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**DECLARATION OF PROTECTIVE COVENANTS,
CONDITIONS, RESTRICTIONS, AND EASEMENTS FOR
TETHEROW RIM**

Declarant:

**Tetherow Rim LLC
2131 NW High Lakes Loop
Bend, OR 97703**

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**RETURN TO WESTERN
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**DECLARATION OF PROTECTIVE COVENANTS,
CONDITIONS, RESTRICTIONS, AND EASEMENTS FOR TETHEROW RIM**

THIS DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS FOR TETHEROW RIM (this “**Declaration**”) is made this 4th day of August, 2015, by **TETHEROW RIM LLC, a Washington limited liability company**, whose address is 2131 NW High Lakes Loop, Bend, OR 97703 (“**Declarant**”). Declarant shall also include its successors and assigns, subject to Section 1.9 below.

RECITALS

A. Declarant recorded the plat of Tetherow Rim in the Official Records of Deschutes County, Oregon, on March 27, 2015, as Document No. 2015-10789, in Plat Book I at Pages 39 through 43 (the “**Tetherow Rim Plat**”).

B. Declarant desires to subject the property depicted on the Tetherow Rim Plat, as described in “**Exhibit A**” attached hereto and made a part hereof, to the covenants, conditions, restrictions, easements, and charges set forth herein for the benefit of such property and its present and subsequent owners, and to establish such property under the Oregon Planned Community Act, ORS 94.550 to 94.783, as a Class I planned community to be known as “**Tetherow Rim.**”

C. Tetherow Rim is a part of a mixed-use planned development known as “**Tetherow**” and has been annexed to Tetherow and made subject to the Declaration of Covenants, Conditions, Restrictions and Easements for Tetherow recorded in the Official Records of Deschutes County, Oregon, on October 3, 2007, as Document No. 2007-53418, as amended and supplemented, (the “**Master Declaration**”) by a Declaration of Annexation to Tetherow dated July 30, 2015, and recorded August 3, 2015, in the Official Records of Deschutes County, Oregon, as Document No. 2015-031744. Tetherow Rim has been designated as a Neighborhood within Tetherow and this Declaration shall be a Neighborhood Declaration for purposes of the Master Declaration.

NOW, THEREFORE, Declarant hereby declares that the property described in “**Exhibit A**”, shall be held, sold, and conveyed subject to the following covenants, conditions, restrictions, easements and charges, which shall run with such property and shall be binding upon all parties having or acquiring any right, title or interest in such property or any part thereof, and all persons who occupy any portion of such property, and shall inure to the benefit of Declarant, each Owner, and the Association (as such terms are defined below).

**ARTICLE 1
DEFINITIONS**

1.1. “Additional Property” means any land, whether or not owned by Declarant, which is made subject to this Declaration as provided in Section 2.2 below.

1.2. "Annexation Declaration" means the Declaration of Annexation to Tetherow dated July 30, 2015, and recorded August 3, 2015, in the Official Records of Deschutes County, Oregon, as Document No. 2015-031744.

1.3. "Assessments" mean all assessments and other charges, fines, and fees imposed by the Association on an Owner in accordance with this Declaration, the Bylaws or the provisions of the Oregon Planned Community Act, including, without limitation, Annual Assessments, Special Assessments, Emergency Assessments, Individual Assessments, and Master Association Assessments as described in Article 8 below.

1.4. "Association" means the nonprofit corporation formed to serve as the association of the Owners as provided in Article 6 of this Declaration, and its successors and assigns.

1.5. "Betterments" means any and all Owner upgrades and Owner improvements to a Building Structure after initial sale of the Lot by Declarant, and original construction of the Building Structure by Owner or Declarant (other than replacement of items that were included within the Building Structure at the time of original sale of any Building Structure constructed by Declarant with items of similar nature and quality). Betterments may include, without limitation, upgraded appliances, built-in fixtures, building expansions, and outbuildings or other detached structures added by an Owner, other than Declarant.

1.6. "Board of Directors" or "the Board" means the duly appointed or elected board of directors of the Association, which is vested with the authority to operate the Association and to appoint the officers of the Association. Prior to the Turnover Meeting, Declarant will appoint the Board of Directors. After the Turnover Meeting, the Board of Directors will be elected by the Owners.

1.7. "Building Structure" means a single-family residence constructed and located on the Lots, including, without limitation, garage structures located on the Lots, whether or not attached to or detached from the Building Structure. Each Building Structure shall include all insurable fixtures and improvements included within such residence, including, without limitation, all built-in appliances, but excluding, without limitation, floor, wall and window coverings and treatments, stand alone appliances, Betterments, and personal property.

1.8. "Bylaws" means the duly adopted bylaws of the Association set forth in the attached "Exhibit B" as the same may hereafter be amended or replaced.

1.9. "Declarant" means Tetherow Rim LLC, and its successors and assigns who acquire any of the rights or assume any of the obligations of Declarant under this Declaration. If less than all of Declarant's rights or obligations are transferred to a successor or assign, then the successor or assign shall only be deemed a Declarant with respect to those rights or obligations that are specifically assigned to or assumed by the successor or assign. One or more persons or entities may be a Declarant at any given time. A Declarant shall not be liable for the obligations or liabilities of any other Declarant or the actions or inactions of any other Declarant, unless expressly assumed by a Declarant in writing or as otherwise provided in the Oregon Planned Community Act. The assignment or transfer of any Declarant rights or obligations shall be

evidenced in a written instrument executed by the transferor and transferee and recorded in the Official Records of Deschutes County, Oregon, to the extent required by applicable law.

1.10. "Initial Property" means the property referred to in Section 2.1 below.

1.11. "Lot" means each of Lots 1 through 29, as depicted on the Tetherow Rim Plat, and any Additional Property that may be made subject to this Declaration pursuant to Section 2.2 and is designated as a Lot in a declaration submitting the Additional Property to this Declaration, and includes the Building Structure and any other improvements located thereon.

1.12. "Master Association" means Tetherow Owners Association, an Oregon nonprofit corporation, established under the Master Declaration.

1.13. "Master Declarant" means the declarant under the Master Declaration.

1.14. "Master Declaration" means the Declaration of Covenants, Conditions, Restrictions and Easements for Tetherow recorded October 3, 2007, in the Official Records of Deschutes County, Oregon, as Document No. 2007-53418, as the same may be amended or supplemented from time to time in accordance with the provisions thereof.

1.15. "Mortgage" means a mortgage, deed of trust, or land sale contract.
"Mortgagee" means a mortgagee under a mortgage, a beneficiary under a deed of trust, or a vendor under a land sale contract.

1.16. "Neighborhood Assessments" mean all Assessments other than the Master Association Assessments (as defined in Section 8.8 below).

1.17. "Neighborhood Common Areas" means the entrance signage, street trees, and other landscaping areas not located within a Lot, as well as all private roadways and any other common improvements, and any Additional Property that is made subject to this Declaration pursuant to Section 2.2 and designated as Neighborhood Common Areas in the declaration submitting the Additional Property to this Declaration, including any improvements located thereon. The Neighborhood Common Areas shall also include all other real and personal property that the Association owns, leases, or otherwise holds possessory or use rights in for the common use and enjoyment of the Owners.

1.18. "Occupant" means the occupant of a Building Structure who is the Owner, lessee, or any other person authorized by the Owner to occupy the Building Structure.

1.19. "Owner" means the person or persons, including Declarant, owning any Lot in the Property, including a vendee under a land sale contract to whom possession of the Lot has passed, but does not include a tenant or holder of a leasehold interest or a contract vendor (when possession has passed to the contract vendee pursuant to the terms of the land sale contract) or other person holding only a security interest in a Lot. The rights, obligations, and other status of being an Owner commence upon acquisition of the ownership of a Lot and terminate upon disposition of such ownership, but termination of ownership shall not discharge an Owner from obligations accruing prior to termination.

1.20. "Plat" or the "Tetherow Rim Plat" means the plat of Tetherow Rim, recorded in the Official Records of Deschutes County, Oregon, on March 27, 2015, as Document No. 2015-10789, in Plat Book I, at Pages 39 through 43, inclusive, and all amendments or supplements thereto.

1.21. "Rules and Regulations" means those policies, procedures, rules, and regulations adopted by the Association pursuant to the authority granted in this Declaration, as the same may be amended from time to time.

1.22. "Tetherow Rim" means the Property.

1.23. "The Property" means the Initial Property and any Additional Property annexed pursuant to Section 2.2 below.

1.24. "This Declaration" means all of the easements, covenants, restrictions, and charges set forth herein, together with any rules or regulations promulgated hereunder, as the same may be amended or supplemented from time to time in accordance with the provisions hereof.

1.25. "Building Exteriors" means the exterior of each Building Structure. Building Exteriors shall include all roofs, roof overhangs, eaves, gutters, downspouts, flashings, roof and foundation drainage systems, exterior portions of chimneys, exterior building surfaces, siding, trim, exterior window frames, casements and sashes, exterior door frames, exterior light fixtures, patios, decks, driveways, sidewalks, the glass in any exterior windows, skylights or doors; (ii) window screens, storm windows, exterior doors, storm doors, screen doors, and garage doors; (iii) electrical and mechanical doorbells, door knockers, light bulbs in exterior light fixtures, and other similar items of hardware attached to the Building Structure exteriors.

1.26. "Turnover Meeting" means the meeting called by Declarant pursuant to Section 6.7 below, at which Declarant will turnover administrative responsibility for the Association to the Owners.

ARTICLE 2 PROPERTY SUBJECT TO THESE COVENANTS

2.1. Initial Property. Declarant hereby declares that the real property described in the attached "Exhibit A" is owned and shall be owned, conveyed, hypothecated, encumbered, used, occupied, and improved subject to this Declaration.

2.2. Annexation of Additional Property. Subject to compliance with any applicable requirements or conditions under the Master Declaration, Declarant may from time to time and in its sole discretion annex to the Property as Additional Property any real property now or hereafter acquired by it, and may also from time to time and in its sole discretion permit other holders of real property to annex the real property owned by them to the Property. The annexation of such real property shall be accomplished as follows:

2.2.1. The Owner or Owners of such real property shall record a declaration that shall be executed by or bear the approval of Declarant and Master Declarant, if required under the Master Declaration, and shall, among other things, describe the real property to be annexed, establish land classifications for the Additional Property, establish any additional limitations, uses, restrictions, covenants, and conditions that are intended to be applicable to the Additional Property, and declare that the Additional Property is held and shall be held, conveyed, hypothecated, encumbered, used, occupied, and improved subject to this Declaration.

2.2.2. The Additional Property included in any such annexation shall thereby become a part of the Property and subject to this Declaration and the Master Declaration, and Declarant and the Association shall have and shall accept and exercise administration of this Declaration with respect to the Additional Property.

2.2.3. Notwithstanding any provision apparently to the contrary, a declaration with respect to any Additional Property may:

2.2.3.1. establish such new land classifications and such limitations, uses, restrictions, covenants, and conditions with respect thereto as Declarant may deem to be appropriate for the development of the Additional Property; and

2.2.3.2. with respect to existing land classifications, establish additional or different limitations, uses, restrictions, covenants, and conditions with respect thereto as Declarant may deem to be appropriate for the development of the Additional Property.

2.2.4. There is no limitation on the number of Lots that Declarant may create or annex to the Property, except as may be established by applicable ordinances of Deschutes County, Oregon. Similarly, there is no limitation on the right of Declarant to annex additional Neighborhood Common Areas, except as may be established by Deschutes County, Oregon.

2.2.5. Nothing in this Declaration shall establish any duty or obligation on Declarant to annex any Additional Property to this Declaration, and no owner of property excluded from this Declaration shall have any right to have such property annexed to this Declaration or Tetherow Rim.

2.2.6. Upon annexation, additional Lots so annexed shall be entitled to voting rights as set forth in Section 6.3 below.

2.2.7. The formula to be used for reallocating the common expenses if additional Lots are annexed and the manner of reapportioning the common expenses if additional Lots are annexed during a fiscal year are set forth in Section 8.9 below.

