



I R O N H O R S E

**DECLARATION OF
PROTECTIVE COVENANTS,
CONDITIONS AND RESTRICTIONS
FOR
IRONHORSE**

KEY PUNCHED

SCANNED

DEC 12 2006

State of Oregon
County of Crook

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CC+RS*

I certify that the foregoing
has been compared with the original, and that it is a
correct transcript therefrom, and of the whole of such
original, as the same appears of record at the clerk's
office in Crook County, Oregon.

Crook County Official Records **2006-217283**
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I, Deanna Berman, County Clerk for Crook
County, Oregon, certify that the instrument
identified herein was recorded in the Clerk
records.



Deanna Berman

DEANNA E BERMAN CROOK COUNTY CLERK Clerk

November 28, 2006

By *Elaine Summers* Deputy



After Recording Return to:
Ball Janik LLP
15 SW Colorado, Suite 3
Bend, Oregon 97702
Attn: Laura Craska Cooper

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**DECLARATION OF PROTECTIVE COVENANTS,
CONDITIONS AND RESTRICTIONS
FOR IRONHORSE**

THIS DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS AND RESTRICTIONS FOR IRONHORSE (this “**Declaration**”), to be effective upon its recording in Crook County, Oregon, is made and executed on the date hereinafter set forth by IRONHORSE DEVELOPMENT LLC, an Oregon limited liability company, hereinafter referred to as the “**Declarant**”.

WITNESSETH

Declarant is the owner of certain real property in the City of Prineville, Crook County, Oregon, described on **Exhibit A** attached hereto and incorporated herein by reference; and

Declarant desires to create a Class I planned community known as IronHorse on the land described on **Exhibit A**, as shown on the duly recorded plat of IronHorse 1 – Phase 1 and on such other land as may be added thereto pursuant to the terms and provisions of this Declaration. The community shall be subject to ORS 94.550 to 94.783. The community may contain sub associations, which may cover neighborhoods or other areas that have unique components in common, such as commercial areas, open spaces, landscape monumentation, and community centers and related improvements.

NOW THEREFORE, the Declarant declares that the real property described on attached **Exhibit A** shall be held, sold, hypothecated, and conveyed subject to the covenants, conditions, and restrictions declared below, which shall be deemed to be covenants running with the land and imposed on and intended to benefit and burden each Lot and other portions of the Property in order to maintain within the Property a community of high standards. Such covenants shall be binding on all parties having any right, title or interest therein or any part thereof, their respective heirs, personal representatives, successors and assigns, and shall inure to the benefit of each Owner thereof.

ARTICLE I - DEFINITIONS

Section 1.1 “Architectural Review Committee” or “ARC”

“**Architectural Review Committee**” or “**ARC**” shall mean and refer to the committee established pursuant to Article VI below.

Section 1.2 “Association”

“**Association**” shall mean IronHorse Homeowners’ Association, Inc., an Oregon nonprofit corporation established for the purposes set forth herein.

Section 1.3 “Board”

“**Board**” shall mean the Board of Directors of the Association.

Section 1.4 “Bylaws”

“**Bylaws**” shall mean the Bylaws of the Association, as amended from time to time. The Bylaws shall be adopted pursuant to ORS 94.625 and recorded in the Deed Records of Crook County, Oregon. A copy of the Bylaws is attached hereto as **Exhibit B**.

Section 1.5 “City”

“**City**” shall mean the City of Prineville, Oregon.

Section 1.6 “Common Areas”

“**Common Areas**” as used herein, shall mean that portion of the Property that is established for the common benefit of IronHorse, if any, that is owned by the Association for the benefit of the Owners. The initial common areas include open spaces, parks and trails and landscape monumentation and are more particularly described on attached **Exhibit C**.

Section 1.7 “Common Maintenance Areas”

“**Common Maintenance Areas**” shall mean the Common Areas and any areas within public rights-of-way, Tracts or other property, including improvements, that the Board is required to maintain pursuant to this Declaration or that the Board deems necessary or appropriate to maintain for the common benefit of the Owners, including without limitation, those areas described in Section 5.4 below.

