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**DECLARATION OF
COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR HIGH LOSTINE SUBDIVISION
(HIGH LOSTINE OWNERS' ASSOCIATION)**

THIS DECLARATION is made as of the 29th day of April, 1995, by HIGH LOSTINE OWNERS' ASSOCIATION, an Oregon corporation.

RECITALS:

A. Declarant owns or has owned certain real property in Wallowa County, Oregon, more particularly described as HIGH LOSTINE SUBDIVISION (hereinafter referred to as "HIGH LOSTINE").

B. Declarant intends to create High Lostine as an attractive place to live. Declarant presently plans to create within High Lostine a residential neighborhood that will have restrictions as to the use of the Property.

C. Declarant intends to organize and administer High Lostine prior to its completion, but expects the Members to accept the responsibility for community administration by the time High Lostine is complete. Funds for maintenance, repair, and improvement of the Common Areas will be provided through assessments against the Members.

D. Declarant intends that this Declaration supersede and replace all previous declarations for High Lostine Subdivision, including but not limited to the Declarations, Establishment of Conditions, Restrictions, Reservations and Easements, High Lostine Estates, Wallowa County, Oregon, dated January 30, 1981, and recorded at Book 92 of Deeds, Page 460, on May 13, 1981, and dated February 6, 1995, and recorded as Microfilm #9528208, on February 7, 1995.

NOW THEREFORE, Declarant subjects the Property, together with any and all property which may be added to the Property pursuant to the provisions of this Declaration, to the covenants, conditions, and restrictions set forth below.

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SECTION 1. INTRODUCTION

1.1 **General Declaration.** The covenants, conditions, and restrictions set forth in this Declaration shall run with and bind the Property, each Lot and other division, if any, of the Property, the Owners, the Occupants, and all other Persons acquiring any interest in the Property or any portion thereof, and the heirs, successors, and assigns of the Owners, the Occupants, and such other Persons. These covenants, conditions, and restrictions shall inure to the benefit of and be burdens upon Declarant and upon all Owners, Occupants, future Members, and future Occupants. This Declaration shall supersede and replace all previously recorded Declarations for the High Lostine Subdivision, including but not limited to the Declarations, Establishment of Conditions, Restrictions, Reservations and Easements, High Lostine Estates, Wallowa County, Oregon, dated January 30, 1981, and recorded at Book 92 of Deeds, Page 460, on May 13, 1981, and dated February 6, 1995, and recorded as Microfilm #9528208, on February 7, 1995.

SECTION 2. DEFINED TERMS

Throughout this Declaration, the following terms, when capitalized, shall have the following meanings:

2.1 **Architectural Control Committee** means the committee formed pursuant to Section 9 to review and approve or disapprove plans and specifications for the design and construction of Improvements within High Lostine and to undertake other tasks as are specified in this Declaration.

2.2 **Association** means the High Lostine Owners' Association.

2.3 **Board** means the Board of Directors of the Association.

2.4 **Declarant** means Don Hubbard and any Person succeeding to the responsibility of Declarant pursuant to a designation by Don Hubbard or by any successor Declarant of such Person as a successor Declarant in a supplemental declaration recorded in the Wallowa County Records.

2.5 **Declaration** means this Declaration of Covenants, Conditions, and Restrictions for High Lostine Subdivision (High Lostine Owners' Association), as it may be further amended from time to time.

2.6 **Developer** means any Person engaged in the development of any Lot for the purpose of selling or leasing the Improvements ultimately constructed on such Lot.

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2.7 **Director** means a member of the Board, selected or elected in accordance with Section 6.

2.8 **Improvement** means any improvement now or hereafter placed or constructed in, under, or upon the Property, including without limitation any building, road, driveway, parking area, fence, screening wall or barrier, retaining wall, stairs, and deck.

2.9 **Lot** means any parcel of land designated on the Plat as a Lot.

2.10 **Lostine** means the Property as developed substantially in accordance with the Plat, as the same may be modified from time to time.

2.11 **Occupant** means the Person in lawful possession of all or any portion of a Lot.

2.12 **Common Areas** means those parcels, if any, included within the Property which are, from time to time, designated by Declarant (prior to the Turnover Date) or by the Board (after the Turnover Date) as common areas of High Lostine, such as entry monuments and structures and median strips; such parcels may be conveyed to the Association, dedicated to the public, or owned by Persons other than Declarant or the Association and subject to easements in favor of the Association.

2.13 **Owner** means the record owner of fee simple title to any Lot, unless such Lot is being sold pursuant to a land sale contract, in which case "Owner" means the contract vendee of such Lot.

