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

Richard Hobernicht
Richard Hobernicht, Director of Assessment and Taxation, Ex-Officio County Clerk



DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

FOR COTTAGE TERRACE

CHESAPEAKE HOLDINGS WEST LCC

Declarant

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RECITALS

Declarant is the owner of all the real property and improvements thereon located in Beaverton, Washington County, Oregon, described on in Exhibit A (the "Property").

Declarant intends to develop Cottage Terrace as a Class I planned community (the "Planned Community"). To establish the Planned Community, Declarant desires to impose these mutually beneficial covenants, conditions, restrictions, easements, assessments and liens on the Property, under a comprehensive general plan of improvement and development for the benefit of all Building Lots and Common Elements in Cottage Terrace.

Declarant has deemed it desirable for the efficient preservation of the values and amenities in Cottage Terrace to create a nonprofit corporation, to which will be delegated and assigned the powers and authority to own, maintain and administer the Common Elements and facilities, maintain, repair and replace certain portions of the Building Lots and exteriors of the Attached Dwelling Units, to administer and enforce the covenants, conditions, and restrictions of this Declaration, and to collect and disburse the assessments and charges hereinafter created.

The Declarant shall convey Tracts A, B, C, D, E, F, G and H to the Cottage Terrace Homeowners Association ("Association"). The Association shall assume the maintenance obligation of Tracts A through H for the benefit of the Owners and assess the Owners of Building Lots according to the provisions of this Declaration.

NOW THEREFORE, Declarant declares that the Property shall be held, transferred, sold, conveyed and occupied subject to the Oregon Planned Community Act as may be amended from time to time (ORS 94.550 to 94.783) and subject to the following covenants, conditions, restrictions, easements, charges and liens, which shall run with the land, which shall be binding upon all parties having or acquiring any right, title or interest in the Property or any part thereof, and which shall inure to the benefit of the Association and of each Owner.

1. DEFINITIONS

The following terms shall have the following meanings when used in this Declaration:

1.1 Articles. "Articles" shall mean the Articles of incorporation of the Association, as amended from time to time.

1.2 Architectural Review Committee. "Architectural Review Committee" or "Committee" shall mean the architectural review committee appointed pursuant Section 5 below.

1.3 Assessment. "Assessment" shall mean any assessment levied against one or more Owners by the Association for payment of expenses relating to the Planned Community and shall include Regular, Special, Limited, Project, and Reserve Fund Assessments, as those terms are defined herein.

1.4 Association. "Association" shall mean the non-profit corporation formed or to be formed to serve as the association of Owners as provided in this Declaration and such corporation's successors and assigns.

1.5 Attached Dwelling Units. "Attached Dwelling Units" shall mean Dwelling Units occupying Building Lots 13 through 47 on the Plat.

1.6 Board of Directors. "Board of Directors" or "Board" shall mean the duly-elected Board of Directors of the Association.

1.7 Building Lot. "Building Lot" shall mean a platted or partitioned lot or tract within the Planned Community improved or scheduled to be improved with a Dwelling Unit, and where applicable, an Outdoor Living Area and/or Landscaped Area. A Building Lot shall not include any tract or lot marked on any plat of any portion of the Planned Community as a Common Element, open space, street, alley, or dedicated area.

1.8 Building Structure. "Building Structure" shall mean a building structure which is comprised of one or more Dwelling Units constructed and located on Building Lots, including, without limitation, garage structures located on the Building Lots, whether attached to or detached from the Building Structure.

1.9 Bylaws. "Bylaws" shall mean the Bylaws of the Association, as amended from time to time.

1.10 Common Building Exteriors. "Common Building Exteriors" shall mean the exteriors of the Building Structures containing the Attached Dwelling Units (but not the Detached Dwelling Units). Common Building Exteriors shall include the siding, trim, rain gutters, downspouts, rain drain and footing systems, roof, roof eaves, flashing, decks, patios, entry sidewalks, walls, and fencing, if any, driveways, and garage exteriors. Common Building Exteriors do not include porch lights or other permanent-fixture exterior lights on Building Lots, the maintenance responsibilities of which rest solely with the Owners of such Building Lots.

1.11 Common Elements. "Common Elements" shall mean all portions of the Planned Community that are not part of a Building Lot, including, but not limited to, the following;

- 1.9.1 Tracts A through H, as shown on the Plat;
- 1.9.2 Common Building Exteriors; and
- 1.9.3 The monument sign described in Section 6.8.2.

1.12 Declarant. "Declarant" shall mean Chesapeake Holdings West LLC, a Limited Liability Company, and its successors and assigns if such successor or assign should acquire: (i) all or a material portion of Declarant's interest in the Property or (ii) all or a material portion of Declarant's rights under this Declaration, in either case as determined by Declarant and only pursuant to a recorded instrument expressly evidencing the acquisition of such interest or right executed by Declarant. Conveyance of a Building Lot to a third-party purchaser shall not have the effect of transferring or conveying any Declarant interest or rights.

1.13 Detached Dwelling Units. "Detached Dwelling Units" shall mean Dwelling Units occupying Building Lots 1 through 12 and 48 through 50 on the Plat.

1.14 Dwelling Unit. "Dwelling Unit" shall mean any portion of a Building Structure situated on a Building Lot designed and intended for use and occupancy as a residence by a single family or household. Each Building Lot shall contain exactly one Dwelling Unit.

1.15 Improvement. "Improvement" shall mean every structure or improvement of any kind, including but not limited to a building, fence, wall, driveway, storage shelter, patio, deck, or other product of construction efforts on or in respect to a Building Lot.

1.16 Landscaped Areas. "Landscaped Areas" shall mean all portions of a Building Lot other than those portions occupied by a Building Structure or designated as an Outdoor Living Area or containing paved driveways or walkways. Landscaped Areas generally mean the front yards of Building Lots.

1.17 Limited Assessment. "Limited Assessment" shall mean an Assessment by the Association against some, but less than all, of the Owners for common expenses arising out of or related to a particular project or effort undertaken by the Association that benefits (or primarily benefits) some, but less than all of the Owners. Limited Assessment is further described in Section 4.3.

1.18 Outdoor Living Area. "Outdoor Living Area" shall mean any portion of a Building Lot which is located immediately adjacent to a Building Structure and which is enclosed or set off in any manner to create a private outdoor area within that Building Lot. Outdoor Living Areas do not abut the public sidewalk or a street. Outdoor Living Areas generally mean the back yards of Building Lots. Each Owner of a Building Lot that includes an Outdoor Living Area is to establish his or her Outdoor Living Area in the manner and by the time set forth in Section 7.21.

1.19 Owner. "Owner" shall mean any person or entity, including the Declarant, at any time owning a Building Lot, including any vendee under a recorded land sale contract to whom possession has passed, but does not include a tenant or holder of a leasehold interest or a person holding only a security interest in a Building Lot, including any vendor under a recorded land sale contract or memorandum of land sale contract who has surrendered possession.

1.20 Parkway Strip. "Parkway Strip" shall mean that strip of real property located in the public right of way bounded by the curb of the public street and extending over and across a portion of the Building Lots, together with all improvements thereon, such as landscaping therein, including, without limitation, trees, shrubs, grass, and sod, fencing, walls, and signage; and irrigation systems.

1.21 Party Wall. "Party Wall" shall mean a wall which is built as part of a Building Structure and which is placed on the boundary line between two Building Lots containing Attached Dwelling Units.

1.22 Plat. "Plat" shall mean that certain Plat of Cottage Terrace referenced on Exhibit A.

1.23 Planned Community. "Planned Community" shall mean all of the property submitted to the planned community form of ownership by this Declaration plus any additional property annexed to the project pursuant to Section 2.5 below.

1.24 Private Utilities. "Private Utilities" shall mean utilities (such as gas, water, storm water, sewer, electricity, cable, and telecommunication lines) that are not public utilities and that run under or on or over and across the Building Lots and serve a Dwelling Unit located on a Building Lot.

1.25 Project Assessment. "Project Assessment" shall mean an Assessment levied against an Owner by the Association for costs and expenses incurred by the Association for corrective action performed pursuant to this Declaration that is required as a result of the willful or negligent actions or omissions of such Owner or such Owner's tenants, guests, contractors, or invitees.

1.26 Property. "Property" shall mean the real property included in the Planned Community and legally described on the attached Exhibit A.

1.27 Regular Assessment. "Regular Assessment" shall mean an Assessment by the Association against all Owners to provide for the payment of all estimated normal operating expenses of the Association for the performance of the Association's duties as provided in this Declaration.

1.28 Reserve Fund Account. "Reserve Fund Account" shall mean the bank account established by the declarant in the name of the Association to hold Reserve Funds as defined in Section 4.6.1.

1.29 Special Assessment. "Special Assessment" shall mean an Assessment against all Owners in the event that the Regular Assessment for any particular year is or will become inadequate to meet the expenses of the Association.

1.30 Transitional Advisory Committee. "Transitional Advisory Committee" shall have the meaning given such term in Section 3.7.

2. DECLARATION.

2.1 Property Covered.

The development of Cottage Terrace shall consist of the Property, which shall be held, transferred, sold, conveyed and occupied subject to this Declaration.

2.1.1 General Description of Buildings. The Planned Community consists of twenty one (21) buildings, each of which contains one to three stories, without basement. The buildings are of wood frame construction with cement fiber siding and composition roofs.

2.1.2 General Description, Location and Designation of Building Lots. The Planned Community contains fifty (50) Building Lots. The designation, location, description of boundaries and area in square feet of each lot, including garage, are shown on the Plat.