2.3. Improvements. Declarant does not agree to build any improvements on the Property other than as required by Deschutes County, Oregon, but may elect, at Declarant's option, to build additional improvements.

2.4. Withdrawal of Property. Property may be withdrawn from Tetherow Rim only by a duly adopted amendment to this Declaration, except that Declarant may withdraw all or a

portion of the Initial Property or any Additional Property annexed pursuant to a declaration described in Section 2.2 above at any time prior to the sale of the first Lot within the Initial Property, or in the case of Additional Property, prior to the sale of the first Lot in the property annexed by the supplemental declaration, subject to the prior approval of the Master Declarant and Deschutes County, Oregon, if required. Such withdrawal shall be by a declaration executed by Declarant and recorded in the Official Records of Deschutes County, Oregon. If a portion of the Property is withdrawn, all voting rights otherwise allocated to Lots being withdrawn shall be eliminated, and the common expenses shall be reallocated as provided in Section 8.9 below. Such right of withdrawal shall not expire except upon sale of the first Lot within the applicable phase of the Property as described above.

ARTICLE 3 PROPERTY RIGHTS IN NEIGHBORHOOD COMMON AREAS

3.1. Designation of Neighborhood Common Areas. The Common Areas, as shown on the Tetherow Rim Plat, shall be Neighborhood Common Areas for purposes of this Declaration.

3.2. Owner's Easements of Enjoyment. Subject to the provisions of this Article, every Owner and his or her invitees shall have a right and easement of enjoyment in and to the Neighborhood Common Areas, which easement shall be appurtenant to and shall pass with the title to every Lot.

3.3. Title to the Neighborhood Common Areas. Title to the Neighborhood Common Areas shall be conveyed by deed or other instrument to the Association by Declarant no later than the Turnover Meeting, and the Association shall unconditionally accept the conveyance.

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

3.4.1. Easements. Declarant grants to the Association for the benefit of the Association and all Owners of Lots within the Property the following easements over, under, and upon the Neighborhood Common Areas:

3.4.1.1. An easement on all Neighborhood Common Areas for underground installation and maintenance of power, gas, electric, water, and other utility and communication lines and services installed by Declarant or with the approval of the Board of Directors and any such easement shown on any plat of the Property.

3.4.1.2. An easement over all roadways for vehicular access within the Property and to adjacent areas.

3.4.1.3. An easement for construction, maintenance, repair, and use of Neighborhood Common Areas, including any common facilities thereon.

The Neighborhood Common Areas shall be subject to public and private utility easements for the installation and maintenance of sanitary sewers, waterlines, surface water management, storm drainage, and access over their entirety. In addition, Declarant or the Association may (and to the extent required by law, shall) grant or assign easements on all Neighborhood Common Areas to governmental bodies or other utilities performing utility services and to communications companies, and may grant free access over the Neighborhood Common Areas to police, fire and other public officials, and to employees of utility companies and communication companies serving the Property.

3.4.2. Use of the Neighborhood Common Areas. Subject to Declarant's rights under Article 12, the Neighborhood Common Areas shall not be partitioned or otherwise divided into parcels for residential use. Except as otherwise provided in this Declaration, the Neighborhood Common Areas shall be reserved for the use and enjoyment of all Owners and no private use may be made of the Neighborhood Common Areas. The Neighborhood Common Areas and any facilities thereon shall be used for the purposes for which the same are reasonably intended, and their use, operation, and maintenance shall not be obstructed, damaged, or unreasonably interfered with by any Owner. Nothing herein shall prevent Declarant or the Association from placing a sign or signs upon the Neighborhood Common Areas identifying Tetherow Rim or identifying items of interest, including directional signs, provided that such signs comply with any applicable sign ordinances. The Board of Directors shall have authority to abate any trespass or encroachment upon the Neighborhood Common Areas at any time, by any reasonable means and with or without having to bring legal proceedings. The Association, upon the affirmative vote of the Owners holding at least fifty percent (50%) of the Class A Association voting rights and the written consent of the Class B member, if any, and if approved by order or resolution of Deschutes County, Oregon, may dedicate or convey any portion of the Neighborhood Common Areas to a park district or other public body.

3.4.3. Alienation of the Neighborhood Common Areas. Except as otherwise provided in Section 3.4.2 above, the Association shall not by act or omission seek to abandon, partition, subdivide, encumber as security for a debt, sell or transfer the Neighborhood Common Areas owned directly or indirectly by the Association for the benefit of the Lots unless the Owners holding at least eighty percent (80%) of the Class A Association voting rights vote to approve such action and the Class B member, if any, has given its prior written approval. A sale, transfer, or grant of security interest in any portion of the Neighborhood Common Areas in accordance with this Section 3.4.3 may provide that the Neighborhood Common Areas so conveyed shall be released from any restrictions imposed on such Neighborhood Common Areas by this Declaration or the Bylaws. No such sale, transfer, or grant of security interest may, however, deprive any Lot of such Lot's right of access or support without the written consent of the Owner of the affected Lot.

3.4.4. Association Authority to Grant Easements and Other Property Interests in Neighborhood Common Areas. The Association may execute, acknowledge and deliver leases, easements, rights of way, licenses, and other similar interests affecting the Neighborhood Common Areas and consent to vacation of roadways within and adjacent to the Neighborhood Common Areas. Except for those matters described in ORS 94.665(4)(b), which

the Board of Directors may approve without Owner consent, the granting of any interest pursuant to this Section 3.4.4 must be approved by at least seventy-five percent (75%) of the Owners present at a meeting of the Association or with the consent of at least seventy-five percent (75%) of all Owners solicited by any means the Board determines is reasonable. If a meeting is held to conduct the vote, the meeting notice shall include a statement that the approval of the granting of an interest in the Neighborhood Common Areas will be an item of business on the agenda of the meeting.

3.4.5. Limitation on Use. Use of the Neighborhood Common Areas by the Owners shall be subject to the provisions of this Declaration and to the following:

3.4.5.1. The right of the Association to suspend such use rights of an Owner and his or her family members, guests, tenants, and contract purchasers to the extent provided in Article 9 below.

3.4.5.2. The right of the Association to adopt, amend, and to repeal Rules and Regulations in accordance with this Declaration.

3.5. Delegation of Use. Any Owner may delegate his or her right of enjoyment to the Neighborhood Common Areas to members of his or her family, tenants, or contract purchasers who reside on the Property, whose use of the Neighborhood Common Areas shall be subject to this Declaration and the Rules and Regulations.

3.6. Easements Reserved by Declarant. So long as Declarant owns any Lot, Declarant reserves an easement over, under, and across the Neighborhood Common Areas to carry out sales activities necessary or convenient for the sale of Lots, including, without limitation, advertising and "For Sale" signs. In addition, Declarant hereby reserves to itself and for the Owners of Lots in any and all future phases of the Property a perpetual easement and right-of-way for access over, upon, and across the Neighborhood Common Areas for construction, utilities, communication lines, drainage, and ingress and egress for the benefit of other property owned by Declarant and future phases of the Property. Declarant, for itself and its successors and assigns, hereby retains a right and easement of ingress and egress over, in, upon, under, and across the Neighborhood Common Areas 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; provided, however, that no such rights shall be exercised by Declarant in such a way as to unreasonably interfere with the occupancy of, use of, enjoyment of, or access to an Owner's Lot by that Owner or his or her family, tenants, employees, guests, or invitees. Declarant and Declarant's agents, successors, and assigns shall have an easement over and upon the Neighborhood Common Areas as may be reasonably necessary for the purpose of inspecting, completing, or making repairs to existing structures or other improvements located on the Neighborhood Common Areas. Declarant also reserves the right to grant non-exclusive access easements to third parties to use all or any portion of the Neighborhood Common Area private drives.

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ARTICLE 4 PROPERTY RIGHTS IN LOTS

4.1. Use and Occupancy. The Owner of a Lot in the Property shall be entitled to the exclusive use and benefit of such Lot, except as otherwise expressly provided in this Declaration, but the Lot shall be bound by each Owner and Declarant shall comply with the restrictions contained in Article 5 below and all other provisions of this Declaration for the mutual benefit of all Owners.

4.2. Easements Reserved. In addition to any utility and drainage easements shown on any recorded plat for the Property, Declarant hereby reserves the following easements for the benefit of Declarant, the Association and the Owners, as applicable:

4.2.1. Right of Entry. The Association and any person authorized by the Association may at any reasonable time, and from time to time at reasonable intervals, enter upon any Lot for the purpose of performing all maintenance, repair, and replacement obligations of the Association as described in Article 7 below, making emergency repairs to a Lot that are necessary for public safety or to prevent damage to the Neighborhood Common Areas or another Lot, and determining whether or not the Lot is then in compliance with this Declaration or the Rules and Regulations. If the Association, or any person authorized by the Association, requires entry into a Building Structure pursuant to the easement granted herein, then the Association or such authorized person shall have the right to enter the Building Structure, provided that entry is made during reasonable hours and with at least two (2) days' advance written notice to the Owner, except in the case of an emergency. No entry onto a Lot or into a Building Structure pursuant to this Section 4.2.1 shall be deemed to constitute a trespass or otherwise create any right of action in the Owner of the Lot.

4.2.2. Encroachments. Each Lot and all Neighborhood Common Areas shall have an easement over all adjoining Lots and Neighborhood Common Areas for the purpose of accommodating any present or future encroachment as a result of engineering errors, construction, reconstruction, repairs, settlement, shifting or movement of any portion of the Property, or any other similar cause, and any encroachment due to building overhang or projection, including any building footing and foundation encroachments. There shall be valid easements for the maintenance of the encroaching Building Structures and Neighborhood Common Areas so long as the encroachments shall exist, and the rights and obligations of Owners shall not be altered in any way by the encroachment. The encroachments described in this section shall not be construed to be encumbrances affecting the marketability of title to any Lot. Nothing in this section shall relieve an Owner of liability in the case of the Owner's willful misconduct.

4.2.3. Utilities. Each Owner and the Association shall have an easement over those portions of each Lot not occupied by a Building Structure for the installation, maintenance and use of power, gas, electric, water, and other utility and communication lines, facilities, and services and for meters measuring such services installed by or at the direction of Declarant or with approval of the Board of Directors. Maintenance and repair of any utilities installed pursuant to this easement shall be the responsibility of the Owner whose Building Structure is

served by the utilities, unless otherwise required to be maintained by the Association pursuant to this Declaration, and the Owner or the Association, as the case may be, performing the maintenance and repair work, or otherwise causing the maintenance and repair work to be performed, shall be responsible for any and all damages resulting therefrom.

4.2.4. Drainage Facilities. Each Lot shall be subject to an easement for installation and maintenance of such Drainage Facilities installed or to be installed (as required by governmental regulatory authorities, as indicated by site plans approved by the Tetherow Architectural Review Committee, or as otherwise authorized by the Board of Directors) in or around any Building Structure or under the surface of any Lot. The term "Drainage Facilities" includes but is not limited to surface swales, rain drains, and connected storm sewers. All Owners must allow the Drainage Facilities to be used for the purposes for which they are reasonably intended. No Owner may obstruct, damage, or unreasonably interfere with the use, operation, and maintenance of the Drainage Facilities. Any proposed alteration to a Drainage Facility must be approved by Declarant or by the Association following the Turnover Meeting.

4.2.5. Easements Reserved by Declarant. During the period from the date of the recording of this Declaration until the date which is ten (10) years following the Turnover Meeting, Declarant and Declarant's agents, successors, and assigns shall have an easement over and upon the Lots as may be reasonably necessary for the purpose of inspecting, completing, or making repairs to existing structures or other improvements located thereon and for the purpose of discharging any other obligation of Declarant or exercising any other special Declarant right, whether arising under the Oregon Planned Community Act or reserved in this Declaration or the Bylaws. During the period from the date of the recording of this Declaration until the date which is ten (10) years following the Turnover Meeting, Declarant shall also have a right to inspect the Association's records regarding inspections and maintenance of each Lot and Building Structure, as may be applicable, and the Neighborhood Common Areas.

