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STATE OF OREGON
COUNTY OF DESCHUTES

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

DATE AND TIME: Dec. 8, 2000; 3:19 p.m.

RECEIPT NO: 29438

DOCUMENT TYPE: Planned Community Subdivision Declaration

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Mary Sue Penhollow

MARY SUE PENHOLLOW
DESCHUTES COUNTY CLERK

Return to:
Vista Ridge Investments, LLC
501 NE Greenwood
700
Bend, OR 97701

2000-49746-1

Planned Unit Subdivision DECLARATION OF COVENANTS AND RESTRICTIONS FOR VISTA RIDGE HOMEOWNERS' ASSOCIATION, INC.

THIS DECLARATION made this 8th day of December 2000 by Vista Ridge Investments, LLC ("Declarant").

RECITALS

Declarant is the owner of all the real property described as Vista Ridge Subdivision, Deschutes County, Oregon, as depicted in the plat of Vista Ridge filed in the Plat Records of Deschutes County, Oregon (the "Property"), and desires to create thereon a planned community to be known as Vista Ridge, with permanent roadways, utility installations and open spaces for the benefit of such community.

Declarant desires to provide for the preservation and enhancement of the property values, amenities and opportunities in Vista Ridge and for the maintenance of the Property and improvements thereon, and to this end desires to subject the Property to the covenants, restrictions, easements, charges and liens hereinafter set forth, each and all of which is and are for the benefit of the Property and each owner of any lot thereof.

Declarant has deemed it desirable for the efficient preservation of the values and amenities in such community to create a non-profit corporation, to which should be delegated and assigned the powers of owning, maintaining and administering the common property and facilities and administering and enforcing the covenants and restrictions and collecting and disbursing the assessments and charges hereinafter created, and promoting the recreation, health, safety and welfare of the residents.

NOW, THEREFORE, the Declarant declares that the Property shall be held, transferred, sold, conveyed and occupied subject to the provisions of the Oregon Planned Community Act, ORS 94.550 et seq., and to the covenants, restrictions, easements, charges and liens hereinafter set forth in this Declaration.

ARTICLE 1.
DEFINITIONS

1.1 **"Articles"** shall mean the Articles of Incorporation for the non-profit corporation, Vista Ridge Homeowners' Association, Inc., as filed with the Oregon Corporation Commissioner.

1.2 **"Association"** shall mean and refer to Vista Ridge Homeowners' Association, Inc., its successors and assigns.

1.3 **"Bylaws"** shall mean and refer to the Bylaws of the Association.

1.4 "Common Property" shall mean and refer to that area of land shown on the recorded plat of the Property, including any improvements thereon, which are intended to be devoted to the common use and enjoyment of the members and which land has been conveyed to the Association.

1.5 "Declaration" shall mean the covenants, restrictions and all other provisions set forth in this Declaration of Covenants and Restrictions for Vista Ridge Homeowners' Association, Inc.

1.6 "Declarant" shall mean and refer to Vista Ridge Investments, LLC, its successors or assigns, or any successor or assign to all remainder of his or her interest in the development of the Property.

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

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

1.9 "Property" shall mean and refer to all real property, including Common Property, within Vista Ridge and all improvements located on the real property subject to this Declaration.

1.10 "Rules and Regulations" shall mean and refer to the documents containing rules and regulations and policies adopted by the Board of Directors of the Association or the Architectural Review Board as may be from time to time amended.

ARTICLE 2.
Property Subject to this Declaration

The real property which is and shall be held, transferred, sold, conveyed and occupied subject to this Declaration is located in Bend, Deschutes County, Oregon and consists of Lots 1 through 39 and the adjoining Common Property of Vista Ridge.

