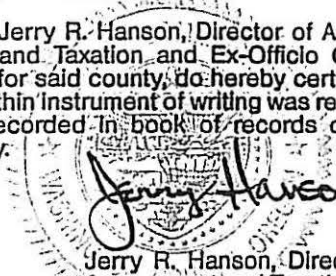


STATE OF OREGON

County of Washington

} SS

I, Jerry R. Hanson, Director of Assessment and Taxation and Ex-Officio County Clerk for said county, do hereby certify that the within instrument of writing was received and recorded in book of records of said county.



Jerry R. Hanson, Director of Assessment and Taxation, Ex-Officio County Clerk

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GENERAL COUNSEL - PORTLAND

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AFTER RECORDING RETURN TO:
Centex Real Estate Corporation
4000 Kruse Way Place, Bldg. 2, Ste. 300
Lake Oswego, OR 97035
Attn: Roy Priest

DECLARATION OF
PROTECTIVE COVENANTS, CONDITIONS AND RESTRICTIONS
OF BETHANY CREST NO. 2 SUBDIVISION

This Declaration of Protective Covenants, Conditions and Restrictions for Bethany Crest No. 2 Subdivision (this "Declaration") running with the land is hereby made this 14TH day of November, 1995 by Centex Real Estate Corporation, (herein called "Declarant").

Witnesseth:

WHEREAS, Declarant is the owner in fee of the land shown on the plat of Bethany Crest No. 2, Lots 75 through 120 recorded concurrently herewith in the Official Records of Washington County, Oregon (herein the "Property").

WHEREAS, it is the desire of Declarant that this Declaration be recorded and that the following protective covenants, conditions, restrictions and easements be thereby impressed upon the Property for the mutual benefit of all owners, present and future.

NOW, THEREFORE, Declarant hereby declares that all of the Property shall be held, sold and conveyed subject to the following easements, restrictions, covenants, and conditions, all of which are for the purpose of enhancing and protecting the value, desirability, and attractiveness of the Property. This Declaration shall run with the Property and shall be binding on all parties having or acquiring any right, title, or interest in or to the Property, or any part thereof; and shall inure to the benefit of each owner thereof; and is imposed upon the Property and every part thereof as a servitude in favor of each and every lot thereof as the dominant tenement or tenements, except if expressly provided to the contrary.

1. Bethany Crest No. 2 Homeowners Association, Inc.

1.1 Declarant and every owner of a lot by virtue of ownership of such lot shall be a member of the Bethany Crest No. 2 Homeowners Association, Inc., an Oregon nonprofit corporation (the "Association"). Membership shall be appurtenant to and shall not be separated from ownership of any lot. There shall be 2 classes of membership, Class A and Class B, as described in Section 1.6.

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1.2 Subject to the terms and conditions of this Section 1, Declarant for each lot owned within the Property hereby covenants, and each owner of any lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agrees to pay to the Association: (1) annual assessments or charges, and (2) special assessments for capital improvements to Tract C, BETHANY CREST NO. 2, Washington County, Oregon ("Tract C") together with any other area to be maintained by the Association (such areas, the "Common Maintenance Areas") or for extraordinary maintenance to such areas, such assessments to be established and collected as hereinafter provided. Such assessments will remain effective for the full term (and extended term, if applicable) of the within covenants. The annual and special 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.

1.3 Each owner of a lot shall be subject to assessments as follows:

(a) Subject to the terms of this Section 1, each improved lot is subject to an initial maintenance charge for the purpose of creating a fund to be designated and known as the "maintenance fund," which maintenance charge and assessment will be paid by the owner or owners of each such lot in advance in monthly, quarterly or annual installments, commencing as to each improved lot on the date of conveyance of such lot to a Class A Member. The annual assessment for unimproved lots shall be 1/4 the annual assessment for improved lots. A lot shall be deemed to be an "improved lot" when construction of a unit thereon is completed and closing of a sale thereof has taken place, or when the unit is occupied as a residence, whichever first occurs. 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 of Directors of the Association (the "Board") at least 30 days in advance of each assessment period. Said rate may be adjusted within the limit permitted by the Bylaws of the Association (the "Bylaws") from time to time by the Board of Directors as the needs of the Association may, in the judgment of the Directors, require. In any event, the assessment shall be due within 30 days of delivery of a notice of assessment. The assessment for each lot shall be uniform except

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as provided in Subsection b of this Section 1.3. 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.

(b) Notwithstanding the foregoing, the Declarant and any residential building company acquiring lots from Declarant for the purpose of construction and sale of homes on the lots (such company, a "Builder") owning unimproved lots or units that are not occupied shall pay assessments at the rate of 1/4 the annual maintenance assessment charged to owners so long as there is a Class B membership as set forth in Section 1.6 and Declarant hereby covenants and agrees that in the event that the annual maintenance fund revenues are insufficient to pay the operating expenses of the Association, it shall provide the funds necessary to make up the deficit, within 30 days of receipt of request for payment thereof from the Association, provided that if the deficit is the result of the failure or refusal of an owner or owners to pay their annual maintenance assessments, the Association shall diligently pursue all available remedies against such defaulting owners, including the immediate institution of litigation to recover the unpaid assessments, and shall reimburse the Declarant the amounts, if any, so collected. In the alternative, Declarant shall have the right to pay full Class A assessments on its lots without thereby relinquishing its Class B status and shall then be excused from the payment of any budget deficits.