2.14 **Person** means any individual, association, corporation, partnership, or other legal entity

2.15 **Plat** means, collectively, the final plats of High Lostine, as recorded in the Wallowa County Records and any amendments thereto.

2.16 **President** means the President of the Association, selected in accordance with Section 7.

2.17 **Property** means the real property in Wallowa County, Oregon, legally described as High Lostine.

2.18 **Residential Unit** means a building or portion of a building located on a Lot and designated or intended for separate residential occupancy.

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2.19 Secretary means the Secretary of the Association, selected in accordance with Section 7.

2.20 Turnover Date means the earlier of (i) the date on which Declarant first has title to only one Lot within the Property or (ii) the date on which Declarant elects in writing, in its sole discretion, to relinquish control of the Association.

2.21 Turnover Meeting means the meeting of Declarant and the Board called for the purpose of passing control of the Association from Declarant to the Owners, which meeting shall be held pursuant to Section 6.

SECTION 3. HIGH LOSTINE OWNERS' ASSOCIATION

3.1 Formation and Authority. The Association shall be formed by Declarant as an Oregon nonprofit corporation within ninety (90) days after the date of this Declaration is recorded and shall be known as the High Lostine Owners' Association.

3.2 Membership. Each Owner, by virtue of being a Member and so long as such Owner continues in that capacity, shall be a member of the Association. Each membership in the Association shall be appurtenant to the Lot or other portion of the Property owned by an Owner and shall not be transferred in any manner whatsoever except upon a transfer of title to such Lot or other portion of the Property and then only to the transferee of such title.

3.3 Duties and Powers of the Association. The Association shall have all requisite power, duty, and authority to perform its obligations under this Declaration, including without limitation the power, duty, and authority to enforce the provisions of this Declaration and to acquire and pay for, out of the common fund provided by assessments pursuant to Section 8, all goods and services necessary or appropriate for the proper functioning of the Association in accordance with this Declaration. Without limiting the generality of the foregoing or the other provisions of this Declaration, the Association shall have the power, duty, and authority, subject to the other provisions of this Declaration, to undertake the following actions:

3.3.1 Determine the amounts necessary or appropriate for the performance by the Association of its powers and duties under this Declaration;

3.3.2 Impose and collect annual and special assessments from the Owners;

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3.3.3 Maintain bank accounts on behalf of the Association and designate the signatories for those accounts;

3.3.4 File all required income tax returns;

3.3.5 Enforce by legal means the provisions of this Declaration;

3.3.6 Maintain and repair the Common Areas and the Improvements thereon and establish one or more reserve funds for such purposes;

3.3.7 Promulgate, modify, and rescind rules and regulations governing the use of the Common Areas and all Improvements thereon, as well as the Property generally;

3.3.8 Obtain such policies of insurance as the Board may from time to time deem appropriate for the protection of the Association, the Common Areas, and the Improvements thereon, and as may be authorized pursuant to 6.17;

3.3.9 Compensate the Secretary, if any compensation is established pursuant to Section 7.6.

3.3.10 Contract for such services (including without limitation legal and accounting services) as may be necessary or appropriate to manage the affairs of High Lostine and the Association properly and in accordance with this Declaration, whether the personnel performing such services are employed directly by the Association or by a manager or management firm or agent retained by the Association; and

3.3.11 Appoint such committees as the Board may determine from time to time to be appropriate to assist in the conduct of the affairs of the Association and delegate to any such committee such authority as the Board may deem appropriate, subject in all cases to the provisions of this Declaration. Notwithstanding the foregoing provisions of this Article 3.3.11, the Architectural Control Committee shall in all events be formed as provided in and shall have the authority granted by Section 9 and other applicable provisions of this Declaration.

SECTION 4. OWNERS

4.1 The membership of the Association shall consist exclusively of the Owners of lots under recorded plats in the High Lostine Subdivision of Wallowa County, Oregon, as such plats may be or may hereafter be recorded by Declarant, or the successors or assigns thereof. A purchaser under a contract of purchase shall be

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deemed an owner for membership purposes, and the term "owner" as used in this Declaration shall include a contract purchaser or assignees and holders of record of vendees' interest under any such contract. Each membership in the Association shall be appurtenant to the Lot or other portion of the Property owned by an Owner and shall not be transferred in any manner whatsoever except upon a transfer of title to such Lot or other portion of the Property and then only to the transferee of such title.

4.2 No Owner of the Association shall have any right, title, or interest in or to the whole or any part of the property or assets of the Association, and no Owner shall be entitled to either the whole or any part thereof in the event of the termination of its membership in the Association.