ARTICLE 3.
General Plan of Development

3.1 Ownership of Common Property. The Declarant shall convey the Common Property which has been annexed to the Association within sixty (60) days after one hundred percent (100%) of the lots have been conveyed to purchasers. The legal description of the Common Property to be conveyed to the Association is set forth in **Exhibit 1** attached hereto. In the event the Common Property is ever assessed for property tax purposes separately from the lots, the Association, by and through its Board of Directors, shall take such steps as may be necessary to assess all

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Owners equally for their share of such taxes and to pay such property taxes on a current basis.

ARTICLE 4.
Use Restrictions; Architectural Controls and Maintenance Responsibilities

4.1 General.

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

4.1.2 Combination, Division. No Owner shall have the right to divide any lot.

4.1.3 Dwelling and Size. The floor area of each dwelling, exclusive of open porches, patios and garages, shall not be less than 1,100 square feet in size. Outbuildings built on the premises must conform as to architectural style and exterior finish with the dwelling constructed on the premises (same siding material and roofing material). The ARC prior to construction must approve all Living Unit and outbuilding plans.

4.1.4 Temporary Structures. No recreational vehicle, trailer, basement, tent, shack, garage or other outbuilding, or any other structure of a temporary character shall be used as a residence on the premises during construction or any other time. A construction contractor may use a "job shack" during construction as may be permitted by local Land Use Ordinances, but may not exceed six months in length.

4.1.5 Commercial Use. No building or part thereof shall be erected, maintained or used on any lot for any commercial purpose; provided that home occupations permitted in accordance with local Land Use Ordinances (such as a home office or art studio) may be allowed and provided that such home occupations do not generate significant traffic.

4.1.6 Construction Time. All dwellings under construction shall have the exterior completed within six (6) months of commencement of construction, and shall be entirely completed within twelve (12) months from start of construction including the front yard landscaping.

4.1.7 Landscaping. All yards and grounds in connection with an improved lot shall at all times be kept in a neat and attractive condition. Grounds shall be cultivated and planted to the extent necessary to maintain an appearance in keeping with that of typical improved lots in the subdivision.

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4.1.8 Roofs. All roofs must have at least a 4/12 pitch and be surfaced with 20-year composition roofing or better.

4.1.9 Foundations. All foundations must be made of solid pour concrete and not protrude more than 18 inches above back fill grade.

4.1.10 Garages. All homes, except those located on Lots 1 and 8, must have at least a two-car attached garage.

4.1.11 Driveways. All driveways shall be concrete, asphalt or similar material (i.e., paving stones). Cinders may not be used for any purpose.

4.1.12 Maintenance of Property. Each lot and all of its improvements shall be maintained in a clean and attractive condition, in good repair, and in such a fashion as not to create a fire hazard, or visual and/or odor pollution.

4.1.13 Colors. All buildings constructed shall have all exterior materials of colors that blend with the natural surroundings and are subject to ARC approval.

4.1.14 Window Coverings. No sheets, blankets or other temporary coverings are to be used.

4.1.15 Nuisances. No obnoxious, noxious or offensive activity shall be carried on upon any lot, nor shall anything be done thereon which may reasonably become an annoyance or nuisance to other persons in the subdivision. Outside storage or parking of out of repair RVs, machinery, equipment, out of repair automobiles and/or motorcycles, or other heavy duty vehicles shall be deemed a nuisance.

4.1.16 Easement Maintenance. Within the easements as shown on the recorded plat, no planting of trees or shrubs which would interfere with the utilities shall be permitted. The easement area of each lot shall be maintained continuously by the owner of the lot.

4.1.17 Livestock. No livestock shall be allowed on a lot within the subdivision. Household pets (i.e., cats and dogs) are allowed. Household pets shall not be allowed to run at large and must be kept within a fenced yard or on a leash.

4.1.18 Signs. No sign of any kind shall be displayed to the public view on any lot except the use of a professional sign advertising the property for sale or rent, or signs used by the builder to advertise the property during the construction and sales period.

4.1.19 Garbage and Refuse Disposal.

(a) Trash, garbage or other waste shall not be kept on the property for more than 21 days and must be kept in a sanitary container.