2.2 Purpose.

The purpose of this Declaration is to provide for the exterior maintenance and repair of the Building Structures to be constructed upon the Property and maintenance, repair, and replacement of the Common Elements, Landscaped Areas, and Parkway Strips, the creation of the Cottage Terrace Homeowners Association, and to set forth other terms and conditions governing the use and enjoyment of the Property.

2.3 Scope of Applicability.

Declarant hereby declares that the Property and all lots, parcels and portions thereof are hereby made subject to all of the conditions, covenants, restrictions, and provisions contained in this

Declaration.

2.4 Limitations on Improvements.

Declarant does not agree to add Improvements not described in this Declaration.

2.5 Plan of Development.

By recording this Declaration, Declarant hereby submits the Planned Community as a Class I planned community as defined in ORS 94.550(3). Declarant does not reserve the right to expand the Planned Community.

3. THE ASSOCIATION.

3.1 Organization.

Declarant shall, before the first Building Lot is conveyed by Declarant to an Owner other than Declarant, organize the Association as a nonprofit corporation under the Oregon Nonprofit Corporation Act under the name "Cottage Terrace Homeowners Association, Inc." or such similar name as Declarant shall designate. The Association's Bylaws must be recorded in the office of the recording officer of Washington County. The Association's Articles shall provide for the Association's perpetual existence, but in the event the Association is at any time dissolved, whether inadvertently or deliberately, it shall automatically be succeeded by an unincorporated association of the same name. All of the property, powers and obligations of the incorporated Association existing immediately prior to its dissolution shall thereupon automatically vest in the successor unincorporated association. Such vesting shall thereafter be confirmed as evidenced by appropriate conveyances and assignments by the incorporated Association. To the greatest extent possible, any successor unincorporated association shall be governed by the Articles and Bylaws as if they had been drafted to constitute the governing documents of the unincorporated association.

3.2 Membership.

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

3.3 Voting Rights.

Voting rights within the Association shall be allocated as follows:

3.3.1 Building Lots. Except as provided in Section 3.3.2, each Building Lot shall be allocated one vote.

3.3.2 Classes of Voting Membership. The Association shall have two classes of voting membership:

Class A. Class A members shall be all Owners with the exception of Declarant (except that beginning on the date on which the Class B membership is converted to Class A membership, and thereafter, Class A members shall be all Owners including Declarant). Class A members shall be entitled to voting rights for each Building Lot owned computed in accordance with Section 3.3.1. When more than one person holds an interest in any Building Lot, all such persons shall be members. The vote for such Building Lot shall be exercised as such persons among themselves determine, but in no event shall more votes be cast with respect to any Building Lot than as set forth in Section 3.3.1.

Class B. The Class B member shall be Declarant and shall be entitled to five (5) times the voting rights computed under Section 3.3.1 for each Building Lot owned by Declarant. The Class B membership shall cease and be converted to Class A membership on the happening of the earlier of the following events:

(a) The turnover meeting described in Section 3.6; or

(b) At such earlier time as Declarant may elect in writing to terminate the Class B membership.

3.4 Powers and Obligations.

The Association shall have, exercise and perform all of the following powers, duties and obligations:

3.4.1 Declaration. The powers, duties and obligations granted to the Association by this Declaration, including, without limitation, the authority to levy assessments against Owners for the reasonable costs of maintenance by the Association and its responsibilities, as provided in this Declaration, as well as the operating costs of the Architectural Review Committee.

3.4.2 Statutory Powers. The powers and obligations of a nonprofit corporation pursuant to the Oregon Nonprofit Corporation Act and of a homeowners association of a planned community pursuant to the Oregon Planned Community Act, as either or both may be amended from time to time, except as otherwise provided by this Declaration or Bylaws.

3.4.3 General. Any additional or different powers, duties and obligations necessary or desirable for the purpose of carrying out the functions of the Association pursuant to this Declaration or otherwise promoting the general benefit of the Owners within the Planned Community. The powers and obligations of the Association may from time to time be amended, repealed, enlarged or restricted by changes in this Declaration made in accordance with the provisions herein, accompanied by changes in the Articles or Bylaws made in accordance with such instruments and with the Oregon Nonprofit Corporation Act.

3.5 Liability.

Neither the Association nor any officer or member of the Board 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 the Board, provided only that the officer or Board member has acted in good faith in accordance with the actual knowledge possessed by him or her.

3.6 Interim Board; Turnover Meeting.

Declarant shall have the right to appoint an interim board of one to three 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 described in this Section. Declarant shall call a meeting by giving notice to each Owner as provided in the Bylaws for the purpose of turning over administrative responsibility for the Planned Community to the Association not later than ninety (90) days after 100% of the Building Lots in the Planned Community have been sold and conveyed by Declarant to Owners other than Declarant. If Declarant does not call the meeting required by this Section within the required period, the Transitional Advisory Committee described in Section 3.7 or any Owner may call such a meeting and give notice as required by this Section. At the turnover meeting, the interim director(s) shall resign and their successors shall be elected by the Owners (including Declarant) as provided in this Declaration and the Bylaws. At the turnover meeting, Declarant shall also deliver to the Association those items specified in ORS 94.616(3),

including, but not limited to, the deed to the common property in the Planned Community. After the turnover meeting, Declarant or its representative shall be available to meet with the Board as provided under ORS 94.616(4).

3.7 Transitional Advisory Committee.

Declarant or the Owners shall form a transitional advisory committee (the "Transitional Advisory Committee") to provide for the transition from administrative responsibility by Declarant for the Planned Community to administrative responsibility by the Association. Not later than the sixty (60) days after Declarant has conveyed to Owners other than Declarant Building Lots representing 50% or more of the Building Lots in the Planned Community. Declarant shall call a meeting of Owners for the purpose of selecting the Transitional Advisory Committee. The Transitional Advisory Committee; shall consist of three or more members. The Owners, other than Declarant, shall select two (2) or more members. Declarant may select no more than one member. The Transitional Advisory Committee shall have reasonable access to all information and documents which Declarant is required to turn over to the Association under ORS 94.616(3).

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

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

3.7.3 Turnover Meeting. The requirement for formation of a Transitional Advisory Committee shall not apply once the turnover meeting specified in Section 3.6 has been held.

3.8 Association Rules and Regulations.

The Association from time to time may adopt, modify, or revoke such rules and regulations governing the conduct of persons and the operation and use of Building Lots, the Common Elements, the Landscaped Areas, and any other portion of the Property as it may deem necessary or appropriate in order to assure the peaceful and orderly use and enjoyment of the Property; provided that such adoption, modification, or revocation shall not be effective without the prior written consent of Declarant for so long as Declarant owns any Building Lot. A copy of the rules and regulations, upon adoption, and a copy of each amendment, modification or revocation thereof, shall be delivered by the Board promptly to each Owner and shall be binding upon all Owners and occupants of all Building Lots upon the date of delivery. The method of adoption of such rules shall be as provided in the Bylaws.

3.9 Special Duties of Owners and the Association.

Without limiting the generality of the general powers and duties of the Association set forth in Section 3, the Association shall have the power and obligation to conduct and perform the following duties, the costs of which shall be borne as provided in Section 4:

3.9.1 Maintenance of Common Elements, Landscaped Areas and Parkway Strips.

(a) By the Association. The Association shall be responsible for maintenance of the Common Building Exteriors and all other Common Elements to the extent not maintained by governmental authorities (including all Improvements on or under the Common Elements, and Private Utilities, subject to Section 3.10 below), and all Landscaped Areas located on Building Lots containing Attached Dwelling Units (but not Detached Dwelling Units), subject to the terms and conditions of this Section 3.9. Maintenance of

the Common Building Exteriors shall include the painting, staining, restaining, repairing, and replacing of: all exterior surfaces, including roofs and exterior doors; the exterior portions of chimneys; rain gutters; down spouts; and roof and foundation drainage systems.

Maintenance of the Common Elements and Attached Dwelling Unit Landscaped Areas shall include, among other things, maintaining, repairing, and replacing grass, sod, trees, shrubs, and bushes in a neat, clean, and attractive condition and providing appropriate irrigation. Maintenance of the Common Elements shall also include, among other things, maintaining, repairing, and replacing any boundary fence lying within a Common Element and enclosing a portion of the Property (but not any one Building Lot), and monument signs for Cottage Terrace.

The Association shall be responsible for maintaining, repairing, and replacing glass; exterior window casements; exterior doors, sashes and frames, if any; window screens and storm windows; fencing, if located on the Common Elements or on Building Lots containing Attached Dwelling Units (but not Detached Dwelling Units); and all amenities and hardware located within the Common Elements.

The decision as to the nature and extent of maintenance that is required for a particular Building Structure, Common Element, and/or Attached Dwelling Unit Landscaped Area, and the timing of such maintenance, shall be solely within the discretion of the Board.