(c) The Association shall establish a maintenance fund comprised 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 use and 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: normal, recurring maintenance of the Common Maintenance Areas (including, but not limited to, mowing, edging, watering, clipping, sweeping, pruning, raking, paving, and otherwise caring for landscaping) and the improvements to such Common Maintenance Areas, such as sprinkler systems, provided that the Association shall have no obligation (except as expressly provided hereinafter) to make capital improvements to the Common Maintenance Areas; perpetual maintenance and enhancement for walls, grounds, landscaping, lights, irrigation and entry monumentation; perpetual maintenance of storm water quality pond facilities within the Property; payment of all legal and other expenses incurred in connection with the enforcement of all recorded covenants, restrictions and conditions affecting the

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property to which the maintenance fund applies; payment of all reasonable and necessary expenses in connection with the collection and administration of the maintenance charge and assessment; employment of policemen and watchmen, if any; caring for vacant lots; and doing any other thing or things necessary or desirable in the opinion of the Board of Directors of the Association 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 of Directors 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. The Association shall, in addition, establish and maintain an adequate reserve fund for the periodic maintenance, repair and replacement of improvements to the Common Maintenance Area. The fund shall be established and maintained out of regular annual assessments.

1.4 Any assessment not paid within 10 days after the due date shall bear interest from the due date at the highest rate of interest allowed by Oregon law from time to time. 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 his property.

1.5 To secure the payment of the maintenance charge and assessment established hereby and to be levied on individual lots as above provided, there is hereby reserved a lien for the benefit of the Association. The provisions regarding the attachment, notice, recordation and duration of liens established on real property under ORS 87.352 to 87.382 shall apply to the Association's lien. The lien shall be foreclosed in accordance with the provisions regarding the foreclosure of liens under ORS Chapter 88. The Association, through its duly authorized agents, may bid on the lot at such foreclosure sale, and may acquire and hold, lease, mortgage and convey the lot. If any assessment is payable in installments, the full amount of the assessment is a lien from the date the first installment becomes due. Each lien shall be specifically made secondary, subordinate and inferior to all 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

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proceeding to enforce such lien upon any lot upon which there is an outstanding valid and subsisting first mortgage lien, said beneficiary shall give the holder of such first mortgage lien 60 days written notice of such proposed action, such notice, which shall be sent to the nearest office of such first mortgage lienholder by prepaid U.S. registered mail, to contain the statement of the delinquent maintenance charges upon which the proposed action is based. Upon the request of any such first mortgage lienholder, said beneficiary 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. 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 Washington County, Oregon.

1.6 The Association shall have two classes of voting membership:

(a) Class A members shall be all owners with the exception of Declarant and any Builder and shall be entitled to 1 vote for each lot owned. When more than one 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 1 vote be cast with respect to any lot.

(b) The Class B members shall be the Declarant and any Builder who shall be entitled to 3 votes for each unoccupied lot they own. The Class B membership shall cease and be converted to Class A membership 120 days after the conveyance of the lot which causes the total votes outstanding in the Class A membership to equal the total votes outstanding in the Class B membership, or 10 years after conveyance of the first lot to a Class A member, whichever occurs earlier.

(c) 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 this Article II or is otherwise in default hereunder or under the Bylaws or Rules and Regulations of the Association.

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2. Board of Directors of the Association.

2.1 The Board, for the benefit of the owners, shall provide and shall pay for out of the maintenance fund provided for in Section 1 above the following:

(a) Taxes and assessments and other liens and encumbrances which shall properly be assessed or charged against the Common Maintenance Areas rather than against the individual owners, if any.

(b) Care and preservation of the Common Maintenance Areas.

(c) 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, (provided that any contract for management of the Association shall be terminable by the Association, with no penalty upon no more than 90 days prior written notice to the managing party) 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.

(d) Legal and accounting services.

(e) A policy or policies of insurance insuring the Association and/or its Board of Directors 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 of Directors.

(f) Workers compensation insurance to the extent necessary to comply with any applicable laws.

(g) Such fidelity bonds as may be required by the Bylaws or as the Board may determine to be advisable.

(h) Any other materials, supplies, insurance, furniture, labor, services, maintenance, repairs, structural alterations, taxes or assessments (including taxes or assessments assessed against an individual owner) which the Board is required to obtain or pay for pursuant to the terms of this Declaration or by law or which in its opinion shall be necessary or proper for the enforcement of this Declaration.

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2.2 The Board, for the benefit of the owners, shall have the following general powers and duties, in addition to the specific powers and duties provided for herein and in the Bylaws:

(a) To execute all declarations of ownership for tax assessment purposes with regard to the Common Maintenance Areas, if any, on behalf of all owners.

(b) To borrow funds to pay costs of operation secured by assignment or pledge of rights against delinquent owners if the Board sees fit.

(c) To enter into contracts, maintain one or more bank accounts, and generally to have all the power necessary or incidental to the operation and management of the Association.

