DESCHUTES COUNTY OFFICIAL RECORDS
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2004-72817

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DESCHUTES COUNTY CLERK

CERTIFICATE PAGE

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DECLARATIONS OF
COVENANTS, CONDITIONS AND
RESTRICTIONS FOR
STONEHAVEN, PHASE I

These Covenants, Conditions and Restrictions are made this 4th day of Nov., 2004, by VERNON C. PALMER, INC., an Oregon Corporation, hereinafter referred to as "Declarant".

Recitals:

1. The Mayberry Group, Inc., an Oregon corporation, owns that real property in Deschutes County, Oregon legally described on the attached Exhibit A. The Mayberry Group, Inc. consents to the terms and conditions of this Declaration and to its recordation.

2. The property described in Exhibit A" is hereby subject to these Covenants, Conditions and Restrictions and will be known as Stonehaven Phase I, hereinafter referred to as Stonehaven.

3. Declarant is reserving the right, but not undertaking the obligation, to annex additional property to the Association and subject it to the terms and provisions of these CCRs, the Articles and the Bylaws of the Association.

4. Stonehaven is being developed as a residential community. Except where this Declaration for Stonehaven conflicts with any applicable government municipal regulations, this Declaration shall be binding upon all property subject to this Declaration and its Owners and their successors in interest as set forth herein. In the event any of the development standards or use restrictions of this Declaration should conflict with a more restrictive standard or requirement set by an applicable zoning ordinance of the City of Bend, the more restrictive standard or requirement of the applicable City of Bend ordinance shall apply.

5. Declarant declares that the Property shall be held, transferred, sold, conveyed and occupied subject to the provisions of the Oregon Planned Community Act, ORS 94.550 et seq., and to the CCRs, easements, charges and liens set forth in these CCRs.

Section 1. DEFINITIONS

1.1 "ARC" shall mean the Architectural Review Committee.

1.2 "Articles" shall mean the Articles of Incorporation for the non-profit corporation, Stonehaven Homeowners Association.

Return to:
Palmer Homes
PO Box 184
Bend OR 97709

1.3 "Association" shall mean the Stonehaven Homeowners Association, Inc. and its successors and assigns.

1.4 "Board of Directors" and "Board" shall mean the Board of Directors of the Association.

1.5 "Bylaws" shall mean the Bylaws of the Association.

1.6 "CCRs" shall mean the Covenants, Conditions and Restrictions set forth in this document as amended from time to time and all other provisions set forth in these CCRs.

1.7 "Declarant" shall mean Vernon C. Palmer, Inc., an Oregon Corporation, or its successors in interest. In no event shall The Mayberry Group, Inc. be deemed to be, or have liability hereunder, as Declarant.

1.8 "Declaration" shall mean this Declaration of Covenants, Conditions and Restrictions for Stonehaven.

1.9 "Homesite" shall mean a Lot as defined herein.

1.10 "Improvements" shall include, but not be limited to any buildings, outbuildings, private roads, driveways, parking areas, fences and barriers, retaining walls and stairs, decks, hedges, windbreaks, planting, planted trees and shrubs, signs, storage areas and all other structures or exterior landscaping, vegetation or ground cover of every type of any kind above the land surface.

1.11 "Living Unit" or "Unit" shall mean any portion of a structure situated upon the Property designed and intended for use and occupancy as a residence by a single family.

1.12 "Lot" shall mean each lot described on the subdivision plat or partition map to any alteration thereof as may be made by a valid lot line adjustment.

1.13 "The Mayberry Group, Inc." shall have the meaning given in the Recital and shall also mean any successor or assignee of The Mayberry Group, Inc. that obtains all of the Mayberry Group, Inc.'s interest in the Property. The Mayberry Group, Inc. is signing this instrument as the current owner. The Mayberry Group, Inc. is not, however, the Declarant hereunder and shall have no liability therefore.

1.14 "Stonehaven" shall mean all of the real property now or hereafter made subject to this Declaration.

1.15 "Occupant" shall mean the occupant of a Living Unit who shall be either the Owner, lessee or any other person authorized by the Owner to occupy the premises.