(b) When not provided by other structures, each residence shall have an enclosed service yard for garbage and trash containers, clothes drying apparatus, bicycles, outdoor maintenance equipment, firewood and so forth. None of these shall be placed where they will be seen from the roads or neighboring lots.

4.1.20 Fencing. All fencing shall be of wood construction. The fencing shall be six feet in height. The size of the slats shall be six inches in width. No fencing will be allowed around the front of the structure. The rear yard fencing can extend to the front corner of the Living Unit, but not beyond. Fences abutting Boyd Acres Road must be of uniform appearance.

4.1.21 Gutters and Downspouts. All gutters and downspouts shall be designed as a continuous architectural design feature. Exposed gutters and downspouts shall be colored to match the Living Unit color.

4.1.22 General Provisions. The foregoing protective restrictions shall run with the land and shall be binding upon all persons claiming under them for a period of twenty-five (25) years from September 1, 2000, unless seventy five percent (75%) or more of the owners of record agree in writing to changes and said changes are made in accordance with the laws in existence at that time.

4.1.23 Title Subject to Restrictions. Nothing contained in this declaration shall impair or defeat the lien of any mortgage or deed of trust made in good faith and for value, but titles to any property subject to this declaration obtained through sale in satisfaction of any such mortgage or deed of trust shall thereafter be held subject to all the protective restrictions hereof.

4.1.24 Enforcement. Enforcement of each and all of the protective restrictions shall be enforceable by injunction and/or lien of property or by any other form of action available to the parties aggrieved. invalidation of any one of these protective restrictions by judgment or court order shall in no way affect any other provisions, which shall remain in full force and effect.

4.2 Architectural Review Board.

4.2.1 Composition. The Board of Directors of the Association shall serve also as a Architectural Review Board. A quorum for the Architectural Review Board action shall be a majority of its members.

4.2.2 Duties. It shall be the duty of the Architectural Review Board to regulate the external design, appearance, location and maintenance of all the Property and of improvements thereon, whether on a lot or common property, to regulate use of such Property as described in this Declaration. The Architectural Review Board shall adopt general rules to implement the purposes and interpret the covenants of this Article, including, but not limited to, rules not less restrictive than those contained in this Declaration to regulate animals and tenants, storage and use of recreational vehicles, storage and use of machinery, use of outdoor drying lines, trash containers, planting, maintenance and removal of vegetation of the Property.

4.2.3 Approval Required. No outbuilding, fence, wall or other structure of any type shall be commenced, erected or maintained upon the Property, nor shall any exterior addition to, change in, painting or staining of, or alteration to any Living Unit, outbuilding, fence, wall, or other structure on the Property of any type be made until the plans and specifications showing the nature, kind, shape, height, materials, color and location of the same shall have been submitted to and approved in writing by the Architectural Review Board as to the harmony of external design, materials, color and location in relation to surrounding structures and topography.

4.2.4 Procedure. An Owner wishing to take any action requiring approval under this Article shall give notice of such proposed action to the Architectural Review Board, together with complete plans and specifications therefor. The Architectural Review Board shall meet to review the Owner's request within thirty (30) days of receipt and shall render a decision by the vote of a majority of Board Members present within forty-five (45) days of receipt. Interested Owners shall have an opportunity to comment on the request at all such meetings, which shall be open to all Owners. If the Architectural Review Board fails to render a written decision within the time allowed, the request shall be deemed to be approved.

4.2.5 Exemption. The planting of any shrubs, flowers or other plants (excepting trees) by any Owner within an enclosed courtyard or fenced area on such owner's lot shall be exempt from the provisions of this Article.

4.2.6 Delegation. The Board of Directors may delegate the duties of the Architectural Review Board to a committee appointed by the Board composed of not less than three (3) Owners.