(d) To protect or defend the Common Maintenance Areas from loss or damage by suit or otherwise and to provide adequate reserves for replacements.

(e) To make reasonable rules and regulations for the operation of the Common Maintenance Areas and to amend them from time to time; provided that, any rule or regulation may be amended or repealed by an instrument in writing signed by a majority of the owners, or with respect to a rule applicable to less than all of the Common Maintenance Areas, by the owners in the portions affected.

(f) To make available for inspection by owners within 60 days after the end of each year an annual report and to make all books and records of the Association available for inspection by owners at reasonable times and intervals.

(g) To adjust the amount, collect and use any insurance proceeds to repair damage or replace lost property, and if proceeds are insufficient to repair damage or replace lost property, to assess the owners in proportionate amounts to cover the deficiency.

(h) To enforce the provisions of any rules made hereunder and to enjoin and seek damages from any owner for violation of such provisions or rules.

(i) To collect all assessments and enforce all penalties for non-payment including the filing of liens and institution of legal proceedings.

(j) To maintain the Common Maintenance Areas in good condition and in a professional, workmanlike manner,

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including improvements within such areas except for those improvements for which a public authority or utility company is responsible.

(k) Notwithstanding any provision in this Declaration to the contrary, to consent to the annexation of the Property to Lots 1 through 74, BETHANY CREST, Washington County, Oregon and associated common area ("Phase 1"), and, on behalf of the Association and as attorney-in-fact for owners of lots within the Property, to execute and deliver any instruments or undertake any action necessary or appropriate to cause the Property and Phase 1 to be governed by one homeowners association under uniform covenants, conditions, and restrictions, including, without limitation, instruments or actions relating to terminating this Declaration, conveying Tract C and any other common property held by the Association to the Phase 1 homeowners association, and effecting the dissolution of the Association.

2.3 The Board shall have the exclusive right to contract for all goods, services and insurance, payment of which is to be made from the maintenance fund and the exclusive right and obligation to perform the functions of the Board except as otherwise provided herein.

2.4 The Board, on behalf of the Association, shall have full power and authority to contract with any owner or other person or entity for the performance by the Association of services which the Board is not otherwise required to perform pursuant to the terms hereof, such contracts to be upon such terms and conditions and for such consideration as the Board may deem proper, advisable and in the best interest of the Association.

2.5 Neither the Association nor any officer or member of its Board of Directors shall be liable to any owner for any damage, loss or prejudice suffered or claimed on account of any action or failure to act by the Association, any of its officers or any member of its Board of Directors, provided only that the officer or Board member has acted in good faith in accordance with the actual knowledge possessed by him or her.

2.6 Declarant shall have the right to appoint an initial board of three directors, who shall serve as the Board of Directors of the Association until replaced by Declarant or until their successors have been elected by the owners at the turnover meeting described in this Section. Declarant shall call a meeting by giving notice to each owner as provided in the Bylaws of the Association for the purpose of turning over administrative responsibility for the Property to the Association not later than

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120 days after the conveyance of the lot which causes the total votes outstanding in Class A membership to equal the total votes outstanding in Class B membership. If Declarant does not call the meeting required by this Section within the required period, any owner may call such a meeting and give notice as required by this Section. At the turnover meeting the directors shall resign and their successors shall be elected by the owners and Declarant as provided in this Declaration and the Bylaws. At the turnover meeting, Declarant shall also deliver to the Association those items necessary for the effective administration of the Property. After the turnover meeting, Declarant or its representative shall be available to meet with the Board of Directors at mutually agreeable times and for a period ending two years following the date of the turnover meeting.

2.7 From and after termination of Class B membership, all directors shall be elected by the Class A members.

3. Common Maintenance Areas.

3.1 The Association shall own Tract C in fee simple and assume all maintenance obligations with respect to any Common Maintenance Areas which may be hereafter established. Nothing contained herein shall create an obligation on the part of Declarant to establish any Common Maintenance Areas.

3.2 From and after the date on which title to or responsibility for Tract C vests in the Association, the Association shall purchase and carry a general comprehensive public liability insurance policy for the benefit of the Association and its members, covering occurrences on the Common Maintenance Areas. The policy limits shall be as determined by the Board of Directors of the Association, but shall include public liability insurance of at least \$500,000 per occurrence. The Association shall use its best efforts to see that such policy shall contain, if available, coverage for such additional insureds as the Board may determine, insuring each against liability to each other insured as well as third parties. Any proceeds of insurance policies owned by the Association shall be received, held in a segregated account and distributed to the Association's general operating account, members, Directors, the management company and other insureds, as their interests may be determined.

3.3 If there is a condemnation or a sale in lieu thereof of all or any portion of Tract C or any other common property owned by the Association, the funds payable with respect thereto shall be payable to the Association and shall be used by the Association to purchase additional property to replace that

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which has been condemned or to take whatever steps it deems reasonably necessary to repair or correct any damage suffered as a result of the condemnation. If the Board of Directors of the Association determines that the funds cannot be used in such a manner due to the lack of available land for additional common property or for whatever reason, any remaining funds may be distributed to each owner on a pro rata basis.

3.4 Tract C (a) has been or will be conveyed by Declarant to the Association and (b) is subject to an easement for public use.