1.16 "Owner" shall mean any person or entity, including the Declarant, at any time owning a Building Lot, but does not include a tenant or holder of a leasehold interest or a person holding only a security interest in a Building Lot. Notwithstanding to the foregoing sentence, for all purposes under this Declaration, Declarant shall be deemed to be the Owner of any Building Lot owned by The Mayberry Group, Inc. and The Mayberry Group, Inc. shall not be deemed to be an "Owner".

1.17 "Property" shall mean all real property and all improvements located on the real property subject to these CCRs, as more particularly set forth on Exhibit "A" attached, together with such additional Lots as may from time to time be annexed to the Association.

1.18 "Rules and Regulations" shall mean the Rules and Regulations and policies adopted by the Board of Directors of the Association or the ARC as may be from time to time amended.

1.19 "Streets" shall mean any street, or thoroughfare within or adjacent to Stonehaven and shown on any recorded subdivision or partition map, or survey map of record, whether designated thereon as street, boulevard, place, drive, road, terrace, way, lane, circle or otherwise.

Section 2. PROPERTY SUBJECT TO THE COVENANTS, CONDITIONS, AND RESTRICTIONS FOR STONEHAVEN.

2.1 General Declaration Creating Stonehaven. Declarant (and, by its consent hereto, The Mayberry Group, Inc.) hereby declares that all of the real property located in Deschutes County, Oregon, described in Exhibit "A" is owned and shall be hypothecated, encumbered, leased, occupied, built upon or otherwise used, improved or transferred in whole or in part subject to this Declaration. All of said Restrictions are declared and agreed to be established with the purpose of protecting the desirability and attractiveness of said real property and every part thereof. All of the Covenants, Conditions and Restriction of Stonehaven run with all of said real property for all purposes and shall be binding upon and inure to the benefit of Declarant and all Owners and their successors in interest as set forth in this Declaration.

2.2 Annexation. It is the intent of Declarant to further develop Stonehaven in general accordance with the attached Exhibit "B" by annexing Phase II and Phase III.

2.2.1 The procedure for this annexation is as follows:

Declarant may develop land, possibly in phases, with standard residential improvements including streets, curbs, utilities, etcetera. All improvements would be done in a similar manner and of a similar quality to Phase I improvements. Upon completion of improvements, the plat for that new phase would be recorded, and that part of the property would become subject to all privileges and limitations of the

Stonehaven Homeowners Association, Inc. Declarant will notify the Association that additional land is now a part of the Association.

2.2.2 The Owners of Lots in annexed areas would be accorded the same voting rights as Owners of Lots in Phase I.

2.2.3 The formula to be used for reallocating the expenses upon the annexation of additional Lots to the Association shall be a described in Section 7, Maintenance Assessment / Special Assessments. If Lots are annexed during the fiscal year, common expenses shall be reapportioned equally among all Lots on the beginning of the next month following annexation.

Section 3. ARCHITECTURAL REVIEW COMMITTEE

3.1 Responsibility. The Architectural Review Committee (ARC) will be responsible for the approval of plans and specifications for the development of any building, structure or other improvements on any Lot.

3.2 Membership. The ARC shall consist of three (3) members and shall initially be the Declarant. A majority of the committee may designate a representative to act for it. In case of death or resignation of any member of the committee, the remaining member or members shall have full authority to designate a successor. Neither the members of the committee nor its designated representative shall be entitled to any compensation for services performed by said members. In the event that the deaths of resignations of all members of the committee shall occur without successors having been appointed, the majority of the Owners shall have full power to designate successors.

3.3 Action. The committee may render its decisions only by written instrument setting forth the actions taken by the members consenting thereto.

3.4 Failure to Act. In the event the committee, or its designated representative, fails to approve or disapprove plans and specifications within thirty (30) days after the same have been submitted to it in writing, or in any event, if no suit to enjoin the construction has been commenced before completion, approval will not be required and these provisions shall be deemed to have been fully complied with.

