

After Recording Return to:
Schwabe, Williamson & Wyatt, PC
Attention: Tia M. Lewis
360 SW Bond Street, Suite 400
Bend, Oregon 97702



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DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS AND RESTRICTIONS FOR SKYLINE RANCH SUBDIVISION

THIS DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS AND RESTRICTIONS FOR SKYLINE RANCH SUBDIVISION (this "**Declaration**"), made effective upon its recording in Deschutes County, Oregon, is executed on the date hereinafter set forth by Skyline Ranch Development, Inc., an Oregon corporation, whose address is 63285 Skyline Ranch Road, Bend, Oregon 97703 ("**Declarant**").

WITNESSETH

WHEREAS, Declarant is the owner of certain real property located in Deschutes County, Oregon and more particularly described on attached Exhibit A (the "**Property**");

WHEREAS, Declarant desires to develop the Property as a master planned community known as *Skyline Ranch Subdivision* (the "**Subdivision**"), as shown on the duly recorded plat filed in the Official Records of Deschutes, County, Oregon. The Subdivision is Class I planned community as defined in, and is subject to, the Oregon Planned Community Act, being ORS 94.550 to 94.783 (as amended from time to time).

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

ARTICLE 1 - DEFINITIONS

1.1 "Act"

"Act" shall mean the Oregon Planned Community Act, being ORS 94.550 et seq., as amended from time to time.

1.2 “Annual Assessments”

“Annual Assessments” shall mean Base Assessments, Reserve Account Assessments, and any Specific Assessments which may be levied by the Association in each of its fiscal years pursuant to the terms of Article 3.

1.3 “ARC”

“ARC” shall mean the architectural review committee established pursuant to the terms of Section 8.1.

1.4 “Articles”

“Articles” shall mean the Articles of Incorporation for the Association.

1.5 “Association”

“Association” shall mean the Skyline Ranch Homeowners Association (“HOA”), an Oregon nonprofit corporation, established for the purposes set forth herein.

1.6 “Base Assessments”

“Base Assessments” shall mean the assessments imposed upon all Lots for services rendered or expenses incurred by the Association pursuant to the terms of Section 4.3.

1.7 “Board”

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

1.8 “Builder”

“Builder” shall mean any individual or company who purchases one or more Lots for the purpose of constructing Units for resale to consumers in the ordinary course of its business.

1.9 “Bylaws”

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

1.10 “COL Agreement”

shall mean the Agreement dated June 19, 2018, between Central Oregon Landwatch, an Oregon non-profit corporation, and Declarant’s predecessor in interest to the Property, CCCC, LLC, an Oregon limited liability company.

1.11 “Common Areas”

“Common Areas” shall mean only those portions of the Property together with any improvements located thereon which is established for the common use and benefit of the property owners within Skyline Ranch subdivision and identified as common area in this declaration, on a plat of any portion of the property, in an amendment to this declaration or in a supplemental Declaration of Annexation. The Common Areas shall also include all other real or personal property the Association owns, leases or otherwise holds possessory rights to or use rights in for the common use and enjoyment of the Owners. Common areas shall include all private roads shown on the plat. The definition of “Common Areas” specifically excludes Lots.

1.12 “Common Maintenance Areas”

“Common Maintenance Areas” shall mean that property and/or Improvements for which the Association bears certain responsibilities as described herein to operate and/or maintain and/or repair and/or replace and/or insure. Common Maintenance Areas include the Common Areas, but also may include other property and/or Improvements owned by Owners or third parties. Except for the Conservation Areas, the Resource Management Corridors, and Skyline Ranch Road (until acceptance as a county road by Deschutes County), the Association shall not be responsible for maintaining, insuring and/or replacing real property that it does not own, though it may choose to do so, if the Board, in its sole discretion deems the same to be in the best interests of the Association. The Common Maintenance Areas shall include the following:

- A. The Conservation Areas;
- B. The private road tracts;
- C. The Resource Management Corridors.

D. Any areas within private road tracts or public rights of way that are developed as multi-use paved paths, landscaped and/or irrigated by Declarant and/or the Association, and the improved portion of Skyline Ranch Road within the Property until it is accepted as a county road by Deschutes County;

E. Utilities that serve Common Maintenance Areas;

F. Any neighborhood identification signs or street identification signs, including but not limited to traffic control and parking signs installed by Declarant and/or the Association; and

G. Any areas within private road tracts, public rights-of-way, public easements, tracts, public parks or any other property (including improvements) that the Board deems necessary or appropriate to maintain for the common benefit of the Owners, or for which maintenance is required by written agreement such as the COL Agreement.

Until the Turnover Meeting, the Declarant shall have the right to (a) designate additional Common Maintenance Areas (which may include additional Common Areas) in the future; and (b) to remove Common Maintenance Areas (but excluding Common Areas unless approved by a vote of the Owners) by recordation of a duly approved amendment to this Declaration or by recordation of a supplemental declaration or Declaration of Annexation.

1.13 “Conservation Areas”

“Conservation Areas” shall mean only those portions of the Property that are designated as a “Conservation Area” on the Plat, or any other recorded plats of real property made subject to this Declaration, the use and ownership of which is described in Section 5.9 below.

1.14 “Conversion Date”

“Conversion Date” shall be the date upon which Class “B” membership (as defined in Section 2.3) shall cease and be converted to Class “A” membership (as defined in Section 2.3). Such date shall be the date which is the earliest of (i) three (3) years after all of the property within the Development Plan has been developed and one hundred percent (100%) of the Lots in the last area to be annexed to this Declaration have been conveyed to persons or entities other than Declarant or an Affiliate; or (ii) fifteen (15) years after conveyance of the first Lot to a Class “A” member; or (iii) at such earlier time as Declarant may elect in writing to terminate Class “B” membership as evidenced by a recorded document executed by Declarant to that effect.

1.15 “County”

“County” shall mean Deschutes County, Oregon.

1.16 “Declarant”

“Declarant” shall mean Skyline Ranch Development, Inc., an Oregon corporation, its successors and assigns, who are designated as such in writing by Declarant, and who consent in writing to assume the duties and obligations of the Declarant with respect to the Lots acquired by such successor or assign.

1.17 “Declaration”

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

1.18 “Development Plan”

“Development Plan” shall mean the development plan approved by Deschutes County, as the same may hereafter be amended.

1.19 “Design Guidelines”

“Design Guidelines” shall mean the design guidelines adopted by the ARC or Declarant pursuant to Section 6.2, as amended or modified from time to time.

1.20 “Directors”

“Directors” shall mean the members of the Board.

1.21 “Governing Documents”

“Governing Documents” shall mean the Development Plan, this Declaration and the Articles of Incorporation, the Bylaws any Declaration of Annexation or supplemental declaration and Rules and Regulations of the Association, all as may be amended from time to time.

1.22 “Improvement”

“Improvement” shall mean every structure or improvement of any kind, including, but not limited to, a Unit, landscaping, patios, decks, fences and walls (including retaining walls),

driveways, sidewalks, fixtures, storage shelters, pools, hot tubs, athletic facilities and other products of construction efforts (including exterior painting, alterations, and reconstruction).

1.23 “Lot”

“**Lot**” shall mean the plots of land indicated as such on the Plat. The term “Lot” specifically excludes Conservation Areas and private road tracts.

1.24 “Mortgagee”

“**Mortgagee**” shall mean the holder of any recorded mortgage, or the party secured or beneficiary of any recorded deed of trust, encumbering one or more of the Lots. “Mortgage,” as used herein, shall include deeds of trust. “**First Mortgagee**” as used herein, shall mean a holder of a mortgage with priority over other mortgages. As used in this Declaration, the term “Mortgagee” shall mean any mortgagee and shall not be limited to institutional mortgagees. As used in this Declaration, the term “institutional mortgagee” or “institutional holder” shall include banks, trust companies, insurance companies, mortgage insurance companies, savings and loan associations, trusts, mutual savings banks, credit unions, pension funds, mortgage companies, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, all corporations and any agency or department of the United States Government or of any state or municipal government. As used in this Declaration, the term “holder” or “mortgagee” shall include the parties secured by any deed of trust or any beneficiary thereof.

1.25 “Open Space”

“**Open Space**” shall mean any areas labeled as such and shown on the Plat for Skyline Ranch Subdivision as filed in the Official Records of Deschutes County.

1.26 “Owner”

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

1.27 “Plat”

“**Plat**” shall mean the duly recorded plat of *Skyline Ranch Subdivision* filed in the Official Records of Deschutes County, Oregon and any other recorded plats of real property made subject to this Declaration by a Declaration of Annexation.

1.28 “Property”

“Property” shall mean the real property described on the attached **Exhibit A**.

1.29 “Reserve Account Assessments”

“Reserve Account Assessments” shall mean assessments established pursuant to the terms of Article 3.

1.30 “Resource Management Corridors”

“Resource Management Corridors” shall mean only those portions of the Property that are designated as “Resource Management Corridors” on the Plat, or on any other recorded plat made subject to this Declaration, the use and ownership of which is described in Section 5.10 below.

1.31 “Rules and Regulations”

“Rules and Regulations” shall mean the rules and regulations adopted by the Association from time to time in accordance with the Bylaws.

1.32 “Special Assessments”

“Special Assessments” shall mean any special charges established pursuant to the terms of Article 3.

1.33 “Subdivision”

“Subdivision” shall mean *Skyline Ranch Subdivision*.

1.34 “Transitional Advisory Committee”

“Transitional Advisory Committee” shall mean the committee described in the Bylaws.

1.35 “Turnover Meeting”

“**Turnover Meeting**” shall mean the meeting of the Owners called to turn over control of the Association to the Class A members, as further described in the Bylaws.

1.36 [“Wildlife Habitat and Forest Health Management Plan”]

“**Wildlife Habitat and Forest Health Management Plan (“WHFHMP”)**” shall mean the Revised Wildlife Habitat and Forest Health Management Plan that the Association is required by the COL Agreement to implement, a copy of which is attached hereto as Exhibit C.

1.37 “Unit”

“**Unit**” shall mean any residential dwelling and all accessory buildings situated on a Lot intended for occupancy by a single family including, without limitation, a single family home.

ARTICLE 2–ASSOCIATION

2.1 Organization

. Declarant has organized, or before conveyance of the first Lot shall organize an association of all of the Owners within the Property. Such Association, and its successors and assigns, shall be organized as an Oregon nonprofit corporation under the name “**Skyline Ranch Homeowners’ Association,**” and shall have such property, powers and obligations as are set forth in this Declaration, the Bylaws and the Articles of Incorporation of the Association for the benefit of the Property and all Owners of property located therein. In the event that the Association is at any time dissolved, whether inadvertently or deliberately, it shall automatically be succeeded by an unincorporated association having the same name and purpose, and all of the property, powers and obligations of the Association existing immediately prior to its dissolution shall thereupon automatically vest in the successor unincorporated association and such vesting shall thereafter be confirmed and evidenced by appropriate conveyances and assignments by the incorporated Association. To the greatest extent possible, any successor unincorporated association shall be confirmed and evidenced by appropriate conveyances and assignments by the Association. To the greatest extent possible, any successor unincorporated association shall be governed by the Articles of Incorporation and Bylaws of the Association as if they had been made to constitute the governing documents of the unincorporated association.

2.2 Membership

. Declarant and every other Owner of a Lot by virtue of ownership of such Lot shall be a member of the Association. Membership in the Association shall be appurtenant to and shall not be separated from ownership of any Lot. Transfer of ownership of a Lot shall automatically transfer membership in the Association. Without any other act or acknowledgment, Owners shall

be governed and controlled by the Governing Documents. There shall be two (2) classes of membership in the Association, Class A membership and Class B membership, as described in Section 2.3.

2.3 Voting Rights

. The Association shall have two (2) classes of voting membership:

A. Class A Membership

Class A members shall be all Owners with the exception of Declarant (provided that Declarant shall become a Class A member from and after the Conversion Date), and shall be entitled to one (1) vote for each Lot owned. When more than one (1) person holds an interest in any Lot, all such persons shall be members, but the vote for such Lot shall be exercised as they among themselves determine, and in no event shall more than one (1) vote be cast with respect to any Lot. If the co-Owners of a Lot cannot agree upon the vote, then the vote of the Lot shall be disregarded in determining the particular matter at issue.

B. Class B Membership

The Class B member shall be Declarant, who shall be entitled to ten (100) votes for each Lot owned. The Class B membership shall terminate and become converted to Class A membership on the Conversion Date.

2.4 Suspension

. All voting rights of an Owner shall be suspended during any period in which such Owner is delinquent in the payment of any assessment duly established pursuant to Article 3 or is otherwise in default under the Governing Documents. The Board may also suspend an Owner's rights to use the Common Areas during such period of default.

2.5 Turnover Meeting

. The Declarant shall call a Turnover Meeting within ninety (90) days following the Conversion Date for the purposes of turning over administrative responsibility for the Association to the Class A members. The Declarant shall give notice of the Turnover Meeting to each Owner as provided in the Bylaws. The Turnover Meeting shall be conducted in accordance with the Bylaws of the Association. At the Turnover Meeting, the Declarant shall turn over to the Association the responsibility for the planned community of Skyline Road and of the Association and the Association shall accept such administrative responsibility. At the Turnover Meeting, the Declarant shall deliver to the Association those items and documents required by ORS 94.616 or applicable successor provisions. In order to facilitate an orderly transition, during the three-month period following the Turnover Meeting, the Declarant or an informed representative shall be available to meet with the Board on at least three mutually acceptable dates to review the documents delivered pursuant to this Section 2.5. Not later than ninety (90) days after the Turnover Meeting, the Association shall provide Declarant with an estoppel certificate (i) certifying that Declarant has satisfied all of its obligations owed to the Association,

including, without limitation, any obligations arising out of or related to this Declaration, or (ii) identifying with specificity the extent to which any such obligations remain unsatisfied.

2.6 Clarification of Role of Association

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

2.7 Transitional Advisory Committee

. Unless the Turnover Meeting has already been held, 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 of Skyline Ranch to administrative responsibility by the Association. Not later than the sixtieth (60th) day after Declarant has conveyed to Owners other than Declarant Lots representing fifty (50%) percent or more of the Lots then existing in Skyline Ranch, Declarant shall call a meeting of Owners for the purpose of selecting the Transitional Advisory Committee. The Transitional Advisory Committee shall consist of three (3) or more members. The Owners, other than Declarant, shall select two (2) or more members. Declarant may select no more than one (1) member. The Transitional Advisory Committee shall be advisory only, and its purpose shall be to enable ease of transition from administrative control of the Association by Declarant to control by the Owners. The Transitional Advisory Committee shall have reasonable access to all information and documents that Declarant is required to turn over to the Association under ORS 94.616(3), or applicable successor provisions.

2.8 Bylaws

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

ARTICLE 3— ASSOCIATION FINANCES/ASSESSMENTS

3.1 Budgeting.

3.1.1 At least sixty (60) days before the beginning of each fiscal year, the Board shall prepare a budget of the estimated operating expenses of the Association for the coming year. The estimated expenses in the budget shall include, in addition to operating

reserves, a contribution to the Reserve Account determined in accordance with the terms of Section 3.8 below. The budget shall also reflect the sources and estimated amounts of funds to cover such expenses, which may include any surplus to be applied from prior years, any income expected from sources other than assessments levied against the Lots, and the amount estimated to be generated through the levy of assessments against Lots.

Estimated operating expenses and Reserve Account Assessments applicable to all Lots shall be allocated among such Lots as annual Assessments pursuant to the provisions set forth below.

3.1.2 The Board shall send a copy of the final budget, together with notice of the amount of the Annual Assessment to be levied pursuant to the budget, to each Owner within thirty (30) days after the adopting the budget. The budget shall automatically become effective unless disapproved by the vote of a majority of the Class A members.

The Association has no obligation to call a meeting for purposes of considering the budget, but the Owners may call a special meeting for such purpose as provided in the Bylaws. If any proposed budget is disapproved or the Board fails for any reason to determine the budget for any year, then the budget most recently in effect shall continue in effect until a new budget is determined.

3.1.3 The Board may revise the budget and adjust the assessments levied pursuant thereto from time to time during the year, subject to the same notice and right to disapprove the revised budget as set forth above.

3.2 Purpose of Assessments. The Assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the Owners and Occupants of the Property and for the improvement, operation and maintenance of the Common Maintenance Areas and other areas to be maintained by the Association.

3.3 Apportionment of Assessments. All Lots, other than Lots exempted from assessment pursuant to Section 3.6 below, shall pay a pro rata share of the Annual Assessments, Special Assessments, and Emergency Assessments commencing upon the date such Lots are made subject to this Declaration. The pro rata share shall be based upon the total amount of each such Assessment divided by the total number of Lots subject to such Assessment. Notwithstanding the provisions of this section, however, an amendment to this Declaration may specify a special allocation of assessing the costs of operating and maintaining a facility on a Common Area in order to more fairly allocate such cost, taking into the account the extent of use or other factors.

3.4 Types of Assessments.

3.4.1 **Annual Assessments.** The Association is hereby authorized to levy Annual Assessments against all Lots subject to Assessments to fund the Common Expenses. The amount of the Annual Assessment allocated to each Lot shall be determined in the manner described in above. In determining the Annual Assessments, the Board may consider any Assessment income expected to be generated from any additional Lots or changes

in the status of the then-existing Lots anticipated during the fiscal year. The Board shall prepare the operating budget for the Association, as set forth above.

3.4.2 **Special Assessments.** The Board may levy during any fiscal year a Special Assessment, applicable to that year only, for the purpose of paying for all or any part of the cost of any construction or reconstruction, unexpected repair, or acquisition or replacement of a described capital improvement, or for any other one-time expenditure not to be paid for out of Annual Assessments. Special Assessments for acquisition or construction of new capital improvements or additions which in the aggregate in any fiscal year exceed an amount equal to fifteen percent (15%) of the budgeted gross expenses of the Association for the fiscal year may be levied only if approved by a majority of the voting rights voting on such matter, together with the written consent of the Class B Member, if any. Prior to the Turnover Meeting, any Special Assessment for acquisition or construction of new capital improvements or additions must be approved by not less than fifty percent (50%) of the Class A voting rights, together with the written consent of the Class B Member. Special Assessments shall be apportioned as provided in Section 3.2 and may be payable in lump sum or in installments, with or without interest or discount, as determined by the Board.

3.4.3 **Emergency Assessments.** If the Annual Assessments levied at any time are or will become inadequate to meet all expenses incurred under this Declaration for any reason, including nonpayment of any Owner's Assessments on a current basis, the Board of Directors shall immediately determine the approximate amount of such inadequacy and issue a supplemental budget, noting the reason therefor, and levy an Emergency Assessment for the amount required to meet all such expenses on a current basis. Emergency Assessments shall be apportioned as set forth in Section 3.2 above and payable as determined by the Board of Directors.