3.5 Except as otherwise provided in this Declaration, the Common Maintenance Areas shall be reserved for the use and enjoyment of all owners and no private use may be made of the Common Maintenance Areas. Nothing herein shall prevent the placing of a sign or signs upon the Common Maintenance Areas identifying the subdivision or items of interest, provided such signs are approved by the Architectural Control Committee and comply with any applicable County ordinances. The Board of Directors shall have authority to abate any trespass or encroachment upon the Common Maintenance Areas at any time, by any reasonable means and with or without having to bring legal proceedings.

4. Architectural Review.

4.1 A committee to be known as the Architectural Control Committee (the "ACC") shall be established consisting of 3 members.

(a) The members of the ACC shall be appointed, terminated and/or replaced by the Declarant so long as there is Class B membership. Thereafter the members of the ACC shall be appointed, terminated and/or replaced by the Board of Directors.

(b) The purpose of the ACC is to enforce the architectural standards of the community and to approve or disapprove plans for improvements proposed for the lots.

(c) The ACC shall act by simple majority vote, and shall have the authority to delegate its duties or to retain the services of a professional engineer, architect, designer, inspector or other person to assist in the performance of its duties.

4.2 No building, fence, wall, outbuilding, landscaping, pool, athletic facility or other structure or improvement shall be erected, altered, added onto or repaired

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upon any portion of the Property without the prior written consent of the ACC.

4.3 Before the initiation of construction upon any lot, the owner thereof shall first submit to the ACC a complete set of plans and specifications for the proposed improvements, including site plans, grading plans, landscape plans, floor plans depicting room sizes and layouts, exterior elevations, specifications of materials and exterior colors, and any other information deemed necessary by the ACC for the performance of its function. In addition, the owner shall submit the identity of the individual or company intended to perform the work and projected commencement and completion dates.

4.4 Upon receipt by the ACC of all of the information required by this Section 4, it shall have 21 days in which to review said plans. The proposed improvements will be approved if, in the sole opinion of the ACC: (i) the improvements will be of an architectural style and material that are compatible with the other structures in the Property; (ii) the improvements will not violate any restrictive covenant or encroach upon any easement or cross building set back lines; (iii) the improvements will not result in the reduction in property value, use or enjoyment of any of the Property; (iv) the individual or company intended to perform the work is acceptable to the ACC; and (v) the improvements will be substantially completed, including all cleanup, within 3 months of the date of commencement, except that construction of a house will be substantially completed within 9 months of the date of commencement of such construction. If the ACC fails to issue its written approval within 21 days of its receipt of the last of the materials or documents required to complete the owner's submission, the ACC's approval shall be deemed to have been granted without further action.

4.5 If there shall be a material deviation from the approved plans in the completed improvements, such improvements shall be in violation of this Section 4 to the same extent as if erected without prior approval of the ACC. The ACC, the Association or any owner may maintain an action at law or in equity for the removal or correction of the non-conforming structure and, if successful, shall recover from the owner in violation all costs, expenses and fees incurred in the prosecution thereof.

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

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from acts or omissions of the ACC committed in good faith and without malice.

4.7 Requests for ACC approval or correspondence with the ACC shall be addressed to the Bethany Crest Architectural Control Committee and mailed or delivered in care of Centex Real Estate Corporation, 4000 Kruse Way Place, Building 2, Suite 300, Lake Oswego, Oregon 97035, or such other address as may be designated from time to time by the ACC. No correspondence or request for approval shall be deemed to have been received until actually received by the ACC in form satisfactory to the ACC.

4.8 Consent by the ACC to any matter proposed to it or within its jurisdiction shall neither be deemed to constitute a precedent or waiver impairing its right to withhold approval as to any similar matter thereafter proposed or submitted to it for consent, nor be deemed an indication of conformance with any applicable laws, rules, or regulations of governmental agencies or bodies.

4.9 The ACC's consent to any proposed improvement shall automatically be revoked one year after issuance unless construction of the work has been commenced or the owner has applied for and received an extension of time from the ACC.

4.10 Improvements constructed by Declarant on any property owned by Declarant are not subject to the requirements of this Section 4.

5. Except for Declarant, its successors or assigns, or its agent's temporary sales offices and model homes, no lot shall be used for any purpose other than residential. No building shall be erected, altered, placed or permitted to remain on any lot other than one detached single-family dwelling not exceeding two stories in height, excluding basements.

6. Except for Declarant, its successors or assigns, or its agent's temporary construction office, sales office(s), and model home(s) and construction of the dwellings; and except with the written consent of the Board, and as allowed by applicable Washington County ordinances, no trade, craft, business, profession, manufacturing enterprise, or commercial activity of any kind shall be conducted or carried out upon any lot, nor shall any goods, equipment, vehicles (including buses and trailers of any kind), or materials or supplies used in connection with any trade, service or business, wherever the same may be conducted, be kept, stored, dismantled or repaired outside any building on any lot. No noxious or offensive activity which

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is or threatens to become an annoyance or nuisance to the neighborhood shall be permitted or suffered by any owner.

7. No structure of a temporary character shall be used on any lot at any time as a residence either temporarily or permanently. For purposes herein, a structure of a "temporary character" shall mean and include, but not be limited to, all trailers, recreational vehicles, mobile homes, modular homes, basements, tents, shacks, garages, barns, or any other buildings.