3.5 Non-waiver. Consent by the ARC to any matter proposed to it or within its jurisdiction shall not be deemed to constitute a precedent or waiver impairing its right to withhold approval as to any similar matter thereafter proposed or submitted to it for consent.

3.6 Liability. Neither the ARC nor any member thereof shall be liable to any Owner for any damage, loss, prejudice suffered or claimed on account of any action of failure to act of the committee or any member thereof, provided that the members acted

in accordance with actual knowledge possessed by them, and that they acted in good faith.

Section 4. RESTRICTIONS.

4.1 Governmental Restrictions. All uses, occupancy, construction and other activities conducted on any Lot shall conform with and be subject to applicable zoning, use restrictions, setback requirements, construction and building codes of all local, state and federal public authorities.

4.2 Uses. All Lots and living units shall be used for residential, recreation and vacation purposes only. Home Occupation in any living unit shall be subject to municipal zoning codes.

4.3 Landscaping. Front, rear and side yards must be improved and landscaped not later than thirty (30) days from occupancy. However, in the event the occupancy occurs between November 1st and March 1st, the landscaping shall be completed by April 1st to allow for the installation of landscaping during the growing season. Trees shall not be removed without written consent of the ARC. Trees and shrubs shall be trimmed and pruned and lawns cut sufficiently and maintained year round so that they do not become eyesores and detrimental to the values of other properties. If a Lot is not properly maintained, the Association shall notify said Lot Owner of the violation. The notice shall be sent to the Owner at the last known address and the Owner will be given fifteen (15) days from date of notice to correct the violation. If the violation is not corrected within fifteen (15) days, the Association shall have the right to maintain the landscaping of the Lot at the Owner's expense. If the funds expended by the Association are not paid within thirty (30) days from written notification to the Owner of the amount due, a lien will be filed against the Owner's Lot. Said lien shall bear interest at the rate of twelve percent (12%) per annum until paid and the lien shall be subject to foreclosure per the terms of this Declaration of Covenants, Conditions and Restrictions and the Oregon Statutes.

4.4 Approval Required. No Improvements, as defined in Section 1.10 above, shall be erected, placed, altered, maintained, or permitted to remain on any land subject to this Declaration until final plans and specifications have been submitted to and approved in writing by the ARC.

4.5 Appearance. All garbage, trash, cuttings, refuse, garbage and refuse containers, clothes drying apparatus and other service facilities located on the Lot shall be screened from view of front streets in a manner approved by the ARC. Boundary fences, walls or hedges must be kept in good condition and repair. Each Lot within Stonehaven shall be maintained in a clean and attractive condition, in good repair and in such a fashion as not to create a fire hazard or visual pollution.

4.6 Nuisances. No obnoxious, offensive or commercial activity or pursuit shall be carried on upon any Lot therein nor shall anything be done thereon which may be

an annoyance or nuisance to the other Owners. Any use or practice that is a reasonable source of annoyance to Owners or which interferes with the peaceful possession and proper use of the property by its Owners is prohibited.

4.7 Signs. Except as provided in paragraph 8.2, other Lot Owners may place one (1) "For Sale" sign on their Lot only. The maximum size of the sign shall be four (4) square feet. Signs of any other type are prohibited without the consent of the ARC.

4.8 Manufactured Homes. Campers, mobile homes, trailers, or manufactured homes as described in ORS 446.003(20)a and as amended from time to time are prohibited for use as a residence, with the expressed exception of the existing manufactured home on Lot 10 of Stonehaven. Only designed and site built homes are permitted on all other homesites, with the expressed exception of the existing home on Lot 11 of Stonehaven.

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

4.10 Underground Utilities and Satellite Dishes. No outdoor overhead wire or service drip for the distribution of electric energy or for telecommunication purposes, nor any pole, tower or other structure for independent reception, transmission or support of any of the above shall be erected, placed or maintained within the property. No television antenna, radio antenna, satellite antenna or dish, or other device shall be placed on any Lot without the prior written consent of the ARC. The existing overhead wires on Lots 10 and 11 shall be the only exception to this requirement.