4.2.6. Retaining Walls. Retaining walls may have been constructed within the Property. The retaining walls are not in all cases located on a Lot 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 Board: (i) result in disturbance of, weakening of, or damage to the retaining walls; (ii) increase any engineered load or alter design criteria; or (iii) 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 be responsible for the maintenance, repair, and replacement of all retaining walls and 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.

4.2.7. Land Outside Building Structures. The Association shall have an easement over all portions of each Lot, other than the portion occupied by a Building Structure, for installation, operation, maintenance, and use of landscaping, utilities, parking areas, and other facilities for the use and benefit of the Owners within Tetherow Rim; provided, however, that foregoing easement rights shall not be exercised by the Association in such a way as to unreasonably interfere with the occupancy of, use of, enjoyment of, or access to an Owner's Lot by the Owner or the Owner's family, tenants, employees, guests, or invitees.

ARTICLE 5 RESTRICTIONS ON USE

5.1. Social/Athletic Membership in Club. If, and to the extent required by the Master Declaration, each Owner shall maintain at least a Social/Athletic Membership in the Club (as defined in the Master Declaration).

5.2. Rental of Building Structures. An Owner shall be entitled to rent or lease his/her Building Structure if:

5.2.1. 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 Master Declaration, this Declaration, the Bylaws and the Rules and Regulations, and (ii) failure to comply with any provision of the Master Declaration, this Declaration, the Bylaws or the Rules and Regulations shall constitute a default under the rental agreement;

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

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

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

5.3. Residential Use. Lots shall be used for single-family residential purposes only, provided, however, that an Owner may use his or her Building Structure for a home-based business so long as such use does not involve regular daily appearances of employees, business vendors, or customers of any kind (with the exception of normal residential home services) or regular business activities that disturb the tranquility of neighboring Lots, and so long as such use does not constitute a nuisance and/or impair or negatively impact the residential viability or the residential character of Tetherow Rim. No goods, equipment, vehicles, materials, or supplies used in connection with any trade, service, or business shall be kept or stored on any Lot unless within an approved Building Structure. Nothing in this Section 5.3 shall be deemed to prohibit (a) activities relating to the sale of residences, (b) the right of Declarant or any contractor or homebuilder to construct residences on any Lot, to store construction materials and equipment on such Lots in the normal course of construction, to use the Building Structure as a sales office or model home for purposes of sales, and to maintain on site a temporary construction office or

trailer, and (c) the right of the Owner of a Lot to maintain his or her professional or personal library, keep his or her personal business or professional records or accounts, handle his or her personal business or professional telephone calls or confer with business or professional associates, clients or customers, in his or her Building Structure, so long as such activity is not observable outside of the Building Structure, does not significantly increase parking or vehicular traffic, or is not in violation of applicable local government ordinances. The Board of Directors shall not approve commercial activities otherwise prohibited by this Section 5.3 unless the Board determines that only normal residential activities would be observable outside of the Building Structure and that the activities would not be in violation of applicable local government ordinances.

5.4. Appearance. Except to the extent of the Association's responsibility under Section 7.1 below, each Owner shall maintain such Owner's Building Structure and Lot in a clean and attractive condition, in good repair and in such a fashion as not to create a fire hazard. Damage caused by fire, flood, storm, earthquake, riot, vandalism, or other causes, and not otherwise required to be repaired or restored by the Association under this Declaration, shall be the responsibility of each Owner and shall be restored within a reasonable period of time. No part of any Lot or any part of the Neighborhood Common Areas shall be used or maintained as a dumping ground for rubbish, trash, garbage, or other waste. Trash, garbage, or other wastes shall be kept only in sanitary containers in garages or otherwise appropriately screened from view, except when outside awaiting pickup during garbage pickup days.

5.5. Windows, Decks, Porches, and Outside Walls. To preserve the attractive appearance of the Property, the Association may regulate the nature of items that may be placed in or on windows, decks, porches, and the outside walls so as to be visible from the street or Neighborhood Common Areas. Window coverings, curtains, shutters, drapes or blinds, other than those of commercially produced quality, shall not be permitted to be visible from any public or private street, pathway, Neighborhood Common Area or adjacent property. Garments, rugs, laundry, and other similar items may not be hung from windows, facades, porches, or decks. No window air conditioners will be permitted.

5.6. Improvements and Alterations. Owners are expressly prohibited from initial construction of a Building Structure or from painting or changing the exterior of a building or other structure after original construction without the written permission of the Architectural Review Committee (as defined in the Master Declaration). No Owner shall install or construct a Building Structure or improvement of any kind, including but not limited to, any building, fence, wall, driveway, swimming pool, storage shelter, signage, monumentation and landscaping, on the Owner's Lot without the written approval of the Architectural Review Committee under the Master Declaration and the Architectural and Landscape Design Guidelines adopted thereunder. The Architectural Review Committee may, in its sole discretion, grant or withhold consent to any such requests. This Section 5.6 shall not apply to structures or improvements installed, constructed, or altered by Declarant; provided, however, that Declarant (and the Association) must obtain Architectural Review Committee approval under the Master Declaration before constructing or altering any Improvements (as defined in the Master Declaration) pursuant to Article 8 of the Master Declaration.

5.6.1. Consideration such as siting or location on the Lot, shape, size, color, design, height, solar access, or material may be taken into account by the Architectural Review Committee in determining whether or not to consent to any proposed work. Such work requiring prior Architectural Review Committee approval includes, but is not limited to Building Structures, storage shelters, swimming pools, spas, landscaping trees planted (if that tree's mature height is reasonably expected to exceed sixteen (16) feet), greenhouses, patios, fencing, basketball hoops, or remodeling. Any exterior remodeling, addition to, or repainting with a different color, must be pre-approved by the Architectural Review Committee. The intent of this covenant is to ensure quality of workmanship and material, harmony of external design with the existing and planned Building 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 so long as Declarant obtained Architectural Review Committee approval under the Master Declaration.

5.7. Insurance. Nothing shall be done or kept in any Lot or Neighborhood Common Area that will increase the cost of insurance on the Neighborhood Common Areas. No Owner shall permit anything to be done or kept in his Building Structure, Lot, or in the Neighborhood Common Areas that will result in cancellation of insurance on any other Lot or any part of the Neighborhood Common Areas.

5.8. Golf Course Property. The Property is located adjacent to the Golf Course Property (as defined in the Master Declaration) and is subject to all conditions, covenants, restrictions, easements, and rights set forth in Article 6 of the Master Declaration with respect to the ownership, use, and operation of the Golf Course Property. Each Owner, by acceptance of a deed to a Lot, acknowledges and agrees that neither Declarant, the Association, nor any of their respective successors or assigns has made any representations, warranties, or guarantees with regard to: (i) the continuing existence, ownership, or operation of the Golf Course Property or (ii) the preservation, without impairment, of any view of, over, and across the Golf Course Property from a Building Structure. Each Owner, by acceptance of a deed to a Lot, also acknowledges and agrees that owning property adjacent to a golf course has benefits as well as detriments and that the detriments include: (a) the risk of damage to property or injury to persons and animals from golf balls which are hit onto an Owner's Lot or other portions of the Property utilized by an Owner; (b) the entry of golfers onto an Owner's Lot or other portions of the Property utilized by an Owner to retrieve golf balls; (c) overspray in connection with the watering of roughs, fairways, and greens on the golf course; (d) noise from golf course maintenance and operation equipment (including, without limitation, irrigation systems, compressors, blowers, mulchers, tractors, utility vehicles and pumps, all of which may be operated at all times of the day and night and/or continuously); (e) odors arising from irrigation and fertilization of the turf situated on the golf course; (f) the application of pesticides and chemicals to the golf course throughout the year and the use of reclaimed water, treated waste water, or other sources of non-potable water for the irrigation of the golf course; (g) disturbance and loss of privacy resulting from golf cart traffic and golfers; and (h) noise, vehicular and pedestrian traffic, congestion and loss of privacy as a result of tournaments held on the golf

course. Each Owner expressly assumes such detriments and risks and agrees that neither the Association, Declarant, Master Declarant, Master Association, Golf Course Owner, nor any of their respective successors or assigns, shall be liable to the Owner or anyone claiming any loss or damage, including, without limitation, indirect, special, or consequential loss or damage arising from personal injury, destruction of property, trespass, or any other alleged wrong or entitlement to remedy based upon, due to, arising from, or otherwise related to the proximity of the Owner's Lot or Building Structure to the Golf Course Property, including, without limitation, any claim arising in whole or in part from the negligence of the Association, Declarant, Master Declarant, Master Association, Golf Course Owner, or any of their respective successors or assigns. Each Owner hereby agrees to indemnify and hold harmless the Association, Declarant, Master Declarant, Master Association, Golf Course Owner, and each of their respective successors and assigns, against any and all such claims by the Owner's invitees. The foregoing release and indemnity is in addition to the release and indemnity set forth in the Master Declaration.

5.9. Rules and Regulations. The Association from time to time may adopt, modify, or revoke such Rules and Regulations governing the conduct of persons and the operation and use of the Lots, Building Structures, and Neighborhood Common Areas as it may deem necessary or appropriate to ensure the peaceful and orderly use and enjoyment of the Property. A copy of the Rules and Regulations, upon adoption, and a copy of each amendment, modification or revocation thereof, shall be furnished by the Board of Directors to each Owner. The Rules and Regulations may be adopted by the Board of Directors, except as may be otherwise provided in the Bylaws of the Association.

5.10. Master Declaration. Each Owner and Lot shall be subject to the restrictions contained in the Master Declaration, which restrictions are incorporated herein by this reference.

ARTICLE 6 ASSOCIATION

Declarant has organized, or before conveyance of the first Lot shall organize an Association of all of the Owners within the Property. Such Association, and its successors and assigns, shall be organized as an Oregon nonprofit corporation under the name "**Tetherow Rim Homeowners Association,**" and shall have such property, powers, and obligations as are set forth in this Declaration, the Bylaws, and the Articles of Incorporation of the Association for the benefit of the Property and all Owners of property located therein.

6.1. Organization. Declarant shall, before the first Lot is conveyed to an Owner, organize the Association as a nonprofit corporation under the general nonprofit corporation laws of the State of Oregon. In the event that the Association is at any time dissolved, whether inadvertently or deliberately, it shall automatically be succeeded by an unincorporated association having the same name and purpose, and all of the property, powers, and obligations of the Association existing immediately prior to its dissolution shall thereupon automatically vest in the successor unincorporated association and such vesting shall thereafter be confirmed and evidenced by appropriate conveyances and assignments by the Association. To the greatest extent possible, any successor unincorporated association shall be governed by the Articles of

Incorporation of the Association and the Bylaws as if they had been made to constitute the governing documents of the unincorporated association.

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

6.3. Voting Rights. The Association shall have two classes of voting membership:

Class A. Class A members shall be all Owners with the exception of the Class B member and shall be entitled to one (1) vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot. If the Owners of a Lot cannot agree upon how to exercise their vote, then the vote for that Lot shall be disregarded completely in determining the proportion of votes given with respect to such matter, unless a valid court order establishes the authority of a co-Owner to vote.

Class B. The Class B member shall be Declarant and shall be entitled to three (3) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership on the happening of any of the following events, whichever occurs earlier:

6.3.1. When all of the Lots in Tetherow Rim have been sold and conveyed to Owners other than a successor Declarant and Declarant has relinquished the right to annex Additional Property into Tetherow Rim; or

6.3.2. At such earlier time as Declarant may elect to terminate the Class B membership.

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

6.4.1. The powers, duties, and obligations granted to the Association by this Declaration.

6.4.2. The powers and obligations of a nonprofit corporation pursuant to the general nonprofit corporation laws of the State of Oregon.