3.4.4 **Individual Assessments.** Any Common Expense or any part of a Common Expense benefiting fewer than all of the Lots may be assessed exclusively against the Lots benefited as an Individual Assessment. Individual Assessments shall also include default Assessments levied against any Lot to reimburse the Association for costs incurred in bringing such Lot or its Owner into compliance with the provisions of this Declaration or the rules and regulations of the Association and for fines or other charges imposed pursuant to this Declaration for violation thereof. Unless otherwise provided by the Board, Individual Assessments shall be due thirty (30) days after the Board has given written notice thereof to the Owners subject to Individual Assessments.

3.5 **Assessment of Additional Property.** When Additional Property is annexed to **Skyline Ranch**, the Lots included therein shall become subject to Assessments from the date of such annexation, except for those Lots exempt from assessment pursuant to Section 3.6. All other Lots shall pay such Assessments in the amount then being paid by other Lots. The Board, however, at its option may elect to recompute the budget based upon the additional Lots subject to assessment and additional Common Areas and recompute Assessments for all Lots, including the new Lots, for the balance of the fiscal year.

3.6 Exempt Property. The following property shall be exempt from payment of assessments:

3.6.1 All Common Areas and the Conservation Area;

3.6.2 Any property dedicated to and/or conveyed to and accepted by any governmental authority or any public utility; and

3.6.3 Lots owned by Declarant until such time as a dwelling has been constructed on the Lot and the Lot is occupied for residential use, except that Lots owned by Declarant shall be subject to assessments for reserves under Section 3.8. Declarant may defer payment of any assessment for reserves under Section 3.8 that accrue against Lots owned by Declarant until the date the Lot is first conveyed to a purchaser other than Declarant or Declarant's successor, but no later than the Turnover Meeting. The books and records of the Association shall reflect the amount owing from Declarant for all such deferred assessments for reserves.

3.7 Operations Fund. The Association shall keep all funds received by it as Assessments, other than reserves described in Section 3.8, separate and apart from its other funds, in an Operations Fund held in a bank account in the State of Oregon in the name of the Association. The Association shall use such fund for the purpose of promoting the recreation, health, safety and welfare of the Owners and Occupants within the Property and in particular for the improvement and maintenance of properties, services and facilities devoted to this purpose and related to the use and enjoyment of the Common Areas and of the Lots, including but not limited to:

3.7.1 Payment of the cost of maintenance, utilities and services, repairs, replacements of that portion of the Property for which the Association is responsible.

3.7.2 Payment of the cost of maintenance associated with any Common Maintenance Areas that are not included in Section 3.7.1 above, if any.

3.7.3 Payment of taxes assessed against the Common Areas and Conservation Area and any Improvements thereon.

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

3.8 Reserve Fund.

3.8.1 **Establishment of Account.** Declarant, on behalf of the Association, shall conduct an initial reserve study as described in paragraph (C) of this section and establish a bank account in the name of the Association (the "**Reserve Fund**") to fund major maintenance, repair or replacement of all property for which the Association has maintenance, repair and replacement responsibility under this Declaration that will normally require replacement in whole or in part in more than one (1) year and less than thirty (30) years,

for exterior painting of the Common Areas or other property to be maintained by the Association, if the Common Areas or such other property includes exterior painted surfaces, and for other items, whether or not involving Common Areas, if the Association has responsibility to maintain the items, including items required by the Maintenance Plan established pursuant to Section 5.5. The Reserve Fund need not include those items that can reasonably be funded from the general budget or other funds of the Association or for those items for which one or more, but less than all, Owners are responsible for maintenance and replacement under the provisions of this Declaration or the Bylaws.

3.8.2 **Funding of Reserve Fund.** The Reserve Fund shall be funded by Assessments against the individual Lot assessed for maintenance of the items for which the Reserve Fund is being established, which sums shall be included in the regular Annual Assessment for the Lot. The Reserve Fund shall be established in the name of the Association. The Association is responsible for administering the Reserve Fund and making periodic payments into it.

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

Identification of all items for which reserves are to be established;

The estimated remaining useful life of each item as of the date of the reserve study;

The estimated cost of maintenance, repair or replacement of each item at the end of its useful life;

A thirty (30) year plan with regular and adequate contributions, adjusted by estimated inflation and interest earned on reserves, to meet the maintenance, repair and replacement schedule.

3.8.4 **Use of Reserve Fund.** The Reserve Fund shall be used only for the purposes for which the reserves have been established and shall be kept separate from other funds. After the Turnover Meeting, however, the Board of Directors may borrow funds from the Reserve Fund to meet high seasonal demands on the regular operating funds or to meet unexpected increases in expenses if the Board of Directors has adopted a resolution, which may be an annual continuing resolution, authorizing the borrowing of funds. Not later than the adoption of the budget for the following year, the Board of Directors shall adopt by resolution a written payment plan providing for repayment of the borrowed funds within a reasonable period. Nothing in this section shall prohibit prudent investment of the Reserve Fund. In addition to the authority of the Board of Directors under this section, following the second year after the Turnover Meeting, the Association may elect to reduce or increase future Assessments for the Reserve Fund by an affirmative vote of not less than seventy-five percent (75%) of the

voting power of the Association and may, on an annual basis by a unanimous vote, elect not to fund the Reserve Fund. Assessments paid into the Reserve Fund are the property of the Association and are not refundable to sellers or Owners of Lots. Sellers of the Lots, however, may treat their outstanding share of the Reserve Fund as a separate item in any sales agreement.

3.9 Declarant's Subsidy. Declarant may, but shall not be obligated to, reduce the Annual Assessments for any fiscal year by payment of a subsidy (in addition to any other amounts then owed by Declarant), which may be either a contribution, an advance against future assessments due from Declarant, or a loan, in Declarant's discretion. Any such subsidy shall be disclosed as a line item in the income portion of the Association's budget. Payment of such subsidy in any year shall not obligate Declarant to continue payment of such subsidy in future years unless otherwise provided in a written agreement between the Association and Declarant.

3.10 Commencement of Assessment Obligation; Time of Payment. The obligation to pay Assessments under this Declaration shall commence as to each Lot, on the first day of the month after such Lot becomes subject to this Declaration, or the Lot ceases to be exempt from Assessments, whichever is later. The first Annual Assessment levied on each Lot shall be adjusted according to the number of months remaining in the fiscal year at the time Assessments commence for such Lot.

3.11 Payment of Assessments. Assessments shall be paid in such manner and on such dates as the Board may establish. Unless the Board otherwise provides, the Annual Assessment shall be due and payable in advance on the first day of each fiscal year. If any Owner is delinquent in paying any Assessments or other charges levied on his Lot, the Board may require the outstanding balance on all Assessments to be paid in full immediately. Until termination of the Development Period, any obligation of Declarant to pay Assessments may be satisfied in the form of cash or by "in kind" contributions of services or materials, or by a combination of these.

3.12 Advance Payments Upon Sale. The Association may require any Owner to obtain, in conjunction with the closing of any sale of such Owner's Lot, a deposit from the purchaser equal to the then estimated amount of assessments for three (3) months due to the Association. Any Owner entering into such a contract shall be obligated to collect or otherwise deposit such Assessments with the Association upon the closing of such conveyance and shall be liable therefor after such conveyance if those Assessments are ultimately not received by the Association. No failure to require or collect such estimated Assessments shall impair any contract of sale or provide any grounds for a rescission of such sale.

3.13 Personal Obligations for Assessments. Declarant, for each Lot owned by it within the Property, hereby covenants, and each Owner of any Lot by acceptance of a conveyance thereof, whether or not so expressed in any such conveyance, shall be deemed to covenant to pay to the Association all Assessments or other charges as may be fixed, established and collected from time to time in the manner provided in this Declaration or the Bylaws. Such Assessments and charges, together with any interest, late charges, expenses or attorneys' fees imposed pursuant to Sections 12.3 and 12.4, shall be a charge on the land and shall be a continuing lien upon the Lot against which each such Assessment or charge is made. Such Assessments, charges and other costs shall also be the personal obligation of the person or entity

who was the Owner of such Lot at the time when the Assessment or charge fell due. Such liens and personal obligations shall be enforced in the manner set forth in Article 12.

3.14 Voluntary Conveyance. In a voluntary conveyance of a Lot the grantee shall be jointly and severally liable with the grantor for all unpaid Assessments against the grantor of the Lot up to the time of the grant or conveyance, without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee therefor. However, upon request of an Owner or Owner's agent for the benefit of a prospective purchaser, the Board of Directors shall make and deliver a written statement of the unpaid Assessments against the prospective grantor of the Lot effective through a date specified in the statement, and the grantee in that case shall not be liable for any unpaid Assessments against the grantor not included in the written statement.

3.15 No Waiver. Failure of the Board to fix Assessment amounts or rates or to deliver or mail each Owner an Assessment notice shall not be deemed a waiver, modification, or a release of any Owner from the obligation to pay Assessments. In such event, each Owner shall continue to pay Assessments on the same basis as during the last year for which an Assessment was made, if any, until a new Assessment is levied, at which time the Association may retroactively assess any shortfalls in collections.

3.16 No Option to Exempt. No Owner may exempt himself from liability for Assessments by non-use of Common Areas, abandonment of his Lot, or any other means. The obligation to pay Assessments is a separate and independent covenant on the part of each Owner. No diminution or abatement of Assessments or set-off shall be claimed or allowed for any alleged failure of the Association or Board to take some action or perform some function required of it, or for inconvenience or discomfort arising from the making of repairs or improvements, or from any other action it takes.

3.17 Certificate. Upon written request, the Association shall furnish to any Owner liable for any type of Assessment a certificate in writing signed by an Association officer setting forth whether such Assessment has been paid. Such certificate shall be conclusive evidence of payment. The Association may require the advance payment of a reasonable processing fee for the issuance of such certificate.

ARTICLE 4– GENERAL POWERS AND DUTIES OF BOARD OF DIRECTORS

4.1 Interim Board. Declarant shall have the right to appoint an interim board of three (3) to five (5) 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. After Turnover, there shall be three (3) directors, to be elected as provided in the Bylaws.

4.2 Purpose of Operating Fund. The Board, for the benefit of the Owners, shall provide and shall pay for out of the operating fund provided for in Article II above the following:

4.2.1 Labor, supplies and operating costs associated with running the Association and performing its obligations hereunder, including the operation of Common Maintenance Areas;

4.2.2 Normal, recurring maintenance of the Common Maintenance Areas (including, but not limited to, mowing, edging, watering, clipping, sweeping, pruning, raking, and otherwise caring for landscaping) and the Improvements to such Common Maintenance Areas, such as roads, fences, columns, walls, grounds, landscaping, lights, irrigation systems and entry monuments, provided that the Association shall have no obligation (except as expressly provided hereinafter) to make capital improvements to the Common Maintenance Areas;

4.2.3 Repairs and enhancement of the Common Maintenance Areas;

4.2.4 Performance of all of the Association's obligations under the following: the COL Agreement, the WHFHMP, and all obligations of the Association under easement agreements that benefit **Skyline Ranch**.

4.2.5 Taxes and assessments and other liens and encumbrances which shall properly be assessed or charged against the Common Areas or the Conservation Area rather than against the individual Lots and/or Owners, if any;

4.2.6 Payment of expenses for utilities serving Common Maintenance Areas for which the Association is responsible or the Board deems to be in the best interest of the Association;

4.2.7 The services of a professional person or management firm to manage the Association or any separate portion thereof to the extent deemed advisable by the Board, and the services of such other personnel as the Board shall determine to be necessary or proper for the operation of the Association, whether such personnel are employed directly by the Board or by the manager; provided that a management agreement entered into prior to the Turnover Meeting shall not have a term in excess of three (3) years and shall be terminable without penalty if the Board gives not less than thirty (30) days written notice of termination to the other party not later than sixty (60) days after the Turnover Meeting. The management agreement may provide that if it is not terminated as provided in the foregoing sentence, it will renew automatically for successive one-year periods, until terminated by either party (i) without cause, effective as of the next scheduled renewal date, by providing not less than thirty (30) days' written notice to the other party; or (ii) with cause, effective upon the date of written notice, by providing such notice to the other party;

4.2.8 Legal and accounting services for the benefit of the Association or otherwise deemed necessary by the Board, including, without limitation, payment of all legal and other expenses incurred in connection with the enforcement of all recorded covenants, restrictions and conditions affecting the Property;

4.2.9 Payment of all reasonable and necessary expenses in connection with the collection and administration of Assessments and Association funds;

4.2.10 Policies of insurance as provided in this Declaration or the Bylaws;

4.2.11 Any other materials, supplies, insurance, furniture, labor, services, maintenance, repairs, structural alterations, taxes, assessments, fees or costs, which (i) the Board is required to obtain or pay for pursuant to the terms of this Declaration or by law; (ii) are necessary to fulfill the obligations of the Association hereunder; (iii) in the Board's opinion shall be necessary or proper for the enforcement of this Declaration; (iv) are necessary or desirable in the opinion of the Board to keep the Property neat and in good order; or (v) the Board considers to be of general benefit to the Owners or occupants of the Property.

The judgment of the Board in the expenditure of funds and what constitutes a proper expense under Section 3.7.4 and this Section 4.2 shall be final and conclusive so long as such judgment is exercised in good faith.

4.3 Powers and Duties of Board. The Board, for the benefit of the Owners, shall have the following general powers and duties, in addition to the specific powers and duties provided for herein and in the Bylaws of the Association and the powers and duties of a non-profit corporation pursuant to the Oregon Nonprofit Corporation Act and a homeowners association pursuant to ORS 94.630:

4.3.1 To execute all declarations of ownership for tax assessment purposes with regard to the Common Areas and Conservation Area on behalf of all Owners.

4.3.2 To borrow funds for the purpose of performing its duties under this Declaration and, subject to Section 5.2, encumber the Common Areas as security for the repayment of such borrowed money.

4.3.3 To obtain and maintain in force policies of insurance as provided in the Declaration and the Bylaws.

4.3.4 To employ the services of any person or corporation as manager; hire employees to manage, conduct and perform the business, obligations and duties of the Association; employ professional counsel and obtain advice from such persons or firms or corporations such as, but not limited to, landscape architects, recreational experts, architects, planners, lawyers and accountants; and contract for or otherwise provide for all services necessary or convenient for the management, maintenance and operation of the Property.

4.3.5 To protect or defend the Common Areas and Conservation Area from loss or damage by suit or otherwise and to provide adequate reserves for replacements.

4.3.6 To make rules and regulations for **Skyline Ranch**, including the operation of the Common Areas, Conservation Area, and Resource Management Corridors, and to amend them from time to time, provided such rules and regulations are consistent with the WHFHMP, where applicable. A copy of the rules and regulations, upon adoption, and a copy of each amendment, modification or revocation thereof, shall be furnished by the Board to each Owner and shall be binding upon all Owners and Occupants of all Units. The method of adoption of such rules and regulations shall be as provided in the Bylaws.

4.3.7 Within ninety (90) days after the end of the fiscal year, the Board shall prepare or cause to be prepared an annual financial statement consisting of a balance sheet and income and expenses statement for the preceding fiscal year and distribute a copy of such financial statement to each Owner and, upon written request, to any mortgagee of a Lot.

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

4.3.9 To perform such acts, whether or not expressly authorized by this Declaration, as may be reasonably necessary to enforce the provisions of the Governing Documents, including, without limitation, enforcement of the decisions of the Architectural Review Committee. Nothing in this Declaration shall be construed as requiring the Association to take any specific action to enforce violations.

4.3.10 To adopt budgets and collect all Assessments and enforce all penalties for nonpayment as provided in Article 3 and Article 12.

4.3.11 To perform all obligations under the following: the COL Agreement, the WHFHMP and all easement or other agreements that benefit **Skyline Ranch**.

4.3.12 Subject to the limitations set forth in Section 5.3, to grant easements, licenses and concessions through or over the Common Areas and Conservation Area.

4.4 Wildfire Protection. The Association shall comply with the WHFHMP. No later than twelve (12) months following the sale of a Lot, other than a sale to Declarant or an affiliate of Declarant, the Association shall submit information and applications required for recognition of each Lot under the Firewise Communities USA/Recognition Program, and further, shall submit information and documentation as needed to maintain such recognition status for the Property at all times. The cost of complying with the WHFHMP, including but not limited to a) obtaining and maintaining the Firewise Communities recognition status and b) conducting a WHFHMP compliance audit as may be required by the County, shall be a Common Expense of the Association to be allocated among the Owners. Notwithstanding the foregoing, minimizing fire risk on each Lot shall be the sole obligation of the Owner of such Lot, and the Association shall have no liability to any individual Owner for fire loss or damage to a Lot, any Common Maintenance Areas or any person property, regardless of the cause.

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

written notice of termination given to the other party not later than sixty (60) days after the Turnover Meeting.

4.6 Board Powers Exclusive. The Board shall have the exclusive right to contract for all goods, services and insurance, payment of which is to be made from the operating fund and the exclusive right and obligation to perform the functions of the Board except as otherwise provided herein. The foregoing shall not be construed so as to prohibit the Board from delegating some or all of its contracting or other day-to-day management authority to a professional manager(s) and/or an officer(s), provided the Board maintains supervisory authority over such manager(s) and/or officer(s) and such manager(s) and/or officer(s) operate within a budget approved by the Board.

4.7 Indemnification. Neither a member of the Board of Directors nor an officer of the Association or member of the Architectural Review Committee or any other committee established by the Board of Directors, shall be liable to the Association, any Owner or any third party for any damage, loss or prejudice suffered or claimed on account of any action or failure to act in the performance of his duties, so long as the individual acted in good faith, believed that the conduct was in the best interests of the Association, or at least was not opposed to its best interests, and in the case of criminal proceedings, had no reason to believe the conduct was unlawful. In the event any member of the Board of Directors or any officer or committee member of the Association is threatened with or made a party to any proceeding because the individual was or is a director, officer or committee member of the Association, the Association shall defend such individual against such claims and indemnify such individual against liability and expenses incurred to the maximum extent permitted by law. The managing agent of the Association, and its officers and employees, shall not be liable to the Association, the Owners or any third party on account of any action or failure to act in the performance of its duties as managing agent, except for acts of gross negligence or intentional acts, and the Association shall indemnify the managing agent and its officers and employees from any such claims, other than for gross negligence or intentional misconduct.

ARTICLE 5– COMMON MAINTENANCE AREAS

5.1 Improvements. The Declarant may, but is not obligated to, construct the following Improvements to the Common Maintenance Areas: Entry monument(s), which may include landscaping, irrigation and lighting; utilities to serve Common Areas, and, in the discretion of the Board, Common Maintenance Areas; landscaping, irrigation, street lighting, street signs within street rights of way, and mail station(s); ornamental lighting on roads and Common Areas; trails as shown on a Plat; educational signs concerning the wildlife protection and wildfire hazard reduction goals of the Association; and roads and pathways. The foregoing shall not be construed so as to require that such Improvements be built, or that they be built to any specified design or other standards, except applicable Deschutes County or State of Oregon codes and requirements. Notwithstanding the foregoing, the Declarant does not choose to limit its right to add Improvements not described in this Declaration to **Skyline Ranch**.

