package or object of any kind. Common Areas shall be used for no purpose other than what is customary for such areas.

7.2 Appearance of Lots. Owners shall keep their Lots and the improvements thereon in good repair, clean, and with painted, stained or other finished exteriors compatible with the Architectural Standards, the Declaration and Rules and Regulations; provided, however, the Association shall have such obligations with respect to the Common Areas and Building Structures.

7.3 Nuisances. No Owner or Occupant shall cause or permit such Owner's representatives, agents, employees, or family members to cause any nuisance or to make any use or engage in any practice on the Property that is a source of annoyance to other Owners and Occupants or that interferes with other Owners' and Occupants' peaceful possession and proper use of the Property. Owners and Occupants shall exercise extreme care about creating disturbances, making noises or using musical instruments, radios, televisions and amplifiers that may disturb other Owners and Occupants. Owners and Occupants shall keep all parts of their respective Lots in a clean and sanitary condition, free of any accumulation of rubbish, refuse or garbage and free of any fire hazard and shall not cause any accumulation of rubbish, refuse or garbage or any fire hazard on any other part of the Property. Owners and Occupants shall place all of their rubbish, refuse and garbage inside disposal containers. No Owner shall make or permit any use of such Owner's Lot or of the Common Area that will increase the cost of insurance upon the Common Area.

7.4 Improper, Offensive or Unlawful Use. No Owner or Occupant shall make any improper, offensive or unlawful use of any part of the Property. Owners and Occupants shall observe all valid laws, zoning ordinances and regulations of governmental bodies having jurisdiction over the Property. The responsibility for meeting the requirements of governmental bodies for maintenance, modification or repair of the Property shall be carried out and paid for in the same manner as the responsibility for the maintenance and repair of the Property concerned.

7.5 Additional Rules. In addition to the rules set forth in this Article 7, the Board may promulgate and amend, from time to time, Rules and Regulations concerning other use of the Property and shall furnish copies of such Rules and Regulations to any Owner or Occupant requesting such copies.

7.6 Enforcement. The Association, through its Board of Directors, shall have the power to enforce the covenants and restrictions in these Bylaws and in the Declaration. Owners shall also have the right to bring actions or suits regarding covenants and restrictions, but shall have no right or power to require the Association or Board of Directors to take any enforcement action.

7.7 Restriction on Exterior Installations. Except as permitted by law and subject to the Declaration, no Owner, resident or tenant shall install wiring for electrical or telephone installation, machines or air conditioning units or similar devices on the exterior of the building(s) or cause them to protrude through the walls or the roof of the building(s) except as authorized in writing by the Board of Directors, and, if the modification or installation would require an easement pursuant to the Declaration, then prior approval by the required percentage of Owners. No window guards, awnings or shades shall be installed without the prior written consent of the Board of Directors.

7.8 Fines. The Board of Directors may, after giving written notice and an opportunity to be heard, levy reasonable fines for violations of the Declaration, Bylaws and rules and regulations of the Association, provided that fines levied are based on a schedule previously adopted by Board resolution that is mailed to the mailing address of each Lot or mailed to the mailing address designated in writing by the Owner(s).

ARTICLE 8 INSURANCE

8.1 General. The Board shall obtain and maintain at all times insurance of the type and kind and in the amounts hereinafter provided and additional insurance for such other risks of a similar or dissimilar nature as are now or as shall be hereafter customarily covered by insurance obtained by other planned communities similar in construction and design. Such additional insurance shall be governed by this Article 8.

8.2 Types of Insurance Policies Maintained by the Association. For the benefit of the Association and the Owners, the Board shall obtain and maintain at all times, and shall pay for out of the common expense funds, the following insurance:

8.2.1 Property Insurance. A policy or policies of special form/all risk property insurance for the full insurable replacement value of the Building Structures, the Clubhouse Building and all other substantial improvements on the Common Area to the extent such insurance is available.

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

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

8.3 Fidelity Bond. For the benefit of the Association and Owners, the Board may obtain a fidelity bond naming such persons as may be designated by the Board as principals and the Association and the Owners as obligees, for the amount determined by the Board. The Board may pay for such bond out of the common expenses of the Association. In addition, the Board shall require that all officers and employees of the Association handling or responsible for Association funds to obtain adequate fidelity bonds and may pay for the premiums thereon.

8.4 Insurance Companies Authorized. All policies obtained under this Article 8 shall be written by a company licensed to do business in Oregon.