6.4.3. The powers, duties, and obligations of a homeowners association pursuant to the Oregon Planned Community Act.

6.4.4. Any additional or different powers, duties, and obligations necessary or desirable for the purpose of carrying out the functions of the Association pursuant to this Declaration or otherwise promoting the general benefit of the Owners within the Property. The powers and obligations of the Association may from time to time be amended, repealed, enlarged, or restricted by changes in this Declaration made in accordance with the provisions

herein, accompanied by changes in the Articles of Incorporation or Bylaws of the Association made in accordance with such instruments and with the nonprofit corporation laws of the State of Oregon.

6.5. Specific Powers and Duties. The powers and duties of the Association shall include, without limitation, all of the following:

6.5.1.1. Maintenance and Services. The Association shall provide maintenance and services for the Property as provided in Article 7 and other provisions of this Declaration.

6.5.1.2. Insurance. The Association shall obtain and maintain in force policies of insurance as provided in this Declaration or the Bylaws of the Association.

6.5.1.3. Rulemaking. The Association shall make, establish, promulgate, amend, and repeal Rules and Regulations as provided in Section 5.9 of this Declaration.

6.5.1.4. Assessments. The Association shall adopt budgets and impose and collect Assessments as provided in Article 8 of this Declaration.

6.5.1.5. Enforcement. The Association shall perform such acts, whether or not expressly authorized by this Declaration, as may be reasonably necessary to enforce the provisions of this Declaration and the Rules and Regulations adopted by the Association. Nothing in this Declaration shall be construed as requiring the Association to take any specific action to enforce violations.

6.5.1.6. Employment of Agents, Advisers, and Contractors. The Association, through its Board of Directors, may employ the services of any person or corporation as manager; hire employees to manage, conduct and perform the business, obligations and duties of the Association; employ professional counsel and obtain advice from such persons or firms or corporations such as, but not limited to, landscape architects, recreational experts, architects, planners, lawyers and accountants; and contract for or otherwise provide for all services necessary or convenient for the management, maintenance, and operation of the Property; provided, however, the Association may not incur or commit to incur legal fees in excess of Five Thousand and 00/100 Dollars (\$5,000.00) for any specific litigation or claim matter or enter into any contingent fee contract on any claim in excess of One Hundred Thousand and 00/100 Dollars (\$100,000.00) unless the Owners have enacted a resolution authorizing the incurring of such fees by a vote of seventy-five percent (75%) of the voting rights of the Association; provided, however, that the foregoing limitations shall not apply to any of the following actions: (i) the defense of claims or litigation asserted against the Association or the Board of Directors, including the assertion of counterclaims by the Association or the Board of Directors in any proceedings instituted against either of them; (ii) actions by the Association for the collection of delinquent assessments, fines, or other charges due and payable under this Declaration, the Bylaws, or the Rules and Regulations; (iii) actions initiated by the Association during Declarant's period of administrative control; (iv) actions challenging condemnation proceedings; (v) actions initiated against any contractor or vendor hired by the Association or

supplier of goods and services to the Association; and (vi) actions to summarily abate, enjoin, and remove a structure or condition that violates this Declaration, the Bylaws, or the Rules and Regulations. The limitations set forth in this section shall increase by ten percent (10%) on each fifth (5th) anniversary of the recording of this Declaration.

6.5.1.7. Borrow Money, Hold Title, and Make Conveyances. The Association may borrow and repay moneys for the purpose of performing its duties under this Declaration and, subject to Section 3.4.3 above, encumber the Neighborhood Common Areas as security for the repayment of such borrowed money. The Association may acquire, hold title to and convey, with or without consideration, real and personal property and interests therein, including, but not limited to easements across all or any portion of the Neighborhood Common Areas, and shall accept any real or personal property, leasehold, or other property interests within the Property conveyed to the Association by Declarant.

6.5.1.8. Transfer, Dedication, and Encumbrance of Neighborhood Common Area. Subject to the requirements set forth in Sections 3.4.2 and 3.4.3 above, the Association may sell, transfer, or encumber all or any portion of the Neighborhood Common Area to a person, firm or entity, whether public or private, and dedicate or transfer all or any portion of the Neighborhood Common Area to any public agency, authority, or utility for public purposes.

6.5.1.9. Create Classes of Service and Make Appropriate Charges. The Association may, in its sole discretion, create various classes of service and make appropriate Individual Assessments or charges therefor to the users of such services without being required to render such services to those of its members who do not assent to such charges, subject to such Rules and Regulations as the Board of Directors deems proper. In addition, the Board of Directors shall have the right to discontinue any service upon nonpayment of Assessments or to eliminate any service for which there is no demand or for which there are inadequate funds to maintain the same, subject to compliance with any applicable requirements under ORS 94.630.

6.5.1.10. Implied Rights and Obligations. The Association may exercise any other right or privilege reasonably to be inferred from the existence of any right or privilege expressly given to the Association under this Declaration or reasonably necessary to effectuate any such right or privilege.

6.5.1.11. Shared Use Facilities. The Association may enter into shared use agreements with other entities for shared use by Owners of facilities, including, without limitation, recreational facilities, streets, access gates, and parking facilities.

6.6. Liability. The liability of a member of the Board of Directors or an officer or committee member of the Association to the Association or any Owner for any damage, loss, or prejudice suffered or claimed on account of any action or failure to act in the performance of his or her duties as a member of the Board of Directors or an officer or committee member of the Association shall be eliminated to the maximum extent permitted by law. In the event any member of the Board of Directors or an officer or committee member of the Association is

threatened with or made a party to any proceeding because the individual is or was a member of the Board of Directors or an officer or committee member of the Association, the Association shall defend such individual against such claims and indemnify such individual against liability and expenses incurred to the maximum extent permitted by law.

6.7. Interim Board; Turnover Meeting. Declarant shall have the right to appoint an interim board consisting of three (3) directors, who shall serve as the Board of Directors until replaced by Declarant or their successors have been elected by the Owners at the Turnover Meeting. Declarant shall call a meeting of the Association for the purpose of turning over administrative responsibility for the Property to the Association not later than ninety (90) days after termination of the Class B membership as provided in Section 6.3 above. At the Turnover Meeting, the interim directors shall resign and their successors shall be elected by the Owners as provided in the Bylaws. If the Declarant fails to call the Turnover Meeting as required by this section, any Owner or Mortgagee of a Lot may call the meeting by giving notice as provided in the Bylaws.

6.8. Contracts Entered into by Declarant or Prior to Turnover Meeting. Notwithstanding any other provision of this Declaration, any management contracts, service contracts, and employment contracts entered into by Declarant or the Board of Directors on behalf of the Association prior to the Turnover Meeting shall have a term of not more than three (3) years, except as otherwise provided in ORS 94.700(2). In addition, any such contract, unless otherwise exempted under ORS 94.700(2), shall provide that it may be terminated without cause or penalty by the Association or Board of Directors upon not less than thirty (30) days' written notice of termination given to the other party not later than sixty (60) days after the Turnover Meeting.

6.9. Managing Agent or Manager. On behalf of the Association, the Board of Directors may employ or contract for a professional managing agent or a manager at a compensation to be established by the Board of Directors. The Board of Directors may delegate to the managing agent or manager such duties and powers as the Board of Directors may authorize.

6.10. Bylaws. The Bylaws of the Association and any amendment or modification of the Bylaws shall be recorded in the Official Records of Deschutes County, Oregon. Declarant hereby adopts, on behalf of the Association, the initial Bylaws attached as "**Exhibit B**" to this Declaration.

6.11. Master Association. It is contemplated that from time to time either the Master Association or the Association may use the services of the other in the furtherance of their respective obligations, and they may contract with each other to better provide for such cooperation. Any such contract shall be approved by the Board of Directors.

ARTICLE 7 MAINTENANCE, SERVICES, CASUALTY, AND CONDEMNATION

7.1. Landscape Maintenance. The Association shall also be responsible for the maintenance, repair, replacement, and upkeep of all fencing, retaining walls, and landscaping

and related irrigation equipment, except for any located within the boundaries of a Lot. The Association shall have the right to remove and replace any landscaping improvements for which the Association has maintenance responsibility as determined by the Board of Directors. The Board of Directors may adopt Rules and Regulations clarifying the Association's maintenance obligations or identifying other elements of the Property to be maintained by the Association. All costs incurred by the Association in performing its maintenance and repair obligations described in this Section 7.1 shall be a common expense paid out of Assessments as described in Article 8. In the event, however, the need for such maintenance or repair is caused by the willful or negligent act or omission of an Owner, his or her 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, in the discretion of the Board of Directors, be charged to the Owner as an Individual Assessment.

7.2. Maintenance and Lighting of Neighborhood Common Areas. In addition to maintenance in accordance with Section 7.1, the Association shall maintain any exterior lighting for and perform all maintenance and repairs upon the Neighborhood Common Areas, and the improvements located thereon, including, without limitation, perimeter fences, walls, and entry signage for the Property.

7.3. Utility Maintenance. The Association shall perform or contract to perform maintenance of any utilities, such as sanitary sewer service lines, domestic water service lines and storm drainage lines, located in the Neighborhood Common Areas. Each Owner shall maintain at such Owner's expense all utility lines located on the Owner's Lot or any other Lot which serve the Owner's Building Structure.

7.4. Easement Maintenance Obligations. The Property benefits from and is burdened by that certain Landscape Easement dated December 2, 2010, executed by Tetherow Golf Course, LLC and Neighborhood Declarant, and recorded in the Official Records of Deschutes County, Oregon, on December 2, 2010, as Document No. 2010-47947 (the "Landscape Easement") and that certain Stormwater Drainage Easement dated December 2, 2010, executed by Tetherow Golf Course, LLC and Neighborhood Declarant, and recorded in the Official Records of Deschutes County, Oregon, on December 2, 2010, as Document No. 2010-47948 (the "Drainage Easement"). Declarant or its designee shall be responsible for the installation and construction of the landscape feature as described in the Landscape Easement and the surface water drainage system as described in the Drainage Easement. Thereafter, the Association shall be responsible for the operation, maintenance, repair, and replacement of the landscape feature and the surface water drainage system in accordance with the terms and conditions of the Landscape Easement and the Drainage Easement for the benefit of the Owners and shall indemnify, defend, and hold Declarant harmless from and against any and all claims, liabilities, costs, and expenses arising out of or related to any act or omission of the Association in connection with such operation, maintenance, repair, or replacement. The Association shall execute and deliver such additional documents as may be reasonably requested by Declarant in order to further confirm the Association's assumption of the obligations described herein. All maintenance, repair, and other costs incurred by the Association in connection with the operation, maintenance, repair, and replacement of the

landscape feature and the surface water drainage system in accordance with the terms and conditions of the Landscape Easement and the Drainage Easement shall be a common expense of the Association funded from Assessments.

7.5. Maintenance Plan and Inspections. The Association shall at all times maintain the property for which the Association has maintenance, repair, or replacement responsibility under this Declaration or the Bylaws or the Oregon Planned Community Act in good condition and repair. Declarant shall initially prepare and thereafter the Board of Directors 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, 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 of Directors 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 of Directors shall cause an annual 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 their officers, members, managers, directors, employees, agents and brokers, for loss or damage to the extent that they result from such failure to follow the Maintenance Plan, and the Association 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 ten (10) years following the Turnover Meeting, any changes to the Maintenance Plan without the approval of Declarant and the original general contractor may void any applicable warranty and will release them from liability for any damage resulting from such change.

7.6. Utilities and Services. The Association may provide or contract for such utilities and services as the Board of Directors may reasonably deem to be of benefit to the Property, including, without limitation, cable, telecommunications, garbage and trash removal, and security services.

7.7. 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 by reason of failure to provide adequate 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 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 of Directors 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 resulting from acts of third parties and releases such parties from any liability therefor.

7.8. Access at Reasonable Hours. As provided in Section 4.2.1 above, the Association and any person authorized by the Association shall have the right to enter upon any Lot at any reasonable time, and from time to time at reasonable intervals, for the purpose of performing the maintenance and services provided for in this Article 7 and no such entry shall be deemed to constitute a trespass or otherwise create any right of action in the Owner of such Lot.