8. No sign of any kind shall be displayed to the public view on any lot except one sign of not more than five square feet advertising that lot for sale or rent, or signs used by a builder to advertise the Property during the construction and sales period.

9. No oil drilling, oil development operation, oil refining, quarrying or mining operations of any kind shall be permitted upon or in any lot, nor shall oil wells, tanks, tunnels, mineral excavations or shafts be permitted upon or in any lot. No derrick or other structure designed for use in boring for oil or natural gas shall be erected, maintained or permitted upon any lot.

10. No animals, livestock, or poultry of any kind shall be raised, bred or kept on any lot except that dogs, cats, or other household pets may be kept, provided that they are not kept, bred, or maintained for any commercial purpose. A maximum of two household pets per dwelling is permitted unless otherwise approved by the Association.

11. No lot shall be used or maintained as a dumping ground for rubbish, trash, garbage or other waste and no such waste shall be kept upon any lot except in sanitary containers. All incinerators or other equipment for storage or disposal of such material shall be kept in a clean and sanitary condition.

12. No individual water supply system shall be permitted on any lot.

13. Any dwelling or structure erected or placed on any lot shall be completed as to external appearance, including finish painting, within nine (9) months from date of start of construction except for reasons beyond the control of the builder, in which case a longer period may be permitted.

14. All structures upon any lot shall at all times be maintained in good condition and repair and properly painted or stained. All slope banks shall be properly watered and

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maintained by the owner thereof. All buildings shall include cedar, manufactured lap, or other approved exterior siding, and all lots shall include concrete driveways and landscaped front yards. Decorative ground cover consisting of bark dust/mulch or rock in the front and side yard may not exceed 10% of the total area of the front and side yard. Growth of grasses in lawns must be properly maintained not to exceed 4 inches in height. Landscaping of front yards shall contain at least 500 square feet of lawn or sod unless otherwise approved by the ACC. All landscaping located on any Lot shall be properly maintained at all times by the Lot Owner. Each Lot Owner shall keep all shrubs, trees, grass, and plantings of every kind on his or her Lot cultivated, pruned, and free of trash and other unsightly material.

15. No fence, wall or hedge shall be erected, or placed or altered on any lot nearer to any street than the building setback line, except that nothing shall prevent the erection of a necessary retaining wall, the top of which does not extend more than four feet above the finished grade at the face of said wall. Retaining walls shall not extend into recorded vision distance easements or other code required vision or sight distance zones.

16. Fences and walls (except for retaining), shall be one of three pre-approved types as specified by the ACC Model home fencing shall be exempt from this restriction.

17. Lots 75 through 84, lots 92 through 104, and lot 108 contain retaining walls and underground drainage facilities associated with the retaining walls. Each owner of a lot containing a retaining wall is responsible for maintenance of that portion of the wall and drainage facilities that crosses or is located within his or her lot. No alterations to or removal of the retaining walls or drainage systems, or any portions thereof, are allowed without the prior written consent of the Board and the ACC, which consent may be granted or denied in their sole discretion.

18. No exterior clothes lines are allowed that can be seen from any street or adjacent properties.

19. No building or construction materials to be used for future improvements (except for builders during construction and sales period) may be stored out-of-doors where they may be visible from any street or adjacent properties or lots.

20. The streets in front of the lots shall not be used for the overnight parking of any vehicles other than private family automobiles and shall not be used for the storing of any disabled

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vehicles, boats, motor homes, trailers, camper vehicles, trucks or other vehicles of any nature except for builders' vehicles during the construction and sales period. No disabled vehicles, boat, motor home, trailer, camper, truck or other vehicle other than private family automobiles shall be stored or permitted to remain on any lot unless the same is stored or placed in a garage.

21. No wood piles, for fireplace or other use, may be stored out-of-doors where they may be visible from any street, or where they create, in the opinion of ACC, an objectionable view for adjacent lot owners.

22. Any grading or landscaping that affects drainage (including placement of fences along property lines) must be approved by the ACC prior to initiation of work. No surface drainage may be directed toward foundations or onto adjoining lots. All lots are created with drainage swales. No alteration of the drainage swales is allowed.

23. In the event of any default or violation by any owner under the provisions of this Declaration, the Bylaws or rules and regulations of the Association, the Association and any owner shall have each and all of the rights and remedies which may be provided for in this Declaration, the Bylaws and said rules and regulations, and those which may be available at law or in equity, and may prosecute any action or other proceedings against such defaulting owner and/or others for enforcement of any lien, statutory or otherwise, including foreclosure of such lien and the appointment of a receiver for the lot and ownership interest of such owner, or for damages or injunction, or specific performance, or for judgment for payment of money and collection thereof, or for any combination of remedies, or for any other relief. No remedies herein provided or available at law or in equity shall be deemed mutually exclusive of any other such remedy. All expenses of the Association in connection with any such actions or proceedings, including court costs and attorneys' fees and other fees and expenses, and all damages, liquidated or otherwise, together with interest thereon at the maximum rate permitted by law but, with reference to any lots financed by FHA insured loans, not in excess of the maximum rate of FHA loans at the time of delinquency, from the due date until paid, shall be charged to and assessed against such defaulting owner, and shall be added to and deemed part of his respective maintenance assessment (to the same extent as the lien provided herein for unpaid assessments), upon the lot and upon all of his additions and improvements thereto, and upon all of his personal property upon the lot. Any and all of such rights and remedies may be exercised at any time and from time to time, cumulatively or