(b) By the Owners. The maintenance responsibilities described in Section 3.9.1(a) specifically do not include the following duties, which are the sole responsibility of each Owner of a Building Lot with respect to Improvements located on that Owner's Building Lot: maintenance of the exteriors of Detached Dwelling Units; landscaping and all other Improvements (including, without limitation, decks and patios) located within the Outdoor Living Areas and Detached Dwelling Unit Landscaped Areas; Parkway Strips; driveways; storm doors or screen doors; electrical wiring and fixtures; plumbing pipes and conduits; all fixtures and appliances (whether built-in or freestanding); air conditioning and heating; sewage disposal; electrical and mechanical doorbells, lights, and knockers; skylights (if any); interior fire protection systems; and exercising all due care in doing so and being solely responsible for any damage or liability arising therefrom. The Owners shall also be responsible for removal of snow and ice from each Building Lot and adjacent sidewalks. The Owners of Building Lots shall also be responsible for maintaining, repairing, and replacing the interiors of their respective Dwelling Units. Each Owner shall maintain his or her Building Lot and Improvements in a clean and attractive condition, in good repair and in such a fashion as not to create a hazard of any kind. The Owners of Building Lots shall not interfere with the normal functioning of irrigation systems installed and maintained in Common Elements or Attached Dwelling Unit Landscaped Areas by the Association. The Owners of Building Lots containing Attached Dwelling Units shall promptly notify the Association of any apparent malfunction of the irrigation system within the Landscaped Area of such Owner's Building Lot.

Owners of Detached Dwelling Units shall be responsible for the maintenance of the Landscaped Areas located on such Owner's Building Lot; fencing, if located within a Building Lot or on the lot line between two Building Lots (in which case the Owners of the Building Lots on either side of such fencing shall have the joint and equal obligations of maintenance, repair, and replacement of such fencing); and exteriors of their Building Structures, which shall include, without limitation, painting or staining, repair, replacement and care of surface water drainage, exterior improvements and glass surfaces, and porch lights or other permanent-fixture exterior lights located on such Owner's Building Lot.

3.9.2 Insurance.

(a) By the Association. The Association shall obtain, and maintain in effect, from reputable insurance companies authorized to do business in the State of Oregon, public liability and property damage insurance with respect to the Common Elements and the Association's activities in such amounts and in such forms as the Board deems advisable to provide adequate protection for bodily injury, including deaths of persons, and property damage, whether caused by the negligence of the Association or otherwise; provided, however, that such policy(ies) shall not be for an amount of less than \$1,000,000.00 per person, per occurrence, and that such policy(ies) shall provide that the coverage thereunder cannot be canceled or substantially modified without at least thirty (30) days' written notice to the Association. Additionally, the Association shall obtain, and maintain in effect, from such companies fire and extended coverage casualty insurance (including coverage for damage resulting from vandalism and malicious mischief) with respect to each Building Structure and the Common Areas (including any insurable improvements on the Common Areas) in an amount equal to one hundred percent (100%) of the replacement cost thereof, or such other coverage amount as may then be commercially available. The casualty coverage may be obtained on a "blanket" basis. The Association may, but shall not be obligated to, include some or all Improvements within the coverage of such casualty policy. The Association may obtain such insurance on such terms, and such other and further policies of insurance, as it deems advisable. The named insured on the policy may read "Cottage Terrace Homeowners Association." The casualty insurance to be obtained by the Association pursuant to this Section 3.9.2(a) shall include the following terms, if the Board determines they are reasonably available:

- i) A waiver of subrogation by the insurer as to any claims against the Board, any Owner, or any guest of an Owner;
- ii) A waiver by the insurer of its right to repair and reconstruct instead of paying cash;
- iii) A provision that no policy may be canceled, invalidated, or suspended because of any action of Owner;
- iv) A provision that no policy may be canceled, invalidated, or suspended because of the conduct of any director, officer, or employee of the Association unless the insurer gives the Association a prior written demand that the Association correct the defect and allows the Association a reasonable time to make the correction; and
- v) A provision that any "other insurance" clause in any policy shall exclude from its coverage all owners' policies

(b) By the Owners. The insurance described in Section 3.9.2(a) does not provide personal liability coverage, or fire or extended coverage casualty insurance for the Owners' personal property and some or all Improvements. The responsibility for obtaining such coverages rests solely with the individual Owners. Each Owner is strongly encouraged to obtain, and maintain in effect, from reputable insurance companies authorized to do business in the State of Oregon, public liability and property damage insurance with respect to the Building Lot upon which the Owner's Dwelling Unit is located. Additionally, each Owner is strongly encouraged to obtain, and maintain in effect, from such companies fire and extended coverage casualty insurance (including coverage for damage resulting from vandalism and malicious mischief) with respect to all personal property and insurable improvements located on such Building Lot, including

Improvements, other than the elements of the Building Structure covered by the Association's policy. Although recommended, no Owner shall be obligated to obtain any of the insurance coverages described in this Section 3.9.2(b), nor shall any insurance coverage obtained by an Owner (or such Owner's mortgagee) be brought into contribution with insurance obtained by the Association.

3.9.3 Party Walls and Common Foundations of Attached Dwelling Units.

(a) General Rules. To the extent not inconsistent with the provisions of this Section 3.9.3, the general rules of law regarding Party Walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

(b) Sharing of Party Wall and Common Foundation Repair and Maintenance. Except as otherwise provided in Section 3.9.1, each Owner of an Attached Dwelling Unit shall be responsible for the prompt repair and maintenance of such Owner's Party Wall(s) and common foundation as required by Oregon building codes. Except as otherwise provided in Section 3.9.1, the cost of reasonable repair and maintenance of a Party Wall and common foundation of Attached Dwelling Units shall be shared by the Owners who make use of the Party Wall or common foundation in proportion to such use. In the event the Owner of an affected Attached Dwelling Unit fails to contribute to the expense or repair or replacement of the common foundation of party wall by thirty (30) days after written demand therefor, then the amount not paid or reimbursed, as well as interest thereon at the rate of twelve percent (12%) per annum from the date of such written demand, shall become a charge and lien against the Building Lot of the Owner failing to make such payment or reimbursement. Each Owner shall be deemed to have agreed, by acceptance of a deed conveying the Building Lot that any such lien shall be effective, without the necessity of obtaining the joinder of such Owner in the execution of any instrument, upon the filing by another Owner of a claim of lien in the deed records of Washington County, Oregon.

(c) Weather-Proofing of Party Wall and Damage Caused by Owners. Notwithstanding any other provision of this Section, but subject to Section 3.9.1, an Owner, who by his neglect or willful act or omission (i) causes a party wall to be exposed to the elements or (ii) damages a party wall or common foundation shall bear the whole cost of furnishing the necessary protection against such elements or repairing and restoring such party wall or common foundation, as applicable, and the cost of the repair or replacement caused by the negligence or willful acts or omissions. Nothing in this Section 3.9.3(c) shall relieve an Owner of the responsibility to repair damage or destruction by the Owner or the family members, invitees, licensees or guests of an Owner to Common Elements.

(d) Party Wall and Common Foundation Right to Contribution Runs with the Land. The right of any Owner to contribution from any other Owner to contribution from any other Owner under this Section 3.9.3 shall be appurtenant to the land, and shall pass to such Owner's successors in title.

3.9.4 Subdivision.

No Owner other than Declarant may subdivide a Building Lot or combine a Building Lot with any other Building Lot, without the prior written approval of the Association, and the prior written approval of Declarant for so long as Declarant owns a Building Lot.

3.10 Maintenance of Private Utilities.

Private Utilities shall be located in or under each of the Building Lots. The Association shall be solely responsible for the maintenance, repair, and replacement of the Private Utilities serving each Owner's Dwelling Unit. The Association shall recover the cost of the maintenance, repair, and/or replacement of

Private Utilities by levying a Limited Assessment (described in Section 4.3 below) against the Owner(s) benefitted thereby. Installation, maintenance, repair, and replacement of the Private Utilities shall be performed with a minimum amount of interference to the Building Lots and a minimum amount of disruption to the other Owners. In the event a Building Lot or Improvement thereon or other utilities are damaged in connection with maintenance, repair, or replacement of the Private Utilities, then the Association shall repair the damage as soon as possible, but in no event later than two (2) days after the damage occurred. Nothing in this Section shall affect or diminish any obligation of utility companies to maintain, repair, and replace any of the Private Utilities.

4. ASSESSMENTS.

4.1 Creation of Lien and Personal Obligation of Assessments.

Declarant, for each Building Lot owned by it within the Planned Community, does hereby covenant, and each Owner of any Building Lot by acceptance of a conveyance thereof, whether or not so expressed in any such conveyance, shall be deemed to covenant, to pay to the Association all assessments or other charges as may be fixed, established and collected from time to time in the manner provided in this Declaration or the Bylaws. Such Assessments and charges, together with any interest, expenses or attorneys' fees imposed pursuant to Section 8.7, shall be a charge on the land and shall be a continuing lien upon the Building Lot against which each such assessment or charge is made. Such assessments, charges and other costs shall also be the personal obligation of the person who was the Owner of such Building Lot at the time the assessment or charge fell due. Such liens and personal obligations shall be enforced in the manner set forth in Section 8 below. No Owner may avoid such personal obligation by abandonment of Owner's Building Lot.

4.2 Regular Assessments.

4.2.1 Commencement. No Building Lot shall be subject to Regular Assessments until after it has been conveyed from Declarant to an unaffiliated third-party purchaser. Regular Assessments against any one Building Lot shall commence on the first day of the month immediately following the date on which that Building Lot is first conveyed from Declarant to an unaffiliated third-party purchaser.

4.2.2 Amount of Annual Regular Assessment. The total annual Regular Assessment against all Building Lots shall be based upon an annual budget prepared by the Board with respect to projected expenses of the Association and may (but shall not necessarily) include, without limitation, the following:

(a) maintenance, repair, replacement, and operation (including irrigation) of the Building Structures (to the extent provided in Section 3.9), private utilities, Common Elements, Landscaped Areas, and Parkway Strips;

(b) premiums for all insurance policies that the Association is required or permitted to maintain pursuant to this Declaration and Bylaws;

(c) professional management fees and expenses, employee salaries, and legal and accounting costs;

(d) any deficits remaining from the previous fiscal year of the Association;

(e) reasonable Reserve Funds of the Association established at the discretion of the Board;

(f) costs related to the preparation, review, and update of the Reserve Study described in Section 4.6.2; and

(g) such other and further costs, expenses, obligations, and liabilities as the Board, in its discretion, may incur for the management, operation, and maintenance of the Property and the Association in accordance with this Declaration.

