

STATE OF OREGON

County of Washington

SS

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



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

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DECLARATION
OF COVENANTS, CONDITIONS AND RESTRICTIONS
DENNEY ROAD ROWHOMES

THIS DECLARATION, made on the date hereinafter set forth by Denney Road Partners, L.L.C., an Oregon Limited Liability Company, hereinafter referred to as "Declarant."

W I T N E S S E T H:

Declarant is the owner of certain property in the City of Beaverton, County of Washington, State of Oregon, which is more particularly described as:

Lot No.'s 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14 and 15, according to the duly filed plat of the Denney Road Rowhomes, filed in Plat Book 113, Page 50-51, in the Records of Washington County, Oregon.

Declarant has developed fourteen (14) lots into residential units. The units share common walls or party walls. Declarant has developed Lot 15 for use as a common area. The common area shall be owned and maintained by the Denney Road Rowhomes Owners' Association for the use and enjoyment of all the owners.

Declarant hereby declares that all of the said real property above shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions, which are for the purpose of protecting the value and desirability of, and which shall run with the real property and be binding on all parties having any right, title or interest in the described properties or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I
DEFINITIONS

Section 1. "Association" means the Denney Road Rowhomes Owners' Association, an Oregon nonprofit corporation.

Section 2. "Owner" means the legal owner or contract purchaser of any unit which is a part of the properties, but excluding those having such interest merely as security for the performance of an obligation.

Section 3. "Properties" means that certain real property described above.

After recording return to:

NuPark Development, L.L.C.
P.O. Box 230421
Tigard, OR 97281-0421

Section 5. "Declarant" means Denney Road Partners, L.L.C., an Oregon Limited Liability Company.

Section 6. "Declaration" means this Declaration of Covenants, Conditions and Restrictions; "Articles of Incorporation" means those articles filed with the Oregon Corporation Commissioner's office for the Association; "Bylaws" means the bylaws adopted by the initial Board of Directors for the Association.

Section 7. "Board of Directors" means the Board of Directors of the Association.

Section 8. "Common Area" means all real property (including any improvements thereto) owned by the Association for the use and enjoyment of the Owners. The Common Area to be owned by the Association at the time of conveyance of the first Unit is described as Lot 15 of the duly filed plat of Denney Road Rowhomes.

ARTICLE II

Common Area

Section 1. Owners' Easements of Enjoyment. Every Owner shall have a right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Unit, subject to the following provisions:

(a) The right of the Association to adopt reasonable rules and regulations for the use of the Common Area for the intended purpose;

(b) The right of the Association to dedicate or transfer all or any part of the Common Area to any public agency or authority or utility for road or utility purposes; provided, that any such dedication or transfer shall be subject to the Owners' right of access over and across the Common Area.

Section 2. Delegation of Use. Any Owner may delegate his right of enjoyment to the Common Area to the members of his/her family, his/her tenants, or his/her invitees.

Section 3. Transfer to the Association. Declarant shall transfer Lot 15 to the Association as Common Area on or before the conveyance of the first Unit to a person other than Declarant. The Association shall accept the conveyance.

Section 4. Maintenance by the Association. Upon conveyance of the Common Area to the Association, the Association shall thereafter maintain and repair the Common Area and any improvements thereon at the expense of the Association; provided, however, that in the

event the need for repair or maintenance is caused through the willful or negligent acts of an Owner, or through the willful or negligent acts of the family, guests, or invitees of an Owner, the Board of Directors may assess the Owner for the cost of such maintenance or repair as a special assessment.

ARTICLE III

USE OF THE PROPERTIES

Section 1. Use of Units; Leases. All Units shall be used for residential purposes only. No Owner shall rent or lease his Unit for less than thirty (30) days. All rental or lease agreements shall be in writing and shall provide that the terms of the lease shall be subject in all respects to the provisions of the Declaration, Bylaws and Articles of Incorporation and that any failure by the lessee to comply with the terms of such documents shall be default under the lease.