Section 1.8 “Conversion Date”

“**Conversion Date**” shall be the date upon which Class “B” membership shall cease and be converted to Class “A” membership. Such date shall be the date which is the earlier of (i) the date at which one hundred percent (100%) of the total Lots anticipated to be created within the subdivision have been conveyed to Class A or Class C members; (ii) twenty-five (25) years after conveyance of the first Lot to a Class A or Class C member; or (iii) upon election in writing by Declarant.

Section 1.9 “County”

“**County**” shall mean Crook County, Oregon.

Section 1.10 “Declarant”

“**Declarant**” shall mean IronHorse Development LLC, its successors and assigns, who are designated as such in writing by Declarant, and who consent in writing to assume the

duties and obligations of the Declarant with respect to the Lots acquired by such successor or assign.

Section 1.11 “Declaration”

“**Declaration**” shall mean this Declaration of Protective Covenants, Conditions, and Restrictions for IronHorse and any amendments and supplements thereto made in accordance with its terms.

Section 1.12 “Design Guidelines”

“**Design Guidelines**” shall mean the IronHorse Design Guidelines developed by the Declarant, inclusive of the development vision and design quality for IronHorse, the prototype building characteristics, architectural and design standards, submittal requirements, general development standards, and its residential, multi-family, and commercial architectural standards.

Section 1.13 “Directors”

“**Directors**” shall mean the directors of the Board of the Association.

Section 1.14 “Improvement”

“**Improvement**” shall mean every structure or improvement of any kind, including, but not limited to, a Unit, landscaping, signage, artwork, fences, wall, driveways, fixtures, mail boxes, shelters, or other product of construction efforts (including painting, alterations, and reconstruction) on or with respect to IronHorse.

Section 1.15 “Lot”

“**Lot**” shall mean any of the plots of land indicated upon the recorded subdivision map of the Property or any part thereof creating single-family home sites or apartment building sites, with the exception of the Common Areas, Tracts and areas deeded to a governmental authority or utility, together with all improvements thereon.

Section 1.16 “Owner”

“**Owner**” shall mean the record owner, whether one or more persons or entities, of a fee simple title to any Lot, including contract sellers, but excluding those having an interest merely as security for the performance of an obligation.

Section 1.17 “Plat”

“**Plat**” shall mean the duly recorded plat of IronHorse 1 – Phase 1, recorded in the Plat Records of Crook County, Oregon contemporaneously herewith.

Section 1.18 “Private Utilities”

“**Private Utilities**” shall mean utilities including but not limited to gas, electric, water, sewer, storm water, cable, and telecommunication service lines that are not public utilities.

Section 1.19 “Property”

“**Property**” shall mean the real property described on the attached **Exhibit A** and such additions thereto as may be brought within the jurisdiction of the Association and be made subject to this Declaration.

Section 1.20 “Tract”

“**Tract**” shall mean a parcel of land shown on the Plat and denoted by the word “Tract.”

Section 1.21 “Turnover Meeting”

“**Turnover Meeting**” shall be the meeting of the Owners called by the Declarant pursuant to the Bylaws, to turn over control of the Association to the Class A and Class C members.

Section 1.22 “Unit”

“**Unit**” shall mean any single-family residential dwelling or any multi-family building situated upon any Lot.

ARTICLE II – IRONHORSE HOMEOWNERS’ ASSOCIATION, INC.

Section 2.1 Membership

The Declarant and every Owner of a Lot by virtue of ownership of such Lot shall be a member of the Association. Membership shall be appurtenant to and shall not be separated from ownership of any Lot. There shall be three (3) classes of membership, Class A, Class B and Class C as described in Section 2.2.

Section 2.2 Voting Rights

The Association shall have three (3) classes of voting membership:

2.2.1 Class A

Class A members shall be all Owners with the exception of Class C members and Declarant (except that beginning on the date on which Class B membership is converted to Class A membership, and thereafter, Class A members shall be all Owners, including Declarant) and shall be entitled to one (1) vote for each Lot owned. When more than one (1) person holds an interest in any Lot, all such persons shall be members, but the vote for such Lot shall be exercised as they among themselves determine, and in no event shall more than one (1) vote be

cast with respect to any Lot. If the co-Owners of a Lot cannot agree upon the vote, the vote of the Lot shall be disregarded in determining the proportion of votes with respect to the particular matter at issue.