4.2.3 Calculation of Regular Assessments.

For the purpose of allocating Regular Assessments Building Lots shall be grouped into two classes: "Assessment Class 1" and "Assessment Class 2." Assessment Class 1 shall be composed of Building Lots containing Attached Dwelling Units. Assessment Class 2 shall be composed of Building Lots containing Detached Dwelling Units. The Association shall separately calculate the total annual Regular Assessment for each Assessment Class and shall spread the Regular Assessment equally among all Building Lots within each Assessment Class. The Board shall have the authority to adjust the Regular Assessments applicable to each Assessment Class as provided in Section 4.2.2.

4.2.4 Notice of Regular Assessments and Time for Payment Thereof. Regular Assessments shall be made on a monthly basis or at such other intervals (such as quarterly or semi-annually) as the Board may determine from time to time. Subject to amendment by the Board, the Association shall give written notice to each Owner as to the amount of the Regular Assessment with respect to each Building Lot on or before December 15 for each year for the calendar year commencing January 1 of the next year. The Regular Assessment shall be due and payable as the Board shall determine.

4.3 Limited Assessments.

In addition to the other Assessments set forth herein, the Association shall have the authority to levy Limited Assessments to satisfy the common expenses of a particular project or efforts undertaken by the Association that benefits (or primarily benefits) one or more, but less than all, of the Building Lots. The Limited Assessment shall be levied against the Owners of those Building Lots who benefit (or primarily benefit) from the project or efforts undertaken by the Association.

4.4 Special Assessments.

In addition to the Regular Assessments and Limited Assessments (and reserve and other assessments) authorized hereby, the Board shall have the authority to levy Special Assessments to satisfy any actual or projected deficiency between the expenses of the Association and the amounts realized through Regular Assessments and Limited Assessments; provided, however, that prior to the turnover meeting described in Section 3.6, any special assessment for capital improvements or additions shall be approved by not less than 50 percent of the votes of the Association, determined on the basis of one vote per Building Lot and without according to Declarant its special voting rights under Section 3.3.2 above. Special Assessments shall be spread equally over the Building Lots in the same manner as Regular Assessments. Special Assessments are payable as the Board may from time to time determine, within thirty (30) days after mailing notice thereof to affected Owners.

4.5 Project Assessments.

The Association may levy against any Owner a Project Assessment equal to the costs and expenses incurred by the Association, including legal fees, for corrective action performed pursuant to this Declaration which is required as a result of the willful or negligent actions or omissions of such Owner or such Owner's tenants, guests, contractors, or invitees.

4.6 Reserve Funds.

4.6.1 Reserve Account for Replacing Certain Improvements.

4.6.1.1 Establishment of Reserve Account. Declarant shall establish a Reserve Account in the name of the Association to hold Reserve Funds for replacement, in whole or in part, of the Improvements located in, on, or under the Common Elements and Common Building Exteriors for which the Association is responsible pursuant to this Declaration, including roofs and exterior painting, that will normally require replacement in more than three (3) and fewer than thirty years.

4.6.1.2 Reserve Fund Assessments. For purposes of funding the Reserve Account, the Association shall impose an Assessment to be called the "Reserve Fund Assessment" against each Building Lot. Reserve Fund Assessments under this Section shall begin accruing from the date the first Building Lot assessed is conveyed by Declarant to an unaffiliated third-party purchaser, except that Reserve Fund Assessments shall accrue on a Building Structure-by-Building Structure basis until all of the Building Structures contemplated for the Planned Community are built out. Until all of the Building Structures contemplated for the Planned Community are built out, Reserve Fund Assessments shall be spread equally over the Dwelling Units in the Building Structures subject to the Reserve Fund Assessment. After all Building Structures contemplated for the Planned Community are built out, Reserve Fund Assessments shall be spread equally over all Building Lots. Reserve Fund Assessments shall not include expenses for replacement of any portion of a Building Structure until such time as a certificate of occupancy has issued with respect to any Dwelling Unit included within that Building Structure and shall not include expenses for any other relevant Improvements until such time as construction or installation of those Improvements is complete, and in any event, shall not accrue earlier than the date set forth above. Declarant may elect to defer payment of the amounts due on Building Lots it owns until the date of the conveyance of the Building Lot to an Owner. The books and records of the Association shall reflect the amount owing from the Declarant for all reserve assessments.

4.6.1.3 Association Control of Reserve Funds. Reserve Funds shall be kept separate from other funds and may be used only for maintenance, repair, and replacement of Improvements for which reserves have been established as specified in this Section 4.6. However, after the turnover meeting, the Board may borrow funds from the Reserve Account to meet high seasonal demands on the regular operating funds or to meet other temporary expenses. Funds borrowed to meet temporary expenses under this Section shall be repaid from Regular or Special Assessments. The Association shall administer the Reserve Account and shall adjust at least annually the amount of the periodic payments into it to reflect changes in current replacement costs over time. Following the second year after the turnover meeting, future Reserve Fund Assessments may be reduced, eliminated, or increased by an affirmative vote of Owners of at least 75 percent of the voting power of the Association. Any funds established for any of the purposes mentioned in this Section shall be deemed to be a Reserve Fund notwithstanding that it may not be so designated by the Board of Directors. The amount of the Reserve Account shall constitute an asset, of the Association and shall not be refunded or distributed to any Owner.

4.6.2 Reserve Study. The Board of Directors shall annually conduct a study called the "Reserve Study," or review and update an existing study, of the components which qualify for Reserve Funds to determine the requirements of the Reserve Account described in Section 4.6.1 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 30-year plan with regular and adequate contributions, adjusted by estimated inflation and interest earned on the Reserve Account, to meet the maintenance, repair, and replacement schedule. The Declarant shall conduct the initial Reserve Study.

4.7 Statement of Account.

Upon payment of a reasonable fee, which shall be established by the Board, and upon written request of any Owner or any mortgagee, prospective mortgagee, or prospective purchaser of a Building Lot, the Association shall issue a written statement setting forth the amount of the unpaid Assessments, if any, with respect to such Building Lot, and the amount of the current monthly Assessments and the dates that such Assessments become or became due, which statement shall be conclusive upon the Association in favor of persons who rely thereon in good faith.

5. ARCHITECTURAL REVIEW COMMITTEE

5.1 Architectural Review.

No Improvement shall be commenced, erected, placed, altered or maintained on any Building Lot until the design plans and specifications (including, without limitation, site plans, building plans (including elevations), grading plans, landscape plans, lighting plans, and color and/or material samples), showing the nature, shape, heights, materials, colors and proposed location of the Improvement have been submitted to and approved in writing by the Architectural Review Committee. Improvements shall be consistent with the Design Guidelines, if any, established by the Architectural Review Committee, as amended from time to time. It is the intent and purpose of this Declaration to achieve a high standard of quality of workmanship and materials and to assure harmony of external design with existing Improvements and location with respect to topography and finished grade elevations.

5.2 Procedure.

In all cases which require Architectural Review Committee approval or consent pursuant to this Declaration, the provisions of this Section 5 shall apply. The procedure and specific requirements for Architectural Review Committee approval or consent may be set forth in Design Guidelines adopted from time to time by the Architectural Review Committee. The Architectural Review Committee may charge a reasonable fee to cover the cost of processing an application for its approval.

5.3 Committee Decision.

The Architectural Review Committee shall use all reasonable efforts to render its decision on an application for approval of the design of an Improvement or any other proposal submitted to it for approval or consent within 15 working days after it has received a complete written application therefor. A complete application shall specify the approval or consent requested and be accompanied by all material reasonably required or desired by it to make an informed decision on such application. If the Architectural Review Committee fails to render approval or disapproval of such application within 30 working days after the Architectural Review Committee has received a complete application, or if no suit to enforce the terms of this Declaration has been commenced within one year after completion of construction of the Improvement, approval will not be required and the related provisions of this Declaration shall be declared to have been fully complied with. "Working days" as used in this Section shall mean Monday through Friday, except for generally recognized holidays.

5.4 Committee Discretion.

The Architectural Review Committee may, at its sole discretion, withhold consent to any proposed Improvement if the Architectural Review Committee finds the proposed Improvement would be inappropriate for the particular Building Lot or incompatible with the design standards that the Architectural Review Committee intends for the Planned Community. Consideration of siting, shape, size, color, design, height, materials, solar access, impairment of the view from other Building Lots within the Planned Community, effect on the enjoyment of other Building Lots, disturbance of existing terrain and vegetation and any other factors which the Architectural Review Committee reasonably believes to be relevant, may be

taken into account by the Architectural Review Committee in determining whether or not to approve or condition its approval of any proposed Improvement.

5.5 Membership; Appointment and Removal.

The Architectural Review Committee shall consist of not less than three (3) nor more than five (5) as Declarant may from time to time appoint. Declarant may remove any member of the Architectural Review Committee from office at any time and may appoint new or additional members at any time. The Association shall keep on file at its principal office a list of the names and addresses of the members of the Architectural Review Committee. Declarant may at any time delegate, but shall, in any event, delegate at or prior to the turnover meeting described in Section 3.6, to the Board of Directors of the Association the right to appoint or remove members of the Architectural Review Committee. If Declarant fails to delegate to the Board of Directors the right to appoint or remove members of the Architectural Review Committee by the date of the turnover meeting, or if Declarant fails to appoint an Architectural Review Committee, the Board of Directors shall assume responsibility for appointment and removal of members of the Architectural Review Committee. If the Board of Directors has assumed the responsibility for appointment of the members of the Architectural Review Committee and fails to make such appointments, the Board of Directors shall serve as the Architectural Review Committee.