4.11 Pets. Dogs shall be prohibited from running at large and shall be kept under the Owner's control at all times when outside the living unit. Excessive barking is prohibited. Owners of dogs shall clean up after their dogs. Breeding of dogs or cats for commercial purposes is prohibited. The Association shall have the right to require any Owner to remove any pet that is a nuisance or that interferes with the right to quiet enjoyment in Stonehaven. Any dispute arising out of this Section shall be decided by a Majority of the Board of Directors of the Association and any decision of the Board on this matter shall be binding upon the affected Owner.

4.12 Parking. No extended parking on any street shall be allowed by any house trailer, travel trailer, boat trailer, camper or incapacitated motor vehicle.

4.13 Fence, Sign, and Utility Easements. Declarant hereby reserves a nonexclusive easement for the purpose of the installation, maintenance and repair of a fence, entrance sign, utilities and a rock or sign standard. Construction will be of such material as Declarant, in its sole discretion, shall deem appropriate. No Owner shall make any repair, change or alteration of these improvements without the prior written approval of the Declarant, ARC or Association.

4.14 Utilities Easement. Certain Lots within Stonehaven are subject to a utility line easement reserved for the benefit of the City of Bend as the same is shown on the official plats of property subject to this Declaration. This is a nonexclusive easement for the installation, maintenance and repair of underground utilities. No improvement, structure of any kind, except a boundary fence, shall be permitted on the easement. Any landscaping or fencing placed upon the easement strip shall be done only in accordance with any applicable standards established by the City of Bend. Neither the City of Bend nor Declarant shall be responsible for restoring any landscaping or fencing in the event the City of Bend is required to enter upon the easement for the purposes set forth herein.

4.15 Sight Distance at Intersection. On a corner Lot, no fence, wall, or shrub planting which obstruct sight lines at elevations between two (2) and six (6) feet above roadways shall be placed or permitted to remain within the triangular area formed by the street property lines and a line connecting them at points twenty-five (25) feet from the intersection of the street lines, or in the case of a rounded property corner, from the intersection of the street property lines extended.

The same sight line limitations shall apply on all Lots within the first ten (10) feet of a street right of way line. No trees shall be permitted to remain within such distances unless the foliage line is maintained a sufficient height to prevent obstruction of such sight lines.

4.16 Walls and Fences. No wall or fence of any height shall be constructed on any Lot until after the height, design, type and approximate location therefore, shall have been approved in writing by the ARC. Side and rear setback spaces may have a fence constructed to a maximum height of six (6) feet and must be constructed of wood or vinyl fencing materials. An exception to the fencing along the side setback is noted above in section 4.15. No boundary line hedge or shrubbery shall be permitted with a height of more than six (6) feet. The heights or elevations of any wall or fence shall be measured from the existing elevations of the property at or along the applicable points or lines.

4.17 Firearms and Related Activity. No firearm, crossbow, bow and arrow or air gun, including without limitation, BB type or pellet guns, whether for purposes of hunting or target practice, shall be used within the subdivision.

4.18 Severability. Invalidation of any use of these Covenants by judgment or court order shall in no way affect any of the other provision, which shall remain in full force and effect.

Section 5. MEMBERSHIP AND VOTING RIGHTS

5.1 Membership. Every Owner of a Lot that is subject to assessment shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot that is subject to assessment. Transfer of ownership of a Lot automatically transfers membership in the Association. Occupants and Owners

shall be governed and controlled by these CCRs, the Articles, Bylaws, and Rules and Regulations of the Association.

5.2 Voting Rights.

5.2.1 Members. Members shall be entitled to one (1) vote for each Lot owned with respect to all matters upon which Owners are entitled to vote.

5.2.2 Declarant. Notwithstanding paragraph 5.2.1, Declarant reserves the right to vote on behalf of all Members of the Association, until one hundred eighty (180) days after Declarant has sold eighty-five percent (85%) of the Lots in the Property or until Declarant terminates this reservation of special Declarant rights by notice in writing to the Association.