ARTICLE 5.
Association Membership and Voting Rights

5.1 Members. Each Owner shall be a mandatory member of the Association. Membership in the Association shall be appurtenant to, and may not be separated from, ownership of any lot. Transfer of ownership of a lot automatically transfers membership in the Association. Occupants and Owners shall be governed and controlled by this Declaration, the Articles, Bylaws, and rules and regulations of the Association and any amendments thereof.

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

5.3 Voting Rights. Voting rights shall be as set forth in the Bylaws.

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ARTICLE 6.
Declarant Control

Interim Board and Officers. The Declarant hereby reserves administrative control of the Association. Interim management shall be conducted in compliance with the Bylaws.

ARTICLE 7.
Common Property

7.1 Obligations of the Association. Subject to the rights of Owners set forth in this Declaration, the Association shall be responsible for the exclusive management and control of the Common Property and any improvements thereon, and shall keep the same in good, clean, attractive and sanitary condition, order and repair, including, but not limited to, the removal of snow, trash and debris, and maintenance, cleaning and repair of the streets, parking areas, landscaped and unlandscaped land located on the Common Property. This obligation shall include, without limitation, the obligation for the maintenance, repair and replacement of sanitary sewer lines from the connection with the main service line owned and maintained by the service provider to a point within or under an Owners Living Unit and within or under an Owner's courtyard and the obligation to maintain water service lines up to the meter measuring water service to individual Living Units.

7.2 Members' Easement of Enjoyment. Subject to the provisions of this Declaration, the Bylaws, and Rules and Regulations of the Association, every Owner shall have a nonexclusive right and easement of enjoyment in and to the Common Property, which shall be appurtenant to and shall pass with the title to every lot.

7.3 Extent of Members' Easements. The members' easements of enjoyment created hereby shall be subject to the following:

7.3.1 Subject to Rules and Fees. The right of the Association to establish reasonable rules and to charge reasonable assessments and fees for capital expenditures on the Common Property and the maintenance and upkeep of the Common Property and payment of all Association expenses.

7.3.2 Suspension of Member's Right. The right of the Association to suspend the right of an Owner or any occupant of a lot to use the Common Property and facilities for any period during which any assessment against such Owner or occupant's lot remains unpaid for more than thirty (30) days after notice of such nonpayment; the right of the Association to suspend the right of a member to use any Common Property for a period not to exceed sixty (60) days for any other infraction of the Declaration, Bylaws or the Rules and Regulations of the Association. Provided, however, that no such suspension pursuant to this subsection 7.3.2 shall deprive an Owner of access to his or her lot.

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7.3.3 **Sale of Common Property.** As provided by ORS 94.665, the right of the Association to sell, dedicate or transfer any portion of the Common Property or to create a security interest therein. Except as to the grant of easements for utilities and similar or related purposes, no such sale, dedication or transfer shall be effective unless approved by seventy five percent (75%) of the votes of both Class A and Class B members. Provided further, if there is only one class of votes, such sale, dedication or transfer (except for utility and similar easements) must be approved by seventy five percent (75%) of the votes held by Owners other than the Declarant.

7.4 **Declaration of Use.** Any Owner may delegate his or her right of enjoyment to the Common Property and facilities to the members of the Owner's family and to a reasonable number of guests subject to general regulations as may be established from time to time by the Association.

7.5 **Damage or Destruction of Common Property by Owner.** In the event any Common Property is damaged or destroyed by an Owner or any of his or her guests, tenants, licensees, agents or members of his or her family in an manner that would subject such Owner to liability for such damage under Oregon law, such Owner does hereby authorize the Association to repair such damage; the Association shall repair damage in a good and workmanlike manner as originally constituted or as the area may be modified or altered subsequently by the Association in the discretion of the Association. The reasonable cost necessary for such repairs shall become a special assessment upon the lot of the Owner who caused or is otherwise responsible for such damage.