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otherwise, by the Association or any owner. Without limiting the generality of the foregoing:

23.1 In the event any owner shall violate any provision of this Declaration, the Bylaws, or any rules or regulations adopted by the Association governing the use of lots or Common Maintenance Areas, then the Association, acting through its Board of Directors, may notify the owner in writing that the violations exist and that such owner is responsible for them, and may, after affording the owner reasonable notice and opportunity to be heard, do either or both of the following: (i) suspend the owner's voting rights and right to use the Common Maintenance Areas for the period that the violations remain unabated, or for any period not to exceed 60 days for any infraction of its rules and regulations, or (ii) bring suit or action against such owner to enforce this Declaration. Nothing in this Section, however, shall give the Association the right to deprive any owner of access to and from such owner's lot.

23.2 In the event any owner constructs or permits to be constructed on such owner's lot an improvement contrary to the provisions of this Declaration, or causes or permits any improvement, activity, condition or nuisance contrary to the provisions of this Declaration to remain uncorrected or unabated on such owner's lot, then the Association, acting through its Board of Directors, may notify the owner in writing of any such specific violations of this Declaration and may require the owner to remedy or abate the same in order to bring the owner's lot, the improvements thereon and the owner's use thereof into conformance with this Declaration. If the owner is unable or unwilling to comply with the Association's specific directives for remedy or abatement, or the owner and the Association cannot agree on a mutually acceptable solution within the framework and intent of this Declaration, after the owner has been afforded notice and opportunity to be heard, within 60 days after such notice, then the Association, acting through its Board of Directors, shall have, in addition to any other rights or remedies available to it at law or in equity, the right to (i) enter the offending lot (which entry shall not subject the Association, the directors of the Association or any agent or representative thereof to liability for trespass, conversion or any other claim for damages) and remove the cause of such violation, or alter, repair or change the item which is in violation of the Declaration 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 payable to the maintenance fund, provided that no items of construction shall be altered or demolished in the absence of judicial proceedings; and/or (ii) bring suit or action against

Bethany Crest No. 2
Covenants, Conditions and Restrictions

the owner on behalf of the Association and other owners to enforce this Declaration.

24. Invalidation of any part or parts of this Declaration by judgment or court order shall in no way affect any of the other provisions contained in this Declaration which shall remain in full force and effect.

25. Subject to Sections 2.2(k) and 31, the covenants and restrictions of this Declaration shall run with and bind the land for a term of 30 years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of 10 years each, unless 75% of the votes outstanding shall have voted to terminate the covenants and restrictions of this Declaration upon the expiration of the initial 30 year period or any extension thereof, which termination shall be by written instrument signed by 75% of the owners and properly recorded in Washington County, Oregon. This Declaration may be amended during the first 30 year period by an instrument signed by not less than 75% of the owners and by the Declarant so long as Declarant owns fee simple title to any lot. Any amendment must be recorded. Notwithstanding any provisions hereof to the contrary, the Declarant may, at its sole discretion and without consent being required of anyone, modify, amend, or repeal this Declaration at any time before the closing of the sale of the first lot, provided said amendment, modification, or repeal is in writing and properly recorded in Washington County, Oregon. Declarant further reserves, (i) before the closing of the sales of all of the Property, all rights which may be necessary to deal with the Property, including the right to vacate, amend, or modify the plat of subdivision, and (ii) the right at any time to amend this Declaration in order to correct scrivener's errors. Amendments shall be subject to prior approval by FHA and VA if any lot within the Property is encumbered by an FHA or VA mortgage loan. Notwithstanding the above provisions of this Section, until the turnover meeting described above, Declarant shall have the right to amend this Declaration or the Bylaws in order to comply with the requirements of any applicable statute, ordinance, regulation or guideline of the Federal Housing Administration, the Veterans Administration, the Farmers Home Administration of the United States, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Home Loan Mortgage Corporation, any department, bureau, board, commission or agency of the United States or the State of Oregon, or any corporation wholly owned, directly or indirectly, by the United States or the State of Oregon which insures, guarantees or provides financing for a planned community or lots in a planned community.

Bethany Crest No. 2
Covenants, Conditions and Restrictions

26. No lot or portion of a lot shall be divided and sold or resold or ownership changed or transferred whereby any portion of the Property shall be less than the area required for the use district in which located.

27. All building downspouts, footing drains and drains from all impervious surfaces such as patios and driveways shall be connected to approved permanent storm drain facilities. All individual lot services outside of the public right-of-way for storm drainage, sanitary sewer, water, power, telephone, gas, and CATVs shall be privately owned and maintained by the lot owner.

28. Structures, fill, or obstructions (including but not limited to decks, patios, fences, outbuildings, or overhangs) shall not be permitted beyond the building setback line, unless allowed by Washington County ordinances.