2.2.2 Class B

The Class B member shall be the Declarant, who shall be entitled to three (3) votes for each Lot it owns.

2.2.3 Class C

Class C members shall be all Owners of Lots that contain apartment buildings and shall be entitled to one (1) vote per 2,420 square feet of Lot owned (portions of 2,420 square feet shall not qualify for a vote; for instance, an owner with 6,800 square feet shall be entitled to two (2) votes). When more than one (1) person holds an interest in any Lot, all such persons shall be members, but the vote for such Lot shall be exercised as they among themselves determine, and in no event shall the votes allocated to a Lot be cast separately. If the co-Owners of a Lot cannot agree upon the vote, the vote of the Lot shall be disregarded in determining the proportion of votes with respect to the particular matter at issue.

Section 2.3 Suspension

All voting rights of an Owner shall be suspended during any period in which such Owner is delinquent in the payment of any assessment duly established pursuant to Article III or is otherwise in default under this Declaration, the Bylaws or the Rules and Regulations of the Association.

Section 2.4 The Association Board of Directors

The Association's Board of Directors shall be elected as provided in the Bylaws.

Section 2.5 Turnover Meeting

The Declarant shall call the Turnover Meeting within ninety (90) days following the Conversion Date for the purposes of turning over control of the Association to the Owners. The Turnover Meeting shall be conducted in accordance with the Bylaws.

Section 2.6 Immunity of the Board

No individual member of the Board shall have any personal liability to any Owner or any other person for the acts or omissions of the Board if such acts or omissions were committed in good faith and without malice. The Association shall defend any action brought against the Association, the Board or any member thereof arising from such acts or omissions.

Section 2.7 Clarification of Role of Association

The Association shall have the general powers and duties of a nonprofit corporation pursuant to the Oregon Nonprofit Corporations Act, and of a homeowners' association pursuant to the Oregon Planned Community Act, as well as the specific powers and duties set forth in the provisions of this Article and the other provisions of this Declaration that expressly relate to the Association, as well as pursuant to the Articles of Incorporation of the Association ("Articles") and the Bylaws. However, unless expressly set forth herein or in the Articles or the Bylaws, the Association shall not act in the capacity of settling disputes between Owners or resolving problems that Owners may experience. Disputes or problems experienced by Owners to which the Association has no express authority or role as set forth in this Declaration shall be resolved by private, lawful means chosen by the affected Owners and there shall be no recourse to the Association.

ARTICLE III- COMMON MAINTENANCE AREAS/ASSESSMENTS

Section 3.1 Funding

Subject to the terms of this Article III, the Declarant for each Lot owned within the Property hereby covenants, and each Owner of any Lot by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, is deemed to covenant and agrees to pay to the Association: (i) annual or periodic assessments or charges; and (ii) special assessments for capital improvements to the Common Areas and Common Maintenance Areas, such assessments to be established and collected as hereinafter provided. The annual or periodic assessments shall include any reserve assessments necessary to establish and maintain any reserve funds created under Section 3.5. Such assessments will remain effective for the full term (and extended term, if applicable) of this Declaration. The annual and special and other assessments, together with interest, costs, and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the Lot against which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorney's fees shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to the successors in title of such Owner unless expressly assumed by them, in writing.

Section 3.2 Annual Assessment or Charge on Lots Owned by Class A and Class C Members

Subject to the terms of this Article, each improved Lot is hereby subject to an initial assessment in an amount not to exceed an amount determined by the Board (until such assessment charge shall be modified as provided in the Bylaws of the Association), for the purpose of creating a fund to be designated and known as the "maintenance fund" for matters described under Section 3.4, the "Reserve Fund" for matters described under Section 3.5, as well as any other funds contemplated under this Declaration, such as funds for assessments and charges: (i) on public access areas, as well as (ii) a fund established to hold funds from Limited Assessments (defined below), or any other fund called for by this Declaration or a Declaration of Annexation. Charges and assessments for funding such funds will be paid by the Owner or