5.2 Association to Hold Title to Common Areas and Conservation Area. Except for the portions thereof dedicated to the public or any governmental or quasi-governmental

authority, title to the Common Areas (other than easements) shall be conveyed to and shall be accepted by the Association from Declarant AS IS, but free and clear of monetary liens (except for nondelinquent taxes and assessments) on or before the Turnover Meeting. Without limiting the generality of the foregoing, the conveyance of the Common Areas shall be made subject to such easements and/or dedications as Declarant may retain and/or choose to grant to third parties. The Association shall own all Common Areas in fee simple and assume all maintenance obligations with respect to any Common Maintenance Areas, including any Common Areas that may be hereafter established. Nothing contained herein shall create an obligation on the part of Declarant to establish any additional Common Area. Following the conveyance of the Common Areas to the Association, the dedication, mortgage, or conveyance of any Common Areas shall require the affirmative vote of at least eighty percent (80%) of the Class A Member voting rights and consent of the Class B Member. Anything in this Declaration to the contrary notwithstanding, neither Declarant nor the Association may dedicate or convey any portion of the Conservation Area or any interest therein to any person or entity for recreational uses or any other use that allows public access to the Conservation Area or otherwise interferes with preserving the Conservation Area for wildlife habitat or is otherwise inconsistent with the terms of the WHFHMP applicable to the Conservation Area, excepting only the right to grant an easement to the Bend Parks and Recreation District for trail access from the Property to Shevlin Park in the location shown on the Plat.

5.3 Association Authority to Grant Easements and Other Property Interests in Common Areas. The Association may execute, acknowledge and deliver leases, easements, rights of way, licenses, and other similar interest affecting the Common Areas and consent to vacation of roadways within and adjacent to the Common Areas. Except for those matters described in ORS 94.665(4)(b), which the Board of Directors may approve without Owner consent, the granting of any interest pursuant to this Section 5.3 must be approved by at least seventy-five percent (75%) of the Owners present at a meeting of the Association or with the consent of at least seventy-five percent (75%) of all Owners solicited by any means the Board determine is reasonable. If a meeting is held to conduct the vote, the meeting notice shall include a statement that the approval of the granting of an interest in the Common Areas will be an item of business on the agenda of the meeting.

5.4 Condemnation. If there is a condemnation or a sale in lieu thereof of all or any portion of the Common Areas, the Association shall represent the Owners in negotiations with the condemning authority. The funds payable with respect thereto shall be payable to the Association and shall be used by the Association to purchase additional Common Areas to replace that which has been condemned or to take whatever steps it deems reasonably necessary to repair or correct any damage suffered as a result of the condemnation. If the Board of the Association determines that the funds cannot be used in such a manner due to the lack of available land for additional Common Areas or for whatever reason, any remaining funds may be distributed to each Owner based on an equal amount per Lot.

5.5 Maintenance of Common Maintenance Areas; Wildlife Habitat and Forest Health Management Plan.

5.5.1 The Association will maintain, repair and replace as necessary all Common Maintenance Areas (including Common Areas) and the Improvements installed pursuant to Section 5.1, to the extent the same benefit the Association and/or the Owners. Such areas shall be maintained in a good and workmanlike manner such as to render them fit for the purposes for which they are intended and in compliance with standards required by applicable agreements and governmental authorities, including, but not limited to, the WHFHMP.

5.5.2 The Board of Directors shall prepare, implement, review and update a maintenance plan (the “**Maintenance Plan**”) for the maintenance, repair and replacement of all property for which the Association has maintenance, repair or replacement responsibility under this Declaration, the Bylaws or the Oregon Planned Community Act. The Maintenance Plan shall describe the maintenance, repair or replacement to be conducted, include a schedule for maintenance, repair or replacement, be appropriate for the size and complexity of the maintenance, repair and replacement responsibility of the Association and address issues that include, but are not limited to, warranties and the useful life of the items of which the Association has maintenance, repair or replacement responsibility. The operating and reserve budgets of the Association shall take into account such costs. The Board of Directors shall review and update the Maintenance Plan as necessary.

5.5.3 The Association shall comply with all terms of the COL Agreement and the WHFHMP, including, without limitation, the hiring of a professional biologist to periodically audit compliance. Declarant shall assign its interest and obligations in the COL Agreement to the Association, and the Association shall assume such interest and obligations. All costs associated with the COL Agreement and WHFHMP shall be common expenses of the Association.

5.6 Prohibited Activities. Neither the Association nor any Owner shall conduct any of the following activities within any Common Maintenance Area or any Common Area: i) the removal or addition of any tree without the prior written approval of the Board except to the extent required to comply with the WHFHMP; ii) the removal or addition of any other vegetation without the prior written consent of the Board except to the extent required to comply with the WHFHMP; iii) the modification, grading, excavation, filling or other activities which would alter the topography or vegetative cover of any Common Maintenance Area or Common Area without the prior written consent of the Board; iv) the disposal or placement of any debris, refuse, soil, rock, landscape debris or other deleterious materials; v) parking, storage, repair, or disposal of any motor vehicle; vi) the burning of garbage, yard debris, or anything else, including fireworks; and vii) motor vehicle access (except on roads or roadways or as may be necessary for repairs or maintenance approved by the Board or in conjunction with maintenance of utilities). The prohibitions contained in this Section 5.6 shall not apply to the activities of Declarant or to any Lots owned by Declarant.

5.7 Landscape Maintenance. The Association shall maintain all unimproved Common Maintenance Areas in compliance with the WHFHMP, as applicable.

5.8 Use of Common Areas. Neither the Common Areas nor the Conservation Area shall be partitioned or otherwise divided into parcels for residential use, and no private structure

of any type (except utility or similar facilities permitted by Declarant or the Association) shall be constructed on the Common Areas or the Conservation Area. Except as otherwise provided in this Declaration, the Common Areas shall be reserved for the use and enjoyment of all Owners and no private use may be made of the Common Areas. No Owner shall place or cause to be placed on the Common Areas or Conservation Area any trash, structure, equipment, furniture, package or object of any kind. Nothing in this Declaration shall prevent the placing of a sign or signs upon the Common Areas or Conservation Area by Declarant or the Association identifying the Property or identifying trails or identifying items of interest, including traffic and directional signs, provided such signs are approved by the Architectural Review Committee and comply with any applicable sign ordinances. The Board shall have authority to abate or enjoin any trespass or encroachment upon the Common Areas or the Conservation Area at any time, by any reasonable means and with or without having to bring legal proceedings.

5.9 Conservation Areas. The area designated on the Plat as Conservation Area, which shall serve as a dedicated wildlife corridor which shall be managed as open space with a focus on the maintenance of wildlife habitat in accordance with the applicable provisions of the WHFHMP. No homes, structures or fencing may be constructed or maintained in the Conservation Area. Natural vegetation shall be preserved in the Conservation Area to provide cover or shelter and to facilitate the free movement of wildlife, subject to fire fuel reduction and invasive/noxious plant control to the extent consistent with purpose of providing wildlife habitat and the applicable requirements of the WHFHMP. No dogs shall be permitted in the Conservation Area except that dogs on a leash are permitted on any improved Bend Park and Recreation Department trail, in the location shown on the Plat, that provides access to Shevlin Park. Recreational activities will not be allowed within the Conservation Area except walking, hiking and biking on the improved Bend Park and Recreation Department trail that provides access through a Natural Area and the Conservation Area to Shevlin Park. Motorized vehicle use shall be prohibited within the Conservation Area except as needed for maintenance, property management and/or emergency or fire vehicle access.

5.10 Resource Management Corridors. The areas shown on the Plat as Resource Management Corridors are located within private Lots but are included as Common Maintenance Areas to be managed for wildlife habitat in accordance with the applicable provisions of the WHFHMP.

ARTICLE 6 – ARCHITECTURAL REVIEW

6.1 Architectural and Landscape Review Committee. A committee to be known as the Architectural Review Committee (the “ARC”) shall be established consisting of the number of members as determined by the Board, except that the ARC shall consist of not less than three (3) members. ARC members need not be members of the Association.

6.1.1 The members of the ARC shall be appointed, terminated and/or replaced by the Declarant until the earlier to occur of the following: (i) the date of expiration of the Initial Term of this Declaration; or (ii) the date on which Declarant records an instrument in the real property records of Deschutes County stating that it is turning over control of architectural review, including appointment of ARC members, to the Association, which shall occur no earlier than the date of the Turnover Meeting, but which may occur later than the date of the Turnover Meeting. Thereafter, the Board shall appoint the members of the ARC. After Declarant has turned over control of architectural review, members of the ARC may be terminated and/or replaced by the Board with or without cause. Individuals may serve as members of the Board and members of the ARC simultaneously.

6.1.2 The purpose of the ARC is to enforce the architectural and design standards of the community and to approve or disapprove plans for Improvements proposed for the Lots.

6.1.3 The ARC shall act by simple majority vote, and shall have the authority to delegate its duties or to retain the services of a professional engineer, architect, designer, landscaper, inspector or other person to assist in the performance of its duties. As required by the WHFHMP, the ARC shall engage the services of a certified fire professional to assist in assuring compliance with applicable requirements and standards of the WHFHMP for residential construction and the “zone” wildfire mitigation model (NFPA 1144).

6.1.4 At any time after Declarant has turned over control of the Architectural Review Committee to the Board pursuant to Section 6.1.1. above, any Owner adversely affected by action of the Architectural Review Committee may appeal such action to the Board. Appeals shall be made in writing within ten (10) days of the Architectural Review Committee’s action and shall contain specific objections or mitigating circumstances justifying the appeal. If the Board of Directors is already acting as the Architectural Review Committee, the appeal shall be treated as a request for a rehearing, in which case the Board shall meet and receive evidence and argument on the matter. A final, conclusive decision shall be made by the Board within thirty (30) working days after receipt of such notification.

6.1.5 No approval of the ARC required hereunder shall be valid unless and until the same is granted in writing.

6.2 Architectural Guidelines. The Declarant has adopted the initial **Skyline Ranch** Architectural Design Guidelines (the “**Design Guidelines**”). Subject to the requirement of compliance with the WHFHMP, amendments, modifications, or revisions to the Design Guidelines may be made by the Declarant, without the consent of anyone, prior to the date on which Declarant turns over control of the Architectural Review Committee pursuant to Section 6.1.1. Thereafter, the ARC shall have the sole authority to amend, modify, or revise the Design Guidelines provided the Design Guidelines remain in compliance with the WHFHMP. No such amendments, modifications, or revisions shall affect any prior ARC approval.

6.3 Scope of Review. No structure or Improvement shall be erected, altered or added onto or upon any portion of the Property without the prior written consent of the ARC, provided

however, that all Improvements erected, altered, or added onto by Declarant shall be exempt from the provisions of this Article 6. In addition, any portion of the Property that is dedicated to a governmental entity or dedicated or conveyed to a special district shall also be exempt from the provisions of this Article 6. The Design Guidelines shall include restrictions on, and ARC review shall include a review of, materials, colors, design, location and such other items as the ARC shall determine from time to time in its sole discretion.

6.4 Submission of Plans; Fee Schedule. Before the initiation of construction upon any Lot (including material changes to landscaping), the Owner thereof shall first submit to the ARC such documents and materials as may be required by the Design Guidelines in accordance with the procedure outlined in the Design Guidelines. Such submission shall include payment of the review fee payable pursuant to the ARC fee schedule established and amended from time to time (the "ARC Fee Schedule"). The ARC Fee Schedule shall be established, and may be amended from time to time, by Declarant in its sole discretion, until such time as Declarant has turned over control of the Architectural Review Committee to the Board pursuant to Section 6.1.1. above; thereafter, the ARC Fee Schedule shall be set or amended by the Board.

6.5 Committee Discretion. The Architectural Review Committee may, at its sole discretion, withhold consent to any proposed work if the Architectural Review Committee finds the proposed work would be inappropriate for the particular Lot or incompatible with the Design Guidelines. In reviewing each submission, the Architectural Review Committee may consider any factors it deems relevant, including, without limitation, harmony of external design with surrounding structures and environment. Decisions may be based on purely aesthetic considerations. Each Owner acknowledges that determinations as to such matters are purely subjective and opinions may vary as to the desirability and/or attractiveness of particular improvements. Considerations such as siting, shape, size, color, design, height, solar access, impairment of the view from other Lots within the Property or other effect on the enjoyment of other Common Areas or Common Maintenance Areas, disturbance of existing terrain and vegetation, wildlife protection and any other factors which the Architectural Review Committee reasonably believes to be relevant, may, but do not have to, be taken into account by the Architectural Review Committee in determining whether or not to consent to any proposed work.

6.6 NonConforming Structures. If there shall be a material deviation from the approved plans in the completed Improvements, such Improvements shall be in violation of this Article 6 to the same extent as if erected without prior approval of the ARC unless the Owner subsequently obtains ARC approval for such deviation, which approval may be granted or denied in the ARC's sole discretion. The ARC, the Association or any Owner may maintain an action at law or in equity for the removal or correction of the nonconforming structure and, if successful, shall recover from the Owner in violation all costs, expenses and fees incurred in the prosecution thereof, which, if incurred by the ARC and/or the Association, shall constitute an assessment against the applicable Lot(s).

6.7 Limitation of Liability. Neither Declarant, the Board, the Architectural Review Committee nor any member or manager of any of the foregoing shall be liable to any Owner, occupant, home 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 of the

Architectural Review Committee, provided only that the Architectural Review Committee or the member has, in accordance with the actual knowledge possessed by the Committee or Member, acted in good faith. Any such damages or expenses for which the Committee or any Member is liable and to which any Owner becomes entitled shall be a Common Expense. The standards and procedures established by this Article are intended as a mechanism for maintaining and enhancing the overall aesthetics of the Property; they do not create any duty to any person or entity. Review and approval of any application pursuant to this Article is made on the basis of aesthetic considerations only and the Architectural Review Committee shall not bear any responsibility for ensuring the structural integrity or soundness of approved construction or modifications, nor for ensuring compliance with building codes, solar ordinances, zoning codes and other governmental requirements, all of which are the sole responsibility of the applicant, nor for ensuring that all dwellings are of comparable quality, value, or size, or of similar design. Declarant, the Association, the Board, the ARC, any other committee, or member or manager of any of the foregoing shall not be held liable for soil conditions, drainage or other general site work, any defects in plans revised or approved hereunder, or any injury, damages, or loss arising out of the manner or quality of approved construction on or modifications to any Lot.

6.8 Limited Review. Any review and approval made by the ARC is limited to compliance with the intent of the architectural and design standards of the neighborhood as may from time to time be established by the ARC and/or the Design Guidelines. The review and approval made by the ARC is not to be construed as superseding, replacing, or modifying any review, approval, or permit required by any local, state or federal jurisdictional agencies. It is the applicant's responsibility to obtain and comply with any permits that may be required by any local, state, or federal jurisdictional agency. Nor shall any such review or approval by the ARC be deemed an assurance or statement of compliance with any applicable laws, ordinances or regulations.

6.9 Address for Notice. Requests for ARC approval or correspondence with the ARC shall be addressed to **Skyline Ranch** Architectural Review Committee, c/o Owner Relations Department, _____, Bend, OR 97701, or such other address as may be designated from time to time by the ARC in a writing addressed to all Owners. No correspondence or request for approval shall be deemed to have been received until actually received by the ARC in a form satisfactory to the ARC.

6.10 Effective Period of Consent. The Architectural Review Committee's consent to any proposed Improvement shall automatically be revoked eighteen months after issuance unless construction of the Improvement has been commenced or the Owner has applied for and received an extension of time from the Committee. Commencement of construction shall mean that the Owner must have physically commenced construction activity on the Lot in accordance with an issued building permit.

ARTICLE 7– EASEMENTS

7.1 Multiple Use Easements. As long as the Declarant owns a Lot, the Declarant hereby reserves the right to grant perpetual, nonexclusive easements for the benefit of Declarant or its designees, upon, across, over, through and under any portion of the Common Area and

Common Maintenance Area for ingress, egress, installation, replacement, repair, maintenance, use and operation of trails, and all utility and service lines and service systems, public and private, including, without limitation, fiber optic cables. Declarant, for itself and its designees, reserves the right to retain title to any and all pipes, lines, cables or other improvements installed on or in such easements. The Board shall also have the right to grant the easements described herein, subject to the approval of the Declarant so long as Declarant owns a Lot.

7.2 Declarant's Easement to Correct Drainage. Declarant hereby reserves for the benefit of Declarant (including its contractors and employees) a blanket easement, including a right of entry, on, over and under the ground within the Property to maintain and correct drainage of surface waters and other erosion controls in order to maintain reasonable standards of health, safety and appearance and shall be entitled to remove trees or vegetation, without liability for replacement or damages, as may be necessary to provide adequate drainage facilities. Notwithstanding the foregoing, nothing herein shall be interpreted to impose any duty upon Declarant to correct or maintain any drainage facilities within the Property.

7.3 Easement for Unintentional Encroachment. The Declarant hereby reserves an exclusive easement for the unintentional encroachment by any structure upon the Common Area caused by or resulting from, construction, repair, shifting, settlement or movement of any portion of the Property, which exclusive easement shall exist at all times during the continuance of such encroachment as an easement appurtenant to the encroaching property to the extent of such encroachment.

7.4 Easements for Maintenance, Emergency, and Enforcement. Declarant grants to the Association easements over the Property as necessary to enable the Association to fulfill its maintenance responsibilities. The Association shall also have the right, but not the obligation, to enter upon any Lot (including any dwelling thereon) for emergency, security, and safety reasons, to perform maintenance and to enter any portion of the Lot other than the dwelling located thereon to inspect for the purpose of ensuring compliance with and enforce the Declaration, including by taking corrective actions that the Owner has failed to take. Such right may be exercised by any member of the Board and the ARC, any duly authorized agents and assignees of the Association, and all emergency personnel in the performance of their duties. Except in an emergency situation, entry shall only be during reasonable hours and after not less than 24 hours prior written notice to the Owner. Entry upon the Lot as provided herein shall not be deemed a trespass, and neither the Association nor the ARC shall be liable for any damage so created unless such damage is caused by the Association's or the ARC's willful misconduct or gross negligence.

7.5 Adjacent Common Maintenance Areas. The Owner of any Lot which adjoins or includes any Common Maintenance Areas shall, if the Association elects from time to time to so require, permit the Association to enter upon the Lot to perform the maintenance of such Common Maintenance Areas. The Owner and Occupant of each Lot shall be responsible for controlling such Owner's or Occupant's pets so as to not harm or otherwise disturb persons performing such maintenance on behalf of the Association.