8.5 Intentionally Omitted.

8.6 Home and Lot Insurance Maintained by Each Owner. The Association shall have no responsibility to procure or to assist Owners or Occupants in procuring property loss insurance or liability insurance other than as expressly stated in this Article 8. Owners and Occupants shall procure all other insurance coverage that they deem necessary or prudent for their protection, and shall be obligated to carry property insurance with extended coverage endorsements in the amount of the replacement value of such Owners' homes and with minimum combined limits of \$100,000 per occurrence. Insurance coverage obtained and maintained by the Board of Directors may be brought into contribution with that obtained and maintained by Owners or mortgagees only in the Board of Directors' sole and unfettered discretion.

8.7 Review of Insurance Policies. At least annually, the Board shall review all insurance carried by the Association, which review shall include a consultation with a representative of the insurance carrier writing the master policy.

ARTICLE 9 AMENDMENT

Except as otherwise provided in this Article, and the restrictions set forth elsewhere herein, these Bylaws may be amended at any time by an instrument approved by at least a majority of the total votes of each class of Members that are eligible to vote. Any amendment must be executed, recorded and certified as provided by law. Provided, however, no amendment of these Bylaws may effect an amendment of the Declaration or the Articles without compliance with the provisions of such documents and the Oregon Nonprofit Corporation Act, and no amendment deleting or affecting any right of Declarant or its successor or assignee, including, without limitation, an amendment to this Article 9, may be adopted without the prior written consent of Declarant or its successor or assignee.

ARTICLE 10 RECORDS AND AUDITS

10.1 General Records. The Board and the managing agent or manager, if any, shall preserve and maintain minutes of the meetings of the Association, the Board and any Board committees as required by ORS 94.670. The Board shall maintain a list of Owners entitled to vote at meetings of the Association. The minutes of the Association, the Board and Board committees, and the Association's financial records shall be reasonably available for review and copying by the Owners. A reasonable charge may be imposed by the Association for providing copies. Proxies and ballots must be retained by the Association for one (1) year from the date of determination of the vote.

10.2 Assessment Roll. The Board and the managing agent or manager, if any, shall maintain the assessment roll in a set of accounting books in which there shall be an account for each Lot. Such account shall designate the name and address of the Owner or Owners, the amount of each assessment against the Owner, the dates on which and the amounts in which the assessment comes due, the amounts paid upon the account and the balance due on the assessments.

10.3 Payment of Vouchers. The Treasurer or management agent shall pay all expenses authorized by the Board. The Treasurer or management agent shall maintain and follow reasonable procedures to assure the accounts and proper records, and to assure that all expenditures are proper. Except in cases where an emergency exists (for example, a repair must be made immediately to prevent further damage), any voucher for non-budgeted items shall require the signature of the President; provided, however, that any withdrawal from Reserve Accounts shall require the signature of two Board members or one Board member and an officer of the Association who is not a Board member.

ARTICLE 11

COMPLIANCE WITH THE PLANNED COMMUNITY ACT; CONFLICTS

These Bylaws are intended to comply with the provisions of the PCA, the provisions of which apply to Points West. In case of any conflict among the provisions of the PCA, the Articles, the Declaration, or these Bylaws, the provisions of the PCA shall control over those of the Articles and Declaration, and the provisions of the Declaration shall be control over those of the Articles and these Bylaws.

ARTICLE 12

INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES AND AGENTS

The Association shall indemnify any Director, officer, employee or agent who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by the Association) by reason of the fact that such person is or was a Director, officer, employee or agent of the Association or is or was serving at the request of the Association as a Director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by said person in connection with such suit, action or proceeding if such person acted in good faith and in a manner that such person reasonably believed to be in, or not opposed to, the best interest of the Association, and, with respect to any criminal action or proceedings, had no reasonable cause to believe that such person's conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or with a plea of nolo contendere or its equivalent, shall not of itself create a presumption that a person did not act in good faith and in a manner that such person reasonably believed to be in, or not opposed to, the best interest of the Association, and, with respect to any criminal action or proceedings, had reasonable cause to believe that such person's conduct was unlawful. Payment under this clause may be made during the pendency of such claim, action, suit or proceeding as and when incurred, subject only to the right of the Association to reimbursement of such payment from such person, should it be proven at a later time that such person had no right to such payments. All persons who are ultimately held liable for their actions on behalf of the Association as a Director, officer, employee or agent shall have a right of contribution over and against all other Directors, officers, employees or agents and Members of the Association who participated with or benefited from the acts that created said liability.