5.6 Majority Action.

Except as otherwise provided herein, a majority of the members of the Architectural Review Committee shall have the power to act on behalf of the Architectural Review Committee, without the necessity of a meeting and without the necessity of consulting or notifying the remaining members of the Architectural Review Committee. The Architectural Review Committee may render its decision only by written instrument setting forth the action taken by the members consenting thereto. No determination or consent of the Architectural Review Committee shall mean or be construed to mean that the matter subject to the determination has been or will be approved by, or is consistent with, the rules, regulations, or requirements of, a governmental body or regulatory agency and each Owner shall be responsible, at its own expense, for complying with such rules, regulations, or requirements.

5.7 Liability.

The scope of the Architectural Review Committee's review is not intended to include any review or analysis of structural, geophysical, engineering or other similar considerations. Neither the Architectural Review Committee nor any member thereof shall be liable to any Owner, occupant, builder, or developer for any damage, loss or prejudice suffered or claimed on account of any action or failure to act of the Architectural Review Committee or a member thereof, provided only that the member has, in accordance with the actual knowledge possessed by the Architectural Review Committee or by such member, acted in good faith.

5.8 Nonwaiver.

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

5.9 Appeal.

After Declarant has delegated appointment of the members of the Architectural Review Committee to the Board of Directors of the Association, any Owner adversely affected by an action of the Architectural Review Committee may appeal such action to the Board of Directors of the Association. Appeals shall be made in writing within ten days after the Architectural Review Committee's action and shall contain specific objections or mitigating circumstances justifying the appeal. A final, conclusive decision shall

be made by the Board of Directors of the Association within 15 working days after receipt of such notification.

5.10 Effective Period of Consent.

The Architectural Review Committee'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 Architectural Review Committee.

5.11 Estoppel Certificate.

Within 15 working days after written request therefor is delivered to the Architectural Review Committee by any Owner, and upon payment to the Architectural Review Committee of a reasonable fee, if any, fixed by the Architectural Review Committee to cover costs, the Architectural Review Committee shall provide such Owner with an estoppel certificate executed by a member of the Architectural Review Committee and acknowledged, certifying with respect to any Building Lot owned by the Owner, that as of the date thereof, either: (a) all Improvements made or done upon or within such Building Lot by the Owner comply with this Declaration, or (b) such Improvements do not so comply. If the estoppel certificate states that the Improvements do not comply, such certificate shall also identify the noncomplying Improvements and set forth with particularity the nature of such noncompliance. Any purchaser from the Owner, and any mortgagee or other encumbrances, shall be entitled to rely on such certificate with respect to the matters set forth therein, such matters being conclusive as between Declarant, the Architectural Review Committee, the Association and all Owners, and such purchaser or mortgagee.

5.12 Construction by Declarant.

Improvements constructed by Declarant on any property owned by Declarant are not subject to the requirements of this Section 5.

6. PROPERTY RIGHTS AND EASEMENTS.

6.1 Owners' Use and Occupancy.

Except as otherwise expressly provided in this Declaration or in the plat in which a Building Lot was platted or partitioned, the Owner of a Building Lot shall be entitled to the exclusive use and benefit of such Building Lot (but an Owner's rights with respect to the Landscaped Area, Outdoor Living Area, Parkway Strip, and the portion of such Owner's Building Structure that are Common Elements are subject to the rights of the Association under this Declaration). Declarant, the Architectural Review Committee and any representative of the Association authorized by the Association may at any reasonable time, and from time to time at reasonable intervals, enter upon any Building Lot for the purpose of determining whether or not the use of or Improvements on such Building Lot are then in compliance with this Declaration. No such entry shall be deemed to constitute a trespass, conversion, or otherwise create any right of action in the Owner of such Building Lot. Declarant or the Association may grant or assign easements over or with respect to any Building Lot to municipalities or other utilities performing utility services and to communications companies.

6.2 Owners' Right of Enjoyment to Common Elements.

Subject to the provisions of this Declaration, every Owner and Owner's invitees shall have a right of enjoyment in and to the Common Elements. Use of the Common Elements shall not result in unreasonable disturbance of occupants of the Dwelling Units within the Building Lots and shall be subject to such rules and regulations as may be adopted by the Board from time to time.

6.3 Title to Common Elements.

Fee title to the Common Elements, including Tracts A through H, shall be conveyed to the

Association by Declarant, free and clear of monetary liens and monetary encumbrances at any time, in the discretion of Declarant, prior to the date on which Class B membership in the Association ceases and is converted to Class A membership as described in Section 3.3.2.

6.4 Extent of Owners' Rights.

The rights of enjoyment in the Common Elements created hereby shall be subject to the following and all other provisions of this Declaration:

6.4.1 Association's and Owners' Rights of Entry. Declarant grants to the Association for the benefit of the Association and all Owners of Lots within the Planned Community the right of entry, under and upon the Common Elements for the following activities:

(a) For installation and maintenance of power, gas, electric, water and other utility and communication lines and services installed by Declarant or with the approval of the Board and any such easement shown on any plat of the Property.

(b) For construction, maintenance, repair and use of Common Elements, Landscaped Areas, and Parkway Strips as described in Section 3.9.1.

Each Owner has an unrestricted right of ingress and egress to his or her Building Lot. This right is perpetual and passes with the ownership of the Building Lot.

6.4.2 Declarant's Easements. In addition to any other easements to which Declarant may be entitled, Declarant reserves for the benefit of Declarant a right of entry over, under and across the Common Elements, in order to (i) carry out construction of additional phases, (ii) complete or make repairs to existing structures, (iii) carry out sales and rental activities necessary or convenient for the development of the Planned Community or the sale or rental of Building Lots (or Dwelling Units on the Building Lots) and (iv) for such other purposes as may be necessary or convenient for discharging Declarant's obligations or for exercising any of Declarant's rights hereunder. There is hereby reserved by Declarant for the benefit of Declarant, its employees, agents, representatives and assigns, a right of entry for access, construction, placement, maintenance and improvement of utilities and drainage over, under and across any portion of the Property, together with easements in roadways and utility lines specified or established within the Property, along with the right to connect thereto.

6.4.3 Power of Association to Sell, Dedicate or Transfer Common Elements. As provided in ORS 94.665, the Association may sell, dedicate, transfer, grant a security interest in, or grant an easement for installation and maintenance of utilities or for similar purposes with respect to, any portion of the Common Elements. Except for grants of easements for utility-related purposes, no such sale, dedication, transfer, or grant of a security interest shall be effective unless approved by eighty percent (80%) of the votes of both Class A and Class B members. Provided further, if there is only one class of votes, such sale, dedication, transfer, or grant of a security interest (other than a grant of an easement for utility-related purposes) must be approved by eighty percent (80%) of the votes held by Owners other than Declarant.

6.4.4 Use of the Common Elements. Except as otherwise provided in this Declaration, the Common Elements shall be reserved for the use and enjoyment of all Owners and no private use may be made of the Common Elements. The Board shall have authority to abate any trespass or encroachment upon the Common Elements at any time, by any reasonable means and with or without having to bring legal proceedings. The Association shall have the right to restrict physical access to Tract C, which is to be preserved as natural open space.

6.4.5 Alienation of the Common Elements. The Association may not by act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the Common Elements owned directly or indirectly by the Association for the benefit of the Building Lots unless the holders or at least 80 percent of the Owners of Building Lots not owned by Declarant at the time of vote and the Class B member, if any, have given their prior written approval. This provision shall not apply to a grant of the easements described in Section 6.4.1, 6.4.2, or 6.4.3. A sale, transfer or encumbrance of the Common Elements or any portion of the Common Elements in accordance with this Section may provide that the Common Elements so conveyed shall be released from any restriction imposed on such Common Elements by this Declaration. No such sale, transfer or encumbrance may, however, deprive any Building Lot of such Building Lot's right of access or support without the written consent of the Owner of such Building Lot.

6.4.6 Limitations on Use. Use of the Common Elements by the Owners shall be subject to the provisions of this Declaration, and to the following:

(a) The right of the Association to suspend the use rights of an Owner to the extent provided in Section 8 below; and

(b) The right of the Association to adopt, amend and repeal rules and regulations in accordance with this Declaration and the Bylaws.

6.4.7. Wiring, Plumbing and Utilities. Each Building Lot has an easement in and through each other Building Lot and the common elements for all support elements and utility, wiring, heat, plumbing and service elements, and for reasonable access thereto, as required to effectuate and continue proper operation of the Planned Community, including, without limitation, easements as required for the electrical wiring and plumbing for each Dwelling Unit and an easement to locate and maintain air conditioning compressors located adjacent to the units. The specific mention or reservation of any easement in this Declaration does not limit or negate the general easement for common elements reserved by law.

6.5 Delegation of Use.

Any Owner may delegate, in accordance with the Bylaws, Owner's right of enjoyment of the Common Elements to the members of Owner's family and to Owner's tenants, in each case, who reside on the Building Lot.