7.6 Utility Easements. Easements for the benefit of Declarant and the Association for installation and maintenance of utilities and drainage facilities are reserved over portions of certain Lots, Common Areas and Common Maintenance Areas as shown on the Plat or as otherwise reserved in any recorded document. Within the easements, no structure, planting or other material shall be placed or permitted to remain which may damage or interfere with the installation or maintenance of utilities, or which may change the direction of flow of drainage channels in the easements, or which may obstruct or retard the flow of water through drainage systems, or in drainage infiltration facilities.

7.7 Utility Inspection and Repairs. Each utility service provider and its agents or employees shall have authority to access all Lots, but not Units constructed thereon, and the Common Areas and Common Maintenance Areas, on which communication, power, gas, drainage, sewage or water facilities may be located for the purpose of installing, operating, maintaining, improving or constructing such facilities, reading meters, inspecting the condition of pipes and facilities, and completing repairs. The Owner of any such Lot will be given advance notice if possible. In the case of an emergency, as determined solely by the utility service provider, no prior notice will be required.

7.8 Reserved Easements. Easements for installation and maintenance of utilities and/or buffers with adjacent property are reserved as may be shown on the Plat, any subsequent plat of the Property, or other recorded document. Within these easement areas, no structure, planting or other material shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities, or which would violate the terms of the easements as described on the Plat or other recorded document. The easement area of each Lot and all improvements contained therein shall be maintained continuously by the Owner of the Lot, except for those improvements for which a public authority, utility company or the Association is responsible. In addition, the Declarant hereby reserves an easement in favor of the Association to permit maintenance, repair and replacement of sidewalks, utilities serving Common Maintenance Areas and all other Common Maintenance Areas, as deemed reasonably necessary by the Board.

7.9 Temporary Completion Easement. Until the Turnover Meeting, all Lots that have not been improved with a Unit shall be subject to an easement of ingress and egress for the benefit of the Declarant, its employees, subcontractors, successors and assigns, over and upon the area outside of the Building Envelope on such Lot as may be expedient or necessary for the construction, servicing and completion of dwellings and landscaping upon Lots adjacent to the unimproved Lot, provided that the unimproved Lot is returned to substantially the condition that existed prior to entry.

7.10 Future Easements. Declarant reserves the non-exclusive right and power to grant and record such specific easements as may be necessary, in the sole discretion of Declarant, in connection with the development of any of the Property. The location of any such easement shall be subject to the written approval of the Owner of the burdened property, which approval shall not unreasonably be withheld, delayed or conditioned.

7.11 Fire Suppression/Maintenance Easement. An easement is hereby granted and reserved in favor of the Association and its successors, assigns, contractors, property managers, agents and employees over, under, across and upon the Common Areas and any Common Maintenance Area for the purpose of vehicular and pedestrian ingress and egress for fire fuel reduction, which includes the right to thin and remove trees, brush and other vegetation, and for the installation, replacement, repair, maintenance, use and operation of one or more fire suppression systems, methods or treatments and for purposes of accomplishing the maintenance, repair, replacement or other obligations of the Association hereunder. The foregoing includes, without limitation, an easement over each Lot to permit the Association to maintain, install and/or replace any vegetation or other landscaping in such areas. It also includes an easement over individual Lots to permit maintenance, repair and replacement of sidewalks, fences or other Improvements designated as Common Maintenance Areas.

ARTICLE 8 – USE, OCCUPANCY, AND CASUALTY

8.1 Residential Use. Lots and Units shall only be used for residential purposes. Except with the consent of the Board, no trade, craft, business, profession, commercial or similar activity of any kind shall be conducted on any 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 Lot. The mere parking on a Lot of a vehicle bearing the name of a business shall not, in itself, constitute a violation of this provision. Nothing in this paragraph shall be deemed to prohibit (a) activities relating to the rental or sale of Units, (b) the right of Declarant, or any contractor or home builder with the prior written approval of Declarant, to construct Improvements on any Lot, to store construction materials and equipment on such Lots in the normal course of construction, and to the extent expressly approved by Declarant in writing to use Units as sales offices or model homes for purposes of sales in **Skyline Ranch**, and (c) the right of the Owner of a Lot to maintain his or her professional personal library, keep his personal business or professional records or accounts, handle his or her personal business or professional telephone calls or confer with business or professional associates, clients or customers, in his or her Unit by appointment only. The Board shall not approve commercial activities otherwise prohibited by this paragraph unless the Board determines that only normal residential activities would be observable outside of the Unit (which activities may be specified in rules and regulations adopted by the Board) and that the activities would not be in violation of applicable governmental ordinances.

8.2 Timesharing or Fractional Interest Ownership Prohibited. No Unit in Skyline Ranch shall be used as a Timeshare as that term is defined in ORS 94.803 or successor statute. No Owner of a Unit or any of several Units within **Skyline Ranch** shall receive a right to occupy such Unit or any of several Units during three or more separate time periods over a period of at least three years, including renewal options, whether or not coupled with an estate in land, and any such attempted conveyance shall be void; provided, however, this restriction shall not be interpreted to prevent joint ownership of Lots and Units not including such exclusive use periods.

8.3 Rental of Units. No Owner of a Lot may rent his or her Unit to any person or persons for transient occupancy; provided, however, an Owner shall be entitled to rent or lease his/her Unit, or portion thereof, if:

8.3.1 Written Rental Agreements Required. There is a written rental or lease agreement specifying that: (i) the tenant shall be subject to all provisions of the Declaration, the Bylaws and the rules and regulations, and (ii) failure to comply with any provision of the Declaration, the Bylaws or the rules and regulations shall constitute a default under the rental agreement;

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

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

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

8.4 Casualty. In the event of damage to or destruction of a Unit, the Owner of the Unit shall repair, reconstruct, and rebuild the damaged or destroyed portions of the Unit to substantially the same condition that existed prior to the damage or destruction or consistent with such plans and specifications as are approved in accordance with Article 6 of this Declaration. Alternatively, the Owner shall promptly clear the Lot of all debris and ruins and maintain the Lot consistent with the terms of Section 10.14. All repair, reconstruction, or rebuilding shall begin within six (6) months following the damage or destruction, and shall be diligently pursued to completion within eighteen (18) months following the damage or destruction (or within such other schedule as is established by the ARC in writing), unless work is delayed by causes beyond the reasonable control of the Owner. If an Owner fails to timely repair such damage or clear the Lot, the Association shall have all rights of enforcement and remedies set forth under this Declaration. The ARC shall have the right to extend the deadlines contained in this Section 8.4 if it deems the same reasonable under the circumstances; provided, however, in no event may any Owner leave his or her Unit or Lot in a condition that poses a health or safety hazard.

ARTICLE 9– PROPERTY RIGHTS

9.1 Owner's Use and Occupancy. The Owner of a Lot in the Property shall be entitled to the exclusive use and benefit of such Lot, except as otherwise expressly provided in this Declaration, but the Lot shall be bound by and each Owner and Declarant shall comply with the restrictions contained in Article 10 below and all other provisions of this Declaration for the mutual benefit of all Owners.

9.2 Owners' Easements of Enjoyment. Every Owner shall have a right and easement in and to the Common Areas and a right and easement of ingress and egress to, from

and through said Common Areas, and such easement shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

9.2.1 The right of the Association to establish and publish rules and regulations governing **Skyline Ranch**, including use of the Common Areas, affecting the welfare of Association members.

9.2.2 The right of the Association (subject to such notice and/or hearing requirements as may be imposed by applicable law) to suspend the right of use of the Common Areas and the voting rights of an Owner for any period during which any Assessment against the Lot remains unpaid or during which such Owner is otherwise in material breach hereunder; and for a period not to exceed sixty (60) days for any infraction of its published rules and regulations.

9.2.3 The right of the Association, subject to the provisions hereof, to dedicate or transfer all or any part of the Common Areas, if any, to any public agency, authority or utility for public right-of-way purposes. Any other transfer or mortgage of Common Areas requires the consent of at least eighty percent (80%) of the Class A Member votes, and the consent of the Class B Member.

9.2.4 All easements herein described are easements appurtenant to and running with the land; they shall at all times inure to the benefit of and be binding upon the undersigned, all of their grantees, and their respective heirs, successors, personal representatives and assigns, perpetually and in full force.

9.3 Effect of Declaration. Reference in any deed, mortgage, trust deed or any other recorded documents to the easements, restrictions and covenants herein described or to this Declaration shall be sufficient to create and reserve such easements and covenants to the respective grantees, mortgagees, or trustees of said parcels as fully and completely as if those easements, restrictions and covenants were fully related and set forth in their entirety in said documents.

9.4 Rezoning Prohibited. Unless the Property subject to this Declaration or any Declaration of Annexation is brought inside the City of Bend Urban Growth Boundary, no Lot shall be rezoned without the prior written consent of the Board and of the Declarant so long as Declarant owns a Lot, which may be withheld in the Board's or Declarant's sole discretion, as applicable. Declarant or the Board may enforce this covenant by obtaining an injunction against any non-approved rezoning at the expense of the enjoined party.

9.5 Lot Consolidation and Division. An Owner may consolidate multiple Lots he or she owns, provided, however, the same is first approved by Deschutes County and then the ARC has approved the design plan for the Unit. Unless the Property subject to this Declaration or any Declaration of Annexation is brought inside the City of Bend Urban Growth Boundary, no Lot may be partitioned or subdivided, whether or not such Lot was previously consolidated. No Lots shall adjust property lines unless the same is first approved by the ARC and the Class B Member. Notwithstanding the foregoing, so long as there is at least one Class B Member, Declarant shall

have the right to consolidate and/or subdivide Lots within **Skyline Ranch**, and/or adjust their property lines, provided no Lot is less than two and a half (2.5) acres in size, subject to applicable Deschutes County Ordinances, without first obtaining the consent of the ARC. Upon the completion of a subdivision of a Lot, each newly created parcel shall immediately constitute a Lot and the owner of fee title thereof shall become an Owner with all of the rights granted to Owners hereunder. Upon the completion of a subdivision of a Lot, each newly created Lot shall be entitled to the voting rights as set forth in Section 2.3, and subject to Assessments set forth in Article 3. Upon the completion of a consolidation of multiple Lots, the newly created Lot shall be treated as the original number of Lots for voting and assessment purposes.

9.6 Drainage Alteration Prohibited. The surface water drainage contours of each Lot shall conform to the approved grading plan established by the Declarant or the ARC. No Owner shall fill or alter any drainage swale established by the Declarant, nor shall any Owner install landscaping or other improvements that divert surface water runoff from the drainage patterns, swales and easements established by the Declarant or ARC. Each Owner shall take steps to assure that its Lot has adequate drainage and does not cause runoff to be directed into the streets, multi use pathways or onto any adjacent property.

9.7 Damage or Destruction By Owner. In the event the need for maintenance or repair of a Common Maintenance Area is caused by the willful or negligent act or omission of an Owner, his or her family, tenants, guests or invitees, the costs of such maintenance and repair may, in the discretion of the Board of Directors, be charged to the Owner as an Individual Assessment.

ARTICLE 10– USE RESTRICTIONS/DEVELOPMENT STANDARDS

10.1 Structures Permitted. No structures shall be erected or permitted to remain on any Lot except structures containing a single detached Unit and structures normally accessory thereto including detached accessory buildings for enclosed vehicle and other storage and including not more than one (1) accessory dwelling unit, all of which shall have first been approved by the Architectural Review Committee pursuant to Article 6 above.

10.2 Completion of Improvements. Construction of a Unit must be completed, including painting and all exterior finish, within twenty-four (24) months from the start of construction. "Start" of construction means that the Owner has physically commenced construction activity on the Lot in accordance with an issued building permit. "Complete" means obtaining certificate of final inspection from Deschutes County. In the event of undue hardship due to weather conditions or other causes beyond the reasonable control of the Owner, this time period may be extended for a reasonable length of time upon prior written approval from the Architectural Review Committee.

10.3 Landscaping Completion. Landscaping plans for each Lot shall be submitted to the Architectural Review Committee and shall be in compliance with the WHFHMP and other guidelines as may be established by the Architectural Review Committee from time to time. The approved landscaping must be completed not later than ninety (90) days from completion of the

Unit. In the event of undue hardship due to weather conditions, this provision may be extended for a reasonable length of time upon written approval of the Architectural Review Committee.

10.4 Exterior Lighting. All exterior lighting shall be subject to approval of the Architectural Review Committee. Seasonal holiday lighting and decorations are permissible if consistent with any applicable rules and regulations and if installed not more than thirty (30) days before and removed within thirty (30) days after the celebrated holiday. The Association and Architectural Review Committee may regulate the shielding or hours of use of lighting in order to reduce annoyance to neighboring properties.

10.5 Offensive or Unlawful Activities. No noxious or offensive activities shall be carried on upon any Lot, nor shall anything be done or placed on any Lot that interferes with or jeopardizes the enjoyment of other Lots or the Common Areas or Common Maintenance Areas, or that is a source of annoyance to occupants. No unlawful use shall be made of a Lot nor any part thereof, and all valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction thereof shall be observed. Owners and other Occupants shall not engage in any abusive or harassing behavior, either verbal or physical, or any form of intimidation or aggression directed at other Owners, Occupants, guests, or invitees, or directed at the managing agent, its agents or employees, or vendors. To the greatest extent permitted by applicable law the operation of unmanned aerial vehicles or unmanned aerial systems (commonly referred to as drones) is prohibited on or over the Property. No hunting, trapping, discharge of firearms, or use of fireworks is permitted on or over the Property.

10.6 Recreational Equipment. Playground, athletic or recreational equipment or structures, including without limitation, basketball backboards, hoops and related supporting structures, may only be placed, installed or utilized on any Lot if so approved by the Architectural Review Committee. No such equipment or structures may be placed on pathways, trails or roadways at any time. Such equipment shall be limited to that which is appropriate for use in conjunction with a single family residence in terms of size, layout and intensity of use. No facilities for motorized recreation including but not limited to go-cart or motorcycle tracks may be installed or utilized on any Lot.

10.7 Temporary Structures. No structure of a temporary character, including, without limiting the generality thereof, any trailer, tent, shack, garage, barn, or mobile home or other outbuilding, and no prefabricated or relocated structure shall be used on any Lot at any time as a residence, either temporarily or permanently. This restriction shall not be interpreted to limit the right of Declarant to use trailers or outbuildings as sales offices, construction offices, material storage facilities, or sanitation facilities.

10.8 Signs. Except as permitted in this Section 10.8, no sign or emblem of any kind may be kept or placed upon any Lot or mounted, painted or attached to any Unit or other Improvement upon such Lot or carried by any person or by any other means displayed within the Property except with the written approval of the ARC. Notwithstanding the foregoing, "for sale" signs shall be permitted on a Lot provided the same complies with ARC design standards, and political signs that comply with any ARC rules regulating the size and number of such signs may be placed on a Lot no earlier than thirty (30) days prior to an election date and must be removed

within two (2) days following the election. No “for rent” signs shall be permitted on a Lot at any time. In addition, until the Turnover Meeting, Declarant may erect signs or billboards, and at any time, Declarant or the Association shall have the right to erect signs or monuments that identify **Skyline Ranch**, in either case without the need for ARC approval. This Section 10.8 shall not be construed to prohibit flags; flags shall be subject to such restrictions and/or prohibitions as may be contained in the Design Guidelines and/or the rules and regulations.

10.9 Campers, Boats, Recreational Vehicles, Certain Trucks, Commercial Vehicles, and other Non-Passenger Vehicles. No campers, boats, boat trailers, recreational vehicles, motor homes, commercial vehicles, trucks weighing more than 10,000 pounds GVW, or other types of non-passenger vehicles, vehicles that are not currently licensed and operable, equipment, implements, or accessories shall be kept or stored on any Lot for more than seventy-two (72) hours or such other period as may be permitted pursuant to the Association rules and regulations except (i) on a temporary basis with the Board’s approval, or (ii) as provided below:

10.9.1 Except to the extent the same is enclosed within an approved accessory structure or is otherwise screened from public view and from the view from adjacent property (including adjacent Lots, Common Areas, Common Maintenance Areas, and public rights of way), no recreational vehicles, motor homes, disabled vehicles, campers, boats, boat trailers, recreational trailers, or other types of non-passenger vehicles, equipment, implements, or accessories shall be parked or stored on or adjacent to any Lots. In the event of a dispute as to whether there is adequate screening for purposes of this Section 10.9, the determination of the ARC shall be definitive.

10.9.2 The ARC, as designated in this Declaration, shall have the absolute authority to determine from time to time whether a vehicle, equipment, implements and/or accessory is operable and adequately screened from public view and from the view from any portion of the Property other than the applicable Lot. Upon an adverse determination by said ARC, the vehicle and/or accessory shall be removed and/or otherwise brought into compliance with this Section 10.9.

10.9.3 No dismantling or assembling of motor vehicles, boats, trailers, recreational vehicles, or other machinery or equipment shall be permitted in the streets within the Property, or in any driveway or yard adjacent to a street, or that is not screened from public view and from the view from any portion of the Property other than the applicable Lot.

10.10 Pets, Livestock and Poultry. No animals, livestock, poultry, or insect of any kind shall be raised, bred or kept on any Lot, except for a reasonable number of generally recognized household pets that are not kept, bred, or raised for commercial purposes and which are reasonably controlled so as not to be a nuisance. In the event of a dispute, the Board shall make the final decision as to what constitutes “recognized household pets” and “a reasonable number” under particular circumstances. All such animals shall be kept in strict accordance with all applicable laws and ordinances (including leash laws) and in accordance with all rules established by the Association. No animal shall be allowed to roam the Common Area, and all pets shall be kept on a leash or under Owner control while outside a Lot. Any animal enclosures shall be constructed in accordance with plans approved by the ARC, shall be of reasonable

design and construction to adequately contain such animals in accordance with the provisions hereof, and shall be subject to the ARC approval. Each Owner is solely responsible for his or her animals, shall assure that such animals do not create a nuisance or otherwise damage any portion of the Property, and shall clean up after such animals.

10.11 Garbage and Refuse Disposal; Wood and Propane Storage. No Lot, Common Area or any other portion of **Skyline Ranch** shall be used or maintained as a dumping ground for rubbish. Compost, recycling, trash, garbage or waste shall not be kept, or disposed of, on any Lot or Common Area except in sanitary containers. All equipment for the storage or disposal of such material shall be kept in a clean and sanitary condition. No cans, bags, containers or receptacles for the storing or disposal of compost, trash, garbage, refuse, rubble, debris, or recyclable materials shall be stored, kept, placed or maintained on any Lot where visible from any street or neighboring Lot except solely on a day designated for removal of garbage, rubbish, or recyclable materials, and on which days only such cans, bags, containers, and receptacles may be placed in front of a residence and beside a street for removal, but shall be removed from view before the following day. All screening shall be of an attractive nature, consistent with the overall development scheme of **Skyline Ranch**. Firewood is not permitted to be stored on any Lot within thirty (30) feet of any Unit unless it is in an enclosed, fire-resistant structure. Propane is not permitted to be stored on any Lot except that (a) propane tanks with a capacity of not more than five (5) gallons are permitted for use with outdoor gas grills and portable gas heaters or fireplaces within thirty feet of a Unit, and (b) propane tanks mounted on a camper, motorhome, trailer, recreational vehicle or passenger vehicle to provided fuel to such vehicle are permitted subject to the limitations on parking and storing such vehicles set forth in Section 10.9 above.