5.3 Voting by Lot. 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 will fractional voting be allowed. Fractionalized or split votes shall be disregarded, except for purposes of determining a quorum. The total number of votes as of such Termination Date and thereafter, shall be equal to the total number of Lots annexed to the Property and subject to these CCRs as of such Termination Date.

5.4 Procedure. All meetings of the Association, the Board of Directors, the ARC, and Association committees shall be conducted in accordance with such rules of order as may from time to time be adopted by the Board of Directors. A tie vote does not constitute a Majority or approval of any motion or resolution.

Section 6. DECLARANT CONTROL

6.1 Interim Board and Officers. Declarant reserves administrative control of the Association until one hundred eighty (180) days after Declarant has sold eighty-five percent (85%) of the Lots in the Property or until Declarant terminates the reservation of special Declarant rights by notice in writing to the Association. Declarant, in his or her sole discretion, shall have the right to appoint and remove Members of a three-Member Interim Board of Directors, which shall manage the affairs of the Association, and which shall be invested with all powers and rights of the Board of Directors. Notwithstanding the provisions of this Section, 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 Directors.

6.2 Transitional Advisory Committee. Declarant shall form a Transitional Advisory Committee to provide for the transition of administrative control of the Association from Declarant to the Owners not later than the sixtieth (60th) day after Declarant has conveyed Lots representing fifty percent (50%) or more of the Lots in the community other than to a successor to Declarant.

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

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

6.2.3 Turnover Meeting. Declarant shall call a meeting for the purpose of turning over administrative control of the Association from Declarant to the Owners within ninety (90) days after the expiration of the period of Declarant control. Declarant shall give notice of the meeting to each Owner as provided in the Bylaws. If Declarant does not call a meeting required under this Section, any Owner may do so.

Section 7. MAINTENANCE ASSESSMENTS/SPECIAL ASSESSMENTS.

7.1 Creation of Lien and Personal Obligation of Assessments. Declarant, for each Building Lot owned by it or The Mayberry Group, Inc. within the Property, does hereby covenant, and each Owner of any Building Lot by acceptance of a conveyance thereof, whether or not so expressed in any such conveyance, shall be deemed to covenant, to pay to the Association all assessments or other charges as may be fixed, established and collected from time to time in the manner provided in this Declaration or the Bylaws. Such assessments and charges, together with any interest, expenses or attorneys' fees imposed pursuant to paragraph 7.5, shall be a charge on the land and shall be a continuing lien upon the Building Lot against which each such assessment or charge is made. Such assessments, charges and other costs shall also be the personal obligation of the person who was the Owner of such Lot at the time when the assessment or charge fell due. Such liens and personal obligations shall be enforced in the manner set forth in paragraph 9.2 below. No Owner may avoid such personal obligation by abandonment of Owner's Building Lot

7.2 General Assessments

7.2.1 Purpose of Assessments. The assessments levied under this Article shall be used for the purpose of improvement and maintenance of the Property, including payment of premiums for insurance required under these CCRs, to fund a replacement reserve for items which the Association has maintenance responsibility, and for payment of any common operating expenses such as landscaping, maintenance, Association management services, legal and accounting services and the like.

7.2.2 Basis for Assessment. There shall be two levels of assessments against Lots dependent upon whether such Lots have been improved with substantially completed Living Unit.

7.2.2.1 Unimproved Lots. Lots that have not been improved with a substantially completed Living Unit shall be assessed equally with other such Lots. The assessment against such unimproved Lots shall include only amounts attributable to the Maintenance Reserve account. Declarant, at Declarant's option, may accrue the Maintenance Reserve Account portion of the assessment for an unimproved Lot until such Lot is conveyed to an Owner other than Declarant at which time the accrued amount is due to the Association. Owner may not accrue the liability insurance portion. Unimproved Lots in phases of Stonehaven which are not yet developed will not be assessed until that phase is completed and recorded.