4.3 Each owner shall have one membership and one vote regardless of the number of lots owned. A husband and wife holding a lot as community property or two or more other persons holding jointly or as tenants in common shall be entitled collectively to one membership. The Board may decide whether certificates of membership will be issued. A new owner or purchaser shall become entitled to vote after establishing its membership of contract interest to the satisfaction of the secretary. The personal representative of a deceased member shall have all that member's rights, privileges and duties.

4.4 No Owner may withdraw from the Association except on transfer of the lot or lots which his ownership is appurtenant. No compensation shall be paid by the corporation upon the transfer of membership and no owners whose membership is transferred shall thereafter be entitled to share or participate in any of the property, facilities, or benefits provided by the Association except to the extent of continued membership by reason of ownership of another lot or lots.

4.5 The Directors, or any officer designated by it, may, in accordance with procedures prescribed by the Directors, exclude any Owner from the use or enjoyment of the facilities and benefits of the Association for delinquency in payments required of Owners or for failure to comply with the Articles of Incorporation or Bylaws of this Association, or with the rules and regulations established by the Board.

SECTION 5. MEETINGS OF OWNERS

5.1 Meetings of Owners. Any meeting of the Owners for the purpose of electing Directors pursuant to this Section 5 shall be conducted in accordance with the following procedures:

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5.1.1 The first such meeting shall be held at least five (5) days prior to the Turnover meeting, on a date selected by the secretary. Subsequent meetings shall be held at least thirty (30) days prior to the expiration of the term of any Director.

5.1.2 Any meeting shall be held at a place within Wallowa County, Oregon, designated by the Secretary. The Secretary shall give written notice of any such meeting at least ten (10) but not more than thirty (30) days prior to the date of the meeting to each Owner, who has previously given written notice and a stamped envelope to the Secretary setting forth such Owner's name and address. The notice shall state the purpose, time, and place of the meeting. Notice of any meeting may be waived by any Owner at any time. No Owner who is present at a meeting may object to the adequacy or timeliness of the notice given.

5.1.3 Any Owner may give a proxy to any Person, so long as the proxy is in writing, signed by such Owner, and filed with the Secretary. A proxy shall expire on the earlier of (i) eleven months after the date of the proxy or (ii) the date of sale of the Owner's Lot by its Owner and

5.1.4 The presence, in person or by proxy, of Owners together entitled to cast at least thirty-three percent of the total votes entitled to be cast at any meeting shall constitute a quorum.

SECTION 6. BOARD OF DIRECTORS

6.1 Generally. The Association shall act through the Board. Prior to the Turnover Meeting, Declarant shall select three Directors. From and after the Turnover Meeting, the number of Directors shall be as set forth in Section 6.2 and the Owners shall select or elect the Directors in the manner provided in Sections 6.3 through 6.5 inclusive.

6.2 Number and Classification of Directors. From and after the Turnover Meeting, the Board shall be comprised of five Directors, all of whom shall be Owners, elected in the manner provided in Section 6.3. Membership on the Board shall be restricted to one representative per ownership.

6.3 Election of Directors. Each director shall be elected by majority vote of the quorum of Owners, with each such owner having one vote for each lot owned. If there is more than one Owner of any Lot, such Owners shall together be considered a single Owner with respect to such Lot for purposes of this Section 6.3. The election of Directors pursuant to this Section 6.3 shall take

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place at a meeting of the Owners of the Lots conducted pursuant to Section 5.

6.4 Initial Terms. Subject to the provisions of Section 6.7, Directors selected by Declarant pursuant to Section 6.1 shall serve at the pleasure of Declarant. The first Directors selected or elected by the Owners pursuant to Section 6.3 and Section 5, inclusive, shall serve the following respective terms as determined by random means: two of the five Directors initially elected pursuant to Section 6.3 shall serve three-year terms, two shall serve two-year terms, and one shall serve a one-year term.

6.5 Subsequent Terms. Except as provided in Sections 6.4 and 6.6, all Directors shall serve three-year terms. Any Director may serve more than one term.

6.6 Vacancies. In the event a Director dies, resigns, or ceases to be an Owner of a Lot, the resulting vacancy on the Board shall be filled by a majority vote of the remaining Board, even if they constitute less than a quorum. Any Director so selected or elected shall serve the remainder of the replaced Director's term.