Section 2. Rules of Conduct. The following rules and restrictions are in addition to all other restrictions and requirements contained in the Declaration and the Bylaws:

(a) No animals or fowls shall be raised, kept or permitted within the Properties, except domestic dogs, cats or other household pets kept within a Unit. No animals of any kind shall be kept, bred, or raised for the commercial purposes or in unreasonable numbers. Those Owners keeping pets will abide by municipal sanitary regulations, leash laws and rules or regulations promulgated by the Board of Directors. An Owner may be required to remove a pet after receipt of two notices in writing from the Board of Directors of violations of any such laws, rules or regulations governing pets.

(b) No house trailers, motor homes, pickup campers mobile homes, boats or like recreational vehicles shall be parked on the Properties except within the confines of the garage.

(c) No commercial activities of any kind shall be carried on in any Unit or in any other portion of the Properties except activities relating to the sale or rental of Units. This provision, however, shall not be construed so as to prevent or prohibit an Owner from maintaining his/her professional personal library, keeping his/her personal business or professional records or accounts, handling his/her personal business or professional telephone calls or conferring with business or professional associates in his/her Unit.

(d) Each Owner shall promptly at all times maintain in good condition and appearance the exterior portions of his/her Unit, including fences and yards, except to the extent the

responsibility for such maintenance and repair is undertaken by the Association pursuant to Article VII of this Declaration.

(e) In addition, the Board of Directors from time to time may adopt, modify, or revoke rules and regulations governing the conduct of persons and the operation and use of the Properties as it may deem necessary or appropriate in order to assure the peaceful and orderly use and enjoyment of the Properties. Such action may be modified or repealed by vote of not less than fifty-one percent (51%) of each class of members voting in person or by proxy, at a meeting duly called for this purpose. A copy of the rules and regulations, upon adoption, and a copy of each amendment, modification or revocation thereof, shall be delivered by the Secretary promptly to each Owner and shall be binding upon all Owners and occupants of all Units from the date of delivery. *KEY

Section 3. Landscaping Back Yards. Each Owner shall landscape the fenced back yard (and side yard, if any) of his/her lot in an attractive manner within six months of purchasing his Unit/her. Thereafter, such Owner shall maintain the landscaping in a neat and attractive manner, including trimming, mowing, and/or replacing dead plant life as needed.

ARTICLE IV

MEMBERSHIP AND VOTING RIGHTS

Section 1. The Membership. Upon becoming the legal Owner or contract purchaser of a Unit, said Owner shall automatically be a member of the Association and shall remain a member until his ownership ceases for any reason. Membership shall be appurtenant to and may not be separated from ownership of the Unit.

Section 2. The Association shall have two classes of voting membership.

Class A Class A members shall be all Owners, with the exception of the Declarant; Class A members shall be entitled to one (1) vote for each Unit owned. When more than one (1) person holds an interest in a Unit, all such persons shall be members. The vote for such Unit shall be exercised as they determine, but in no event shall more than one (1) vote be cast with respect to any one (1) Unit.

Class B The Class B member shall be the Declarant who shall be entitled to three (3) votes for each Unit owned. The Class B membership shall cease and be converted to Class A membership automatically on the happening of either of the following events, whichever occurs earlier:

(a) when seventy-five percent (75%) of the Units have been conveyed to persons other than Declarant; or

(b) three (3) years after the first Unit is conveyed to a person other than Declarant.

ARTICLE V

COVENANT FOR ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Unit owned within the Properties, hereby covenants, and each Owner of any Unit by acceptance of a deed or a contract to convey title therefor, whether or not it shall be so expressed in such deed or contract, is deemed to covenant and agree to pay to the Association: (a) annual assessments or charges, and (b) special assessments, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with * interest, late charges, costs and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the Unit against which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the person or persons who own such Unit at the time the assessment fell due any successors in title who expressly assume them. No Owner may waive liability for an assessment by abandonment of his Unit.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the health, safety and welfare of the Owners, to maintain and repair the Common Area and the exterior of the Units as provided herein, and to pay the common expenses of the Association. Common expenses shall include:

(a) Expenses of administration.

(b) Expenses of maintenance and repair of Common Area and the Association's share of the maintenance and repair of the easement from Denney Road to the Properties, and expenses of exterior maintenance and repair of each Unit as provided herein in Article VII.

(c) Cost of insurance or bonds as provided in Article IX.

(d) Costs of funding reserves as provided in Section 3 of this Article.