10.12 Parking in Common Areas/No Parking Signage. No vehicles, trailers, implements or apparatus may be driven or parked in the Common Areas or Common Maintenance Areas, or on any easement unless in use for maintaining such Common Areas or Common Maintenance Areas, provided however, that this restriction shall not apply to driveways, streets or paved areas intended for vehicular use. In addition, parking of vehicles is prohibited on any public or private street within the Property that is signed or otherwise marked for "No Parking" by the Association or a governmental authority. The Association shall have the right to tow any vehicles in violation of this Section 10.12 at the vehicle owner's expense.

10.13 Detached Buildings. No detached accessory buildings, including, but not limited to, detached garages and storage buildings, shall be erected, placed or constructed upon any Lot without the prior written consent of the ARC. Every detached accessory building, including but not limited to such structures as storage buildings, greenhouses, animal enclosures, or children's playhouses shall be compatible with the dwelling to which it is appurtenant in terms of its design and material composition and consistent with the Design Guidelines.

10.14 Unimproved Lot Maintenance. All unimproved Lots shall be kept in a neat and orderly condition, free of brush, vines, weeds and other debris, and all trees, shrubs and grass thereon shall be pruned, cut or mowed, as applicable, to prevent creation of a nuisance or fire hazard and to be in compliance with the Wildfire Protection Management Plan.

10.15 General Landscaping and Exterior Maintenance. Each Lot Owner shall keep all shrubs, trees, grass, and plantings of every kind on his or her Lot cultivated, pruned, free of trash, and other unsightly material. Each Lot Owner shall keep all Improvements upon his or her Lot in good condition and repair and adequately painted or otherwise maintained.

10.15.1 The initial landscaping, as well as all subsequent material changes to such landscaping, shall be subject to final approval by the ARC. All installed landscaping shall remain fully irrigated unless otherwise approved by the ARC and shall be maintained by Owner in strict compliance with the WHFHMP.

10.15.2 Except in the case of imminent threat of harm to persons or Improvements or as may be deemed advisable by the Association, the removal of trees shall require the prior written approval of the ARC. All tree removal shall comply with applicable laws and ordinances.

10.16 Wildfire Protection. Each Owner shall comply with the provisions of the WHFHMP as are applicable to his or her Lot. Although the Association will take enforcement action against an Owner who fails to comply with the WHFHMP, the Association shall have no liability for (i) a failure to take action against a non-compliant Owner; or (ii) the failure of an Owner to comply with the WHFHMP.

10.16.1 Landscaping. All installed and native landscaping on Lots and Common Areas shall be designed, constructed and maintained to standards established in the WHFHMP, which standards are based on the “zone” wildfire mitigation model recognized by Firewise and NFPA 1144- 2013 Standard for Reducing Structure Ignition Hazards from Wildland Fire (NFPA 1144). Standards applicable to residential properties are contained in the Design Guidelines.

10.16.2 Residential Construction. All residential construction on Lots shall be designed, constructed and maintained to the standards established in the Design Guidelines and WHFHMP, which are based on applicable standards from NFPA 1141-2012 Standard for Fire Protection Infrastructure for Land Development in Wildland, Rural and Suburban Areas (NFPA 1141) and NFPA 1144, provided however that (i) the installation of residential sprinkler systems shall not be required for any dwelling located on the Property, and (ii) the Association shall not be required to conduct any independent testing of materials.

10.17 Wildlife Protection. Each Owner shall comply with such provisions of the WHFHMP as are applicable to his or her Lot. The harassment, capturing, trapping, injuring, or killing of wildlife within the Property is expressly prohibited, except when reasonably necessary to avoid an imminent threat of personal injury or death to any person or except when reasonably necessary to protect property from damage by rodents or other pests and then only to the extent permissible under applicable laws. The feeding of wildlife or leaving salt blocks out for big game is also expressly forbidden.

10.18 Antennae, Satellite Dishes. No Owner may erect or maintain a television or radio receiving or transmitting antenna, satellite dish or similar implement or apparatus upon any Lot

unless such apparatus is erected and maintained in such a way that it is screened from the view from any portion of the Property other than the applicable Lot; and no such apparatus shall be erected without the prior written consent of the ARC. The ARC, as designated in this Declaration, shall have the absolute authority to determine whether an accessory is adequately screened. The authority of the ARC in this matter shall be subject to any regulations issued by the Federal Communications Commission ("FCC") or any other applicable governmental authority.

10.19 Clothes Hanging Devices. Clothes hanging devices exterior to a dwelling shall be temporary, unaffixed structures and shall not be visible from adjacent property or any portion of the Property. Clothes hanging devices shall be screened from public view and from the view from any portion of the Property other than the applicable Lot.

10.20 Fences. No fences or boundary hedges shall be installed on a Lot without prior written approval of the Architectural Review Committee. Owners must locate surveyor's pins marking boundary corners before construction of any permitted fences. The following general fencing types will be allowed within **Skyline Ranch**, subject to approval by the ARC:

10.20.1 **Boundary Fencing.** Except as provided herein, no perimeter fencing is allowed on Lots; provided, however, a wood split rail fence will be permitted on a Lot property line and where the Lot abuts Common Area. For any such property line fencing, the distance between the ground and the bottom strand of board of the fence shall be at least fifteen (15) inches and the top rail of the fence shall not exceed thirty six (36) inches above ground level. Invisible fencing will also be an acceptable boundary fence material. To the extent that the Declarant or the Association installs a split rail fence on a Lot property line that abuts Common Area (including land owned by governmental agencies or special districts) the Owner of that Lot shall maintain, repair and replace such fence in good condition and repair at all times.

10.20.2 **Privacy Fencing.** Fencing, subject to design specifications contained in the Design Guidelines, may be constructed on the Lot provided it connects to the Unit or other Improvements located on the Lot and doesn't exceed five (5') feet in height from ground level. The total enclosed area is subject to ARC approval.

Notwithstanding the foregoing, the Declarant, or the Association with approval of Declarant during the Development Period, may in its sole discretion install fences or boundary hedges on Common Areas within **Skyline Ranch**, subject to applicable governmental restrictions.

10.21 Security. Neither Declarant nor the Association shall be responsible for security of the Common Maintenance Areas (including the Common Areas) or any Unit or Lot, and the Owners are exclusively responsible for their own security and the security of their Units, Improvements, Lots and property. The Association may elect to, but shall not be required to, provide security features, such as security guards, patrols and/or security cameras within **Skyline Ranch**. The provision of such security features shall not, in any event, be construed to obligate the Association to provide security for **Skyline Ranch** nor shall it subject the Association to

liability for any failures of such security features. By acceptance of a deed, each Owner specifically agrees to the terms of this Section 10.21.

10.22 Construction Activities. This Declaration shall not be construed so as to unreasonably interfere with or prevent normal construction activities during the construction or remodeling of or making of additions to Improvements by a Lot Owner (including Declarant) upon any Lot within the Property. Specifically, no such construction activities shall be deemed to constitute a nuisance or a violation of this Declaration by reason of noise, dust, presence of vehicles or construction machinery, posting of signs or similar activities, provided that such construction is pursued to completion with diligence and conforms to usual construction practices in the Deschutes County area. In the event that construction upon any Lot does not conform to usual practices in the area as determined by the ARC in its sole determination, the ARC shall have the authority to obtain an injunction to stop such construction. In addition, if during the course of construction upon any Lot, there is excessive accumulation of debris of any kind which is offensive, or detrimental to it or any other portion of the Property, then the ARC may contract for or cause such debris to be removed, and the Owner shall be liable for all expenses incurred in connection therewith as an Individual Assessment. Each Owner shall assure that his or her contractor(s) shall strictly comply with such construction rules and regulations as may be set forth by the ARC and/or the Board from time to time, which may include, without limitation, restrictions on the times and days that construction activities may be performed.

10.23 Unit Construction. All buildings or other Improvements, permanent or temporary, habitable or uninhabitable, must be constructed, placed and maintained in conformity with such setback standards as may be imposed by the local governmental jurisdictional authority, as may be set forth in the deed for a particular Lot and/or as may be established by the ARC from time to time.

10.24 ARC Supervisory Authority Over Construction Activities. All construction activities on the Property, including, without limitation, staging, shall be governed by the ARC and such guidelines, rules and regulations as it may promulgate from time to time. The foregoing is intended and shall be construed to give the ARC the right, but not the obligation, (i) to provide supervision of construction activities; and (ii) to enforce Design Guidelines and ARC adopted rules and regulations.

10.25 Traffic Regulations. The Association may promulgate, administer and enforce reasonable rules and regulations governing vehicular and pedestrian traffic, including reasonable safety measures and speed limits. Vehicular and pedestrian traffic includes but is not limited to motor vehicles, trailers, bicycles, skateboards and roller skates. The Association shall be entitled to enforce such provisions by establishing such enforcement procedures as it deems appropriate, including levying fines for the violation thereof, as long as such procedures are consistent with the Declaration and Bylaws. Only drivers licensed to operate motor vehicles shall operate any type of motor vehicle within **Skyline Ranch**. All vehicles of any kind which are operated within **Skyline Ranch** shall be operated in a careful, prudent, safe and quiet manner and with due consideration for the rights of all Owners.

ARTICLE 11 - ANNEXATION

11.1 Annexation by Declarant. At any time during the Term of this Declaration, the Declarant may, at its sole option, annex additional property into the Association to be subject to the terms hereof to the same extent as if originally included herein and subject to such other terms, covenants, conditions, easements and restrictions as may be imposed thereon by Declarant. Declarant currently anticipates that there will be a total of approximately 100 Lots in the approximately 378 acre master-planned community of **Skyline Ranch** depicted on Exhibit D attached hereto, including the Lots listed in Exhibit A, and Lots expected to be created in property to be annexed to **Skyline Ranch**, but this number may be adjusted at the sole discretion of Declarant, subject to the terms of Section 11.1.1 and provided that in no event shall the number of Lots in the 378 acre master-planned community of **Skyline Ranch** exceed 100. Declarant shall have no obligation of any kind to annex any additional property to the Property.

11.1.1 Eligible Property. Any or all of the real property in Deschutes County, Oregon included in the Master Plan and Tentative Plan approved in Deschutes County File Nos. 247-20-000004-TP, 247-20-000005-MP and any real property adjacent to ("adjacent" property shall include property on the other side of a public right of way, a public or private street or a river) or contiguous with such real property shall be eligible for annexation. There is no limitation on the amount of land that Declarant may annex to **Skyline Ranch**, or the right of Declarant to annex common property, except as may be established by applicable ordinances, agreements, or land use approvals or as set forth herein.

11.1.2 Consent or Joinder Not Required. No consent or joinder of any Class A member or other party except the record owner of the land being annexed shall be necessary to effect any annexation made pursuant to this Section.

11.1.3 Declaration of Annexation. Annexation shall be evidenced by a written declaration of annexation (the "**Declaration of Annexation**") executed by the Declarant, or in the case of an annexation by action of members by the Board and the owners of the property being annexed, setting forth the legal description of the property being annexed and any additional covenants, conditions and restrictions to be applied to such annexed property. Notwithstanding any provision apparently to the contrary, a Declaration of Annexation with respect to any annexed property may:

- (a) establish such limitations, uses, restrictions, covenants and conditions with respect thereto as Declarant may deem to be appropriate for the development of the annexed property;
- (b) establish additional or different limitations, uses, restrictions, covenants and conditions as Declarant may deem to be appropriate for the development of such annexed property; and/or
- (c) contain provisions necessary or appropriate to comply with any condition, requirement, or imposition of any governmental or regulatory authority.

Without limitation of the meaning of the foregoing provisions of this Section 11.1, in any Declaration of Annexation Declarant may, but shall not be obligated to, establish easements particular to different Lots and common property and/or to create any such sub-associations as it may elect.

11.1.4 Voting Rights; Allocation of Assessments. Upon annexation, additional Lots so annexed shall be entitled to the voting rights as set forth in Section 2.3. The formula to be used for reallocating the common expenses if additional Lots are annexed and the manner of reapportioning the common expenses if additional Lots are annexed during a fiscal year are set forth in Section 3.4.

11.2 Annexation by Action of Members. At any time the Board may request approval of the membership for the annexation of additional property into the Association to be subject to all of the terms of this Declaration to the same extent as if originally included herein. No such annexation shall be effective unless approved by at least seventy-five percent (75%) of the voting rights and by Declarant so long as Declarant owns at least one (1) Lot. Any property that is contiguous to existing property subject to this Declaration may be annexed hereto according to the foregoing requirements, provided however, that no such annexation shall be effective without the consent and joinder of the owners of the property to be annexed. Such annexation must be evidenced by a Declaration of Annexation as set forth in Subsection 11.1.3 above executed by the parties herein described.

11.3 No Duty to Annex. Nothing herein contained shall establish any duty or obligation on the part of the Declarant or any member to annex any property into the Association and no owner of property excluded from the Association shall have any right to have such property annexed thereto.

ARTICLE 12– ENFORCEMENT

12.1 Violation of General Protective Covenants. In the event that any Owner constructs or permits to be constructed on his Lot an Improvement contrary to the provisions of this Declaration, or violates any provisions of the Governing Documents, then the Association acting through the Board shall notify the Owner in writing of any such specific violations. If the Owner is unable, is unwilling, or refuses to comply with the Association's specific directives for remedy or abatement, or the Owner and the Association cannot agree to a mutually acceptable solution within the framework and intent of this Declaration, after notice and opportunity to be heard and within fifteen (15) days after issuing written notice to the Owner, then the Association acting through the Board, shall have the right to do any or all of the following:

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

12.1.2 Enter the offending Lot and remove the cause of such violation, or alter, repair or change the item which is in violation of this 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 operating fund as an Individual Assessment, provided that no items of construction shall be altered or demolished in the absence of judicial proceedings;

12.1.3 Cause any vehicle parked in violation of this Declaration or the rules and regulations to be towed and impounded at the Owners' expense;

12.1.4 Suspend the voting rights, any utility services paid for out of Assessments and the right to use the Common Areas for the period that the violations remain unabated, provided that the Association shall not deprive any Owner of access to and from his Lot in the absence of a foreclosure thereof or court order to such effect; and

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

12.2 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 at the rate set forth below. In such event the Association may exercise any or all of the following remedies:

12.2.1 The Association may suspend such Owner's voting rights, any utility service paid for out of Assessments and right to use the Common Areas until such amounts, plus other charges under this Declaration, are paid in full and may declare all remaining periodic installments of any Assessment immediately due and payable. In no event, however, shall the Association deprive any Owner of access to and from the Owner's Lot in the absence of a foreclosure thereof or court order to such effect.

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

12.2.3 The Association may bring an action to recover a money judgment for unpaid Assessments under this Declaration without foreclosing or waiving the lien described in paragraph 12.2.2 above. Recovery on any such action, however, shall operate to satisfy the lien, or the portion thereof, for which recovery is made.

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

12.3 Interest, Late Charges and Expenses. Any amount not paid to the Association when due in accordance with this Declaration shall bear interest from the due date until paid at a rate that is the greater of eighteen percent (18%) per annum or three percentage points per annum above the prevailing Portland, Oregon prime rate as of the due date, or such other rate as may be established by the Board of Directors, but not to exceed the lawful rate of interest under the laws of the State of Oregon. A late charge may be charged for each delinquent Assessment in an

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

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

12.5 Assignment of Rents. As security for the payment of all liens arising pursuant to this Article 12, each Owner hereby gives to and confers upon the Association the right, power and authority, during the continuance of such ownership, to collect the rents, issues and profits of the Owner's Lot, reserving unto the Owner the right, prior to any default by such Owner in performance of that Owner's obligation under this Declaration or the Bylaws to collect and retain such rents, issues and profits as they become due and payable. Upon any such default, the Association may, at any time after ten (10) days written notice to such Owner, either in person, by agent or by a receiver to be appointed by a court of competent jurisdiction, and without regard to the adequacy of any security for such indebtedness, enter upon and take possession of such Owner's Lot or any part thereof, in its own name sue for or otherwise collect such rents, issues and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorneys' fees, in payment of any indebtedness to the Association or in performance of any agreement hereunder, and in such order as the Association may determine. Such action shall not cure nor waive any default hereunder or invalidate any act done pursuant to this Declaration. The assignment of rents and powers described in the foregoing section shall not affect, and shall in all respects be subordinate to, the rights and powers of the holder of any first or second Mortgage on any Lot, or any part thereof, to do the same or similar acts.

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

ARTICLE 13- DISPUTE RESOLUTION

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

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

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

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

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

The requirements of this section do not apply: (i) to circumstances in which irreparable harm to a party will occur due to delay; or (ii) to litigation, arbitration or an administrative proceeding initiated by the Association to collect assessments or otherwise enforce the terms of this Declaration.

13.2 Costs and Attorneys' Fees. The fees of any mediator and the costs of mediation shall be divided and paid equally by the parties. Each party shall pay its own attorneys' fees and costs in connection with any mediation. The fees of any arbitrator and the costs of arbitration shall be paid by the non-prevailing party or parties; if none, such fees and costs shall be divided and paid equally by the parties. Should any suit, action or arbitration be commenced in connection with any dispute related to or arising out of this Declaration, the Bylaws, the rules and regulations or the Oregon Planned Community Act to obtain a judicial construction of any provision of this Declaration, the Bylaws or the rules and regulations, to rescind this Declaration,

or to enforce or collect any judgment or decree of any court or any award obtained during arbitration, the prevailing party shall be entitled to recover its costs and disbursements, together with such investigation, expert witness and attorneys' fees incurred in connection with such dispute as the court or arbitrator may adjudge reasonable, at trial, in the arbitration, upon any motion for reconsideration, upon petition for review, and on any appeal of such suit, action or arbitration proceeding. The determination of who is the prevailing party and the amount of reasonable attorneys' fees to be paid to the prevailing party shall be decided by the arbitrator (with respect to attorneys' fees incurred before and during the arbitration proceeding) and by the court or courts, including any appellate or review court, in which such matter is tried, heard or decided, including a court that hears a request to compel or enjoin arbitration or that hears exceptions made to an arbitration award submitted to it for confirmation as a judgment (with respect to attorneys' fees incurred in such proceedings).

ARTICLE 14 – MORTGAGEES

The following provisions are for the benefit of holders, insurers and guarantors of first Mortgages on Lots. The provisions of this Article apply to both this Declaration and to the Bylaws, notwithstanding any other provisions contained therein.

14.1 Subordination of Lien to Mortgages. The lien of the Assessments or charges provided for in this Declaration shall be subordinate to the lien of any first-priority Mortgage on such 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 Lot shall not affect the Assessment lien, but the sale or transfer of any Lot which is subject to any mortgage or deed of trust pursuant to a decree of foreclosure or nonjudicial sale thereunder shall extinguish any lien of an Assessment notice of which was recorded after the recording of the Mortgage. Such sale or transfer, however, shall not release the Lot from liability for any Assessments or charges thereafter becoming due or from the lien of such Assessments or charges.