7.9. Owner's Maintenance Responsibilities. Each Owner shall be responsible for maintaining such Owner's Lot and Building Structure(s), in a clean and attractive condition, in good repair and in such fashion as not to create a hazard. Such maintenance responsibility shall include, but not be limited to, the following:

7.9.1. Maintain, repair, replace, and clean all glass (in exterior windows, skylights and doors), window screens, storm windows, exterior doors, storm doors, screen doors, garage doors, and the like;

7.9.2. Maintain, repair, replace, and keep in good working order and repair all exteriors of Building Structures including siding materials, roof, trim, and all electrical and mechanical doorbells, door knockers, light bulbs in exterior light fixtures and other similar items of hardware attached to the Building Structure exteriors;

7.9.3. Maintain, repair, replace, and keep in good working order and repair the interiors of the Building Structures, including without limitation, all electrical wiring, fixtures, plumbing, appliances (whether built-in or free-standing), heating, air conditioning, sewage disposal and fire protection systems, and all Betterments;

7.9.4. Maintain, repair, replace, and keep in a neat and healthy condition all fences, walls, decks, paved areas, all landscaping and the related irrigation systems located on Owner's Lot, including any landscaping in any front, rear or side yard areas of the Lot, in any courtyards or on any patios or decks, including any planters; and

7.9.5. Keep all patios, decks, sidewalks, walkways and driveways in a neat and attractive condition free from snow, ice, debris, and obstruction.

The Association shall have the authority to require each Owner to keep his or her respective Lot and Building Structure at a high standard of maintenance. If an Owner fails to maintain his or her Building Structure or Lot to the standards established by the Board of

Directors pursuant to the authority of this section, the Association will have the right and the authority at its option, after giving reasonable notice and opportunity to be heard to the respective Owner, to cause such repairs and maintenance to be performed as are necessary to meet the foregoing standard and charge the respective Owner for such repairs and maintenance.

7.10. Damage or Destruction by Casualty. In the event of damage to or destruction of any portion of the Common Neighborhood Areas by fire or other casualty (excluding ordinary wear or tear), the following provisions shall apply.

7.10.1. If any improvements on the Neighborhood Common Areas are damaged or destroyed by fire or other casualty and the estimated cost of the repair or replacement that is not otherwise covered by the Association's property insurance proceeds does not exceed the deductible amount under the Association's property insurance policy, then the Association shall cause the damaged or destroyed improvements to be repaired or restored to their former condition, subject to current governmental regulations and building codes, as soon as reasonably possible and the proceeds from the Association's property insurance policy for such damage or destruction, if any, shall be used for such purpose. If the insurance proceeds are not sufficient to pay the entire cost of the repair or restoration, the Board of Directors, if necessary, may assess each Owner such additional amounts as required to pay the cost of repair or restoration.

7.10.2. If any improvements on the Neighborhood Common Areas are damaged or destroyed by fire or other casualty and the estimated cost of the repair or replacement that is not otherwise covered by the Association's property insurance proceeds exceeds the deductible amount under the Association's property insurance policy, then the Association shall give timely written notice of the damage or destruction to each Owner, and to each first Mortgagee who has submitted a written request to the Association to receive such notice. The Association shall repair, reconstruct, or rebuild the damaged or destroyed improvements unless, within fourteen (14) days of sending the notice of damage or destruction to the Owners and eligible Mortgagees, either the Board of Directors or more than ten percent (10%) of the Owners request in writing a special meeting of the Association. The special meeting must be held within thirty (30) days of the date of sending the notice of damage or destruction. At the time of such meeting, unless seventy-five percent (75%) of the Owners, whether in person, by writing or by proxy, with the approval of seventy-five percent (75%) or more of the eligible Mortgagees, vote not to repair, reconstruct or rebuild the damaged property, the damage or destruction shall be repaired, reconstructed or rebuilt, with the work commencing as soon as reasonably possible. If any portion of the insurance proceeds paid to the Association is not used to repair, reconstruct or rebuild the damaged or destroyed Neighborhood Common Areas, the proceeds shall be deposited in the Operations Fund or applied to such capital improvements as shall be authorized pursuant to Section 8.5 of this Declaration. If the insurance proceeds are not sufficient to pay the entire cost, the Board of Directors, if necessary, may assess each Owner such additional amounts as required to pay the cost of repair or restoration. The responsibility for payment of the amount of the deductible in the Association's insurance policy may be prescribed by resolution adopted by the Board of Directors.

7.10.3. Damage Caused by Intentional Acts or Negligence. If, due to act or neglect of an Owner or a member of his or her family or his or her household pet or of a guest or other Occupant or visitor of such Owner, damage shall be caused to the Neighborhood Common Areas or maintenance, repairs or replacements shall be required that would otherwise be a common expense, then such Owner shall pay for such damage and such maintenance, repairs or replacements as may be determined by the Association, to the extent not covered by the Association's insurance (including any deductible), as an Individual Assessment.

7.10.4. Condemnation. If any portion of the Neighborhood Common Areas is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, notice of the proceeding or proposed acquisition shall promptly be given to each Owner, and to each Mortgagee who has delivered a written request to the Association to receive such notices. The Association shall represent the Owners in any condemnation proceeding or in negotiations, settlements, and agreements with the condemning authority for acquisition of any portion of the Neighborhood Common Areas and each Owner appoints the Association to act as his other attorney-in-fact for such purposes. All compensation, damages, or other proceeds of the taking of Neighborhood Common Areas shall be payable to the Association. Proceeds shall first be applied to restore or repair any remaining Neighborhood Common Area, including a structure on Neighborhood Common Area, which may be required to permit the continued enjoyment of such Neighborhood Common Area. Thereafter, the Association shall deposit such sums in the Operations Fund (as defined in Section 8.10 below) or apply these sums to such capital improvements as shall be authorized pursuant to Section 8.5 of this Declaration.

ARTICLE 8 ASSESSMENTS

8.1. Purpose of Assessments. The Neighborhood Assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the Owners and Occupants of the Property and for the improvement, operation, and maintenance of the Neighborhood Common Areas and other areas to be maintained by the Association. The Master Association Assessments shall be used in accordance with the Master Declaration.

8.2. Types of Assessments. The Association may levy Annual Assessments, Special Assessments, Emergency Assessments, Individual Assessments and Master Association Assessments, all as more particularly described below.

8.3. Commencement and Apportionment of Assessments.

8.3.1. When Subject to Assessment. Except as otherwise provided in Section 8.11.2 with respect to the commencement of Assessments for reserves, each Lot shall become subject to Neighborhood Assessments upon the sale of the Lot to an Owner other than Declarant or a successor Declarant and Lots owned by Declarant or a successor Declarant shall not be subject to Neighborhood Assessments. Each Lot shall become subject to Master Association Assessments as provided in the Master Declaration.

8.3.2. Apportionment. Annual Assessments, Special Assessments, and Emergency Assessments shall be assessed equally among all Lots subject to assessment. Individual Assessments shall be levied against the Lots subject to assessment in accordance with Section 8.7. Master Association Assessments shall be levied against the Lots in accordance with the Master Declaration. No Owner by the Owner's own action may claim exemption from liability for contribution towards common expenses by waiver of the Owner's use or enjoyment of any of the Neighborhood Common Areas or by abandonment of the Owner's Lot. An Owner may not claim an offset against an Assessment for failure of the Association to perform its obligations, and no Owner may offset amounts owing or claimed to be owing by the Association or Declarant to the Owner.

8.3.3. Declarant's Obligation to Fund Operating Expense Shortfalls Prior to Turnover Meeting. In lieu of the obligation to pay Neighborhood Assessments, Declarant shall contribute to the Association any difference between the Actual Operating Expenses and the Actual Operating Income of the Association for each full or partial fiscal year of the Association prior to the Turnover Meeting. Such contribution may be satisfied in the form of cash payments, "in-kind" contributions of services or materials, or a combination of both, at the election of Declarant. As used herein, "**Actual Operating Expenses**" shall mean the normal operating expenses actually incurred by the Association in the performance of its ordinary and regular operations in accordance with this Declaration and the Bylaws, but shall exclude: (i) contributions or liabilities for reserves or other contingencies; (ii) capital expenditures resulting from a casualty or other similar loss or otherwise approved by the Owners in accordance with Section 8.5; (iii) expenses resulting from the acts or omissions of an Owner other than Declarant, including without limitation, the nonpayment of Assessments as and when due; (iv) unforeseen expenses not reasonably anticipated to be incurred in the performance of the Association's normal operations; (v) expenses levied by the Master Association, which are to be funded from Master Association Assessments; and (vi) prepaid expenses attributable to the period after the Turnover Meeting. As used herein, "**Actual Operating Income**" shall mean all Neighborhood Assessments levied against the Lots subject to assessment, whether or not actually paid and collected, plus any other income actually received by the Association, but shall exclude: (i) any portion of the Annual Assessments attributable to reserves; (ii) Special Assessments or Individual Assessments levied to fund capital expenditures resulting from a casualty or other similar loss or otherwise approved by the Owners in accordance with Section 8.5; (iii) Individual Assessments levied to fund expenses resulting from the acts or omissions of an Owner other than Declarant; and (iv) Neighborhood Assessments levied prior to the Turnover Meeting for any period after the Turnover Meeting. The foregoing obligation to fund operating expense shortfalls shall only apply to the period prior to the Turnover Meeting and Declarant shall have no obligation to fund any operating expense shortfalls of the Association for any period after the Turnover Meeting.

8.4. Annual Assessments. The Board of Directors shall from time to time and at least annually prepare a budget for the Association, taking into account the current costs of maintenance and services and future needs of the Association, any previous overassessment and any common profits of the Association. The budget shall take into account the projected income and expenses of the Association for the fiscal year covered by the budget and shall provide for

such reserve or contingency funds as the Board deems necessary or as may be required by law, but not less than the reserves required by Section 8.11 below and shall take into account the Maintenance Plan adopted pursuant to Section 7.5 above. Each Lot subject to assessment shall pay an annual assessment in the amount set forth in the approved annual budget (the "Annual Assessment"); provided, however, that in order to achieve stabilized Annual Assessment rates during the initial development of the Property and subject to Declarant's obligation to fund operating expense shortfalls in accordance with Section 8.3.3 above, for any period prior to the Turnover Meeting, the rate of the Annual Assessment shall be based upon a budget, as prepared and modified from time to time by Declarant, of the projected total income and expenses of the Association at full build-out of all Lots included, or anticipated to be included, in Tetherow Rim as determined by Declarant, even though certain Lots may not initially be developed or subject to assessment. Within thirty (30) days after adopting the annual budget, the Board of Directors shall provide a summary of the budget to all Owners. If the Board of Directors fails to adopt an annual budget, the last adopted budget shall continue in effect. Annual Assessments may be payable in lump sum or in installments, with or without interest or discount, as determined by the Board of Directors. The manner of billing and collection of Assessments shall be as provided in the Bylaws.

8.5. Special Assessments. In addition to the Annual Assessments authorized above, the Board of Directors may levy during any fiscal year a Special Assessment ("Special Assessment"), applicable to that year only, for the purpose 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 Annual Assessments. Special Assessments for acquisition or construction of new capital improvements or additions that in the aggregate in any fiscal year exceed an amount equal to fifteen percent (15%) of the budgeted gross expenses of the Association for the fiscal year may be levied only if approved by a majority of the voting rights voting on such matter, together for acquisition or construction of new capital improvements or additions 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 fifty percent (50%) of the Class A voting rights, together with the written consent of the Class B member. The foregoing limitations on Special Assessments shall not be applicable to the maintenance, repair, replacement, or reconstruction of existing improvements by the Association in accordance with its obligations in Article 7. Special Assessments shall be apportioned as provided in Section 8.3 above and may be payable in lump sum or in installments, with or without interest or discount, as determined by the Board of Directors.