6.6 Encroachments.

6.6.1 If an encroachment results from construction, reconstruction, repair, shifting, settlement or movement of any portion of the Property, an easement for the encroachment shall exist to the extent that any Building Lot encroaches on any other Building Lot or Common Elements. An easement shall continue for the purpose of maintaining the encroachment so long as the encroachment exists. Nothing in this Section shall relieve an Owner of liability in case of an Owner's willful misconduct or shall relieve Declarant or any other person of liability for failure to adhere to any plat of any portion of the Property. The encroachments described in this Section 6.6.1 shall not be construed to be encumbrances affecting the marketability of title to any Building Lot.

6.6.2 Without limitation of the meaning of the preceding subsection, an easement for encroachment is hereby created and reserved over and across any portion of the Common Elements that is affected or encroached upon by an overhanging portion of a Dwelling Unit located on an adjacent Building Lot that exists upon completion of initial construction of the Dwelling Unit in accordance with plans, including, without limitation, eaves, roofs, and other protruding features that may extend over the lot lines of Building Lots. This subsection shall not entitle an Owner to make further encroachments.

6.7 Maintenance Easement.

An easement is hereby reserved in favor of the Association and its successors, assigns, contractors, agents and employees over, across, and under each Building Lot, the exterior portions of the Dwelling Units on each Building Lot, the Common Elements, the Landscaped Areas, the Parkway Strips, and any other areas of the Property necessary or appropriate for purposes of accomplishing the maintenance, repair, and replacement of Common Elements.

6.8 Easements Over Building Lots.

6.8.1 Sanitary Sewer. As shown on the Plat, an easement is hereby reserved in favor of the Association and its successors, assigns, contractors, agents and employees for the installation and maintenance of a sanitary sewer under the driveways of Building Lots 25, 26, 27 and 28. This easement shall run over, across, and under the driveways of Building Lots 25 through 28, shall be approximately ten (10) feet wide and shall abut Tract E. The Declarant shall record this easement in the deed records of Washington County prior to the sale of any of Building Lots 25 through 28.

6.8.2 Monument. As shown on the Plat, an easement is hereby reserved in favor of the Association and its successors, assigns, contractors, agents and employees for the installation and maintenance of a monument sign on Building Lot 29. This easement shall run over, across, and under the Landscaped Area of Building Lot 29, shall be approximately ten (10) feet by ten (10) feet, and is intended to accommodate a monument sign that will be publicly visible at the corner of SW Ivory St. and SW 157th Ave. The Declarant shall record this easement in the deed records of Washington County prior to the sale of Building Lot 29.

6.8.3 Additional Recorded Easements. The listing of easements in this Section 6.8 does not preclude any other easements applicable to the Property which have been recorded in the deed records of Washington County. Such easements may include, but may not be limited to, public rights-of-way and easements for utilities and telecommunications lines.

6.9 Attached Dwelling Unit Owners' Easements.

Each Owner of an Attached Dwelling Unit shall have a non-exclusive easement for access to those Building Lots upon which the Attached Dwelling Units sharing a common foundation and/or Party Wall with such Owner's Attached Dwelling Unit are located, as may be necessary for such Owner's fulfillment of his or her maintenance and repair obligations set forth in Section 3.9.3.

7. ADDITIONAL RESTRICTIONS AND DUTIES.

7.1 Structures Permitted.

Except to the extent expressly provided or contemplated in this Declaration, no Improvements shall be erected or permitted to remain on any Building Lot except Improvements designed for residential living and Improvements normally accessory thereto.

7.2 Residential Use.

Building Lots shall only be used for residential purposes. Except with the consent of the Board, and as allowed by applicable ordinances, agreements, or land use approvals, no trade, craft, business, profession, commercial or similar activity of any kind shall be conducted on any Building Lot, nor shall any goods, equipment, vehicles, materials or supplies used in connection with any trade, service or business be kept or stored on any Building Lot. Nothing in this paragraph shall be deemed to prohibit: (i) activities relating to the rental or sale of Building Structures, (ii) the right of Declarant or any contractor or homebuilder to construct Building Structures on any Building Lot, to store construction materials and

equipment on such Building Lots in the normal course of construction, and to use any Building Structure as a sales or rental office or model home for purposes of sales or rental in the Planned Community, and (iii) the right of an Owner to maintain Owner's professional personal library, keep Owner's personal business or professional records or accounts, handle Owner's personal business or professional telephone calls or confer with business or professional associates, clients or customers, in Owner's Building Structure. The Board shall not approve commercial activities otherwise prohibited by this Section unless the Board determines that only normal residential activities would be observable outside of the Building Structure and that the activities would not be in violation of applicable ordinances nor create additional or disruptive traffic or the need for additional parking.

7.3 Fire Separations.

Portions of a Dwelling Unit within three feet of a property line, including without limitation Party Walls, require a one-hour fire rated wall separation. This wall may not contain windows, doors or any other opening.

7.4 Offensive or Unlawful Activities.

No noxious or offensive activities shall be carried on upon any Building Lot or Common Elements, nor shall anything be done or placed on any Building Lot or Common Elements which interferes with or jeopardizes the enjoyment of other Building Lots, or which is a source of annoyance to residents. No unlawful use shall be made of a Building Lot or any part thereof, and all laws, zoning ordinances, and regulations of all governmental bodies having jurisdiction thereof shall be observed.

7.5 Use of Outdoor Living Areas.

Outdoor Living Areas shall be used exclusively for patios, decks, and planting and landscaping areas.

7.6 Parking.

Parking of boats, trailers, motor homes, trucks (except pickups of 3/4 ton weight or less), unmounted truck campers, or other recreational vehicles or similar equipment and vehicles shall not be allowed on any part of the Property or on public streets adjacent thereto, excepting only within areas designated for such purposes by the Board in accordance with the terms of this Declaration or within the confines of an enclosed garage or screened area, the plans of which comply with applicable ordinances, agreements, or land use approvals and have been reviewed and approved by the Architectural Review Committee prior to construction, and no portion of the same may project beyond the screened area.

7.7 Vehicles in Disrepair.

No Owner shall permit any vehicle which is in a state of disrepair to be abandoned or to remain parked upon any Building Lot for a period in excess of 48 hours. A vehicle shall be deemed in a "state of disrepair" when the Board reasonably determines that its presence offends the occupants of the neighborhood. Should any Owner fail to remove such vehicle within five days following the date on which notice is mailed to such Owner by the Association, the Association may have the vehicle removed from the Property and charge the expense of such removal to the Owner.

7.8 Signs.

No signs shall be erected or maintained on any Building Lot except signs which are approved as to appearance and location by the Architectural Review Committee, provided that No Parking signs described in Section 6.8 are approved. The restrictions contained in this paragraph shall not apply to:

7.8.1 Political Signs. The temporary placement of political signs on any Building Lot by

the Owner thereof;

7.8.2 Declarant's Sales Office and Model Home Signs. The placement by Declarant or Declarant's agents of one or more signs identifying the name of Declarant or the location of a sales office or model home; or

7.8.3 Construction. The placement by Declarant or Declarant's agents of signs customarily used in connection with the original construction and sales of houses.

7.8.4 Monument. The monument sign described in Section 6.8.2.

7.9 Rubbish and Trash.

No Building Lot or Common Elements shall be used as a dumping ground for trash or rubbish of any kind. All garbage and other waste shall be kept in appropriate sanitary containers for proper disposal and out of public view. If any default under this Section exists for a period longer than ten (10) days after written notice of such default is mailed to the responsible Owner by the Association, the Association shall have, in addition to any other rights under this Declaration, or at law or in equity, the particular remedies specified in Section 8.

7.10 Temporary Structures.

No structure of a temporary character, trailer, basement, tent, shack, garage, barn or other outbuilding shall be used on any Building Lot at any time as a residence, either temporarily or permanently.

7.11 Service Yards.

Service yards (garbage, fuel tanks, clotheslines, etc.) shall be completely screened such that the elements screened are not visible at any time from the street.

7.12 Antennas and Satellite Dishes.

No Owner may erect or maintain a television or radio receiving or transmitting antenna, satellite dish or similar implement or apparatus, or solar collector panels or equipment upon any Building Lot unless such apparatus is erected and maintained in such a way that it is screened from public view along the public street right-of-way directly in front (and to the side, in the case of a corner Building Lot) of the house erected on such Building Lot, and no such apparatus shall be erected without the prior written consent of the Architectural Review Committee. The Architectural Review Committee, as designated in this Declaration, shall have the absolute authority to determine whether an accessory is adequately screened from public view. The authority of the Architectural Review Committee in this matter shall be subject to any regulations issued by the Federal Communications Commission or any other applicable governmental authority.

7.13 Interior Walls.

Each Owner shall ensure that the wall(s) separating such Owner's Dwelling Unit from other Dwelling Units within the same Building Structure are not punctured or otherwise breached by such Owner or Owner's lessees, invitees, contractors, or family members.

7.14 Rental of Dwelling Dwelling Units.

An Owner may rent or lease such Owner's Dwelling Unit or a portion thereof, provided that the following conditions are met:

7.14.1 Written Rental Agreements Required. The Owner and the tenant enter into a written rental or lease agreement specifying that (i) the tenant shall be subject to all provisions of this Declaration, the

Bylaws and the Association rules and regulations, and (ii) a failure to comply with any provision of this Declaration, the Bylaws and the Association rules and regulations shall constitute a default under the rental or lease agreement;

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

7.14.3 Tenant Must Be Given Documents. The Owner gives each tenant a copy of this Declaration, the Bylaws and the Association rules and regulations;

7.14.4 Landlord. The Owner shall be liable for the tenant's failure to comply with this Declaration or Association rules and regulations to the same extent as the tenant, as further described in Section 11.9.