7.6 **Parking Restrictions.** There shall be no parking along either side of the streets in the subdivision, except in those instances where a landowner provides for an eight-foot wide pull-out on his or her lot. "No Parking" signs shall be installed and maintained by the Declarant and then the Association after such an association becomes established. In addition, the Declarant, and ultimately the Association, shall enter into a contract with a local police agency and/or private security agency to police the no-parking policy at the Association's cost. The contract shall include an indemnity provision whereby Declarant and the owners agree to indemnify any public police agency from and against any liability arising from policing those parking restrictions. Violators of this prohibition shall be subject to fines pursuant to a schedule to be established by the Board of Directors. Fines shall be enforced in the same manner as assessments. In addition to monetary fines, offenders shall be subject to being towed.

ARTICLE 8.
Covenants for Maintenance Assessments/Special Assessments; and Common Profits

8.1 **Creation of the Lien and Personal Obligation of Assessments.** The Declarant hereby covenants, and each Owner of any lot by acceptance of a deed thereof, whether or not it shall be so expressed in such deed, is deemed to covenant and agrees to pay the Association (1) regular assessments or charges for common expenses, and (2) special assessments as provided in Section 8.7. All such assessments, together with interest thereon at the rate established from time to time by resolution of the Board of Directors and together with all other costs, fees, charges and fines allowed by law, shall be a lien and charge on the land and shall be a continuing lien upon the lot against which each such assessment is made. Such lien shall exist and be executed, recorded and foreclosed in the manner provided by law.

8.2 General Assessments.

8.2.1 Purpose of Assessments. The assessments levied under this Article shall be used exclusively for the purpose of promoting the recreation, health, safety and welfare of the residents of the Property, and for the improvement and maintenance of such Property, including payment of premiums for insurance required under this Declaration and to fund a replacement reserve for those items the Association has maintenance responsibility, and for payment of any common operating expenses such as landscaping, maintenance, Association water, sewer and garbage collection, management services, legal and accounting services and the like. Neither the Association nor any assessments of the Owners shall be used to engage in lobbying or to exert political influence.

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

(a) Unimproved Lots. Lots that have not been improved with a substantially completed Living Unit shall be assessed equally with other such lots. The assessment against such unimproved lots shall include only amounts attributable to the Common Property Reserve Account as set forth in Section 8.5, together with amounts attributable to the liability insurance premium covering the Common Property. The Declarant, at the Declarant's option, may accrue the Common Property Reserve Account portion of the assessment for an unimproved lot until such lot is conveyed to an Owner other than the Declarant as set forth in Section 8.5, but may not accrue the liability insurance portion. The Declarant may require the Owner to whom such lot is conveyed to reimburse the Declarant for these amounts.

(b) Improved Lots. Lots that have been improved with a substantially completed Living Unit shall be assessed equally with other such lots. The assessment of lots improved with substantially complete Living Units shall include the following items:

(i) Expenses of administration.

(ii) Expenses of maintenance, repair or replacement of all improvements and buildings on the Common Property.

(iii) Expenses of maintenance, repair and replacement of the exterior of the Living Units for which the Association has responsibility, as more particularly set forth in the Declaration.

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(iv) Any deficit in common expenses for any prior period.

(v) Utilities for the Common Property and other utilities with a common meter or commonly billed, such as water and sewer.

(vi) The cost of any professional management desired by the Board of Directors.

(vii) Any other items properly chargeable as an expense of the Association.

(viii) Reserve items as more particularly set forth in Sections 8.5 and 8.6.

All initial, general and special assessments shall be equally allocated among the lots, except that improved and unimproved lots shall be assessed in different manners as described herein.

8.2.3 Method of Assessment. The Board of Directors shall determine the annual assessment in accordance with the provisions hereof, provided, however, the annual assessment shall be sufficient to meet the obligations imposed by the Declaration. The budget shall be presented to Association and may be amended by a majority of the votes of each class of members. Both annual and special assessments must be fixed at a uniform rate for all lots. The Board shall set the date(s) such assessment shall become due. The Board may provide for collection of assessments annually or in monthly, quarterly or semi-annual installments; provided, however, upon the default in the payment of any one or more installments, the entire balance of such assessment may be accelerated at the option of the Board and be declared due and payable in full, together with interest and attorneys fees and costs as hereinafter provided.