8.6. Emergency Assessments. If the Annual Assessments levied at any time are, or will become, inadequate to meet all expenses incurred under this Declaration for any reason, including nonpayment of any Owner's Assessments on a current basis, the Board of Directors shall immediately determine the approximate amount of such inadequacy and issue a supplemental budget, noted as to the reason therefor, and levy an Emergency Assessment against those Lots subject to assessment for the amount required to meet all such expenses on a current basis ("Emergency Assessment"). The amount of any Emergency Assessment shall be offset by any payment required to be made by Declarant pursuant to Section 8.3.3 above. Emergency

Assessments shall be apportioned as set forth in Section 8.3 above and payable as determined by the Board of Directors.

8.7. Individual Assessments. Any common expense or any part of a common expense benefiting fewer than all of the Lots may be assessed exclusively against the Lots benefited ("**Individual Assessment**"). Individual Assessments include, without limitation, charges for services provided under Section 6.5.1.9 and any common expense that the Board of Directors determines is the fault of the Owner and not paid by insurance. Individual Assessments shall also include default Assessments levied against any Lot to reimburse the Association for costs incurred in bringing such Lot or its Owner into compliance with the provisions of this Declaration or the Rules and Regulations and for fines or other charges imposed pursuant to this Declaration for violation thereof. Unless otherwise provided by the Board of Directors, Individual Assessments shall be due thirty (30) days after the Board of Directors has given written notice thereof to the Owners subject to the Individual Assessments.

8.8. Master Association Assessments. In addition to all other Assessments described in this Declaration, each Owner shall be required to pay assessments to the Master Association as provided in the Master Declaration and Annexation Declaration (the "**Master Association Assessments**"). As provided in the Master Declaration, the Association shall have the right and obligation to collect the Master Association Assessments from the Owners and remit payment of the Master Association Assessments to the Master Association.

8.9. Annexation of Additional Property. When Additional Property is annexed to the Property, the Lots included therein shall become subject to Neighborhood Assessments as provided in Section 8.3.1 and the Neighborhood Assessments shall be apportioned in accordance with Section 8.3.2. Upon the annexation of Additional Property, the additional Lots subject to assessment shall pay Annual Assessments at the same rate then being paid by all other Lots subject to Annual Assessments. The Board of Directors, however, at its option, may elect to recompute the budget based upon the additional Lots subject to Annual Assessments and recompute the Annual Assessments for all Lots subject to Annual Assessments, including any Lots within the Additional Property, for the balance of the fiscal year; provided, however, that for any period prior to the Turnover Meeting, the rate of the Annual Assessment shall be based on the full build-out budget described in Section 8.4. Lots included within Additional Property annexed to the Property shall become subject to Master Association Assessments as provided in the Master Declaration.

8.10. Operations Fund. The Association shall keep all funds received by it as Assessments, other than reserves described in Section 8.11 separate and apart from its 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 from the Reserve Fund referred to in Section 8.11. The Association shall use such fund exclusively for the purpose of promoting the recreation, health, safety, and welfare of the residents within the Property and in particular for the improvement and maintenance of properties, services, and facilities devoted to this purpose and related to the use and enjoyment of the Neighborhood Common Areas and of the Lots situated upon the Property, including but not limited to:

8.10.1. Payment of the cost of maintenance, utilities, and services as described in Article 7.

8.10.2. Payment of the cost of insurance as described in the Bylaws of the Association.

8.10.3. Payment of taxes assessed against the Neighborhood Common Areas and any improvements thereon.

8.10.4. Payment of the cost of water service, sewer service, and garbage and trash disposal for the Neighborhood Common Areas or that are commonly billed.

8.10.5. Payment of the cost of other services that the Association deems to be of general benefit to the Owners, including but not limited to accounting, legal, and secretarial services.

8.10.6. In the event any condemnation of a portion of the Neighborhood Common Areas 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 holder of any first Mortgage on each Lot, or if none, to the Owner of the Lot.

8.11. Reserve Fund.

8.11.1. **Establishment of Account.** Declarant, on behalf of the Association, shall conduct an initial reserve study as described in Section 8.11.3 of this section and establish a bank account in the name of the Association (the “**Reserve Fund**”) to fund major maintenance, repair, or replacement of all property for which the Association has maintenance, repair, and replacement responsibility under this Declaration that will normally require major maintenance, repair, or replacement in whole or in part in more than one (1) year and less than thirty (30) years, for exterior painting of the Neighborhood Common Areas or other property to be maintained by the Association, if the Neighborhood Common Areas or such other property includes exterior painted surfaces, and for other items, whether or not involving the Neighborhood Common Areas, if the Association has responsibility to maintain the items, including items required by the Maintenance Plan established pursuant to Section 7.5. The Reserve Fund need not include those items that can reasonably be funded from the general budget or other funds of the Association or for those items for which one or more, but less than all, Owners are responsible for maintenance and replacement under the provisions of this Declaration or the Bylaws.

8.11.2. **Funding of Reserve Fund.** The Reserve Fund shall be funded by Assessments levied against the individual Lots, which sums shall be included in the Annual Assessment for the Lots. The reserve portion of the Annual Assessment for each Lot, including each Lot owned by Declarant or a successor Declarant, shall commence upon the earlier to occur of: (i) the date on which the Lot is sold to an Owner other than Declarant or a successor Declarant or (ii) the date on which the Lot is first occupied for residential use; provided, however, that Declarant hereby reserves the right, for itself and any successor Declarant, to defer

payment of accrued Assessments for reserves on each Lot owned by Declarant or a successor Declarant until the date on which the Lot is conveyed to an Owner other than Declarant or a successor Declarant, but in no event beyond the date of the Turnover Meeting or, if no Turnover Meeting is held, the date on which the Owners assume administrative control of the Association. The Reserve Fund shall be established in the name of the Association. The Association is responsible for administering the Reserve Fund and making periodic payments into it.

8.11.3. Reserve Studies. The reserve portion of the initial Assessment determined by Declarant shall be based on a reserve study described in this Section 8.11.3 or other sources of information. The Board of Directors annually shall conduct a reserve study, or review and update an existing study, to determine the Reserve Fund requirements and may adjust the amount of payments as indicated by the study or update and provide other reserve items that the Board of Directors, in its discretion, may deem appropriate. The reserve study shall:

8.11.3.1. Identify all items for which reserves are to be established;

8.11.3.2. Include the estimated remaining useful life of each item as of the date of the reserve study; and

8.11.3.3. Include for each item, as applicable, an estimated cost of maintenance, repair, and replacement at the end of its useful life.

8.11.4. Use of Reserve Fund. The Reserve Fund shall be used only for the purposes for which the reserves have been established and shall be kept separate from other funds. After the Turnover Meeting, however, the Board of Directors may borrow funds from the Reserve Fund to meet high seasonal demands on the regular operating funds or to meet unexpected increases in expenses if the Board of Directors has adopted a resolution, which may be an annual continuing resolution, authorizing the borrowing of funds. Not later than the adoption of the budget for the following year, the Board of Directors shall adopt by resolution a written payment plan providing for repayment of the borrowed funds within a reasonable period. Nothing in this section shall prohibit prudent investment of the Reserve Fund, subject to the requirements set forth in ORS 94.670(2). If, after reviewing the reserve study or reserve study update, the Board of Directors determines that the Reserve Fund will be adequately funded for the following year, then the Board may vote to reduce or eliminate the reserve portion of the Annual Assessments for that particular year. Additionally, following the Turnover Meeting, on an annual basis, the Board, with the approval of all Owners, may elect not to fund the Reserve Fund for the following year regardless of whether or not the Reserve Fund is fully funded. Assessments paid into the Reserve Fund are the property of the Association and are not refundable to sellers or Owners of Lots. Sellers of the Lots, however, may treat their outstanding share of the Reserve Fund as a separate item in any sales agreement.

8.12. Creation of Lien and Personal Obligation of Assessments. Each Owner of a 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, late charges, expenses,

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 Article 9 below.

8.13. 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 an Owner or Owner's agent for the benefit of a prospective purchaser, the Board of Directors shall make and deliver a written statement of the unpaid Assessments against the prospective grantor of the Lot effective through a date specified in the statement, and the grantee in that case shall not be liable for any unpaid Assessments against the grantor not included in the written statement.

ARTICLE 9 ENFORCEMENT

9.1. Violation of Protective Covenants. If an Owner violates any provision of this Declaration, the Bylaws, or the Rules and Regulations (other than a default in the payment of Assessments, which is addressed in Section 9.2 below), then the Association acting through its Board of Directors shall notify the Owner in writing of any such specific violations. If the Owner is unable, is 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 Association acting through its Board of Directors shall, after notice and opportunity to be heard as provided in the Bylaws, have the right to do any or all of the following:

9.1.1. Assess reasonable fines against such Owner, based upon a resolution adopted by the Board of Directors that is delivered to each Lot, mailed to the mailing address of each Lot or mailed to the mailing address designated by the Owner of each Lot in writing, which fines shall constitute Individual Assessments for purposes of this Declaration.

9.1.2. Enter the offending Lot and remove the cause of such violation, or alter, repair or change the item that is in violation of this Declaration, the Bylaws, or the Rules and Regulations in such a manner as to make it conform thereto, in which case the Association may assess such Owner for the entire cost of the work done, which amount shall be levied against the Owner as an Individual Assessment, provided that no items of construction shall be altered or demolished in the absence of judicial proceedings.

9.1.3. Cause any vehicle parked in violation of this Declaration, the Bylaws, or of the Rules and Regulations to be towed and impounded at the Owner's expense.

9.1.4. Suspend the voting rights and the right to use the Neighborhood Common Areas for the period that the violations remain unabated, provided that the Association shall not deprive any Owner of access to and from his Building Structure and further provided that the

Board of Directors shall provide the Owner with written notice and an opportunity to be heard prior to suspending the Owner's right of access to or use of any Neighborhood Common Areas to the extent required by applicable law.

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

9.2. Default in Payment of Assessments; Enforcement of Lien. If an assessment or other charge levied under this Declaration is not paid within ten (10) days after its due date, such assessment or charge shall become delinquent and shall bear interest from the due date at the rate set forth below. In such event the Association may exercise any or all of the following remedies:

9.2.1. The Association may suspend such Owner's voting rights, any utility services paid for out of Assessments, and right to use the Neighborhood Common Areas until such amounts, plus other charges under this Declaration, 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 the Owner's Lot and further provided that the Board of Directors shall provide the Owner with written notice and an opportunity to be heard prior to terminating any utility services or suspending the Owner's right of access to or use of any Neighborhood Common Areas to the extent required by applicable law.

9.2.2. The Association shall have a lien against each Lot in accordance with ORS 94.709 for any assessment levied against the Lot, including any fines or other charges imposed under this Declaration or the Bylaws against the Owner of the Lot, and may foreclose such lien in the manner provided in ORS 94.709.

9.2.3. The Association may bring an action to recover a money judgment for unpaid assessments, fines, and charges under this Declaration without foreclosing or waiving the lien described in Section 9.2.2 above. Recovery on any such action, however, shall operate to satisfy the lien, or the portion thereof, for which recovery is made.

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

9.3. Notification of First Mortgagee. The Board of Directors will send notice of any default in performance of this Declaration by a Lot Owner that is not cured within sixty (60) days to any first Mortgagee of such Lot who has given written notice to the Association requesting notices of default.

9.4. 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 first Mortgage of record. The sale or transfer of a Lot shall not affect the assessment lien thereon. However, the sale or transfer of a Lot pursuant to the foreclosure of a first Mortgage or the execution of a deed in lieu of foreclosure of a first Mortgage shall extinguish the Association's lien with respect to Assessments and other charges that became due prior to such sale or transfer. 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 charges thereafter becoming due or from the lien of such Assessments or charges. No sale, foreclosure, or transfer of a Lot shall extinguish the personal obligation of the Owner who owned the Lot at the time the Assessments or other charges became due.

9.5. 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 equal to the lesser of twelve percent (12%) per annum or the maximum rate allowed by the applicable 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 of Directors, which resolution shall be delivered to each Lot, mailed to the mailing address of each Lot or mailed to the mailing address designated by the Owner in writing, together with all expenses incurred by the Association in collecting such unpaid assessments, including attorneys' fees (whether or not suit is instituted). In the event the Association shall file a notice of lien, the lien amount shall also include the recording fees associated with filing the notice and a fee for preparing the notice of lien established from time to time by resolution of the Board of Directors.