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

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

(g) Any other items agreed upon as common expenses by Owners.

Section 3. Reserve Accounts for Major Repair and Replacement of Improvements. The Association shall maintain a reserve account or accounts for repair or replacement of the Common Area and those portions or elements of the building exterior which will naturally require replacement in more than three (3) and less than thirty (30) years, taking into account the estimated remaining life of such items and the replacement cost thereof. The reserve account or accounts will be funded out of the annual assessments each year. The initial budget of the Association shall provide for not less than \$_____ per month to be paid into the reserve account. That initial amount may be increased annually as provided Section 4 below. That initial amount shall not be decreased nor shall the funds be used for any purpose other than defraying all or part of the costs of major repair or replacement as provided herein, except by a vote of fifty-one percent (51%) of each class of members voting in person or by proxy, at a meeting duly called for this purpose.

Section 4. Maximum Annual Assessment. Until January 1 of the year immediately following the conveyance of the first Unit to an Owner other than Declarant, the maximum annual assessment shall be \$ 40 per month (\$ 480 per year per Unit).

(a) From and after January 1 of the year immediately following the conveyance of the first Unit to such Owner, the Board of Directors may increase the maximum annual assessment each year not more than ten percent (10%) above the maximum assessment for the previous year without a vote of the membership. KEY

(b) From and after January 1 of the year immediately following the conveyance of the first Unit to such Owner, the maximum annual assessment may be increased above ten percent (10%) by a vote of fifty-one percent (51%) of each class of members voting in person or by proxy, at a meeting duly called for this purpose.

(c) The Board of Directors may fix the annual assessment at any amount not in excess of the maximum.

Section 5. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment, applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Properties, provided that any such assessment shall have the assent of fifty-one percent (51%) of the votes of each class of members voting in person or by proxy, at meeting duly called for this purpose.

Section 6. Special Initial Assessment. At the time of closing of the initial sale of each Unit, the purchaser shall make a non-refundable payment equal to six (6) month's of the annual assessment for the Unit as a special assessment. Said assessment shall be used to purchase supplies and equipment as needed to administer the Association and maintain the Properties. The purchaser shall also reimburse the Declarant for a prorated portion of the premium for insurance advanced by the Declarant to the Association for the first year.

JOYCE

Section 7. Uniform Rate of Assessment. Except as provided in Article VI and Article VII, both annual and special assessments must be fixed at a uniform rate for all Units and may be made due and payable on a monthly, quarterly or annual basis, as determined by the Board of Directors.

MONTHLY

Section 8 . Date of Commencement of Annual Assessments; Due Dates. The annual assessments provided for herein shall commence as to all Units on the first day of the month which commences sixty (60) days following the conveyance of the first Unit to a person other than Declarant. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall thereafter fix the amount of the annual assessment against each Unit at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to the Owners of every Unit subject thereto. In the event the Board fails to fix the amount of the assessment and give notice thereof, the assessment fixed for the preceding year shall continue until new assessments are fixed and notice given as provided herein.

Section 9. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage which was recorded before the assessment became due. Sale or transfer of any Unit shall not affect the assessment lien. However, the sale or transfer of any Unit pursuant to the foreclosure of the first mortgage with priority over the lien shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer, and such unpaid expenses or assessments shall be deemed an Association common expense. No sale or transfer shall relieve such Unit from liability for any assessments thereafter becoming due or from the lien thereof. Junior lienholders or purchasers under them who acquire title to a Unit as a result Of foreclosure of such junior lien shall take title subject to the lien of any unpaid assessments. In a voluntary conveyance of a Unit, the grantee shall take title subject to the lien of any unpaid assessments.

ARTICLE VI

COLLECTION OF ASSESSMENT; ENFORCEMENT

Section 1. Compliance with Declaration, Bylaws, Rules and Regulations. Each Owner shall comply with the Declaration, Bylaws and rules and regulations adopted pursuant thereto.

Section 2. Authority to Enforce and Collect. The Board of Directors shall take prompt action against any violator to enforce the provisions of the Declaration, Bylaws, rules and regulations adopted pursuant thereto, including prompt action to collect any unpaid assessment. In doing so, the Board may exercise one or more of the remedies, separately or concurrently, specified in the Declaration or Bylaws, as well as any other remedies which may be available at law. In addition, any aggrieved Owner may bring an action to recover damages or to enjoin, abate, or remedy any noncompliance or breach by appropriate legal proceedings.