7.15 Fences and Hedges.

Front yard fences and hedges may not be installed at the boundaries of or within Landscaped Areas. Boundary hedges may not be installed or allowed to grow to completely enclose the rear boundary line of an Outdoor Living Area so as to prevent access for maintenance, repair, and replacement as required by the Association. Any fence along the rear boundary line of an Outdoor Living Area shall have a gate to permit normal and customary access to and from the Outdoor Living Area. Said gates shall not exceed 6.0 feet in height above the adjacent ground. Any Owner who has installed a fence enclosing an Outdoor Living Area shall allow the Association, and its officers, representatives, property managers, and agents access through the gate in the fence (said gate will be in the fence bounding the rear of the Outdoor Living Area) for the purpose of accomplishing the maintenance responsibilities of the Association under this Declaration. Fences enclosing Outdoor Living Areas shall be of the same material and design. All fencing, and plans in connection therewith, shall be approved by the Architectural Review Committee prior to installation.

7.16 Exterior Lighting or Noise-making Devices.

Except with the consent of the Architectural Review Committee, no exterior light or noise-making devices, other than security and fire alarms, shall be installed or maintained on any Building Lot. The Architectural Review Committee may require shielding to reduce glare on or onto other Building lots.

7.17 Basketball Hoops.

No Owner may install a permanent basketball hoop on any Building Lot without the Architectural Review Committee's prior approval. The Architectural Review Committee may, in its discretion, prohibit such basketball hoops. Basketball hoops shall be prohibited on any Building Lot if the area of play is intended to be the street.

7.18 Grades, Slopes and Drainage.

There shall be no interference with the established drainage patterns or systems over or through any Building Lot so as to affect any other Building Lot or any real property outside the Property unless adequate alternative provision is made for proper drainage and is approved by the Architectural Review Committee. The term "established drainage" shall mean the drainage swales, conduits, inlets and outlets designed and constructed for the Property.

7.19 Animals.

No animals, including poultry, shall be raised or kept on any Building Lot, except that a total of two (2) dogs, cats or other household pets may be kept, provided they are not raised or kept for commercial purposes and are not permitted to cause damage, discomfort, or unreasonable noise to neighbors

and neighboring Building Lots. Owners whose pets cause inconvenience to other Owners shall take all steps necessary to prevent recurrence thereof, and Owners whose pets damage other Owner's Building Lots or personal property shall reimburse such other Owners for reasonable costs actually incurred by them in repairing such damage. Owners shall ensure that their dogs are leashed when on the Property and outside of the Owner's Building Lot. An Owner may be required to remove a pet upon receipt of a third written notice from the Board (pursuant to Section 8.1) of any violation of a rule, regulation, or restriction governing pets within the Planned Community.

7.20 Stormwater Systems.

No Owner shall dump or pour liquids or materials down the catch basins of any stormwater system within the Planned Community. Such stormwater systems are to be used strictly for drainage of stormwater.

7.21 Manner and Time to Establish Outdoor Living Areas.

The Outdoor Living Areas landscaping for a Building Lot shall be completed within six months from the date of occupancy of the Building Lot. In the event of undue hardship due to weather conditions, this period may be extended for a reasonable length of time upon written approval from the Architectural Review Committee.

7.22 Tree Removal in Common Elements.

Only dead, diseased or hazardous trees may be removed in these areas. Any tree removal required in these tracts must be approved by the City of Beaverton through the processing of a tree removal permit.

8. ENFORCEMENT.

8.1 Generally.

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 Building Lots or the Common Elements or other areas, then the Association, acting through the Board, 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 any or all of the following: (i) suspend the Owner's voting rights 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, (ii) impose reasonable fines upon the Owner, in the manner and amount the Board deems appropriate in relation to the violation, which fines shall be paid into the Reserve Fund Account, or (iii) 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 Building Lot.

8.2 Nonqualifying Improvements and Violation of General Protective Covenants.

In the event any Owner constructs or permits to be constructed on such Owner's Building 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 Building Lot, then the Association, acting through the Board, 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 Building 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 sixty (60) days after such notice, then the Association, acting through the Board, shall have, in addition to any other rights or remedies provided in this Declaration, at law

or in equity, the right to do any or all of the following:

8.2.1 Fines. Impose reasonable fines against such Owner in the manner and amount the Board deems appropriate in relation to the violation, but to be imposed reasonably and consistently on each Owner according to such standards and such advance notices as the Board may adopt from time to time;

8.2.2 Remove Cause of Violation. Enter the offending Building 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 Reserve Account, provided that no items of construction shall be altered or demolished in the absence of judicial proceedings; and

8.2.3 Suit or Action. Bring suit or action against the Owner on behalf of the Association and other Owners to enforce this Declaration.

8.3 Right of Cure and Entry by Association.

If an Owner fails to perform maintenance or repairs that such Owner is obligated to perform pursuant to this Declaration, and if the Board determines, after notice, that such maintenance or repair is necessary to preserve the attractiveness, quality, nature or value of the Planned Community, the Board may cause such maintenance or repair to be performed and may enter any such Building Lot whenever entry is necessary in connection with the performance thereof. An Owner may request, and the Board shall conduct, a hearing on the matter. The Owner's request shall be in writing delivered within five (5) days after receipt of the notice, and the hearing shall be conducted within not less than five (5) days nor more than twenty (20) days after the request for a hearing is received. Entry shall be made with as little inconvenience to an Owner as practicable and only after advance written notice of not less than forty-eight (48) hours, except in emergency situations. The costs of such maintenance or repair shall be chargeable to the Owner of the Building Lot, which may be collected and enforced as a Limited Assessment

8.4 Default in Payment of Assessments; Enforcement of Lien.

If an Assessment or other charge levied under this Declaration is not paid within thirty (30) days after its due date, such Assessment or charge shall become delinquent and shall bear interest from the due date until paid at the rate set forth below and, in addition, the Association may exercise any or all of the following remedies:

8.4.1 Suspension of Rights; Acceleration. The Association may suspend such Owner's voting rights until such amounts, plus other charges under this Declaration, are paid in full and may declare all remaining periodic installments of any Assessment or any other amounts owed by such Owner to the Association immediately due and payable. In no event, however, shall the Association deprive any Owner of access to and from such Owner's Building Lot.

8.4.2 Lien. The Association shall have a lien against each Building Lot for any assessment (of any type provided for by this Declaration or the Bylaws) or installment thereof that is delinquent. Such lien shall accumulate all future assessments or installments, interest, late fees, penalties, fines, attorneys' fees (whether or not suit or action is instituted), actual administrative costs, and other appropriate costs properly chargeable to an Owner by the Association, until such amounts are fully paid. Recording of the Declaration constitutes record notice and perfection of the lien. Said lien may be foreclosed at any time pursuant to the Planned Community Act. The Association shall record a notice of a claim of lien for assessments and other

charges in the deed records of Washington County, Oregon, before any suit to foreclose may be filed. 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 Building 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 of the Assessment becomes due.

8.4.3 Suit or Action. The Association may bring an action to recover a money judgment for unpaid Assessments, fines and charges under this Declaration without foreclosing or waiving the lien described in Section 8.4.2. Recovery on any such action, however, shall operate to satisfy the lien, or the portion thereof, for which recovery is made.

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

8.5 Notification of First Mortgagee.

The Board shall notify any first mortgagee of any Building Lot of any default in performance of the terms of this Declaration by the Building Lot Owner which is not cured within sixty (60) days.

8.6 Subordination of Lien to Mortgages.

The lien for the assessment or charges provided for in this Declaration shall be subordinate to the lien of any mortgage or deed of trust on such Building Lot which was made in good faith and for value and which was recorded prior to the recordation of the notice of lien. Sale or transfer of any Building Lot shall not affect the assessment lien, provided that the sale or transfer of any Building Lot which's subject to a mortgage or deed of trust pursuant to a decree of foreclosure thereunder or pursuant to a proceeding, deed or assignment in lieu of foreclosure shall extinguish the lien of an assessment, notice of which was recorded after the recording of the mortgage or trust deed. Any such sale or transfer, however, shall not release the Building Lot from liability for any assessments or charges thereafter becoming due or from the lien of such subsequent assessments or charges.

8.7 Interest, Expenses and Attorneys' Fees.

Any amount not paid to the Association when due in accordance with this Declaration shall bear interest from the due date until paid at a rate of twelve percent (12%) per annum (or the highest lawful rate, if lower), or at such other rate as may be established by the Board in its reasonable discretion, but in any event not to exceed the lawful rate of interest under the laws of the State of Oregon. Any changes to this interest rate shall be communicated to all Owners in writing not less than thirty (30) days before the effective date of the change. In addition to and not in lieu of such interest, a late charge may be charged for each delinquent assessment in an amount established from time to time by resolution of the Board not to exceed 30% of such assessment. In the event the Association shall file a notice of lien, the lien amount shall also include the recording fees associated with filing the notice, and a fee for preparing the notice of lien established from time to time by resolution of the Board. In the event the Association shall bring any suit or action to enforce this Declaration, or to collect any money due hereunder or to foreclose a lien, the Owner-defendant shall pay to the Association all costs and expenses incurred by the Association in connection with such suit or action, including a foreclosure title report, and the prevailing party in such suit or action shall recover such amount as the court may determine to be reasonable as attorneys' fees at trial and upon any appeal or petition for review thereof.