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

14.3 Notification of First Mortgagee. If a first Mortgagee has requested such notice in writing from the Association, the Board shall notify such Mortgagee of any individual Lot of any default in performance of this Declaration by the Owner which is not cured within sixty (60) days after notice of default to the Owner.

14.4 Notice to Association. Upon request, each Owner shall be obligated to furnish to the Association the name and address of the holder of any Mortgage encumbering such Owner's Lot.

ARTICLE 15– DECLARANT’S SPECIAL RIGHTS

The Declarant shall have the following special rights, in addition to all other rights reserved under this Declaration and any supplemental declaration, with respect to the Common Area and each Lot in **Skyline Ranch**, which rights shall terminate at the Turnover Meeting, except to the extent otherwise specified below:

15.1 Marketing Rights. Declarant shall have the right to maintain a sales office and model on one or more of the Lots which the Declarant owns. The Declarant and prospective purchasers and their agents shall have the right to use and occupy the sales office and models during reasonable hours any day of the week. The Declarant may maintain a reasonable number of “For Sale” signs at reasonable locations on **Skyline Ranch**, including, without limitation, the Common Area.

15.2 Declarant Easements. The Declarant has reserved easements over **Skyline Ranch** as more fully described in Article 7 hereof. In addition to and without limiting the provisions of Article 7, up until the Turnover Meeting, Declarant shall have the right to grant an easement, or license, to the public over portions of the trails, as shown on the Plat or any subsequent plat of the Property.

15.3 Size and Appearance of Skyline Ranch. Declarant shall not be prevented from increasing or decreasing the number of Lots in **Skyline Ranch** or from changing the exterior appearance of the Common Area, including the landscaping or any other matter directly or indirectly connected with **Skyline Ranch** in any manner deemed desirable by Declarant, provided that Declarant obtains governmental consents required by law.

15.4 Dedications. Declarant reserves the right for a period of ten (10) years following the Turnover Meeting to dedicate or convey any portions of **Skyline Ranch** then owned by Declarant or any interest therein to any governmental authority, quasi-governmental entity, special district, or entity qualifying under Section 501(c)(3) of the Internal Revenue Code or similar provisions, from time to time, for such purposes as Declarant may deem to be appropriate, including, without limitation, for utility stations, equipment, fixtures and lines; streets and roads; sidewalks; trails; open space for habitat, wildlife, waterfowl, fish, vegetation, wetlands or other preservation purposes; recreational facilities; schools; fire, police, security, medical and similar services; and such other purposes as Declarant and such governmental authority or quasi-governmental entity shall determine to be appropriate from time to time; provided, however, neither Declarant nor the Association may dedicate or convey any portion of the Conservation Area or any interest therein to any person or entity for recreational uses or any other use that allows public access to the Conservation Area or otherwise interferes with preserving the Conservation Area for wildlife habitat, excepting only the right to grant an easement to the Bend Parks and Recreation District for trail access from the Property to Shevlin Park in the location shown on the Plat. Any consideration received by Declarant as a result of such dedication shall belong solely to Declarant. Any land so dedicated or conveyed shall thereafter not be subject to Assessments under this Declaration and shall not be subject to Architectural Review, including, without limitation, the requirements of Article 6.

15.5 Development. Declarant reserves the right with respect to all or any portion of **Skyline Ranch** then owned by Declarant, and from time to time, to petition for and obtain amendments to the zoning of such property provided such changes are consistent with the terms of the COL Agreement; exchanges of properties; annexations to or incorporations within any boundary or jurisdiction of exchanges of properties; annexations to or incorporations within any boundary or jurisdiction of the County of Deschutes; amendments to the Development Plan provided that such amendments are consistent with the COL Agreement; and such licenses, permits and governmental approvals as Declarant may deem to be appropriate from time to time in connection with the then or anticipated use of such portion of **Skyline Ranch**.

15.6 Right to Approve Changes in the Standards within Skyline Ranch. For a period of ten (10) years from the date of the Turnover Meeting, no supplemental declaration and no amendment to or modification of this Declaration or any supplemental declaration and no amendment to or modification of the Bylaws of the Association shall be effective without the prior notice to and the written consent of Declarant.

15.7 Right to Approve Special Assessments. For so long as the Declarant owns any land subject to this Declaration, no Special Assessment shall be levied for capital improvements or capital additions without the prior, written consent of Declarant. No Special Assessment shall be levied against Declarant or a Lot owned by Declarant unless approved by Declarant in writing.

15.8 Right to Receive Notice of and Attend Owner and Board Meetings. The Declarant shall have the right to receive notice of and to attend all Owner meetings and all Board meetings for a period of ten (10) years following the Turnover Meeting, regardless of whether Declarant still owns a Lot. Meeting notices to Declarant shall be given in the same manner as notices to the Owners; provided, however, any notice of a Board meeting that is posted at the Property pursuant to the Bylaws must also be given to Declarant by U.S. Mail or recognized third party overnight delivery service within the time period prescribed in the Bylaws.

15.9 Right to Inspect Common Maintenance Areas. The Declarant shall have the right to inspect the Common Maintenance Areas for a period of ten (10) years following the Turnover Meeting, regardless of whether Declarant still owns a Lot, for purposes of determining whether the Association is performing appropriate and sufficient maintenance and repairs and is complying with the COL Agreement and WHFHMP, provided that the Declarant shall have no liability for the failure of the Association or any Owner to comply with such agreement or plan.

15.10 Right to Review and Copy Records. The Declarant shall have the right, for a period fifteen (15) years following the Turnover meeting, to review and make copies of all inspection, maintenance and other records of the Association, regardless of whether the Declarant still owns a Lot.

ARTICLE 16– AMENDMENT AND REPEAL

16.1 How Proposed. Amendments to or repeal of this Declaration shall be proposed by either a majority of the Board of Directors or by Owners holding thirty percent (30%) or more

of the Association's voting rights. The proposed amendment or repeal must be reduced to writing and shall be included in the notice of any meeting at which action is to be taken thereon or attached to any request for consent to the amendment or repeal.

16.2 Approval Required. This Declaration, or any provision thereof, as from time to time in effect with respect to all or any part of the Property except the Conservation Area and Natural Areas, may be amended or repealed by the vote or written consent of Owners representing not less than seventy-five percent (75%) of the Lots, based upon one vote for each such Lot, together with the written consent of the Class B Member, if such Class B membership has not been terminated as provided in this Declaration. In no event shall an amendment under this section create, limit or diminish special Declarant rights without Declarant's written consent, or change the boundaries of any Lot or any uses to which any Lot is restricted under this Declaration or change the method of determining liability for common expenses, the method of determining the right to common profits or the method of determining voting rights of any Lot unless the Owners of the affected Lots unanimously consent to the amendment. Declarant may not amend this Declaration to increase the scope of special Declarant rights reserved in this Declaration after the sale of the first Lot unless Owners representing seventy-five percent (75%) of the total vote, other than Declarant, agree to the amendment. In no event shall an amendment under this section change the boundaries of the Conservation Area or Resource Management Corridors or materially change the use restrictions applicable to the Conservation Area or Resource Management Corridors under this Declaration in a manner inconsistent with the WHFHMP.

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

16.4 Regulatory Amendments. Notwithstanding the provisions of Section 16.2 above, until the Turnover Meeting has occurred, Declarant shall have the right to amend this Declaration or the Bylaws of the Association in order to comply with the requirements of any applicable statute, ordinance or regulation or of the Federal Housing Administration; the United States Department of Veterans Affairs; the Farmers Home Administration of the United States; the Federal National Mortgage Association; the Government National Mortgage Association; the Federal Home Mortgage Loan Corporation, any department, bureau, board, commission or agency of the United States or the State of Oregon; or any corporation wholly owned, directly or indirectly, by the United States or the State of Oregon that insures, guarantees or provides financing for a planned community or lots in a planned community.

16.5 Duration. This Declaration shall run with the land and shall be and remain in full force and effect at all times with respect to all property included within **Skyline Ranch** and the Owners thereof for an initial period of thirty (30) years commencing on the date this Declaration was recorded. Thereafter, this Declaration shall continue to run with the land and be and remain in full force and effect at all times with respect to all property within **Skyline Ranch** and the

Owners thereof for successive additional periods of ten (10) years each. The continuation from the initial or any additional period into the next subsequent period shall be automatic and without the necessity of any notice, consent or other action whatsoever; provided, however, that this Declaration may be terminated at the end of the initial or any additional period by resolution approved not less than six (6) months prior to the intended termination date by the vote or written consent of Owners owning not less than seventy-five percent (75%) of the voting rights in the Association. Any such termination shall become effective only if a certificate of the president or secretary of the Association, certifying that termination, as of a specified termination date, has been approved in the manner required in this Declaration, is duly acknowledged and recorded in the Deed Records of Deschutes County, Oregon, not less than six (6) months prior to the intended termination date. Such termination shall not have the effect of denying any Owner access to the Owner's Lot unless such Owner and any mortgagee of such Lot have consented in writing to the termination. Anything to the contrary in this Section 16.5 notwithstanding, no termination under this section will terminate the use restrictions applicable to the Conservation Area or Resource Management Corridor under this Declaration.

ARTICLE 17- MISCELLANEOUS PROVISIONS

17.1 No Implied Obligations. Nothing in this Declaration shall be construed to require Declarant or any successor to subject additional property to this Declaration or to improve or develop any of the Property or to do so for any particular uses.

17.2 Right to Transfer or Assign Declarant's Rights. The Declarant may assign and delegate one or more of the Declarant's rights and obligations hereunder to one or more successor Declarants. Each such assignment shall be in writing, be recorded in the Deschutes County real property records, specify the rights and obligations being assigned and delegated to the successor Declarant and identify the portion of **Skyline Ranch** to which the assignment pertains. The successor Declarant will not acquire any rights as the successor Declarant as to any portion of **Skyline Ranch** other than that portion of **Skyline Ranch** identified in the written assignment.

17.3 Joint Owners. Unless otherwise provided in a supplemental declaration, in any case in which two or more persons or entities share the ownership of any Lot, regardless of the form of ownership, the responsibility of such persons or entities 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 or entities shall constitute the act or consent of the entire ownership interest; provided, however, that in the event such persons or entities disagree among themselves as to the manner in which any consent shall be given with respect to a pending matter, any such person or entity may deliver written notice of such disagreement to the Association, and the right of consent involved shall then be disregarded completely in determining the proportion of consents given with respect to such matter.

17.4 Lessees and Other Invitees. Lessees, licensees, invitees, contractors, family members, guests, and other person or entities entering the Property under rights derived from an

Owner shall comply with all of the provisions of this Declaration restricting or regulating the Owner's use, improvement or enjoyment of his or her Lot and other areas within the Property. The Owner shall be responsible for obtaining such compliance and shall be liable for any failure of compliance by such persons or entities in the same manner and to the same extent as if the failure had been committed by such Owner.

17.5 Notice of Sale or Transfer of Title. Any Owner selling or otherwise transferring title to his or her Lot shall give the Association written notice within seven (7) days after such transfer of the name and address of the purchaser or transferee, the date of such transfer of title, and such other information as the Association may reasonably require. The transferor shall continue to be jointly and severally responsible with the transferee for all obligations of the Owner of the Lot, including Assessment obligations, until the date upon which such notice is received by the Board, notwithstanding the transfer of title.

17.6 Nonwaiver. Failure by the Association or by any Owner to enforce any covenant or restriction contained in this Declaration shall in no event be deemed a waiver of the right to do so thereafter.

17.7 Consent. Whenever the consent or approval of any person or entity is required by this Declaration, such consent or approval must be in writing and signed by an authorized person in order to be effective.

17.8 Construction; Severability; Number; Captions. This Declaration shall be governed and construed under the laws of the State of Oregon. It shall be liberally construed as an entire document to accomplish the purposes hereof as stated in the introductory sections of this Declaration. Nevertheless, each provision of this Declaration shall be deemed independent and severable, and the invalidity or partial invalidity of any provision shall not affect the validity or enforceability of the remaining part of that or any other provision.

17.9 Terminology and Captions. As used in this Declaration, the singular shall include the plural and the plural the singular, and the masculine and neuter shall each include the masculine, feminine and neuter, as the context requires. All captions used in this Declaration are intended solely for convenience of reference and shall in no way limit any of the provisions of this Declaration.

17.10 Notices. All notices to the Association or to the Board of Directors shall be sent care of the manager, or if there is no manager, to the principal office of the Association or to such other address as the Board of Directors may designate from time to time. All notices to any Owner shall be sent to such address as may have been designated by such Owner from time to time, in writing, to the Board of Directors, or, if no address has been designated, then to the Owner's Lot. In the discretion of the Board of Directors, any notice, information or other written material required to be given to an Owner or director under this Declaration or the Bylaws or pursuant to the Oregon Planned Community Act, may be given by electronic mail, facsimile or other form of electronic communication acceptable to the Board of Directors, except for the following notices: failure to pay an assessment; foreclosure of an association lien under ORS 94.709; or an action the Association may take against an Owner. An Owner or director may

decline to receive notice by electronic mail, facsimile or other form of electronic communication and may direct the Board of Directors to provide notice in any other manner permitted under this Declaration or the Bylaws or the Oregon Planned Community Act.

IN WITNESS WHEREOF, the Declarant has caused this instrument to be executed on its behalf, attested and its corporate seal to be hereunto affixed as of this 3 day of February

DECLARANT:

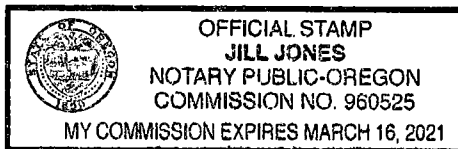
SKYLINE RANCH DEVELOPMENT, INC.
an Oregon corporation

By 
President

STATE OF OREGON }

COUNTY OF Deschutes }

The foregoing instrument was acknowledged before me the 3rd day of Feb 2021 by ROBIN LYNN COATS, as President of Skyline Ranch Development, Inc.†



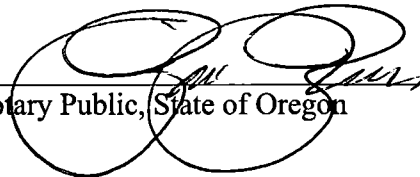

Notary Public, State of Oregon

EXHIBIT "A"

PROPERTY SUBJECT TO DECLARATION

Phase I, including Lots 17-19, 27-32, located in the Southeast Quarter of Section 23, Township 17 South, Range 11 East, Willamette Meridian, all as shown on the official Plat of Skyline Ranch, Phase I, recorded on 2/3, 2021, in Volume 2021, Page 7240 in the Official Records of Deschutes County, Bend, Oregon.

EXHIBIT “B”

BYLAWS

BYLAWS OF SKYLINE RANCH HOME OWNERS ASSOCIATION

ARTICLE I NAME, LOCATION AND EFFECT

The name of the Association is *Skyline Ranch I Home Owners Association*, an Oregon nonprofit corporation, hereinafter referred to as the “**Association**.” The initial registered office of the Association is located at 20310 Empire Ave Suite A103, Bend, Oregon 97703, and the name of its initial registered agent at such address is Aperion Management Group, LLC, AAMC.

ARTICLE II DEFINITIONS

II.1 “Act”

shall mean the Oregon Planned Community Act, being ORS 94.550 et seq., as amended from time to time.

II.2 “Association”

shall have the meaning given in the introductory paragraph to these Bylaws.

II.3 “Board”

shall mean the Board of Directors of the Association.

II.4 “Conversion Date”

shall be the date upon which Class B membership terminates pursuant to the terms of the Declaration.

II.5 “Declarant”

shall mean Skyline Ranch Development, Inc., an Oregon corporation, and its successors and assigns who are designated as such in writing by Declarant and who consent in writing to assume the duties and obligations of the Declarant with respect to the Lots acquired by such successor or assign.

II.6 “Declaration”

shall mean and refer to the Declaration of Covenants, Conditions, and Restrictions for the Skyline Ranch subdivision and any amendments or supplements thereto made in accordance with its terms.

II.7 “Directors”

shall mean the Board of the Association.

II.8 “Lot”

shall mean the plots of land indicated as such on the Plats;

II.9 “Member” or “Members”

shall mean Declarant and every other record owner, whether one or more persons or entities, of fee simple title to any Lot, including contract sellers, but excluding those having an interest merely as security for the performance of an obligation. There shall be two (2) classes of membership, Class A and Class B, as described in Section 6.5 of the Declaration and in Section 3.3 of these Bylaws. All Members shall also be Owners.

II.10 “Owner” or “Owners”

shall mean the record owner, whether one or more persons or entities, of fee simple title to any Lot, including contract sellers, but excluding those having an interest merely as security for the performance of an obligation. All Owners shall also be Members.

II.11 “Transitional Advisory Committee”

shall mean the committee described in Section 4.2 of these Bylaws to assist in transitioning administrative responsibility for the Association from Declarant to the Members.

II.12 “Turnover Meeting”

shall be the meeting called by the Declarant for the purpose of turning over administrative responsibility of the Association to the Members.

II.13 Other Terms.

Capitalized terms used herein without definition shall have the respective meanings given to them in the Declaration.

ARTICLE III MEMBERSHIP AND VOTING RIGHTS

III.1 Membership

The Declarant and every Owner of a Lot by virtue of being an Owner of a Lot shall be a Member of the Association. Membership shall be appurtenant to and shall not be separated from ownership of any Lot. Transfer of ownership of a Lot shall automatically transfer membership in the Association. Without any other act or acknowledgment, Owners shall be governed and controlled by the Governing Documents as described in the Declaration.

III.2 Suspension

All voting rights of a Member shall be suspended during any period in which such Member is delinquent in the payment of any assessment duly established pursuant to the Declaration or is otherwise in default hereunder or under any other Governing Documents. The

Board may also suspend the Member's right to use of any of the Common Areas during such period of default.

III.3 Voting Rights

The voting rights of Members of the Association including Declarant are set forth in the Declaration.

ARTICLE IV MEETINGS OF MEMBERS

IV.1 Initial Meeting

The initial meeting of the Association shall be held within one (1) year after the Association is formed by filing of the Articles of Incorporation. Declarant shall call the initial meeting by written notice to each Owner in accordance with the requirements of Section 4.6, except that Declarant shall fulfill the role of secretary.

IV.2 Transitional Advisory Committee

Unless the Turnover Meeting has been held, the Declarant shall call a meeting of the Members for the purpose of forming the Transitional Advisory Committee to assist in transitioning administrative responsibility for the Association from the Declarant to the Members within sixty (60) days after the conveyance to Owners other than the Declarant of fifty percent (50%) or more of the Lots then existing in the Subdivision. If the meeting is not called by the Declarant within the time specified, the meeting may be called and notice given by any Member. Notice of the meeting shall be given in accordance with the requirements of Section 4.6.