7.2.2.2 Improved Lots. Lots that have been improved with a substantially completed Living Unit shall be assessed equally with other such Lots. All initial, general and special assessments shall be equally allocated among the Lots, except that improved and unimproved Lots shall be assessed in different manners as described herein. The assessment of Lots improved with substantially complete Living Units shall include the following items:

7.2.2.2.1 Expenses of administration.
7.2.2.2.2 Expenses of alleyway maintenance and repair, including snow removal.
7.2.2.2.3 Expenses of maintenance and repair of Stonehaven signage, and entry landscaping on Country Club Drive on Lots 1 and 2.
7.2.2.2.4 Any deficit in expenses for any prior year.
7.2.2.2.5 The cost of any professional management desired by the Board of Directors.
7.2.2.2.6 Any other items properly chargeable as an expense of the Association.
7.2.2.2.7 Reserve items.

7.2.3 Method of Assessment. The Board of Directors shall determine the annual assessment. Both annual and special assessments shall be fixed at a uniform rate for all Lots as described in paragraph 7.2.2. The Board shall set the date(s) such assessment shall become due. The Board may provide for collection of assessments annually or in monthly, quarterly or semi-annual installments;

provided, however, upon the default in the payment of any one or more installments, the entire balance of such assessment may be accelerated at the option of the Board and be declared due and payable in full, together with interest, attorneys fees and costs as provided.

7.3 Date of Commencement of Annual Assessments. The general assessments with respect to the Lots shall commence at the time the Directors declare, but in no event later than the first day of the month following the conveyance of a Lot to an Owner other than Declarant. The pro rata annual assessment shall commence, with respect to an improved Lot, upon the substantial completion of a Living Unit on such Lot.

7.4 Reserve Study. The Board of Directors shall annually conduct a reserve study or review and update an existing study of the property components to determine the reserve account requirements. The reserve study shall include:

7.4.1 Identification of all items for which reserves are required to be established;
7.4.2 The estimated remaining useful life of each item as of the date of the reserve study;
7.4.3 The estimated cost of maintenance, repair or replacement of each item at the end of its useful life; and
7.4.4 A thirty (30) year plan with regular and adequate contributions, adjusted by estimated inflation and interest earned on reserves, to meet the maintenance, repair and replacement schedule.

7.5 Special Assessments. The Board of Directors shall have the power to levy special assessments against an Owner or all Owners in the following manner for the following purposes:

7.5.1 To correct a deficit in the operating budget;
7.5.2 To collect amounts due to the Association from an Owner for breach of the Owner's obligations under the CCRs, the Bylaws, or the Association's Rules and Regulations, by a vote of a Majority of the Board;
7.5.3 To compensate the Association for damage done by Owner or Owner's guests or invitees to property maintained by the Association;
7.5.4 To make repairs to the property maintained by the Association;
7.5.5 To make capital acquisitions, additions or improvements, provided, however, that Declarant reserves a special Declarant right to approve any such assessment until the Termination date.

7.6 Effect of Non-Payment of Assessments: Remedies of the Association. In addition to any other remedies provided by law, the Association may bring an action at law against the Owner personally obligated to pay an assessment or foreclose a lien upon the Property. No such action or judgment shall be a waiver of the lien of the Association.

No Owner may waive or otherwise escape liability for the assessments by non-use of the Property or abandonment of his or her Lot.

Section 8. DECLARANT'S SPECIAL RIGHTS.

Until the Living Units on all Lots on the Property have been constructed, fully completed and sold, with respect to each Lot on the Property, Declarant shall have the following special rights:

8.1 Sales Office and Model. Declarant shall have the right to maintain a sales office and model residence on one or more of the Lots which Declarant owns or leases. Declarant, prospective purchasers, and their agents shall have the right to use and occupy the sales office and model residences during reasonable hours any day of the week.

8.2 "For Sale" Signs. Declarant may maintain a reasonable number of "For Sale" signs at reasonable locations on the Property, including without limitation the property maintained by the Association.

Section 9. GENERAL PROVISIONS.

9.1 Records. The Board of Directors shall preserve and maintain Minutes of the meetings of the Association, the Board and any committees. The Board of Directors 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, 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 providing copies.