Section 3. Abatement and Enjoining of Violations. In the event an Owner violates provisions of the Declaration, Bylaws, or rules or regulations adopted pursuant thereto, the Board of Directors shall have the right to:

(a) Enter the lot in which or as to which such violations exist and to summarily abate and remove, at the expense of the defaulting Owner, any thing or condition that may exist therein contrary to the intent and meaning of the provision hereof, and the Board shall not thereby be deemed in any manner of trespass; provided that the Board may not use this provision to remove or alter construction; or

(b) To enjoin, abate, or remedy such things or conditions, including removal or alteration of construction by appropriate legal proceedings.

Section 4. Interest; Late Charges; Fines. Interest shall accrue on any assessment or portion thereof not paid when due at the rate of twelve percent (12%) per annum until paid. The Board of Directors may, if it deems appropriate, impose charges for late payments of assessments and, after giving notice and an opportunity to be heard, levy reasonable fines for violations of the Declaration, Bylaws and rules and regulations adopted pursuant thereto. Such interest, late charges, and fines shall be deemed a special assessment and shall be due and payable as soon as it accrues, is imposed, or is levied.

Section 5. Acceleration of Assessment. In the event that an Owner fails to pay an installment of an assessment when it is due, the Board may, after ten days' written notice, declare the defaulting * Owner's entire annual or special assessment due immediately, and

interest thereafter shall accrue on the entire assessment at twelve percent (12%) per annum until paid.

Section 6. Recordation and Duration of Lien; Foreclosure of Lien Against Unit; Appointment of Receiver; Power to Bid at Foreclosure Sale. Within six (6) months of the date an assessment (or installment thereof) becomes delinquent, the Board of Directors shall file a written claim of lien with the recording officer of Washington County. The claim of lien shall contain a statement of the amounts then due; the name of the Owner or reputed Owner of the Unit; and address of the Unit. The claim shall be verified by the oath of some person having knowledge of the facts. When a claim has been filed pursuant to this Section and the Owner of the Unit thereafter fails to pay any assessment (including interest or late charges) chargeable to such Unit, then so long as the original or any subsequent assessment remains unpaid such claim shall automatically accumulate the unpaid assessments without the necessity of further filings under this Section. The Board of Directors may bring suit to foreclose the lien against a Unit. The proceedings to foreclose the lien shall conform as nearly as possible to the proceedings to foreclose liens pursuant to ORS 88.010, except that notwithstanding any statute to the contrary, a lien for unpaid assessment may be continued in force for a period of time not to exceed six (6) years from the date the claim is filed. For purposes of determining the date the claim is filed in those cases whose subsequent unpaid assessments have accumulated under this Section, the claim regarding each subsequent unpaid assessment shall be deemed to have been filed at the time such unpaid assessment became due. In any such foreclosure suit, the Owner shall be required to pay reasonable rental for the Unit. The plaintiff in such foreclosure suit shall be entitled to the appointment of a receiver to collect the rent. The Board of Directors, acting on behalf of the Association, shall have the power to bid in the Unit at the foreclosure sale, and to acquire and hold, lease, mortgage and convey the same, on behalf of the Association.

Section 7. Action to Obtain and Recover a Money Judgement. The Board of Directors may bring an action to obtain a money judgement against an Owner for damages for the Owner's breach or noncompliance with the provisions of the Declaration, Bylaws, or rules and regulations adopted pursuant thereto. The Board of Directors may bring an action to obtain a money judgement for unpaid assessments against the Owner personally obligated to pay the same; the action to recover a money judgement for unpaid assessments may be maintained without foreclosing or waiving the lien securing the same.

Section 8. Collection Costs; Attorneys' Fees. Owners who fail to pay assessments when due shall be obligated to pay reasonable fees and costs including, but not limited to, attorneys' fees incurred in connection with the Board of Directors' efforts to collect the

delinquent or unpaid assessments, whether or not suit or action is commenced. In the event the Board of Directors commences suit or action for the collection of any amounts due or to seek damages or enforcement of any provision of the Declaration, Bylaws, or rules and regulations adopted pursuant thereto, the defendant Owner or owners, jointly and severally, will be liable for the costs of such suit or action, including reasonable attorneys fees to be fixed by the court or courts, both at trial and on appeal, in addition to all other sums or obligations.