Notwithstanding any other provisions of this Section 8.2, the general assessments of the Association may not be increased by more than twenty percent (20%) in any one year without approval of a majority of the Owners at a meeting at which a quorum exists, or a majority of the votes of all Owners, if the vote is taken by written ballot.

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

8.4 Initial Assessment. Upon the closing of the sale of each lot to an Owner other than the Declarant in Vista Ridge (regardless of whether such lot has been improved with a Living Unit), each Owner shall contribute a sum equal to two (2) times

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the monthly assessment (as determined for lots improved with Living Units) as a one-time contribution to the working capital of the Association, together with such other sums as may be called for by the sales agreement and Bylaws. Within sixty (60) days after conveyance by the Declarant of the first lot in the Property, the Declarant shall make such contribution in respect to all lots in the Property which have not yet been conveyed to a purchaser. If the Declarant has made such contribution, no further contributions shall be required to the Association, but each purchaser, upon closing, shall reimburse the Declarant of the amount of such contribution made by the Declarant in respect to the lot conveyed. In the event that the monthly assessments have been reduced pursuant to the authority granted to the Declarant to subsidize the Association's budget, the initial deposit to the Association pursuant to this section shall be equal to twice the monthly assessment based upon the projected amount of assessments upon the substantial completion of Living Units on all lots then subject to this Declaration.

8.5 Common Property Reserve Account. The assessment against each lot, regardless of whether it has been improved with a substantially complete Living Unit, shall include an amount allocated to a reserve account established for the purpose of funding replacements of those elements of the Common Property that will normally require replacement, in whole or in part, in more than three (3) and less than thirty (30) years. Amounts assessed with respect to reserves shall take into account the estimated remaining life of the items for which the reserve is created and the current replacement cost of such items. The assessments pursuant to this section shall accrue from the date of conveyance of the first lot in the Property. The Declarant, at the Declarant's option, may defer payment of the accrued assessments for a lot pursuant to this section until the date the lot is conveyed to an Owner other than the Declarant, at which time such accrued assessments shall be paid to the Association. The Declarant may require the Owner to whom such lot is conveyed to reimburse the Declarant for such portion of the assessment.

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

(a) To correct a deficit in the operating budget by vote of a majority of the Board;

(b) To collect amounts due to the Association from an owner for breach of the owner's obligations under the Declaration, these Bylaws, or the Association's rules and regulations, by vote of a majority of the Board;

(c) Upon vote of a majority of the Board of Directors, to make repairs or renovations to the common property and/or to those portions of the Living Units for which the Association has the responsibility of maintenance and replacement if sufficient refunds are not available from the operating budget or replacement reserve accounts; or

(d) To make capital acquisitions, additions or improvements, by vote of at least seventy-five percent (75%) of all votes allocated to the lots.

8.7 Effect of Non-Payment of Assessments: Remedies of the Association. In addition to any other remedies provided by law, the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose a lien upon the Property. No such action or a judgment entered therein shall be a waiver of the lien of the Association. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Property or abandonment of his or her lot.

8.8 Subordination of the Lien to Mortgages. The lien with respect to any assessment provided for herein shall be prior to any homestead exemption and all other liens and encumbrances on a lot, except:

(a) A first mortgage of record; and

(b) A lien for real estate taxes and other governmental assessments or charges; and

(c) Liens and encumbrances recorded before the recordation of this Declaration.

Sale or transfer of any lot shall not affect the assessment lien. However, the sale or transfer of any lot pursuant to mortgage foreclosure or any proceeding in lieu thereof shall extinguish the lien of such assessments which became due prior to such sale or transfer.