Owners of each such Lot in advance in monthly, quarterly or annual installments, commencing as to each Lot upon the first conveyance of that Lot from Declarant to an Owner (provided, Reserve Fund assessments shall commence when provided in Section 3.5). The rate at which each Lot will be assessed, and whether such assessment shall be payable monthly, quarterly or annually, will be determined by the Board at least thirty (30) days in advance of each assessment period. Said rate may be adjusted within the limit permitted by the Bylaws from time to time by the Board as the needs of the Association may, in the judgment of the Board, require. Assessments shall be assessed equally as between Lots that benefit from the services or Improvements giving rise to the assessment, except where expressly provided in this Declaration or any Declaration of Annexation for IronHorse. The Association shall, upon written demand and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether or not the assessment has been paid for the assessment period. For assessment purposes, Class C Members shall be assessed as if they own one (1) Lot for each 2,420 square feet of space in their Lot. As with voting, portions of 2,420 shall not qualify for an assessment. By way of example, a Class C Member who owned a Lot that was 6,800 square feet would pay two (2) assessments.

Section 3.3 Units on Lots Owned by Declarant

Declarant shall have no obligation to pay maintenance fund assessments on any Lot it owns so long as there is a Class B membership as set forth in Section 2.2.

Section 3.4 Purposes of Maintenance Fund

The Association shall establish a maintenance fund composed of annual maintenance assessments and shall use the proceeds of such fund in providing for normal, recurring maintenance charges for the Common Maintenance Areas for the benefit of all members of the Association. Such uses and benefits to be provided by the Association may include, by way of clarification and not limitation, any and all of the following: (i) normal, recurring maintenance of the Common Maintenance Areas (including, but not limited to, mowing, edging, watering, clipping, trash collection, sweeping, pruning, raking, maintenance of pet-maintenance stations and otherwise caring for landscaping) and the improvements to such Common Maintenance Areas, such as sprinkler systems and pedestrian and bicycle pathways provided that the Association shall have no obligation (except as expressly provided hereinafter) to make capital improvements to the Common Maintenance Areas; (ii) perpetual maintenance, repair, and enhancement for any fences, columns, walls, signage, artwork, grounds, landscaping, lights, irrigation systems, pedestrian and bicycle pathways and entry monuments in the Common Maintenance Areas; (iii) payment of all legal and other expenses incurred in connection with the enforcement of all recorded covenants, restrictions and conditions affecting the property to which the maintenance fund applies; (iv) payment of all reasonable and necessary expenses in connection with the collection and administration of the maintenance charge and assessment; and (v) all other activities necessary or desirable in the opinion of the Board to keep the Property neat and in good order, or which is considered of general benefit to the Owners or occupants of the Property, it being understood that the judgment of the Board in the expenditure of said funds and the determination of what constitutes normal, recurring maintenance shall be final and conclusive so long as such judgment is exercised in good faith.

Section 3.5 Reserve Funds

3.5.1 Reserve Fund for Replacing Common Maintenance Areas.

Declarant shall establish a reserve fund account in the name of the Association for replacement, in whole or in part, of the Common Maintenance Area and any improvements located in, on, or under the Common Maintenance Area for which the Association is responsible pursuant to this Declaration or a Declaration of Annexation, that will normally require replacement in more than three (3) and fewer than thirty (30) years (“**Reserve Fund**”). The Reserve Fund need not include those items that could reasonably be funded from the maintenance fund or for which one or more Owners are responsible for maintenance and replacement under this Declaration or the Bylaws. Assessments for the Reserve Fund under this Section shall begin accruing as to all Lots from the date the first Lot is conveyed by Declarant to an Owner. Declarant may elect to defer payment of the amounts due for the Reserve Fund on Lots it owns until the date of the conveyance of the Lot to an Owner. However, the Declarant may not defer such payment beyond the date of the Turnover Meeting, or if no Turnover Meeting is held, the date on which administration of the Association is turned over to the Class A and Class C Members. The books and records of the Association shall reflect the amount owing from the Declarant for all Reserve Fund assessments.