ARTICLE VII

EXTERIOR MAINTENANCE

The Association shall provide exterior maintenance upon each Unit and Lot 15 as follows: (a) paint, maintenance, repair and replacement of fences, roofs, gutters, downspouts, rain drains, exterior building surfaces, including siding, doors, trim, but excluding glass surfaces; (b) maintenance of the landscaping of the front yards of Lots 1 through 14, including routine fertilization and trimming of grass, trees and shrubs and such other care as may be determined by the Board of Directors to be appropriate or necessary to sustain an attractive appearance.

In the event that the need for maintenance or repair of the Unit is caused through the willful or negligent acts of its Owner, or through the willful or negligent acts of the family, guests or invitees of the Owner of the Unit needing such maintenance or repair, the Board of Directors may assess the Owner for the cost of such maintenance or repair as a special assessment.

ARTICLE VIII

PARTY WALLS

Section 1. General Rules of Law to Apply. Each wall which is built as a part of the original construction of the dwellings upon the Properties and placed on the dividing line between the lots shall constitute a party wall and, to the extent not inconsistent with the provisions of this Declaration or the Bylaws, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

Section 2. Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall shall be shared by the Owners who make use of the wall, except to the extent the Association is responsible for such cost, repair or maintenance.

ARTICLE IX

INSURANCE AND BONDS

Section 1. Insurance ("Master Policy"). For the benefit of the Association and the Owners, the Board of Directors shall secure and maintain the following insurance coverage and shall pay for the same as a common expense of the Association:

(a) Fire and Extended Coverage. A policy or policies of property insurance equal to full replacement value (i.e., one hundred percent (100%) of current insurance replacement cost) exclusive of land, foundation, excavation and other items normally excluded from coverage, but including all buildings, fixtures and equipment within individual dwellings if they will be financed by a mortgage. The insurance policy or policies must protect against loss or damage by fire and all other hazards that are normally covered by the standard extended coverage endorsements as well as those covered by the standard "all risks" endorsement. If at all possible, the policy will also contain an "agreed amount and Inflation Guard" endorsement. In no event shall such policy have a deductible clause in excess of \$1,000 per Unit. > * ?

(b) Liability Coverage. A comprehensive policy or policies insuring the Association, the Owners individually, the Board of Directors and the manager, if any, against liability to the public, the Owners and their invitees or tenants, incident to the supervision control or use of the Properties. The policy or policies shall provide coverage for bodily injury and property damage, and limits of liability under such insurance shall not be less than \$1,000,000 on a combined single limit basis. The insurance should provide coverage for any legal liability that may result from lawsuits related to employee contracts in which the Association is a party.

The policy or policies in this Section 1 must provide for at least ten (10) days written notice to the Association before the insurer can cancel or substantially modify it.

Section 2. Additional Policy Provisions. The Board of Directors, may, in its discretion, provide coverage against other risks and obtain such other provisions as the Board deems appropriate or desirable.

Section 3. Settlement of Loss. All losses under policies above described shall be settled exclusively with the Board of Directors or its authorized representative. Proceeds of the policies shall be paid to the Association as trustee for the Owners, or, upon the demand of any mortgagee, to an insurance trustee acceptable to the Association and the mortgagees of Units.

Section 4. Owners' Obligations. Each Owner shall be responsible for obtaining, at his own expense, insurance covering his property not insured under Section 1 (a) and against his liability not covered under Section 1 (b). Additionally, each Owner shall inform the Board of Directors of any improvements made by the Owner to his Unit which has a value in excess of five hundred dollars (\$500.00), so that the Board of Directors may make any desired adjustments in insurance coverage. Each Owner shall promptly inform the Board of any loss, claim or damage which may be covered under a policy maintained by the Association. > *

Section 5. Review of Insurance Policies. At least annually, the Board shall review all insurance carried by the Association. Such review should include an appraisal of all improvements made to the Properties by a representative of the insurance carrier.