8.8 Nonexclusiveness and Accumulation of Remedies.

An election by the Association to pursue any remedy provided for violation of this

Declaration shall not prevent concurrent or subsequent exercise of any other remedy permitted hereunder. The remedies provided in this Declaration are not exclusive, but shall be in addition to any other remedies, including actions for damages and suits for injunctions and specific performance, available under applicable law to the Association. In addition, any aggrieved Owner may bring an action against another Owner or the Association to recover damages or to enjoin, abate or remedy any violation of this Declaration by appropriate legal proceedings.

9. CASUALTY AND CONDEMNATION.

9.1 Casualty.

Each Owner shall be responsible for repairing, reconstructing and rebuilding all damage to or destruction of the structural and other components of each Owner's Building Lot and the Building Structures in which such Building Lot is located, subject to the provisions of this Section 9 and of Section 4.5. If casualty is caused as a result of the negligence or affirmative act of an Owner, said Owner shall be responsible for correcting and/or repairing any damage to Common Elements, said Owner's Building Lot and the Building Structure in which the Owner's Building Lot is located. The Owners shall rebuild or restore the damaged or destroyed portions of the structural and other components of their respective Building Lots, the Building Structures and the Common Elements to substantially the same conditions in which they existed prior to such casualty, unless Owners of at least seventy-five percent (75%) of the Building lots, and the first mortgagees of at least seventy-five percent (75%) of the Building Lots agree that the damaged or destroyed portions shall not be rebuilt or restored. Rebuilding or restoration shall begin within sixty (60) days following the damage or destruction or as soon thereafter as reasonably practicable.

9.2 Total Condemnation.

In the event of condemnation of the whole of the Planned Community, the compensation to be paid to Owners of Building Lots shall be negotiated and finalized, including, if required, by representation in any proceeding, by the Association, subject to ratification of such compensation by the Owners of at least 75% of the Building Lots at a special meeting called for that purpose, whether or not proceedings are necessary, and compensation, less expenses involved, if any, in obtaining the compensation shall be paid to the Association and then distributed among the Owners in equitable proportions and payable to any mortgagee to the extent required to obtain a discharge of mortgage. Notwithstanding the award for the condemnation of the whole Planned Community, the rights of each Owner shall be separate to negotiate and finalize such Owner's personal compensation for Improvements made to the Building Lots, cost of moving, and other similar items personal to each Owner.

9.3 Partial Condemnation.

In the event of a partial condemnation of the Planned Community which includes some Building Lots, each Owner whose Building Lots is condemned shall deal with the condemning authority with regard to compensation therefor, and the compensation for such Building Lots shall be paid to such Owner (or the mortgagee of that Owner's Building Lot). The Association shall negotiate compensation relating to the Common Elements. The cost, if any, of restoring the balance of the Planned Community so that it may be used shall be determined by the Association and the Association shall negotiate with the condemning authority with regard to compensation for this expenditure. Any moneys received by the Association for any such reconstruction shall be held in trust by the Association for the purpose of such reconstruction.

10. SPECIAL DECLARANT RIGHTS.

Notwithstanding any provision herein to the contrary, and without limitation of any other special rights conferred upon Declarant hereby. Declarant's special rights shall include the following:

10.1 Control of Architectural Review Committee. Responsibility and control of the Architectural Review Committee and the Association until the Turnover Meeting described in Section 3.6 and the exemption set forth in Section 5.12 until Declarant no longer owns a Building Lot;

10.2 Sales and Management Office. The right to maintain a sales and management office and construction office on the Property;

10.3 Access to Common Elements. The right to reserve easement and access rights over and across the Common Elements for future uses;

10.4 Improvements Within Common Elements. The right to reconstruct additional improvements, at Declarant's sole expense, within the Common Elements as required to fulfill its commitments herein;

10.5 Amendments to Declaration and Bylaws. The right to approve amendments to the Declaration and Bylaws prior to the Turnover Meeting described in Section 3.6; and

10.6 Special Assessments. The right to approve special assessments for capital improvements or additions prior to the Turnover Meeting described in Section 3.6.

11. MISCELLANEOUS.

11.1 Term.

The covenants, conditions and restrictions of this Declaration shall run until December 31, 2031, unless amended as herein provided. After December 31, 2031, such covenants, conditions and restrictions shall be automatically extended for successive periods of ten (10) years each, unless amended or extinguished by a written instrument executed by members holding at least 75% of the voting power of the Association which is recorded in the deed records of Washington County.

11.2 Amendment and Repeal.

11.2.1 This Declaration, or any provision hereof, as from time to time in effect with respect to all or any part of the Planned Community, may be amended or repealed by the vote or written consent of the Class B member, if any, and of Owners holding not less than 75% of the voting power of the Association.

11.2.2 Any such amendment or repeal shall become effective only upon recordation in the deed records of Washington County of a certificate of the president or secretary of the Association setting forth in full the amendment, amendments or repeal so approved and certifying that said amendment, amendments or repeal have been approved in the manner required by this Declaration.

11.2.3 In no event shall an amendment under this Section create, limit or diminish special Declarant rights without Declarant's written consent, or change the boundaries of any Building Lot or any uses to which any Building Lot is restricted unless the Owners of the affected Building Lots unanimously consent to the amendment.

11.3 Regulatory Amendments.

Notwithstanding the provisions of Section 11.2, until the turnover meeting described in Section 3.6, Declarant shall have the right to unilaterally 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 Washington County or local agencies such as the Unified Sewerage Agency, or any corporation wholly owned, directly or indirectly, by the United States or the State of Oregon that insures, guarantees or provides financing for a planned community or lots in a planned community or to comply with the Oregon Planned Community Act.

11.4 Rights of Transfer.

Any or all of the special rights and obligations of the Declarant may be transferred to other persons or entities, provided that the transfer shall not reduce any obligation nor enlarge a right beyond that contained herein, and provided, further, that no such transfer shall be effective unless it is in a duly recorded written instrument signed by Declarant.

11.5 Notices.

Any notices permitted or required to be delivered as provided herein shall be in writing and may be delivered either personally or by mail. If delivery is made by mail, it shall be deemed to have been delivered 72 hours after a copy of the same has been deposited in the United States mail, postage prepaid, addressed to any person at the address given by such person to the Association for the purpose of service of such notice, or to the residence of such person if no address has been given to the Association. Such address may be changed from time to time by notice in writing to the Association.

11.6 Right of Enforcement.

Except as otherwise provided herein, any Owner of any Building Lot covered by this Declaration shall have the right to enforce any or all of the provisions hereof against any property covered by this Declaration and the Owners thereof.

11.7 Remedies Cumulative.

Each remedy provided herein is cumulative and not exclusive.

11.8 Joint Owners.

In any case in which two or more persons share the ownership of any Building Lot, regardless of the form of ownership, the responsibility of such persons to comply with this Declaration shall be a joint and several responsibility and the act or consent of any one or more of such persons shall constitute the act or consent of the entire ownership interest; provided, however, that in the event such persons disagree among themselves as to the manner in which any vote or right of consent held by them shall be exercised with respect to a pending matter, any such person may deliver written notice of such disagreement to the Association, and the vote or right of consent involved shall then be disregarded completely in determining the proportion of votes or consents given with respect to such matter.

11.9 Lessees and Other Invitees.

Lessees, invitees, contractors, family members and other persons entering the Property under rights derived from an Owner shall comply with all of the provisions of this Declaration restricting or regulating the Owner's use, improvement or enjoyment of such Owner's Building Lot and other areas within the Planned Community. The Owner shall be responsible for obtaining such compliance and shall be liable for any failure of compliance by such persons in the same manner and to the same extent as if the failure had been committed by the Owner. Nothing in this Section shall diminish or limit the special declarant rights of Declarant.

11.10 Non-Waiver.

The failure to enforce any of the provisions herein at any time shall not constitute a waiver of the rights to enforce any such provision or any other provision of said restrictions.

11.11 Restrictions Construed Together.

All of the provisions hereof shall be liberally construed together to promote and effectuate the general plan and scheme of the Planned Community.

11.12 Restrictions Severable.

Each of the provisions hereof shall be deemed independent and severable, and the invalidity or partial invalidity of any provision or portion thereof shall not affect the validity or enforceability of any other provision.

11.13 Singular Includes Plural.

Unless the context requires a contrary construction, the singular shall include the plural and the plural the singular; and the masculine, feminine or neuter shall each include the masculine, feminine and neuter.

11.14 Captions.

All captions and titles used in this Declaration are intended solely for convenience of reference and shall not affect that which is set forth in any of the provisions hereof

11.15 Resolution of Document Conflicts.

In the event of a conflict among any of the provisions in the documents governing Cottage Terrace, such conflict shall be resolved by looking to the following documents in the order shown below:

1. Declaration;
2. Articles;
3. Bylaws;
4. Association rules.

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

CHESAPEAKE HOLDINGS WEST LLC, an Oregon limited liability company

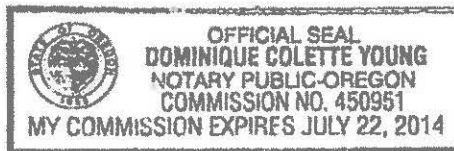
James T. Collins

By: James T. Collins
Title: Vice President

STATE OF OREGON)
)ss.
County of Clackamas)

The foregoing instrument was acknowledged before me this 15 day of May, 2012, by James T. Collins.

Dominique Young
Notary Public



My commission expires: 7-22-2014

EXHIBIT A

The Property

All of that real property in Washington County, Oregon, legally described on that certain Plat of Cottage Terrace, City of Beaverton, Washington County, state of Oregon as recorded in Document No. 2012047704 Washington County records.