For purposes of funding the Reserve Fund, the Association, shall impose an assessment to be called the “**Reserve Fund Assessment**” against each Lot, which assessment shall be spread equally over the Lots. The Reserve Fund Assessment determined by Declarant shall be based upon the reserve study described below, and other sources of reliable information. Nothing in this Section 3.5 shall limit the authority of Declarant or the Association to establish other separate or unrelated reserve funds that are funded by assessments. The Reserve Fund shall be kept separate from other funds and may be used only for the purposes for which reserves have been established as specified in this Section. However, after the Turnover Meeting, the Board may borrow funds from the Reserve Fund to meet high seasonal demands on the regular maintenance funds or to meet other unexpected increases in expenses. Funds borrowed under this Section shall be repaid from regular annual or special assessments if the Board 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 shall adopt by resolution a written payment plan providing for repayment of the borrowed funds within a reasonable period. The Association shall administer the Reserve Fund and may adjust the amount of the periodic payments into it to reflect changes in current replacement costs over time as indicated by the reserve study or update (as discussed in Section 3.5.2 below), and may provide for other reserve items that the Board, in its discretion, deems appropriate. In addition to the authority granted to the Board in the preceding sentence, following the second year after the Turnover Meeting the Reserve Fund Assessment may be reduced or increased by an affirmative vote of the Owners of at least seventy-five percent (75%) of the Lots. Any funds established for any of the purposes mentioned in this Section shall be deemed to be for the Reserve Fund notwithstanding that it may not be so designated by the Board. The amount of the Reserve Fund shall constitute an asset of the Association and shall not be refunded or distributed to any Owner.

3.5.2 Reserve Study.

If a Reserve Fund is established by the Board, the Board shall annually conduct a reserve study, or review and update an existing study, of the Common Maintenance Area components to determine the requirements of the Reserve Fund described in Section 3.5.1 above. The reserve study shall include (a) identification of all items for which reserves are required to be established; (b) the estimated remaining useful life of each item as of the date of the reserve study; (c) the estimated cost of maintenance, repair, or replacement of each item at the end of its useful life; and (d) a thirty (30) year plan for the maintenance, repair and replacement of Common Maintenance Area components with regular and adequate contributions, adjusted by estimated inflation and interest earned on the reserve fund, to meet the maintenance, repair, and replacement schedule. The thirty (30) year plan shall be appropriate for the size and complexity of the Common Maintenance Area components and shall address issues that include but are not limited to warranties and the useful life of Common Maintenance Area components. The Board and the Declarant, as applicable, shall, within thirty (30) days after conducting the reserve study, provide to every owner a written summary of the reserve study and of any revisions to the thirty (30) year plan adopted by the Board or the Declarant as a result of the reserve study.

Section 3.6 Limited Assessments

In addition to the other assessments set forth herein, the Association shall have the authority to levy assessments to satisfy the common expenses of a particular project or effort undertaken by the Association that benefits some, but less than all, of the Lots (such assessments, “**Limited Assessments**”). Limited Assessments shall be levied against the Owners of those Lots that benefit from the project or effort undertaken by the Association. An example, for illustrative purposes only and not as a limitation, of a project or effort-giving rise to a Limited Assessment, is maintenance or repair of a tract of property that benefits and serves certain Lots, but not other Lots.

Section 3.7 Additional Assessments

In addition to the periodic assessments described in this Article III, the Association shall have the authority to assess an Owner for costs and expenses incurred by the Association for corrective action which is required as a result of the willful or negligent actions or omissions of such Owner or such Owner’s family members, tenants, guests, contractors or invitees. Each such additional assessment, together with interest, costs, and reasonable attorney’s fees, shall be a charge on the land, a continuing lien upon the Lot, and the personal obligation of the Owner in the manner described in Section 3.1 for annual and special assessments.

Section 3.8 Non-payment of Assessments: Remedies of the Association

Any assessment not paid within ten (10) days after the due date shall bear interest from the due date at the highest rate of interest allowed by Oregon law at the time of the non-payment. The Association shall have the authority to impose late charges to compensate for the administrative and processing costs of late payments on such terms as it may establish by duly

adopted resolutions and the Association may bring an action at law against the Owner personally obligated to pay the same. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Maintenance Area or abandonment of Owner's property.