9.6. Costs and Attorneys' Fees. In the event of any suit or action to enforce this Declaration, the Bylaws, the Rules and Regulations or the Oregon Planned Community Act, or to collect any money due hereunder or to foreclose a lien, the prevailing party in such suit or action shall be entitled to recover all costs and expenses incurred by it in connection with such suit or action, including a foreclosure title report, and shall recover such amount as the court may determine to be reasonable as attorneys' fees at trial and upon any appeal or petition for review thereof.

9.7. Assignment of Rents. As security for the payment of all liens arising pursuant to this Article 9, 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 under this Declaration or the Bylaws, 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 ten (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, in its own name 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 or 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.

9.8. Non-Exclusiveness 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 by appropriate legal proceedings.

ARTICLE 10 DISPUTE RESOLUTION

10.1. Claims Other Than for Defective or Negligent Construction or Condition. The following provisions of this Section 10.1 shall apply to any claim, controversy, or dispute by or among Declarant (including members, officers, directors, shareholders, and affiliates of Declarant), the Association, the manager or one or more Owners, or any of them, arising out of or related to this Declaration, the Bylaws or the Property, other than claims relating to defective or negligent construction or condition as provided in Section 10.2 below:

10.1.1. Mediation.

10.1.1.1. Except as otherwise provided in this section, before initiating litigation, arbitration, or an administrative proceeding in which the Association and an Owner have an adversarial relationship, the party that intends to initiate litigation, arbitration, or an administrative proceeding shall offer to use any dispute resolution program available within Deschutes County, Oregon, that is in substantial compliance with the standards and guidelines adopted under ORS 36.175. The written offer must be hand-delivered or mailed by certified mail, return receipt requested, to the address, contained in the records of the Association, for the other party.

10.1.1.2. If the party receiving the offer does not accept the offer within ten (10) days after receipt of the offer, such acceptance to be made by written notice, hand-delivered or mailed by certified mail, return receipt requested, to the address, contained in the records of the Association, for the other party, the initiating party may commence the litigation, arbitration, or administrative proceeding. The notice of acceptance of the offer to participate in the program must contain the name, address, and telephone number of the body administering the dispute resolution program.

10.1.1.3. If a qualified dispute resolution program exists within Deschutes County, Oregon, and an offer to use the program is not made as required under Section 10.1.1.1 of this section, then litigation, arbitration, or an administrative proceeding may be stayed for thirty (30) days upon a motion of the non-initiating party. If the litigation, arbitration, or administrative action is stayed under this section, both parties shall participate in the dispute resolution process.

10.1.1.4. Unless a stay has been granted under Section 10.1.1.3 of this section, if the dispute resolution process is not completed within thirty (30) days after receipt of the initial offer, the initiating party may commence litigation, arbitration, or an administrative proceeding without regard to whether the dispute resolution is completed.

10.1.1.5. Once made, the decision of the court, arbitrator, or administrative body arising from litigation, arbitration, or an administrative proceeding may not be set aside on the grounds that an offer to use a dispute resolution program was not made.

10.1.1.6. The requirements of this section do not apply to circumstances in which irreparable harm to a party will occur due to delay or to litigation, arbitration or an administrative proceeding initiated to collect Assessments, other than Assessments attributable to fines.

10.1.2. Arbitration. Any claim, controversy, or dispute by or among Declarant (including members, officers, directors, shareholders, and affiliates of Declarant), Association, or one or more Owners, or any of them, arising out of or related to this Declaration, the Bylaws, the Rules and Regulations, or the Property shall be first subject to mediation as described in Section 10.1.1.1 above or otherwise, and if not timely settled by mediation, resolved by arbitration in accordance with this Article 10. The decisions and award of the arbitrator shall be final, binding, and nonappealable. The arbitration shall be conducted in Bend, Oregon, or at such other location as may be agreed upon by the parties, 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").

10.1.3. 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 ten (10) days after a party's demand for arbitration, upon application of any party, the presiding judge of the Circuit Court of Deschutes County, Oregon, shall designate the arbitrator.

10.1.4. Consolidated Arbitration. Upon demand by any party, claims between or among the parties and third parties shall be submitted in a single, consolidated arbitration. Notwithstanding the provision of this Article 10, in the event any claim, controversy, or dispute involves a claim by either party against a third party who is not required to and does not voluntarily agree to submit such claim to arbitration, then either party may elect to have the matter determined by a court of law in a consolidated proceeding, rather than by arbitration. In such case, the parties hereby waive trial by jury and agree that the matter shall be determined by a judge sitting without a jury.

10.1.5. 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.

10.1.6. 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 when any of the parties is absent in default or has waived its right to be present.

10.1.7. Excluded Matters. Notwithstanding the foregoing, the following matters shall not be subject to mediation or arbitration under this Article 10 (but shall be subject to the applicable provisions of Section 10.1.8 below): (i) actions relating to the collection of fees, Assessments, and other charges imposed or levied by the Association (other than actions for the collection of fines, which actions shall be subject to mediation provisions as described above); (ii) actions by the Association or any Owner related to the removal of a structure or correction of any other condition that violates this Declaration, the Bylaws, or the Rules and Regulations and where irreparable harm will occur due to delay; and (iii) actions to enforce any order, decision, or award rendered by arbitration pursuant to this Article 10. 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 10.

10.1.8. 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 nonprevailing 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 in connection with any dispute related to or arising out of this Declaration, the Bylaws, the Rules and Regulations, or the Oregon Planned Community Act to obtain a judicial construction of any provision of this Declaration, the Bylaws or the Rules and Regulations, 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 before 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).

10.2. Claims for Negligent or Defective Construction or Condition. Subject to the dispute resolution provisions contained, in any other applicable written agreements or contracts among or between an Owner, the Association, Declarant and/or any third party hired by the Declarant or Association (“**Third Party Agreements**”), the following alternative dispute resolution procedures shall apply to any claim by the Association or any Owner against Declarant or its affiliates, members or managers, or any contractor, subcontractor, supplier, consultant, or design professional of every tier performing any work or services in connection with the Property, and their agents, brokers, successors, employees, affiliates, representatives, officers, directors, managers and members, and any of their insurers and reinsurers, related to the design, construction or condition of the Property, including, but not limited to, claims for defective or negligent construction or design or failure to disclose a defective condition.

10.2.1. Initial Dispute Resolution Procedures.

10.2.1.1. In the event of a claim for a construction defect governed by ORS 701.550 to 701.595, the parties shall first comply with the provisions contained therein. In the event the claim is not for a construction defect governed by such provisions, but relates to a claimed defect in the condition of the Property the parties shall follow the same procedures as set forth in such provisions, except that the notice of defect shall include a statement of the basis upon which the recipient is claimed to be liable for the defect.

10.2.1.2. In the event the claim is for a matter not governed by this Section 10.2.1, the parties shall first attempt in good faith to resolve the claim through direct discussions. If the parties are unable to resolve the matter within one hundred eighty (180) days of the assertion of the claim, then following expiration of such period the parties shall proceed with mediation as provided in Section 10.2.2 below.

10.2.1.3. Compliance with the procedures contained in this Section 10.2.1 shall be a condition precedent to mediation, arbitration, or litigation of any such claims.

10.2.2. Mediation. If the initial dispute resolution proceedings under Section 10.2.1 above do not resolve the claims, the parties shall then engage in mediation to resolve the claims. 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. Completion of the mediation process under this section shall be a condition precedent to the filing of any arbitration or litigation proceedings under this Section 10.2.2 or any claims relating to the matter with the Oregon Construction Contractors Board, and Owner waives any right to file any such claims if Purchaser has not fully complied with this section. The mediation shall be conducted in accordance with the following procedures:

10.2.2.1. Within sixty (60) days after completion of the proceedings under Section 10.2.1 and delivery of a demand for mediation by one of the parties to the other parties, the parties shall agree upon a neutral mediator. If the parties are unable to agree on a mediator within that period, upon application of any party, the Presiding Judge of the Circuit Court of Deschutes, Oregon, shall designate the mediator.

10.2.2.2. Within sixty (60) days after appointment of the mediator, the parties shall exchange with each other all inspection and consultant's reports in their possession pertaining to the claims.

10.2.2.3. The parties shall have ninety (90) days after exchanging reports in which to perform additional inspections. Any additional reports resulting from such inspections shall be furnished to the other parties prior to mediation.

10.2.2.4. The mediation shall be conducted after completing Sections 10.2.2.2 and 10.2.2.3 above, but within one hundred eighty (180) days following appointment of the mediator. The mediator may elect to adjourn the mediation to additional sessions if the mediator determines that further sessions would be beneficial in resolving the disputes.

10.2.2.5. Each party shall send to the mediation a representative with authority to settle the dispute.

10.2.2.6. Any settlement agreed upon in mediation shall be documented and executed within sixty (60) days following completion of the mediation.

10.2.3. **Arbitration.** All claims that have not been resolved by mediation shall be submitted to final and binding private arbitration in accordance with Sections 10.1.2 through 10.1.8 above.

10.2.4. **Confidentiality.** The parties shall keep all discussions of disputes, settlements, and arbitration awards and decisions confidential and shall not disclose any such information, whether directly or indirectly, to any third parties other than their attorneys and consultants, unless compelled to do so by an order of a court of competent jurisdiction. In the event of a breach of this confidentiality obligation, the other party shall be entitled to seek and obtain any and all equitable remedies, including injunctive relief and specific performance, and the breaching party waives any claim or defense that the other party has an adequate remedy at law for any such breach, and such party shall not be required to post any bond or other security in connection with any such equitable relief.

10.2.5. **Time Periods Within Which Claims Must be Asserted.** Any claims under this Section 10.2, including, without limitation, allegations of property damage or personal injury claims arising out of fungus, spores, or mold, any water intrusion or dampness, or otherwise, regardless of the legal theory or basis of alleged causation, including but not limited to, negligence, professional errors or omissions, strict liability or breach of contract, must be commenced under Section 10.2.1 above within ninety (90) days after the date the Association or the Owner knew or reasonably should have known of facts sufficient to put them on notice of the claim, **or if earlier**, with respect to the Building Structure, by no later than the first anniversary of the closing date of the sale of the Building Structure to the first purchaser or, with respect to the Neighborhood Common Areas, within ninety (90) days after completion. Any arbitration or litigation based upon such claims must be instituted within ninety (90) days after completion of the mediation proceedings under Section 10.2.2, or if shorter, within one (1) year after expiration

of any express warranty or the applicable statute of limitations. Any and all such claims not brought within these time periods will be deemed time barred, regardless of when the Association or Owner actually discovered the alleged basis for the claim.

10.2.6. Conflicts. To the extent the dispute resolution provisions contained in any Third Party Agreement applicable to a claim for negligent or defective construction or conditions that would otherwise be subject to this Declaration contradict the terms of this Section 10.2, the dispute resolution provisions of the Third Party Agreement shall control.

10.3. Survival. The mediation and arbitration agreement set forth in this Article 10 shall survive the transfer by any party of its interest or involvement in the Property and any Lot therein and shall survive the termination of this Declaration.

ARTICLE 11 MORTGAGEES

11.1. Reimbursement of First Mortgagees. First Mortgagees may, jointly or singly, pay taxes or other charges that are in default and that may or have become a charge against any Neighborhood Common Areas and may pay overdue premiums on hazard insurance policies or secure new hazard insurance coverage on the lapse of a policy for such Neighborhood Common Areas or any Building Structure. First Mortgagees making such payments shall be owed immediate reimbursement therefor from the Association, to the extent the same was the responsibility of the Association.