Section 6. Insurance Proceeds Sufficient to Cover Loss. In the case of fire, casualty or other damage and destruction, the insurance proceeds of the master policy, if sufficient to reconstruct the property damages or destroyed, shall be applied to such reconstruction. Reconstruction of the damaged or destroyed property means restoring the property to substantially the same condition in which it existed prior to the fire, casualty or disaster, with each Unit having the same boundaries as before. Such reconstruction shall be accomplished under the direction of the Board of Directors or its designates.

Section 7. Insurance Proceeds Sufficient to Cover Loss. If the insurance proceeds are insufficient to reconstruct the damaged or destroyed property, the damage to or destruction of such property shall be promptly repaired and restored by the Board of Directors or its designates using the proceeds, if any, of the Association insurance on such property for that purpose, and all Owners shall be liable for a special assessment for any deficiency for such reconstruction, such deficiency to take into consideration as an Owners' contribution any individual policy insurance proceeds provided by such Owner. Provided, however, that if seventy-five percent (75%) or more of the combined value of all of the Units is destroyed or substantially damaged and the Owners, by a vote of seventy five percent (75%) or more of each class of members agree that the property shall not be repaired, reconstructed or rebuilt, then the insurance proceeds shall be distributed to the individual Owners and mortgagees of the Units on a reasonable and equitable basis, taking into account the extent to which each Unit has sustained a loss of value because of the damage or destruction.

Section 8. Individual Coverage. The Board, at its discretion, may require Owners to provide coverage for their individual Units comparable to that prescribed at Article IX, Sections 1-7 above in lieu of providing a master policy or policies.

ARTICLE X

ARCHITECTURAL CONTROL

Without prior written approval from the Board of Directors, no Owner shall:

- (a) Erect or construct any fence, wall or other structure or improvement on his/her lot; or
- (b) Add to or alter the landscaping of the front of his/her lot; or
- (c) Install television antennae, air conditioning or heating machines or Units, exterior window guards, awnings or shades, exterior lights or noise-making devices, exterior posters or signs (other than signs for sale or lease of a Unit), or any other similar item; or
- (d) Otherwise modify or change the exterior appearance of his/her Unit.

In seeking the approval of the Board of Directors, the Owner shall submit a written statement of the proposed structure, alteration, device, or modification, together with plans and specifications, if applicable, showing the dimensions, materials and location of the same. \>*

The Board of Directors shall review and consider the proposal on the basis of its potential harmony with the existing appearance of the Properties, its potential effect on the attractiveness of the Properties, and its potential effect on the other Owners. The Board may, from time to time, adopt a list setting forth specific types of fences, shrubs, or other items that are conditionally approved for all Owners. If an Owner submits a proposal from the conditionally approved list, it shall be deemed approved within two weeks of its submission unless the Board otherwise notifies the Owner in writing to the contrary.

ARTICLE XI

MORTGAGEES

Section 1. Definitions. The following terms shall have the following meanings:

- (a) "Mortgage" means a recorded mortgage or trust deed creating a lien against a Unit.
- (b) "Eligible mortgage holder" means a holder of a first mortgage on a Unit who has requested notice of certain matters from the Association in accordance with Section 3 below.

Section 2. Notice to Association. At the request of the Board of Directors, each Owner shall promptly supply to the Board the name and address of the mortgagee or mortgagees of his/her Unit.

Section 3. Notice to a Holder, Insurer, or Guarantor of a Mortgage. A holder, insurer, or guarantor of a mortgage on a Unit, who submits a written request to the Association stating the name and address of the holder, insurer, or guarantor and the address of the mortgaged Unit shall be entitled to timely written notice of the following:

- (a) Any condemnation or casualty loss that affects a material portion of the Properties or the Unit securing its mortgage.
- (b) Any sixty-day (60-day) delinquency in the payment of assessments or charges owed by the Owner of any Unit on which it holds the mortgage.
- (c) A lapse, cancellation, or material modification of any insurance policy or fidelity bond (if any) maintained by the Association; and
- (d) Any proposed action that requires the consent of a specified percentage of eligible mortgage.