Section 3.9 Subordinated Lien to Secure Payment

To secure the payment of the maintenance charge and assessment established hereby and to be levied on individual Lots as provided in this Article III and the payment of interest, late charges, attorney fees or other charges against Owners provided for in this Declaration or the Bylaws, there is hereby reserved a lien for the benefit of the Association, said lien to be enforceable through appropriate proceedings at law or in equity by such beneficiary; provided, however, that each such lien shall be specifically made secondary, subordinate and inferior to all first mortgage or trust deed liens, present and future, given, granted, and created by or at the instance and request of the Owner of any such Lot to secure the payment of monies advanced or to be advanced on account of the purchase price and/or the improvement of any such Lot; and further provided that as a condition precedent to any proceeding to enforce such lien upon any Lot upon which there is an outstanding valid and subsisting first mortgage lien, the Association shall give the holder of such first mortgage lien sixty (60) days written notice of such proposed action, such notice, which shall be sent to the nearest office of such first mortgage lien holder by prepaid U.S. registered mail, to contain the statement of the delinquent maintenance or other charges upon which the proposed action is based. Upon the request of any such first mortgage lien holder, the Association shall acknowledge in writing its obligation to give the foregoing notice with respect to the particular property covered by such first mortgage lien to the holder thereof. The provisions regarding the attachment, notice, recordation, and duration of liens established on real property under ORS 94.709 shall apply to the Association's lien. Sale or transfer of a Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to mortgage foreclosure shall extinguish the lien of such assessment as to payments which became due before such sale or transfer. No sale, foreclosure or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof. The Association shall have the right to file notices of liens in favor of such Association in the Official Public Records of Crook County, Oregon.

Section 3.10 Reallocation Upon Annexation of Property

When additional property is annexed to the Property, the Association shall, within sixty (60) days after the annexation, recompute the budget based upon the additional Lots and Common Areas and Common Maintenance Areas and recompute all applicable assessments for each Lot. Newly annexed Lots shall be subject to assessment upon conveyance of the first newly annexed Lot from Declarant to an Owner (including, without limitation, Reserve Fund assessments). The Association shall send notice of any applicable assessment to the Owners of newly annexed Lots not later than sixty (60) days after the annexation or with the next occurring annual assessment, whichever is sooner. Assessments shall be due and payable on or before a date set forth in the notice which shall be not less than thirty (30) days after the date the notice is mailed or at such other time or times as the Association may specify in the notice in accordance with this Declaration or the Bylaws. If additional property is annexed to the Property during the

Association's fiscal year, the Association shall send notice of and shall collect adjustments to assessments for Lots which were within the Property prior to the annexation. Notice of the adjustment in the assessments shall be sent to such Owners not later than sixty (60) days after the annexation or with the next occurring annual assessment, whichever is sooner. To the extent that any adjustment results in a credit with respect to assessments payable by an Owner, such credit shall be applied toward the next occurring payment or payments of the applicable assessment.

ARTICLE IV - GENERAL POWERS AND DUTIES OF BOARD OF DIRECTORS

Section 4.1 Interim Board

Declarant shall have the right to appoint an interim board of from one (1) to three (3) directors, who shall serve as the Board until replaced by Declarant or until their successors have been elected by the Owners at the Turnover Meeting.

Section 4.2 Uses of Maintenance Fund

The Board, for the benefit of the Owners, shall provide and shall pay for out of the maintenance fund provided for in Article III above the following:

4.2.1 Taxes and assessments and other liens and encumbrances which shall properly be assessed or charged against the Common Areas rather than against the individual Owners, if any.

4.2.2 Maintenance, repairs, and enhancement of the Common Maintenance Areas and any improvements therein.

4.2.3 The services of a professional person or management firm to manage the Association or any separate portion thereof to the extent deemed advisable by the Board, and the services of such other personnel as the Board shall determine to be necessary or proper for the operation of the Association, whether such personnel are employed directly by the Board or by the manager; provided that a management agreement entered into prior to the Turnover Meeting shall not have a term in excess of three (3) years and shall be terminable without penalty if the Board gives not less than thirty (30) days written notice of termination to the other party not later than sixty (60) days after the Turnover Meeting.

4.2.4 Legal and accounting services.

4.2.5 A policy or policies of insurance insuring the Association and/or its Board and officers against any liability to the public or to the Owners (and/or invitees or tenants) incident to the operation of the Association in any amount or amounts as determined by the Board, including a policy or policies of insurance as provided herein in Article V.

4.2.6 Workers compensation insurance to the extent necessary to comply with any applicable laws.