11.2. Right of First Mortgagees Relating to Maintenance. At any time that the Neighborhood Common Areas are not maintained or repaired by the Association to the extent reasonably necessary to protect and preserve the value of the Property for security purposes, then the first Mortgagee, upon giving written notice as hereinafter provided, shall be entitled to exercise the rights of the Owner of the Lot 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 (1) year following the date of such notice. During this one (1)-year period, the Association shall give notice of all regular and special meetings to both the Owner and the Mortgagee, and the Owner may attend such meetings as an observer. Notice from the Mortgagee under this section shall quote this Section 11.2 and shall be sent postage prepaid by certified United States mail, return receipt requested, to the Owner with a copy sent by regular mail to the Association at the last known address of each.

ARTICLE 12 DECLARANT'S SPECIAL RIGHTS

12.1. General. In addition to all other rights reserved in this Declaration or the Bylaws, Declarant shall have the special Declarant rights described in this Article 12. Unless a different time period is indicated elsewhere in this Declaration, Declarant shall have the special Declarant rights described in this Article 12 until Declarant no longer owns any Lot within the Property and has relinquished all rights to annex Additional Property to the Property.

12.2. Voting Rights. Voting rights shall be as set forth in Section 6.3 above and in the Bylaws.

12.3. Marketing Rights. Subject to the Master Declaration and rules of the Master Association, Declarant shall have the right to maintain any signage of any size at any location, a sales office and model home on one or more of the Lots which Declarant may or may not own, to be staffed by the employees of Declarant or any licensed real estate sales agents. 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. Declarant may maintain a reasonable number of "For Sale" signs at reasonable locations of the Property, including, without limitation, the Neighborhood Common Areas.

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

12.5. Appearance and Design of Tetherow Rim. Declarant shall not be prevented from changing the exterior appearance of the Neighborhood Common Areas, including the landscaping or any other matter directly or indirectly connected with the project in any manner deemed desirable by Declarant, provided that Declarant obtains 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.

12.6. Construction by Declarant. All construction by Declarant is presumed to have been approved by the Board and the Association and to meet any applicable architectural standards established by the Board or the Association.

12.7. Exemptions from Assessments. To the maximum extent allowed by law, all Lots owned by Declarant shall be exempt from Assessments as set forth in Article 8.

12.8. Conversion of Property Classifications. Declarant reserves the right to convert Lots into Neighborhood Common Areas and Neighborhood Common Areas into Lots, change the plan of development for Tetherow Rim and to amend this Declaration at any time prior to the sale or transfer of any Lot to any person or entity other than Declarant or a successor Declarant.

12.9. Other Rights. Any and all rights of Declarant under the Oregon Planned Community Act, and all other rights, powers, easements, exemptions, and entitlements reserved for Declarant elsewhere in this Declaration or the Bylaws.

ARTICLE 13 AMENDMENT AND REPEAL

13.1. How Proposed. Amendments to or repeal of this Declaration shall be proposed by either a majority of the Board of Directors or by Owners holding thirty percent (30%) or more of the Association's voting rights. The proposed amendment or repeal must be reduced to

writing and shall be included in the notice of any meeting at which action is to be taken thereon or attached to any request for consent to the amendment or repeal.

13.2. Approval Required. 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 seventy-five percent (75%) of the Lots, based upon one (1) vote for each such Lot, together with the written consent of the Class B member, if such Class B membership has not been terminated as provided in this Declaration, and the written consent of the Master Declarant so long as the Master Declarant has the right to approve amendments of the Master Declaration. In no event shall an amendment under this section create, limit, or diminish special Declarant rights without Declarant's written consent, or change the boundaries of any Lot or any uses to which any Lot is restricted under this Declaration or change the method of determining liability for common expenses, the method of determining the right to common profits or the method of determining voting rights of any Lot, unless the Owners of the affected Lots unanimously consent to the amendment. 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 seventy-five percent (75%) of the total vote, other than Declarant, agree to the amendment. No amendment of this Declaration may amend, alter, or exempt application of any provision of the Master Declaration.

13.3. Recordation. Any such amendment or repeal shall become effective only upon recordation in the Official Records of Deschutes County, Oregon, of a certificate of the president and secretary of the Association setting forth in full the amendment, amendments, or repeal so approved and certifying that such amendment, amendments, or repeal have been approved in the manner required by this Declaration and ORS 94.590, and acknowledged in the manner provided for acknowledgment of deeds.

13.4. Regulatory Amendments. Notwithstanding the provisions of Section 13.1 above, until the Turnover Meeting, Declarant shall have the right to amend this Declaration or the Bylaws of the Association in order to comply with the requirements of the Federal Housing Administration, the United States Department of Veterans Affairs, the Farmers Home 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 corporation wholly owned, directly or indirectly, by the United States or the State of Oregon that insures, guarantees, or provides financing for a planned community or lots in a planned community. After the Turnover Meeting, any such amendment shall be approved in accordance with Section 13.2 above.

ARTICLE 14 MISCELLANEOUS PROVISIONS

14.1. Lessees and Other Invitees. Lessees, invitees, contractors, family members, and other persons entering the Property under rights derived from an Owner shall comply with all of the provisions of this Declaration restricting or regulating the Owner's use, improvement, or enjoyment of his or her 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 himself or herself.

14.2. Enforcement. The Association, or any Owner or the beneficiary of any recorded Mortgage on any part of the Property 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 Association or by any Owner to enforce any covenant or restriction contained in this Declaration shall in no event be deemed a waiver of the right to do so thereafter.

14.3. Construction; Severability; Number; Caption. This Declaration shall be liberally construed as an entire document to accomplish the purposes hereof as stated in the introductory sections 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 herein are intended solely for convenience of reference and shall in no way limit any of the provisions of this Declaration.

14.4. Notices. All notices to the Association or to the Board of Directors shall be sent care of the manager of the Association, or if there is no manager, to the principal office of the Association or to such other address as the Board of Directors 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 of Directors, or, if no address has been designated, then to the Owner's Lot. All notices shall be sent by; (i) messenger service (or hand delivery); (ii) overnight courier service; or (iii) regular United States mail. Notwithstanding the foregoing, in the discretion of the Board of Directors, any notice, information, or other written material required to be given to an Owner or director under this Declaration or the Bylaws or pursuant to the Oregon Planned Community Act, may be given by electronic mail, facsimile or other form of electronic communication acceptable to the Board of Directors, provided that electronic mail, facsimile, or other form of electronic communication may not be used to notify an Owner of: (i) the failure to pay an Assessment; (ii) the foreclosure of an Association lien under ORS 94.709; or (iii) an action the Association may take against the Owner. Additionally, an Owner or director may decline to receive notice by electronic mail, facsimile, or other form of electronic communication and may direct the Board of Directors in writing to provide notice in any other manner permitted under this Declaration or the Oregon Planned Community Act. Notices shall be deemed given on the date the notices are sent in accordance with the procedures outlined herein.

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

- (a) The Master Declaration and any rules, guidelines, or resolutions adopted thereunder;
- (b) This Declaration;
- (c) The Articles;
- (d) The Bylaws; and
- (e) The Rules and Regulations.

14.6. Private Agreement. This Declaration and the covenants and agreements contained herein constitute a private agreement among the Owners of Lots in Tetherow Rim. This Declaration does not restrict Deschutes County's authority to adopt or amend its development regulations. There may be conflicting requirements between this Declaration and regulations of Deschutes County, which will limit its review of a development application to the requirements of its regulations. It is the duty of every person engaged in development or remodeling of a Lot and/or improvement in Tetherow Rim to know the requirements of this Declaration and the covenants and agreements contained herein. In the event there is a conflict between a regulation of Deschutes County and this Declaration, any question regarding which provision controls shall be directed to the Association. In no event will Deschutes County be liable for any approvals or permits that are granted in compliance with the regulations of Deschutes County, the State of Oregon, or any other jurisdiction, but that are not in compliance with this Declaration. Declarant and/or the Association will not be liable for any approvals that are granted in compliance with this Declaration, but that are not in compliance with the regulations of Deschutes County, the State of Oregon, or any other jurisdiction.

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14.7. Statutory References. To the extent any provisions in this document make reference to specific statutory provisions, such references shall be deemed to be a reference to those statutes as they may be amended, renumbered, or restated after the date of the recording of this document.

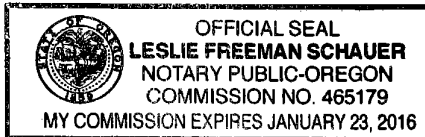
IN WITNESS WHEREOF, the Declarant has executed this Declaration as of the date first written above.

TETHEROW RIM LLC, a Washington limited liability company

By: *Jack Lyle Willing*
Jack Lyle Willing, Member

STATE OF *Oregon*)
County of *Deschutes*) ss.

This instrument was acknowledged before me on this *30th* day of *July*, 2015, by *Jack Lyle Willing* as Member of Tetherow Rim LLC, a Washington limited liability company.



Leslie Freeman Schauer
NOTARY PUBLIC FOR *Oregon*
My Commission Expires: *1/23/2016*

EXHIBIT A

(Legal Description)

BEGINNING AT THE INITIAL POINT, MARKED BY A 5/8" IRON ROD WITH YELLOW PLASTIC CAP MARKED "W&H PACIFIC," AND BEING THE NORTHEAST CORNER OF SAID DEVELOPMENT TRACT 'AC' OF TETHEROW PHASE 1 PLAT;

THENCE, ALONG THE BOUNDARY OF SAID DEVELOPMENT TRACT 'AC' OF TETHEROW PHASE 1, THE FOLLOWING FIVE COURSES;

THENCE, ALONG THE ARC OF A 370.00 FOOT RADIUS CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 28°45'01", AN ARC LENGTH OF 185.66 FEET (THE CHORD OF WHICH BEARS SOUTH 14°18'16" EAST 183.72 FEET);

THENCE SOUTH 28°40'47" EAST 223.81 FEET;

THENCE, ALONG THE ARC OF A 180.00 FOOT RADIUS CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 103°11'45", AN ARC LENGTH OF 324.20 FEET (THE CHORD OF WHICH BEARS NORTH 22°55'05" EAST 282.12 FEET);

THENCE SOUTH 74°30'58" WEST 255.86 FEET;

THENCE, ALONG THE ARC OF A 440.00 FOOT RADIUS CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 9°06'34", AN ARC LENGTH OF 69.95 FEET (THE CHORD OF WHICH BEARS SOUTH 69°57'41" WEST 69.88 FEET) TO THE MOST SOUTHERLY CORNER OF SAID DEVELOPMENT TRACT 'AC' OF TETHEROW PHASE 1;

THENCE, ALONG THE SOUTH BOUNDARY OF SAID DEVELOPMENT TRACT 'AB' OF TETHEROW PHASE 1, ALONG THE ARC OF A 440.00 FOOT RADIUS CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 13°07'06", AN ARC LENGTH OF 100.74 FEET (THE CHORD OF WHICH BEARS SOUTH 58°50'51" WEST 100.52 FEET) TO THE BOUNDARY OF SAID RECONFIGURED DEVELOPMENT TRACT 'AC';

THENCE, ALONG THE BOUNDARY OF SAID RECONFIGURED DEVELOPMENT TRACT 'AC,' THE FOLLOWING FIVE COURSES;

THENCE NORTH 34°27'24" WEST 37.09 FEET;

THENCE, ALONG THE ARC OF A 325.00 FOOT RADIUS CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 5°29'47", AN ARC LENGTH OF 31.17 FEET (THE CHORD OF WHICH BEARS SOUTH 37°12'18" EAST 31.17 FEET);

THENCE NORTH 39°57'11" WEST 332.71 FEET;

THENCE SOUTH 50°2'49" WEST 39.02 FEET;

THENCE NORTH 43°09'47" WEST 170.83 FEET TO THE BOUNDARY OF SAID DEVELOPMENT TRACT 'AC' OF TETHEROW PHASE 1;

THENCE, ALONG THE BOUNDARY OF SAID DEVELOPMENT TRACT 'AC' OF TETHEROW PHASE 1, THE FOLLOWING TWO COURSES:

THENCE NORTH 13°52'57" EAST 31.94 FEET;

THENCE NORTH 65°42'50" EAST 820.53 FEET TO THE INITIAL POINT.

EXHIBIT B

(Bylaws)