9.2 Enforcement. The Association and the Owners within the Property or any mortgagee on any Lot shall have the right to enforce all of the Covenants, Conditions, Restrictions, reservations, easements, liens and charges now or later imposed by any of the provisions of these CCRs as may appertain specifically to such parties or Owners by any proceeding at law or in equity. Failure by either the Association or by any Owner or mortgagee to enforce any covenant or restriction shall not be a waiver of their right to do so thereafter. In the event suit or action is commenced to enforce the terms and provisions of these CCRs, the prevailing party shall be entitled to its attorney fees and costs in such suit or action to be fixed by the trial court, and in the event of an appeal, the cost of the appeal, together with reasonable attorney fees, to be set by the appellate court. In addition, the Association shall be entitled to its reasonable attorney fees incurred in any enforcement activity taken to collect delinquent assessments, whether or not suit or action is filed.

9.3 Severability. Invalidation of any one of these Covenants or Restrictions by judgment or court order shall not affect the other provisions, which shall remain in full force and effect.

9.4 Duration. The Covenants and Restrictions of these CCRs shall run with and bind the land for a term of thirty-five (35) years from the date of these CCRs 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 in these CCRs; provided, however, that if any of the provisions of these CCRs 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.

9.5 Amendment. These CCRs may be amended at any time by an instrument approved by not less than seventy-five percent (75%) of the total votes. Any amendment must be executed, recorded and certified as provided by law; provided, however, that no amendment of these CCRs shall effect an amendment of the Bylaws, the Articles of Incorporation without compliance of such documents and the Oregon Non-Profit Corporation Act; provided further, no amendment affecting the general plan of development or any other right of Declarant may be effected without the express written consent of Declarant or its successors and assigns.

9.6 Release of Right of Control. Declarant may give up its right of control, in writing, at any time by notice to the Association.

9.7 Unilateral Amendment by Declarant. Declarant may amend these CCRs in order to comply with the requirements of the Federal Housing Administration of the United States, 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 other state in which the Lots are marketed and sold, or any corporation wholly owned, directly or indirectly, by the United States or the State of Oregon, or such other state, the approval of which entity is required in order for it to insure, guarantee or provide financing in connection with development of the Property and sale of Lots. Prior to the Turnover Meeting, no such amendment shall require notice to or approval by any Member.

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

9.8.1 Declaration of Covenants, Conditions and Restrictions ("CCRs");
9.8.2 Articles of Incorporation;
9.8.3 Bylaws; and
9.8.4 Rules and Regulations

IN WITNESS WHEREOF, the undersigned as Declarant has executed this instrument this 4th day of November, 2004.

"Declarant"
VERNON C. PALMER, INC., an Oregon Corporation

By: Vernon C Palmer **Date:** 11-04-04
Vernon C. Palmer

STATE OF OREGON)
)
COUNTY OFDESCHUTES)

The above named Vernon C. Palmer, personally appeared before me and acknowledged the execution of the foregoing instrument to be his free and voluntary act.

OFFICIAL SEAL
SHERYL ABELL
NOTARY PUBLIC-OREGON
COMMISSION NO. 377194
MY COMMISSION EXPIRES FEB. 8, 2008

Sheryl Abell
Notary Public for State of Oregon
My Commission expires: 2-8-08

ACKNOWLEDGED AND CONSENTED TO:
THE MAYBERRY GROUP, INC., an Oregon Corporation

By: Tucker Mayberry **Date:** 11.10.04
TUCKER MAYBERRY

STATE OF OREGON)
)
COUNTY OFDESCHUTES)

The above named Tucker Mayberry personally appeared before me and acknowledged the execution of the foregoing instrument to be his free and voluntary act.

OFFICIAL SEAL
SHERYL ABELL
NOTARY PUBLIC-OREGON
COMMISSION NO. 377194
MY COMMISSION EXPIRES FEB. 8, 2008

Sheryl Abell
Notary Public for State of Oregon
My Commission expires: 2-8-08

EXHIBIT A
PROPERTY INCLUDED

All lands as shown on the Plat of Stonehaven, Phase I as recorded in Deschutes County Records, Volume 2004 , page 70124 on November 23, 2004.