The Transitional Advisory Committee shall be advisory only and shall consist of three (3) or more members, with two (2) or more members selected by Members other than Declarant and no more than one (1) member selected by Declarant. The Transitional Advisory Committee members shall serve until the Turnover Meeting. If at the meeting to form the Transitional Advisory Committee the Members, other than the Declarant, fail to select a Transitional Advisory Committee, the Declarant shall have no further responsibility to form the Transitional Advisory Committee. The requirement for a Transitional Advisory Committee shall not apply once the Turnover Meeting has been held. 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.

IV.3 Turnover Meeting

The Declarant shall call the Turnover Meeting for the purpose of turning over administrative control of the Association to the Class A Members within ninety (90) days following the Conversion Date. If the Declarant does not call the Turnover Meeting within the time specified, the Transitional Advisory Committee or any Owner may call the Turnover Meeting. Notice of the Turnover Meeting shall be given in accordance with the requirements of Section 4.6. At the Turnover Meeting, the Members shall elect a new Board in accordance with the terms of Article V, and Declarant shall deliver to the Board the information and documents required by ORS 94.616. In order to facilitate an orderly transition, during the three (3) month

period following the Turnover Meeting, Declarant or an informed representative shall be available to meet with the Board on at least three (3) mutually acceptable dates to review the information and documents delivered to the Board pursuant to this Section.

IV.4 Annual Meetings

The Association shall hold a meeting of the Members each calendar year. Such annual meeting shall be held on a date and at a time designated by the Board from time to time, and notice of the annual meeting shall be sent to all Members in accordance with the requirements of Section 4.6. Annual meetings may not be conducted by written ballot.

At the annual meeting, new members of the Board shall be appointed or elected (as applicable) to replace those members whose terms have expired pursuant to the terms of Section 5.3, and the Board shall transact any other business within the powers of the Association.

The order of business at annual meetings of the Association shall be:

- (a) Calling of the roll and certifying of proxies;
- (b) Proof of notice of meeting or waiver of notice;
- (c) Reading of minutes of preceding meeting;
- (d) Reports of officers;
- (e) Reports of committees, if any;
- (f) Election of Directors;
- (g) Unfinished business;
- (h) New business; and
- (i) Adjournment.

IV.5 Special Meetings

Special meetings of the Association may be called at any time by the president, by a majority of the Board, or by written request of Members entitled to cast at least twenty percent (20%) of the votes of the Association. Notice of a special meeting shall be sent to all Members in accordance with the requirements of Section 4.6, and business transacted at a special meeting shall be restricted to the purposes set forth in such notice.

IV.6 Notice of Meetings

Written notice of any meeting of the Association shall be given by the president, secretary or other person authorized by the Board to call a meeting at least ten (10) days but not more than fifty (50) days before such meeting. The notice shall be sent to each Member, and to each Mortgagee who has requested notice, by first class mail, electronic mail or facsimile to the physical address, e-mail address or facsimile number last appearing on the books of the Association (or to such other physical address, e-mail address or facsimile number as a Member or Mortgagee has designated in writing to the Association at least ten (10) days prior to the giving of such notice of meeting); provided, however, that a notice of (i) failure to pay assessments, (ii) foreclosure of an Association lien, or (iii) an action the Association may take against a Member may not be sent by electronic mail or facsimile. A Member may decline to receive notice by electronic mail or facsimile by sending written notice to the Association, in

which event all notices to such Member shall sent by first class mail. The notice of a meeting shall state the time and place of the meeting and the items on the agenda, including the general nature of any proposed amendment to the Declaration or these Bylaws, any budget changes, or any proposal to remove a Director or officer. Notice of a meeting may be waived by any Member at any time before or after the meeting. No Member who is present at a meeting may object to the adequacy or timeliness of the notice given.

IV.7 Place of Meetings

Meetings of the Association shall be held within ten (10) miles of the Subdivision, at an exact location determined by the Board and designated in the notice required by Section 4.6.

IV.8 Adjournment of Meetings

As permitted by ORS 65.214, if any meeting of the Members does not constitute a quorum, the Members who are present, either in person or by proxy, may adjourn the meeting to a time not less than two (2) days nor more than ten (10) days from the time of the original meeting. The adjournment provisions of this Section do not apply to actions proposed to be taken by written ballot.

IV.9 Quorum

The presence at the meeting of Members entitled to cast, either in person or by proxy, twenty percent (20%) of the votes of the Association shall constitute a quorum for any action, unless a greater percentage is required elsewhere in the Declaration or these Bylaws. The subsequent joinder of Member in the action taken at a meeting by signing and concurring in the minutes thereof shall constitute the presence of such Member for the purpose of determining a quorum. When a quorum is once present to organize a meeting, it cannot be broken by the subsequent withdrawal of a Member or Members.

IV.10 Majority Vote

When a quorum is present at any meeting of the Members, the vote of Owners holding more than fifty percent (50%) of the votes of the Association present, in person or by proxy, at the meeting shall be binding on all Owners for all purposes, except where a higher percentage vote is required by the Governing Documents or the Act.

IV.11 Proxies

A vote may be cast in person or by proxy. A proxy may require the holder to cast a vote for or against any special proposal set out in the notice calling the meeting. A proxy shall be in writing and filed with the secretary before or during the meeting. A proxy shall expire one (1) year after the date it was signed unless a shorter period is specified in the proxy; provided, however, that appointment of a proxy is revoked if the Member appointing the proxy (i) attends any meeting and votes in person, (ii) signs and delivers to the secretary either a writing stating that the appointment of the proxy is revoked or a subsequent appointment form, or (iii) sells his or her Lot. Unless withdrawn, a proxy given to another person to vote at a specific meeting shall also be valid at an adjourned meeting called under the provisions of Section 4.8. The

Association must retain proxies and ballots for one (1) year from the date of the determination of the vote.

IV.12 Fiduciary and Corporate Owners.

An executor, administrator, conservator, guardian or trustee may vote, in person or by proxy, at any meeting of the Association with respect to any Lot owned or held in such capacity, whether or not the same has been transferred to such person's name; provided, however, that such person must provide the secretary with written evidence satisfactory to the secretary that the person is the executor, administrator, conservator, guardian or trustee, holding such Lot in such capacity. Any person voting on behalf of a Lot owned by a corporation or other entity must provide the secretary with written evidence, satisfactory to the secretary, that such person is the duly constituted representative thereof.

IV.13 Voting by Mail or Electronic Ballot.

Except as set forth in subsection (f) below, the Board, in its discretion, may provide that a vote, approval or consent of any Member be given by regular mail, electronic mail or facsimile in accordance with the procedure outlined below. For purposes of this Section, "written ballot" shall include any ballot distributed by electronic mail or facsimile.

(a) In the case of an election of Board members by written ballot, then in addition to the other requirements set forth in this Section, the following procedures must be followed:

(i) the existing Board members must advise the secretary in writing of the names of proposed Board members sufficient to constitute a full board and of a date at least fifty (50) days after such advice is given by which all votes are to be received;

(ii) the secretary, within five (5) days after such advice is given, must give written notice of the number of Board members to be elected and of the names of the nominees to all Members;

(iii) the notice must state that any such Owner may nominate an additional candidate or candidates, not to exceed the number of Board members to be elected, by giving written notice of such nomination to the secretary on or before a specified date which must be fifteen (15) days from the date after the notice was given by the secretary; and

(iv) five (5) days after such specified date, the secretary must give written notice to all Members, stating the number of Board members to be elected, stating the names of all persons nominated by the Board and by the Members on or before the deadline, stating that each Member may cast a vote by mail and stating the deadline established by the Board by which such votes must be received by the secretary at the address of the principal office of the Association (which must be specified in the notice) and that votes received after that date will not be effective.

(b) Any action that may be taken at any annual, regular or special meeting of the Association may be taken without a meeting if the Association delivers a written ballot to every Association member that is entitled to vote on the matter.

(i) A written ballot must set forth each proposed action and provide an opportunity to vote for or against each proposed action.

(ii) The Board must provide owners with at least ten (10) days' notice before written ballots are mailed or otherwise delivered.

(iii) If, at least three (3) days before written ballots are scheduled to be mailed or otherwise distributed, at least ten percent (10%) of the Owners petition the Board requesting secrecy procedures, a written paper ballot must be accompanied by a secrecy envelope, a return identification envelope to be signed by the owner and instructions for marking and returning the paper ballot. In this instance, no electronic mail voting will be accepted. Written paper ballots that are returned in secrecy envelopes may not be examined or counted before the deadline for returning ballots has passed.

(c) Matters that may be voted on by written ballot will be deemed approved or rejected as follows:

(i) If approval of a proposed action otherwise would require a meeting at which a certain quorum must be present and at which a certain percentage of total votes cast is required to authorize the action, the proposal will be deemed approved when the date for return of ballots has passed, a quorum of Members has voted, and the required percentage of approving votes has been received. Otherwise, the proposal will be deemed to be rejected.

(ii) If approval of a proposed action otherwise would require a meeting at which a specified percentage of Owners must authorize the action, the proposal will be approved when the percentage of total votes cast in favor of the proposal equals or exceeds such required percentage. The proposal shall be deemed to be rejected when the number of votes cast in opposition renders approval impossible or when both the date for return of ballots has passed and such required percentage has not been met.

(d) All solicitations for votes by written ballot must state the following:

(i) If approval of the proposal by written ballot requires that the total number of votes cast equal or exceed a certain quorum requirement, the number of responses needed to meet such quorum requirement;

(ii) If approval of a proposal by written ballot requires that a certain percentage of total votes cast approve the proposal, the required percentage of total votes needed for approval; and

(iii) If the matter being voted on is the election of Directors to the Board, the additional items set forth in subsection (a) above.

(e) All solicitations for votes by written ballot must specify the period during which the Association will accept written ballots for counting, and a date certain on which all ballots must be returned to be counted.

(f) Action by written ballot may not substitute for the Turnover Meeting or the annual meeting of the Association.

ARTICLE V BOARD OF DIRECTORS

V.1 Number and Qualification

The affairs of the Association shall be managed by a Board consisting of (i) between one (1) and three (3) Directors (as determined by Declarant) prior to the Turnover Meeting; and (ii) between three (3) Directors and five (5) Directors after the Turnover Meeting (as determined by the Members from time to time). The Directors need not be Members prior to the Turnover Meeting but shall be Members after the Turnover Meeting; provided, however, that if a Lot is owned by more than one (1) Owner, only one (1) Owner of that Lot may serve on the Board at any time.

V.2 Appointment

Until the Turnover Meeting, Declarant shall appoint the Directors, and may remove and replace the Directors, with or without cause, except that Declarant may revocably or irrevocably delegate the power to appoint, remove and replace Directors hereunder by written instrument delivered to the Association naming the party to whom the power to appoint Directors has been delegated. At and after the Turnover Meeting, the Directors shall be elected in the manner provided in Section 5.3.

V.3 Election of Directors

At the Turnover Meeting, the Directors appointed by Declarant or its appointee shall submit their resignations, and the Members shall elect new Directors as provided herein. If three (3) Directors are elected, one (1) Director shall be elected for a term of one (1) year and two (2) Directors for a term of two (2) years. If five (5) Directors are elected, two (2) Directors shall be elected for a term of one (1) year and three (3) Directors shall be elected to serve for a term of (2) years. Thereafter, at each annual meeting of the Association, the Members shall elect the number of Directors equal to the number whose terms are then expiring, each to serve a term of two (2) years. Any Director may serve more than one (1) term. Voting for Directors shall not be cumulative.

V.4 Removal

Any Director, other than a Director appointed by Declarant, may be removed, with or without cause, by the affirmative majority vote of the Members present, in person or by proxy, at any meeting of the Members at which a quorum is present. No removal of a Director is effective unless the matter of removal was included in the notice of the meeting and the Director whose removal is proposed is given the opportunity to be heard at the meeting. At the meeting, the

Members shall elect a replacement Director to serve the remainder of the replaced Director's term.

V.5 Resignation

Any Director may resign at any time by sending a written notice of such resignation to the secretary. Unless otherwise specified in such notice, a resignation shall take effect upon receipt of the notice by the secretary.

V.6 Vacancies

Vacancies on the Board caused by the death, resignation, or removal of a Director shall be filled by vote of the majority of the remaining Directors, even if they constitute less than a quorum. Any Director so elected shall serve the remainder of the replaced Director's term.

V.7 Compensation

No Director shall receive compensation for any service he or she may render to the Association. However, any Director may be reimbursed for his or her actual out-of pocket expenses reasonably incurred in the performance of his or her duties.

V.8 Liability and Indemnification of Directors, Officers, Manager and Managing Agent

The Directors and officers of the Association shall not be liable to the Association or the Members for any mistake of judgment, negligence, or otherwise except for their own willful misconduct or bad faith. The Association shall indemnify and hold harmless each Director and officer and the manager or managing agent on behalf of the Association unless such contract shall have been made in bad faith or contrary to the provisions of the Declaration or of these Bylaws. Each Director and officer and the manager or managing agent, if any, shall be indemnified by the Association against all expenses and liabilities, including attorneys' fees, reasonably incurred or imposed upon them in connection with any proceeding to which they may be a party, or which they may become involved by reason of being or having been a Director, officer, manager or managing agent and shall be indemnified upon any reasonable settlement thereof; provided, however, there shall be no indemnity if the Director, officer, manager or managing agent is adjudged guilty of willful nonfeasance, misfeasance or malfeasance in the performance of their duties. As to any manager or managing agent this Section shall only be applicable to third party tort claims up to the amount of the Association's liability insurance coverage and shall not in any way apply to contractual liability or obligations under the management contract.

V.9 Special Committees

The Board by resolution may designate one or more special committees, each committee to consist of two (2) or more Members which, to the extent provided in said resolution, shall have and may exercise the powers set forth in said resolution. Such special committee or committees shall have such name or names as may be determined from time to time by the Board. Such special committees must keep regular minutes of their proceedings and report the

same to the Board when required. The members of such special committee or committees designated shall be appointed by the Board or the president. The Board or the president may appoint Members to fill vacancies on each of said special committees occasioned by death, resignation, removal, or inability to act for any extended period of time.

V.10 Powers of Board

The business and affairs of the Association shall be managed by the Board. The Board may exercise all of the powers of an Association under the Act, except such as are by the laws of Oregon or the Governing Documents conferred upon or reserved to the Members. The Board shall have the power to:

- (a) To adopt and publish the Rules and Regulations governing the use of Common Areas, and the personal conduct of the Members and their guests thereon, and to establish fines for the infraction thereof;
- (b) To suspend a Member's voting rights and/or right to use the Common Areas (other than streets and roadways) during any period in which such Member is in default in the payment of assessments levied by the Association. Such rights may also be suspended, after notice and a hearing, for a period not to exceed sixty (60) days for an infraction of the Rules and Regulations or a violation of the Declaration;
- (c) To declare the office of a Director to be vacant in the event such Director shall be absent from three (3) consecutive regular meetings of the Board without just cause having been furnished to and accepted by the Board;
- (d) To adopt an annual budget for the operation of the Association;
- (e) To levy and collect assessments, late fees, interest and fines as provided in the Governing Documents, including filing liens against Lots and instituting legal proceedings to collect such assessments, late fees, interest and fines;
- (f) To appoint and disband such committees as the Board deems appropriate;
- (g) To establish, disburse and maintain such petty cash as is necessary for efficiently carrying on the business of the Association;
- (h) To engage the services of a manager, an independent contractor, or such employees and contractors as it deems necessary, and to prescribe the conditions, compensation and duties of their work. Such power shall include authority to enter into management agreements with other parties to manage, operate or perform all or any part of the affairs and business of the Association;
- (i) To execute all declarations of ownership for tax assessment purposes with regard to the Common Areas, if any, on behalf of all Owners;

(j) To borrow funds to pay costs of operation of the Association with the approval of sixty percent (60%) of the Members present at a meeting of the Members at which a quorum is present;

(k) To grant easements or rights-of-way to any utility company, public agency or to any other entity;

(l) To protect or defend the Common Areas from loss or damage by suit or otherwise, and to provide adequate reserves for maintenance and replacement of the Common Maintenance Areas;

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

(n) To enforce the provisions of the Governing Documents and to enjoin and seek damages from any Owner for violation of such Governing Documents; and

(o) To exercise any additional or different powers necessary or desirable for the purpose of carrying out the functions of the Association pursuant to the Governing Documents or otherwise promoting the general benefit of the Members of the Association.

V.11 Duties of Board

It shall be the duty of the Board:

(a) To cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members or at any special meeting, when such statement is requested in writing by one-fourth (1/4) of the votes of the Members who are entitled to vote;

(b) To supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;

(c) To fix the amount of all assessments required or permitted under the Declaration against each Lot, and to send written notice of each such assessment to every Owner;

(d) To issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not assessments have been paid in respect to a particular Lot. A reasonable charge may be made by the Board for the issuance of these certificates, and the information contained on the certificates shall be binding on the Association.

(e) To procure and maintain adequate liability and property insurance on property owned by the Association or other property for which the Association has an obligation under the Declaration or these Bylaws to insure and, if deemed appropriate, insurance on the behalf of any Director, officer, employee, or agent of the Association against any liability asserted against him or her and incurred by him or her in any such capacity or arising out of his or her status as such;

(f) To cause all officers, employees or agents, having fiscal responsibility to be bonded, as it may deem appropriate;

(g) To cause the Common Maintenance Areas to be maintained;

(h) To maintain a current mailing list of the Members and Mortgagees who have requested notice of meetings and other events;

(i) To file annual tax returns for the Association;

(j) To adopt a budget annually for the Association to manage and operate the Subdivision. Within thirty (30) days after adopting the annual budget, the Board shall provide a summary to all Owners. If the Board fails to adopt a budget, the last adopted budget shall continue in effect; and

(k) To perform all other duties of the Association and the Board as set forth in the Governing Documents.

In performing its duties, the Board shall be governed by ORS 94.640 and the applicable provisions of ORS 65.357, 65.361, 65.367, 65.369 and 65.377, as amended from time to time.

ARTICLE VI MEETINGS OF THE BOARD

VI.1 Initial Meeting

The initial meeting of the Board shall occur within fourteen (14) days after the date the initial meeting of the Members pursuant to Section 4.1. Notice of the initial meeting shall be posted or sent to each Director and the Members in accordance with the requirements of Section 6.9.

VI.2 Regular Meetings

Regular meetings of the Board may be held at such time as shall be determined from time to time by a majority of the Directors. Notice of regular meetings shall be posted or delivered to each Director and the Members in accordance with the requirements of Section 6.9.

VI.3 Special Meetings

Special meetings of the Board may be called at any time by the president or a majority of the Directors. Notice of special meetings shall be posted or delivered to each Director and the Members in accordance with the requirements of Section 6.9.