29. Vehicular and pedestrian ingress to and egress from lots 75 through 83 shall be over and across N.W. Decatur Way only, and shall not be available by other roadways or routes, including without limitation, N.W. Bethany Boulevard. Vehicular ingress to and egress from lots 101, 104, 109, and 120 shall be over and across N.W. Dane Lane only, and shall not be available by other roadways.

30. Lots 77 and 78 contain a sanitary sewer and/or storm sewer easement in favor of the Unified Sewerage Agency of Washington County ("U.S.A.") and no structure shall be constructed within the easement limits. This easement grants U.S.A. the right to enter these lots for maintenance and/or repair of the sewer(s).

31. Without limitation of the options available to Declarant and the Association under this Declaration, Declarant and the Association may cause the Property to be annexed to Phase 1. Such annexation shall be accomplished as follows:

(a) The declarant under the conditions, covenants, and restrictions pertaining to Phase 1, as amended (the "Phase 1 CC&Rs"), and the Association shall execute and record a declaration of annexation which shall, among other things, describe the Property, cause the owners of lots within the Property to become members of the Phase 1 homeowners association, establish any additional limitations, uses, restrictions, covenants, and conditions which are intended to be applicable to the Property, and declare that the Property is held and shall be held, conveyed, hypothecated, encumbered, used, occupied, and improved subject to the Phase 1 CC&Rs.

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(b) The Property shall thereby become a part of Phase 1 and subject to the Phase 1 CC&Rs.

(c) Declarant, with the prior written approval of the Association, shall record in the Official Records of Washington County, Oregon an instrument terminating this Declaration.

(d) The Board shall cause Tract C and any other property owned by the Association to be conveyed to the Phase 1 homeowners association.

(e) The Board shall cause the Association to dissolve.

32. Declarant may from time to time and in its sole discretion annex to the Property and this Declaration any or all of certain real property (the "Additional Property") in Washington County, Oregon (the "County") adjacent to and contiguous with the Property, including, without limitation, Phase 1. The annexation of the Additional Property shall be accomplished as follows:

(a) Declarant shall execute and record a declaration which shall, among other things, describe the real property to be annexed, establish any additional limitations, uses, restrictions, covenants, and conditions which are intended to be applicable to such property, and declare that such property is held and shall be held, conveyed, hypothecated, encumbered, used, occupied, and improved subject to the Declaration.

(b) The real property included in any such annexation shall thereby become a part of the Property and subject to this Declaration.

(c) The number of lots within the Additional Property which Declarant may create or annex to the Property shall be determined by Declarant in its discretion, except as may be established by applicable ordinances, agreements, or land use approvals of the County.

33. A permanent separation fence shall be constructed by the Declarant along each of (i) the common property boundary of lots 75 through 84 and Bethany Boulevard, and (ii) the common property boundary of lots 84 through 91 and Tract A of Bethany Crest (which tract is located within the first phase of Bethany Crest). Each owner of a lot abutting each such fence shall maintain in a good condition that portion of the separation fence that is on his or her lot. No permanent separation fence may be

Bethany Crest No. 2
Covenants, Conditions and Restrictions

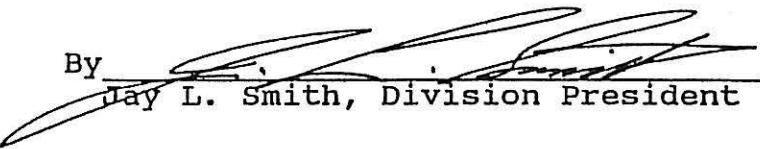
removed or altered without the written permission of the ACC and (where applicable) the Tualatin Hills Parks and Recreation District.

GENERAL NOTES

1. There are active farms operating adjacent to and near the Property.

IN WITNESS WHEREOF, the undersigned, being the Declarant, has executed this Declaration as of the date first set forth above.

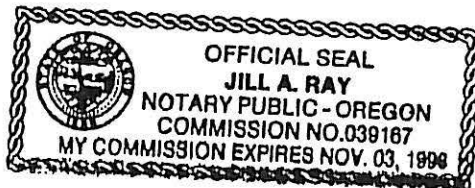
CENTEX REAL ESTATE CORPORATION, a
Nevada corporation

By 
Jay L. Smith, Division President

STATE OF OREGON)
) ss.
COUNTY OF CLACKAMAS)

On this 14th day of November, 1995 before me appeared Jay L. Smith, who is the Division President of Centex Real Estate Corporation, a Nevada corporation, and on oath stated that he is authorized to execute the said instrument on behalf of the corporation.

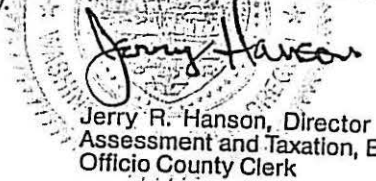

Notary Public for Oregon
My Commission expires 11/3/98



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C

STATE OF OREGON }
County of Washington } SS

I, Jerry R. Hanson, Director of Assessment and Taxation and Ex-Officio County Clerk for said county, do hereby certify that the within instrument of writing was received and recorded in book of records of said county.