ARTICLE 13
ASSESSMENT COLLECTION COSTS; SUITS AND ACTIONS

An Owner shall be obliged to pay reasonable fees and costs (including, but not limited to, attorneys' fees) and actual administrative costs incurred in connection with efforts to collect any delinquent unpaid assessments from such Owner, whether or not suit or action is filed. Assessments against Owners may include fees, late charges, fines and interest imposed by the Board, in addition to amounts owed toward operating expenses and the funding of reserves. If there is a dispute regarding these Bylaws, the Declaration or any Rules or Regulations, the prevailing party in that dispute, whether at arbitration, trial or appeal, shall recover its reasonable attorney fees, costs and disbursements.

ARTICLE 14
MISCELLANEOUS

14.1 Notices. All notices to the Association or to the Board shall be sent care of the managing agent or, if there is no managing agent, to the principal office of the Association or to such other address as the Board hereafter may designate from time to time. All notices to any Owner shall be sent to such address as may have been designated by such Owner from time to time, in writing, to the Board, or if no address has been designated, then to such Owner's Lot.

14.2 Waiver. No restriction, condition, obligation or provision contained in these Bylaws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches thereof that may have occurred and the number of times that the pertinent restriction, condition, obligation or provision was not enforced.

14.3 Invalidity; Number; Captions. The invalidity of any part of these Bylaws shall not impair or affect in any manner the validity, enforceability or effect of the balance of these Bylaws; provided, however, that if any of the provisions of these Bylaws would violate the rule against perpetuities or any other limitation on the duration of the provisions herein contained imposed by law, then such provision shall be deemed to remain in effect only for the maximum period permitted by law, or in the event the rule against perpetuities applies, until twenty-one (21) years after the death of the last survivor of the now living descendants of Ex-President George Bush. As used herein, the singular shall include the plural, and the plural the singular. The masculine and neuter shall each include the masculine, feminine and neuter, as the context requires. All captions used herein are intended solely for convenience of reference and shall in no way limit any of the provisions of these Bylaws.

ARTICLE 15
ADOPTION

It is hereby certified that these Bylaws have been adopted by POINTS WEST, LLC, an Oregon limited liability company, Declarant of Points West, and shall be recorded in the Deed Records of Deschutes County, together with the Declaration for said planned community.

DATED this 14th day of November, 2007.

ARROWOOD DEVELOPMENT, LLC, an Oregon
limited liability company

By: [Signature]
Name: John Lietz
Title: President

STATE OF OREGON)
) ss
County of Deschutes)

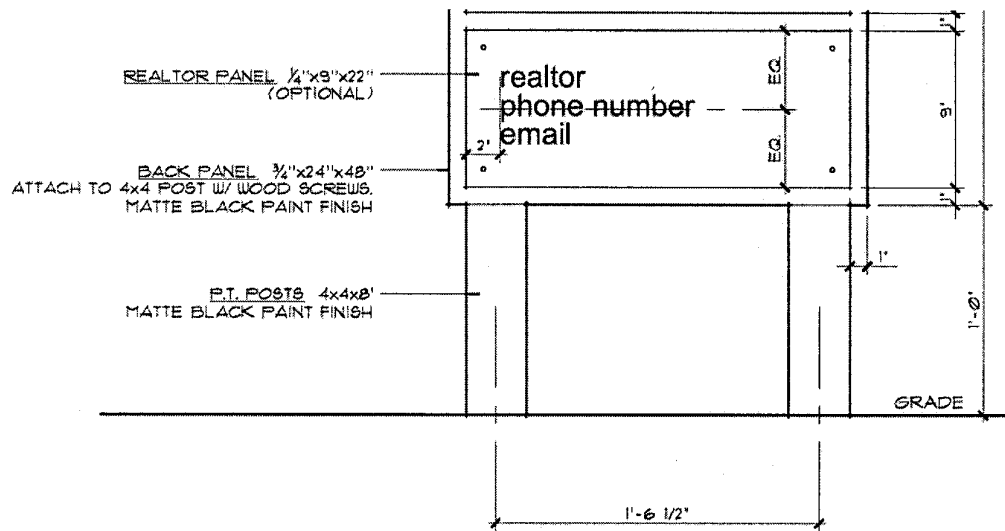
On this 14th day of November 2007, personally appeared John Lietz as member of ARROWOOD DEVELOPMENT, LLC, an Oregon limited liability company, and acknowledged the foregoing instrument to be the voluntary act of said company.



Amy Oatman
NOTARY PUBLIC OF OREGON
My Commission Expires 6/12/09

EXHIBIT F

“FOR SALE” SIGNAGE DESIGN AND DIMENSIONING



However, all wording to be centered on sign.