VI.4 Emergency Meetings

Emergency meetings may be held without notice, if the reason for the emergency is stated in the minutes of the meeting. Only emergency meetings of the Board may be conducted

by telephonic communication or by the use of a means of communication that allows all Directors participating to hear each other simultaneously or otherwise be able to communicate during the meeting.

VI.5 Executive Session

At the discretion of the Board, the following matters may be considered in executive session:

- (a) consultation with legal counsel concerning rights and duties of the Association regarding existing or potential litigation or criminal matters;
- (b) personnel matters, including salary negotiations and employee discipline;
- (c) negotiations of contracts with third parties;
- (d) collection of unpaid assessments; and
- (e) for any other purpose permitted by ORS 94.640, as amended from time to time.

Except in emergencies, the Board shall vote in an open meeting whether to meet in executive session. If the Board votes to meet in executive session, the president shall state the general nature of the action to be considered and when and under what circumstances the deliberations can be disclosed to Members. The statement, motion, or decision to meet in executive session must be included in the minutes of the meeting. A contract or action considered in executive session does not become effective unless the Board, following the executive session, reconvenes in an open meeting and votes on the contract or action, which must be reasonably identified in the open meeting and included in the minutes.

VI.6 Adjournment

Any meeting of the Board may be adjourned by a majority of the Directors present at the meeting, even if a quorum is not present. When a meeting is adjourned for fewer than thirty (30) days, no notice of the resumption or reconvening of the adjourned meeting need be given other than by announcement at the meeting at which such adjournment takes place.

VI.7 Board Meetings Open to all Members

Except of executive sessions, all meetings of the Board shall be open to the Members, provided that no Member shall have the right to participate in the Board's meeting unless such Member is also a member of the Board. The president shall have the right to exclude any Member who disrupts the proceedings at a meeting of the Board.

VI.8 Place of Meetings

Meetings of the Board shall be held at a location determined by a majority of the Directors and designated in the notice by this Article.

VI.9 Notice of Meetings

The secretary shall give written notice to each Director of any meeting of the Board at least three (3) prior to the date set for such meeting, stating the purpose, time and location of the meeting. Notice shall be sent to the address of each Director as listed on the books of the Association, or to such other address as a Director may designate by written notice to the secretary given at least ten (10) days prior to the giving of notice of the meeting. Notice of any meeting may be waived by any Director at any time before or after the meeting. No Director who is present at a meeting may object to the adequacy or timeliness of the notice given.

For other than emergency meetings, notice of Board meetings shall also be given the Members by posting at a place or places within the Subdivision likely to be seen by all Members at least three (3) days prior to the Board meeting, or by one of the means described in Section 4.6 not less than ten (10) days prior to the Board meeting.

VI.10 Voting by the Board

Each Director shall have one (1) vote. The votes of more than fifty percent (50%) of Directors present at a meeting at which a quorum is present shall constitute the act of the Board.

VI.11 Quorum

The presence in person of a majority of the Directors shall constitute a quorum for voting at a Board meeting. If less than a quorum is present at a meeting, a majority of the Directors present at the meeting may adjourn the meeting. At any adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

ARTICLE VII OFFICERS OF ASSOCIATION

VII.1 Enumeration of Officers

The principal officers of the Association shall be the president, secretary and treasurer, each of whom shall be elected by the Board in accordance with Section 7.2. The Board may appoint other officers as in its judgment may be desirable. All officers must be Members, or members of their immediate family, fiduciaries, beneficiaries or Mortgagees (and in the case of Lots owned by corporations, trusts or partnerships, the offices may be held by directors, officers, shareholders, trustees, partners or employees of such organizations).

VII.2 Election of Officers

The officers of the Association shall be elected by the Board and shall hold office at the pleasure of the Board and until their successors are elected and qualified. If any office becomes vacant, the Board shall elect a successor to fulfill the unexpired term at any regular meeting of the Board, or at any special meeting of the Board called for such purpose.

VII.3 Term

The officers of the Association shall be elected by the Board and shall hold office for a period of one (1) year, unless an officer resigns or is removed by the Board or is otherwise disqualified for service.

VII.4 Resignation and Removal

Any officer of the Association may be removed from office, with or without cause, upon the affirmative vote of a majority of the Board and a successor elected at any regular meeting of the Board or at any special meeting of the Board called for such purpose. An officer of the Association may resign at any time by giving notice to the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein; the acceptance of such resignation shall not be necessary to make it effective.

VII.5 Vacancies

A vacancy in any office may be filled by election at any regular meeting of the Association or at a special meeting of the Board called for such purpose. The officer elected to fill a vacancy shall serve for the remainder of the term of the officer he or she replaces.

VII.6 Multiple Offices

The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices.

VII.7 Duties

The duties of the officers of the Association are as follows:

President

The president shall be the chief executive officer of the Association. The president shall preside at all meetings of the Members and Board and shall have all of the powers and duties which are usually incident to the office of the chief executive officer of an Association, including, but not limited to, the power to appoint committees from time to time as may, in the president's discretion, be appropriate to assist in the conduct of the affairs of the Association.

Secretary

The secretary shall keep minutes of all proceedings of the Board and minutes of all Association meetings. The secretary shall attend to the giving and serving of all notices to the Members and Directors and other notices required by law. Association records shall be kept by the secretary, except for those of the treasurer. The secretary shall perform all other duties incident to the office of secretary of an association and as may be required by the Directors or the president. In addition, the secretary shall act as vice president, taking the place of the president and performing such duties whenever the president is absent or unable to act, unless the Directors have appointed a vice president.

Treasurer

The treasurer shall be responsible for Association funds and securities and shall be responsible for supervising the managing agent and causing the same to keep full and accurate financial records and books of account showing all receipts and disbursements necessary for the preparation of all required financial statements. The treasurer shall review the reports and statements provided by the managing agent with respect to the deposit of all funds and other valuable effects in such depositories as may from time to time be designated by the Board, and the disbursement of Association funds in accordance with the approved Association budget and any special authorizations from the Board for unbudgeted items. The treasurer shall in general perform all other duties incident to the office of treasurer of an association and such other duties as may be assigned by the Board. The treasurer shall cause all assessments to be deposited in a separate bank account in the name of the Association and all expenses of the Association to be paid from that account.

VII.8 Execution of Instruments

All agreements, contracts, deeds, leases and other instruments of the Association, except checks, shall be executed by such person or persons as may be designated by general or special resolution of the Board and, in the absence of any general or special resolution applicable to any such instrument, then such instrument shall be signed by the president. All checks for less than Two Thousand Four Hundred Ninety-Nine Dollars (\$2,499.00) may be signed by the managing agent or any duly elected officer of the Association. All checks of Two Thousand Five Hundred (\$2,500.00) or more shall require the signatures of at least two (2) authorized signatories.

VII.9 Compensation

Other than reimbursement of reasonable out-of-pocket expenses incurred on behalf of the Association, no officer of the Association shall receive any compensation from the Association for acting as an officer, unless such compensation is authorized by a majority vote of the Members present, in person or by proxy, at a meeting of the Members at which a quorum is present.

ARTICLE VIII BUDGET, ASSESSMENTS, RESERVE STUDY AND MAINTENANCE PLAN

VIII.1 Budget

The Board shall annually prepare and approve the budget for the Association and distribute a copy thereof to each Member as provided in the Declaration.

VIII.2 Assessments

The Association shall levy and collect assessments and other charges pursuant to the terms of the Declaration.

VIII.3 Reserve Study and Maintenance Plan

The Declarant and Association shall prepare a reserve study and maintenance plan pursuant to the terms of the Declaration.

ARTICLE IX BOOKS AND RECORDS

IX.1 Books and Records

The Association and managing agent (if applicable) shall keep (a) financial records sufficiently detailed for proper accounting purposes, including an assessment roll for each Lot (b) detailed records of the actions of the Board and managing agent (if applicable) and minutes of Board and Association meetings, (c) a list of Owners entitled to vote at Association meetings and a list of all Mortgagees whom have requested notice of meeting and other events, and (d) all other documents, information and records required to be maintained by the Association under the terms of the succeeding paragraph. All Association documents, information and records shall be maintained within the State of Oregon at all times.

The Association shall maintain within the State of Oregon the documents, information and records required to be delivered to the Association under ORS 94.616 and all other records of the Association for not less than the period specified for record under ORS 65.771 or any other applicable law, except that (a) the documents specified in ORS 94.616(3)(o), if received, must be retained as permanent records of the Association, and (b) proxies and ballots must be retained for one (1) year from the date of determination of the vote. Such documents, information and records shall include, but are not limited to, the following: (i) the Declaration and Bylaws, including any amendments or supplements thereto, (ii) the Plat, including any amendments or supplements thereto, (iii) the Rules and Regulations then in effect, (iv) the most recent annual financial statement of the Association, (v) the current operating budget of the Association, and (vi) any other documents required by the Act to be maintained by the Association. All documents, information and records shall be made reasonably available for inspection and duplication (at a reasonable fee) by Owners, Mortgagees, and prospective purchasers of Lots upon written request, unless such documents are protected from disclosure under ORS 94.670(8) or any other applicable law.

IX.2 Financial Statements

Within ninety (90) days after the end of each fiscal year, the Board shall distribute to each Member and, upon request, any Mortgagee a copy of the annual financial statement of the Association, consisting of a balance sheet and income and expense statement for the preceding fiscal year. Commencing with the fiscal year following the Turnover Meeting, (i) if annual assessments exceed \$75,000 for the fiscal year, then the Board shall cause such financial statements to be audited within one hundred eighty (180) days after the end of the fiscal year by an independent certified public accountant licensed in State of Oregon in accordance with the Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants, or (ii) if the annual assessments are \$75,000 or less, shall cause such review within one hundred eight (180) days after receipt of a petition requesting such review signed by at least a majority of Members. Notwithstanding the foregoing to the contrary, the Board need not cause such an audit or review of the financial statements of the Association to be performed if at least sixty percent (60%) of the Members, not including votes of Declarant with respect to Lots owned by Declarant, elect on an annual basis not to comply with the above audit requirements.

IX.3 Tax Returns

The Board shall cause to be filed the necessary state and federal income tax returns for the Association.

IX.4 Payment Vouchers

The method of approving payment vouchers (if applicable) for the maintenance, upkeep and repair of the Common Property and Irrigation System and payment for the expense of the Association will be as established from time to time by the Board.

IX.5 Fiscal Year

The Fiscal Year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation of the Association.

ARTICLE X INSURANCE

The Association shall maintain the insurance coverages required by Article 11 of the Declaration.

ARTICLE XI RULES AND REGULATIONS

The Board shall have power to adopt and publish rules and regulations governing the conduct of persons and the operation and use of the Lots and the Common Areas as it may deem necessary or appropriate to assure the peaceful and orderly use and enjoyment of the Subdivision, and to establish fines for the infraction thereof. Such rules and regulations may be adopted upon a majority vote of the Directors present at a meeting at which there is a quorum present and as to which notice has been given as provided in these Bylaws. Such notice shall include a verbatim copy of all proposed rules and regulations. No rule or regulation shall be adopted without a copy thereof first having been delivered or mailed to each Member in accordance with the requirements of Section 4.6. Upon adopting any such rules and regulations, the Board shall cause copies thereof to be delivered to each Member. All such rules and regulations become binding on all Members and occupants of all Lots upon the date of delivery. Any rule or regulation which conflicts with these Bylaws or the Declaration shall be null and void.

ARTICLE XII AMENDMENTS

XII.1 General Amendments

Except as set forth below, any and all provisions of these Bylaws may be amended or repealed and new Bylaws may be adopted at any annual meeting of the Members, or at any special meeting called for that purpose, by at least a majority of the votes of the Members, and

the written consent of the Declarant so long as the Declarant is a Class B Member. Notwithstanding the foregoing to the contrary, if a particular provision required to be in the Declaration under the terms of ORS 94.580 is included in these Bylaws (including, but not limited to, voting rights of Members, the method of determining liability for assessments, and the period of Declarant control of the Association), then the voting requirements for amending the Declaration shall also govern the amendment of the provision in the Bylaws.

Amendments or changes to these Bylaws may be proposed by either a majority of the Board or by the Members holding at least thirty percent (30%) of the votes of the Association. The proposed amendment must be in writing and shall be included in the notice of any meeting at which action is to be taken thereon.

An amendment or change to these Bylaws shall not be effective unless it is (i) certified by the president and secretary of the Association as having been adopted in accordance with these Bylaws and ORS 94.625 and acknowledged in the manner provided for acknowledgement of deeds, and (ii) recorded in the office of the recording officer of Deschutes County, Oregon.

XII.2 Declarant Amendments

Notwithstanding any provisions hereof to the contrary, the Declarant may unilaterally amend these Bylaws (i) at any time before the conveyance of the first Lot to a person other than Declarant or a successor declarant; (ii) to bring this Declaration into compliance with any provision of law, including, but not limited to, regulatory amendments permitted by Section 12.3; (iii) to correct scriveners' or clerical errors; and (iv) as otherwise permitted by applicable law.

XII.3 Regulatory Amendments

Notwithstanding any other provisions of this Article XIII, and consistent with terms of ORS 94.585, Declarant shall have the right to unilaterally amend these Bylaws prior to the Turnover Meeting in order to comply with the requirements of the Federal Housing Administration, the United States Department of Veterans Affairs, the Farmer's Home Administration of the United States, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Home Mortgage Loan Corporation, any department, bureau, board, commission or agency of the United States or the State of Oregon or any corporation wholly owned, directly or indirectly, by the United States or the State of Oregon which insures, guarantees or provides financing for a planned community or lots in a planned community.

ARTICLE XIII DISPUTE RESOLUTION

Before initiating litigation or an administrative proceeding in which the Association and a Member have an adversarial relationship, the party that intends to initiate litigation or an administrative proceeding shall offer to resolve the problem through a dispute resolution program pursuant to terms of ORS 94.630(4). The written offer to resolve the dispute must be hand-delivered or mailed by certified mail, return receipt requested, to the other party at the address contained in the records of the Association. The requirements of this Article XIV,

however, do not apply to circumstances in which irreparable harm to a party will occur due to delay or to litigation or an administrative proceeding initiated to collect assessments (other than assessments attributable to fines).

ARTICLE XIV MISCELLANEOUS

XIV.1 Notices

All notices to the Association or to the Board shall be sent in care of the managing agent or, if there is no managing agent, to the principal office of the Association or to such other address as the Board hereafter may designate from time to time. Any notice to a Member, except as otherwise provided in these Bylaws, shall be sent by first class mail to the address of Member last appearing on the books of the Association (or to such other address as the Member has designated in writing to the Association).

XIV.2 Waiver

No restriction, condition, obligation or provision contained in these Bylaws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches thereof that may have occurred and the number of times that the pertinent restriction, condition, obligation or provision was not enforced.

XIV.3 Severability

Invalidation or partial invalidation of any provision of these Bylaws shall not affect any of the remaining provisions of the Bylaws.

XIV.4 Personal Pronouns

All personal pronouns used in these Bylaws, whether used in the masculine, feminine or neuter gender, shall include all other genders; the singular shall include the plural, and vice versa.

XIV.5 Headings

The headings contained in these Bylaws are for reference purposes only and shall not in any way affect the meaning or interpretation of these Bylaws.

XIV.6 Conflicts

These Bylaws are intended to comply with applicable law and the Declaration. In case of any irreconcilable conflict, applicable law and the Declaration shall control over these Bylaws (unless these Bylaws expressly provide otherwise) and any amendments hereto, and any rules or regulations adopted hereunder.

XIV.7 Dissolution

Upon dissolution of the Association, voluntarily or otherwise, it shall automatically be succeeded by an unincorporated association of the same name and having the same purposes. All assets, property, powers, and obligations of the Association existing prior to dissolution shall thereupon automatically vest in the successor unincorporated association.

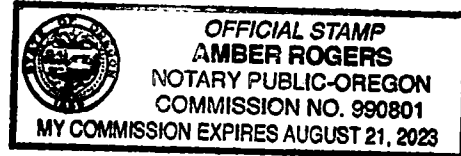
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IN WITNESS WHEREOF, Declarant hereby adopts these initial Bylaws.

SKYLINE RANCH DEVELOPMENT, INC., an
Oregon corporation

By: [Signature]
Name: Robin L Coats
Title: President

STATE OF OREGON)
) ss
County of Deschutes)



Ack
2.3.21
Desch. Co.
AD

On this 3rd day of Feb, 2021, personally appeared Robin Coats
as president of SKYLINE RANCH DEVELOPMENT, INC., an
Oregon corporation, and acknowledged the foregoing instrument to be the voluntary act of said
company.

[Signature]
NOTARY PUBLIC OF OREGON

[Intentionally Left Blank]

**AMENDMENT TO DECLARATION OF PROTECTIVE COVENANTS,
CONDITIONS, AND RESTRICTIONS FOR SKYLINE RANCH SUBDIVISION**

Whereas the Declaration of Protective Covenants, Conditions and Restrictions for Skyline Ranch Subdivision ("Declaration") was recorded on February 3, 2021 at 2021-07241 in the Official Records for Deschutes County, Oregon affecting the real property described on the attached Exhibit A;

Whereas Declarant is the Class B Member and owns the Lots representing seventy-five percent (75%) of the votes to amend the recorded Declaration as set forth herein; and

Whereas to correct a typo in the original recording and in accordance with the amendment provisions, the undersigned hereby amends the existing recorded Declaration as follows:

AMENDMENT:

2.3 Voting Rights

B. Class B Membership

The Class B member shall be Declarant, who shall be entitled to one hundred (100) votes for each Lot owned. The Class B membership shall terminate and become converted to a Class A membership on the Conversion Date.

Except as modified by this Amendment, all other provisions of the Declaration of Protective Covenants, Conditions and Restrictions for Skyline Ranch Subdivision shall remain unchanged and in full force and effect.

[Signature page follows]

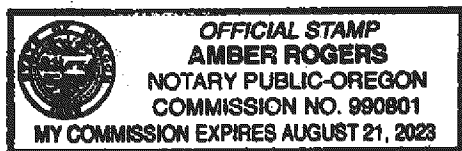
3rd IN WITNESS WHEREOF, the undersigned has executed this instrument this day of March, 2021.

SKYLINE RANCH DEVELOPMENT, INC.

By: R. A. Coats
President

STATE OF OREGON)
) ss.
County of Deschutes)

On this 3rd day of March, 2021, personally appeared in person as _____, and acknowledged the foregoing instrument to be the voluntary act of said company.



Amber Rogers
NOTARY PUBLIC OF OREGON

Des. Co.
Ack.
3.2.21

AR

EXHIBIT "A"

PROPERTY SUBJECT TO DECLARATION

Phase I, including Lots 17-19, 27-32, located in the Southeast Quarter of Section 23, Township 17 South, Range 11 East, Willamette Meridian, all as shown on the official Plat of Skyline Ranch, Phase I, recorded on February 3, 2021, in Volume 2021, Page 7240 in the Official Records of Deschutes County, Bend, Oregon.