Jerry R. Hanson, Director of Assessment and Taxation, Ex-Officio County Clerk

RECEIVED

JUN 1 1996

CENTEX HOMES - PORTLAND

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**DECLARATION OF AMENDMENT TO
PROTECTIVE COVENANTS, CONDITIONS AND RESTRICTIONS
BETHANY CREST NO. 2 SUBDIVISION**

AFTER RECORDING RETURN TO:

Centex Real Estate Corporation
4000 Kruse Way Place
Building 2, Suite 300
Lake Oswego, Oregon 97035
Attention: Roy Priest

**DECLARATION OF AMENDMENT TO
PROTECTIVE COVENANTS, CONDITIONS AND RESTRICTIONS
BETHANY CREST NO. 2 SUBDIVISION**

This amendment to the protective covenants, conditions and restrictions ("Covenants), of the Bethany Crest No. 2 Subdivision, recorded as Document No. 95085277, Washington County Deed Records, Washington County, Oregon is hereby made this 26th day of February, 1996 by Centex Real Estate Corporation (herein called "Centex").

WITNESSETH:

WHEREAS, Centex is the owner of 46 lots within the 46 lot subdivision of Bethany Crest No. 2 affected by said Covenants recorded at said document number, in said County (herein the "Property").

WHEREAS, it is the desire of Centex to amend said Covenants upon the Property for the mutual benefit of all owners, present and future as provided in Article 13 - Section 13.2 of said Covenants.

WHEREAS, Centex hereby declares that all of the Property shall be held, sold, and conveyed subject to said Covenants as amended herein. The said Covenants, together with the amendments contained herein, shall run with the Property and shall be binding on all parties having or acquiring any right, title, or interest in the Property, or any part thereof; and shall inure to the benefit of each owner thereof; and are imposed upon the Property and every part thereof as a servitude in favor of each and every lot thereof as the dominant tenement or tenements.

NOW THEREFORE, Centex declares that the Covenants shall be amended as follows:

1. Article 4 - Section 4.1 - paragraph 1 shall be amended to read as follows:

A committee to be known as the Architectural Control Committee (the "ACC") shall be established consisting of the number of members as determined by the Directors, except that the ACC shall consist of not less than 3 members.

2. Article 11 shall be deleted and replaced with the following:

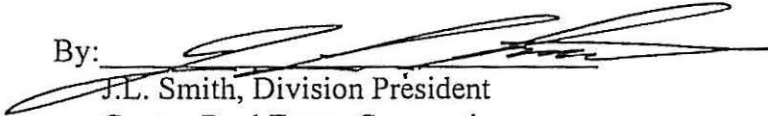
No Lot shall be used or maintained as a dumping ground for rubbish. Trash, garbage, or other waste shall not be kept except in sanitary containers. All equipment for the storage or disposal of such material shall be kept in a clean and sanitary condition. No cans, bags, containers, or receptacles for the storing or disposal of trash, garbage, refuse, rubble, debris, or recyclable materials shall be stored, kept, placed, or maintained on any Lot where visible from any street except solely on a day designated for removal of garbage, rubbish, or recyclable material, and on which days only such cans, bags, containers, and receptacles may be placed in front of a residence and beside a street for removal, but shall be removed from view before the following day.

3. Article 13 - Section 13.2 shall be deleted and replaced with the following:

The covenants and restrictions of this Declaration shall run with the land for a term of 30 years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of 10 years each, unless a signed petition containing the signatures of at least 75% of the votes outstanding is presented to the Board of Directors, which shall authorize the Board of Directors to execute and properly record a notice of termination of this Declaration in the Deed Records of Washington County, Oregon. This Declaration may be amended at any time during the first 30 year period or any extension thereof, by a signed petition containing the signatures of at least 75% of the votes outstanding being presented to the Board of Directors, which shall authorize the Board of Directors to execute and properly record an instrument amending this Declaration. Notwithstanding any provisions hereof to the contrary, the Declarant may, at its sole discretion and without consent being required of anyone, modify, amend or repeal this Declaration at any time before the closing of the sale on the first Lot, provided said amendment, modification, or repeal is in writing and properly recorded in the Deed Records of Washington County, Oregon. Declarant further reserves, (i) before the closing of the sales of all of the Property, all rights which may be necessary to deal with the Property, including the right to vacate, amend, or modify the plat of the subdivision, and (ii) the right at any time to amend this Declaration, or any amendment thereto, in order to correct scrivener's errors. Amendments shall be subject to prior approval of FHA and VA if any Lot within the Property is encumbered by an FHA or VA mortgage loan.

IN WITNESS WHEREOF, the undersigned, representing the voting majority as provided in Article 13 - Section 13.2 of the "Covenants", has hereunto set its hand and seal this 26th day of February, 1996 establishing this amendment.

By:


J.L. Smith, Division President
Centex Real Estate Corporation

State of Oregon }
County of Clackamas }

ON this day personally appeared to before me J.L. Smith, to me personally known to be the individual described in and who executed the within and foregoing instrument, and acknowledged that he had authority to execute the within and foregoing instrument, and that he signed the same as his free and voluntary act and deed, for the purposes therein mentioned.

Given under my hand and official seal this 26th day of February, 1996.



Jill A. Ray

Notary Public in and for the State of Oregon
Commission expires:
11/3/98