8.9 Common Profits. Profits arising from any operation or from the sale of any Association asset shall be shared among the Owners in proportion to their liability for payment of assessments, i.e., equally, unless some lots are unimproved.

ARTICLE 9.
Declarant's Special Rights

Until the Living Units on all lots on the Property have been constructed, fully completed and sold, with respect to the Common Property and each lot on the Property, the Declarant shall have the following special right:

9.1 "For Sale" Signs. The Declarant may maintain a reasonable number of "For Sale" signs at reasonable locations on the Property, including, without limitation, the Common Property.

ARTICLE 10.
General Provisions

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

10.2 Enforcement. The Association and the Owners within the Property or any mortgagee on any lot shall have the right to enforce all of the covenants, conditions, restrictions, reservations, easements, liens and charges now or hereinafter imposed by any of the provisions of this Declaration as may appertain specifically to such parties or Owners by any proceeding at law or in equity. Failure by either the Association or by any Owner or mortgagee to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of their right to do so thereafter. In the event suit or action is commenced to enforce the terms and provisions of this Declaration, the prevailing party shall be entitled to its attorney fees and costs in such suit or action to be fixed by the trial court, and in the event of any appeal, the cost of the appeal, together with reasonable attorney fees, to be set by the appellate court. In addition thereto, the Association shall be entitled to its reasonable attorney fees incurred in any enforcement activity taken to collect delinquent assessments, whether or not suit or action is filed.

10.3 Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall not affect the other provisions hereof and the same shall remain in full force and effect.

10.4 Duration. The covenants and restrictions of this Declaration shall run with and bind the land for a term of thirty-five (35) years from the date of this Declaration being recorded, after which time they shall be automatically extended for successive periods of ten (10) years, unless rescinded by a vote of at least ninety percent (90%) of the Owners and ninety percent (90%) of the first mortgagees. Provided, however, 2000.49746-14

amendments which do not constitute rescission of the planned community may be adopted as provided in Section 10.6.

10.5 Amendment. As provided by ORS 94.590 and except as otherwise provided in Sections 10.5 and 10.8, and the restrictions set forth elsewhere herein, this Declaration may be amended at any time by an instrument approved by not less than seventy-five percent (75%) of the total votes of each class of members that are eligible to vote. Any amendment must be executed, recorded and certified as provided by law. Provided, however, that no amendment of this Declaration shall effect an amendment of the Bylaws, the Articles of Incorporation without compliance with the provisions of such documents, and the Oregon Non-Profit Corporation Act. Provided further, no amendment affecting the general plan of development or any other right of the Declarant herein contained may be effected without the express written consent of the Declarant or its successors and assigns.

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

10.7 Unilateral Amendment by Declarant. The Declarant may amend this Declaration in order to comply with the requirements of the Federal Housing Administration of the United States, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Home Mortgage Loan Corporation, any department, bureau, board, commission or agency of the United States or the State of Oregon, or any other state in which the lots are marketed and sold, or any corporation wholly owned, directly or indirectly, by the United States or the State of Oregon, or such other state, the approval of which entity is required in order for it to insure, guarantee or provide financing in connection with development of the Property and sale of lots. Prior to the turnover meeting, no such amendment shall require notice to or approval by any Class A member.

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

(1) Declaration of Covenants, Conditions and Restrictions;

(2) Articles of Incorporation;

(3) Bylaws;

(4) Rules and Regulations.

DECLARANT:
Vista Ridge Investments, LLC

By: [signature]
Larry D. Kine, Member
Declarant

2000-49746.15

STATE OF OREGON, County of Deschutes: ss.

This instrument was acknowledged before me on December 8, 2000, by Larry D. Kine, as a Member of Declarant Vista Ridge Investments, LLC.

OFFICIAL SEAL
JANEL M GILLIHAN
NOTARY PUBLIC-OREGON
COMMISSION NO. 303912
MY COMMISSION EXPIRES AUG. 14, 2001

Janel M. Gillihan
Notary Public for Oregon