Section 4. Consent to Termination of the Association. Except with respect to termination of the Association as a result of destruction, damage, or condemnation of the Properties, any termination of the Association shall require the approval of eligible mortgage holders representing at least fifty-one (51%) of the votes of Units that are subject to mortgages held by eligible mortgage holders. This approval shall be in addition to such other approvals and procedures as may be required by the Declaration or Bylaws.

Section 5. Consent to Amendment of Documents. The approval of eligible mortgage holders representing at least fifty-one percent (51%) of the votes of Units that are subject to mortgages held by eligible mortgage holders shall be required for any amendments of a material nature to the Declaration or Bylaws. Any amendment to the Declaration or Bylaws which changes any of the following would be considered as material:

- (a) Voting rights;
- (b) Assessments, assessment liens, or subordination of assessment liens.
- (c) Reserves for maintenance, repair and replacement of the building exterior;
- (d) Responsibility for maintenance and repairs;

- (e) Insurance or fidelity bonds;
- (f) Leasing Units;
- (g) Imposition of any restrictions on a Unit Owner's right to sell or transfer his/her Unit;
- (h) A decision by the Association to establish self-management when professional management had been required previously by eligible mortgage holders;
- (i) Restoration or repair of the Units (after a hazard damage or partial condemnation) in a manner other than that specified in the Declaration or Bylaws;
- (j) Any action to terminate the legal status of the Association after substantial destruction or condemnation occurs; or
- (k) Any provisions that expressly benefit mortgage holders, insurers, or guarantors.

This approval shall be in addition to such other approvals and procedures required by the Declaration and Bylaws.

Section 6. Request for Approval of Eligible Mortgage Holders. Any eligible mortgage holder or other mortgagee who receives a written request to approve additions or amendments to the Declaration, Bylaws, or other action to be taken by the Board of Directors, Association, or Owners, shall be deemed to have given such approval unless a negative response is delivered or posted to the requesting party within thirty (30) days after such request has been received.

Section 7. Mortgagee's Request for Professional Management. Upon written request of eligible mortgage holders representing at least fifty-one percent (51%) of the votes of Units that are subject to mortgages held by eligible mortgage holders, the Board of Directors shall employ a professional manager to manage the affairs of the Association. Any agreement for professional management shall be consistent with Article VII, Section 1 of the Bylaws.

Section 8. Right to Receive Written Notice of Meetings. A holder of a first mortgage shall, upon written request to the Association, be entitled to received notice of all meetings of the Association and shall be entitled to designate a representative to attend all such meetings.

ARTICLE XII

GENERAL PROVISIONS

Section 1. Waiver. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2. Severability. Invalidation of any one of these covenants or restrictions by judgement or court order shall in no way affect any other provisions which shall remain in full force and effect.

Section 3. Amendment. The covenants and restriction of this Declaration shall run with and bind the land, for a term of twenty (20) years from the date this Declaration is recorded. After which time they shall be automatically extended for successive periods of ten (10) years unless the Owners and mortgagees of the Units agree to terminate the Association as provided herein. This Declaration may be amended by an instrument signed by at least seventy-five percent (75%) of each class of members and approved by mortgagees as provided herein. Any amendment must be recorded.

Section 4. Indemnification. The Association shall indemnify any Director or officer who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit or proceeding, whether civil, criminal, administrative, or investigative (other than an action by the Association) by reason of the fact that he is or was a Director or officer of the Association or is or was serving at the request of the Association as a Director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, against expenses (including attorney's fees) judgments, fines and amounts paid in settlement actually and reasonably incurred) by said person in connection with such suit, action, proceeding, or appeal therefrom, if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interest of the Association, and, with respect to any criminal action or proceedings, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or with a plea of nolo contendere or its equivalent, shall not of itself create a presumption that a person did not act in good faith and in a manner which he reasonably believed to be in, or not opposed to, the best interest of the Association, and, with respect to any criminal action or proceedings, had reasonable cause to believe his conduct was unlawful. Payment under this clause may be made during the pendency of such claim, action, suit, or proceedings as and when incurred, subject only to the right of the Association to seek reimbursement of any such payment, should it be proven at a later time that said person had no right to such payments. All persons

who are ultimately held liable for their actions on behalf of the Association as a Director or officer shall have a right of contribution over and against all other Directors or officers and members of the Association who participated with or benefitted from the acts which created said liability.

ARTICLE XIII
RIGHT OF ENTRY, EASEMENTS, ENCROACHMENTS

Section 1. Emergency Entry. In case of an emergency originating in or threatening his/her Unit or other portions of the Properties, an Owner hereby grants the right of entry to any person authorized by the Board of Directors, whether or not the Owner is present at the time.

Section 2. Easements. Each Owner hereby grants an easement to the Association in and through his lot and to the exterior of the improvements thereon for the purpose of exercising the rights and fulfilling the obligations of the Association as set forth in this Declaration or the Bylaws.

Section 3. Encroachments. Each Unit shall have an easement over all adjoining Units for the purpose of accommodating any present or future encroachments as a result of engineering errors, construction, reconstruction, repairs, settlement, shifting, or movement of any portion of the property, or any other similar cause, and any encroachment due to building overhang or projection. There shall be easements for the maintenance of the encroaching Units so long as the encroachments shall exist. The rights and obligations of Owners shall not be altered by the encroachment, nor shall the encroachment be construed to be an encumbrance affecting the marketability of title to a Unit.

Section 4. Utility Easements. There is hereby created a blanket easement upon, across, over, through and under the Properties of ingress, egress, installation, replacement, repair and maintenance of all utility and service lines and systems including, but not limited to, water, sewer, foundation drains, storm water, gas, telephone, electricity, television, cable or communication lines or systems. By virtue of this easement, it shall be expressly permissible for the Declarant or the Board of Directors or the providing utility or service company to install and maintain facilities and equipment of the Properties, to excavate for such purposes and to affix and maintain wires, circuits and conduits on, in and under the roofs and exterior walls of any portion of the Properties. Notwithstanding the foregoing, no utilities may be installed or relocated on the Properties except at the direction of Declarant, until the events described in Article IV, Section 2 have occurred, and except at the direction of the Board of Directors thereafter.

Section 5. Declarant's Rights and Easements. Declarant shall have the following special rights and easements until Lots 1 through 14 have been improved with residences and conveyed to Owners other than Declarant and until all of Declarant's obligations with respect to the Common Area have been completed:

(a) Declarant shall have the right to maintain a sales office and/or model Unit on any Unit owned by Declarant. The Declarant may maintain "for sale" signs at reasonable locations on the Properties. Declarant may assign these rights to sales representatives.

(b) Declarant shall have the right to construct residences on Lots 1 through 14, to construct such fences, patios, and driveways in connection therewith as Declarant deems appropriate, and to landscape the yard areas. Declarant shall not be required to seek or obtain the prior written approval of the Board of Directors pursuant to Article X of this Declaration for the foregoing construction of the improvements and landscaping. Declarant shall have an easement over all lots and Common Area as reasonably necessary to complete the foregoing landscaping and construction of improvements on Lots 1 through 14 and to complete landscaping and construction of driveways and sidewalks on the Common Area.

Section 6. Roadway Easement. A roadway and utility easement has been entered into and recorded between Donald C. Fazzio and the Declarant recorded on the 20th of May, 1997 in Washington County, Recording Number 97-04616. The president of the Association shall represent the Association in matters set forth in this easement agreement with Fazzio.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has hereunto set its hand and seal this 8th day of October, 1997.

Declarant:

DENNEY ROAD PARTNERS, L.L.C.
an Oregon Limited Liability Company
By NuPark Development, L.L.C., Member

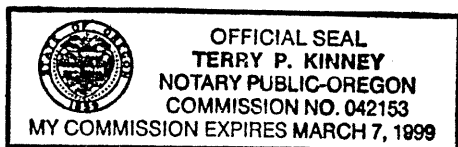
By: *G.F. Parker*

G.F. Parker, Member

State of Oregon)
County of Clatsop) ss.

On this 8th day of October, 1997, before me appeared G.F. Parker, to me personally known, who being duly sworn, that he is a member of NuPark Development, L.L.C., which is a member of Denney Road Partners, L.L.C., an Oregon Limited Liability Company, and that the said instrument was signed and sealed in behalf of said Limited Liability Company by authority of its members and acknowledged said instrument to be the free act and deed of said Limited Liability Company.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.



Terry P. Kinney
Notary Public of Oregon
My Commission Expires: 3-7-99