6.7 Turnover Meeting. The Turnover Meeting shall be called by Declarant and held within thirty (30) days after the Turnover Date. Declarant shall give written notice of the time and place of the Turnover Meeting to each Owner who has previously given Declarant written notice setting forth such Owner's name and address. Declarant's notice shall be given at least five (5) but not more than twenty (20) days prior to the date of the Turnover Meeting. At the Turnover Meeting, the following shall occur:

6.7.1 The Directors selected by Declarant, the President, and the Secretary shall each resign. The Directors selected or elected by the Members pursuant to Section 5 shall conduct their first meeting as the Board;

6.7.2 The new Board shall elect a President and a Secretary; and

6.7.3 Declarant shall deliver to the new Board all of the Association's property in Declarant's possession, including without limitation all books and records, funds, tangible personal property, insurance policies, and contracts to which the Association is a party.

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6.8 Annual Meetings. The Board shall meet annually, within one hundred-eighty (180) days after the end of each calendar year. At each annual meeting, the Secretary shall present to the Board a report of the financial condition of the Association, including a report of receipts and disbursements for the preceding calendar year and the estimated receipts and expenses for the coming year.

6.9 Special Meetings. Special meetings may be called at any time by three or more Directors. Such meetings shall be scheduled by the Secretary within thirty (30) days after the Secretary's receipt of written requests signed by three or more Directors, provided that the purpose of the special meeting is to elect a successor Secretary or to consider removal of the Secretary, the meeting may be scheduled by the President or, if the meeting is also for the purpose of electing a successor President or considering the removal of the President, by any other Director.

6.10 Place of Meetings. Meetings of the Board shall be held at such place as may be designated from time to time by the Board.

6.11 Notice. Except as otherwise specifically provided herein, the Secretary shall give written notice to each Director of any meeting of the Board at least ten (10) but not more than thirty (30) days prior to the date set for such meeting, stating the purpose, time, and place 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 any Director may designate by written notice to the Secretary. Notice of any meeting may be waived by any Director at any time. No Director who is present at a meeting may object to the adequacy or timeliness of the notice given.

6.12 Quorum. The presence, in person or by proxy, of a majority of the Directors shall constitute a quorum for voting at a Board meeting. When voting is by mail pursuant to Section 6.15, a quorum shall be constituted if the number of votes cast equals at least 51 percent of the total votes entitled to be cast. The Board shall have the power to adjourn a meeting even if more than a quorum is present.

6.13 Proxies. A Director may vote in person or by proxy. A proxy may be given to any other Director, so long as the proxy is in writing, signed by the Director giving the proxy, and filed with the Secretary. A proxy shall expire on the earlier of (i) the end of the Director's term; or (ii) three months after the date of the proxy. Notwithstanding the foregoing, in no event shall any Director give a proxy to any other Director more than once in any twelve-month calendar period.

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6.14 Voting by the Board. Each Director shall have one vote. So long as a quorum is constituted, the vote of Directors together holding a majority of the total votes cast, whether the Directors voting are present in person or by proxy, and whether the vote takes place at a meeting or by mail, shall be a binding vote of the Board for all purposes, unless a greater percentage is required by law or this Declaration.

6.15 Voting by Mail. Voting of the Directors may be by mail. In any case in which voting by mail is necessary or desirable, the Secretary shall give written notice to all Directors, which notice shall (i) include a written resolution setting forth the proposed action, (ii) state that the Directors are entitled to vote by mail for or against such resolution, and (iii) specify a date not less than twenty-five (25) days after the effective date of such notice by which all votes must be received at the principal office of the Association. Votes received after the date specified shall not be effective.

6.16 Compensation of Directors. No Director shall receive compensation from the Association for serving on the Board.

6.17 Insurance. Subject to Section 7.8, the Board may purchase and maintain insurance on behalf of any Director against any liability incurred by such Director in such capacity, if such insurance is available at a cost and on terms which the Board determines to be reasonable.

SECTION 7. OFFICERS OF THE ASSOCIATION

7.1 Designation. The officers of the Association shall be the president and the Secretary, both of whom shall be elected by the Board. The same person shall not concurrently hold the offices of President and Secretary. The Board may designate such additional officers as it deems appropriate.

7.2 Election. The officers of the Association shall be elected annually by the Board and shall hold office at the pleasure of the Board and until their successors are elected. If any office becomes vacant, the Board shall elect a successor to fill the unexpired term.

7.3 Removal. The Board may remove any officer, at any time, with or without cause.

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7.4 President. The President shall be a Director and shall be the chief executive officer of the Association. The President shall preside at all meetings of the Board and, unless otherwise provided in this Declaration, shall have all of the general powers and duties normally incident to the office of the chief executive officer of an association.

7.5 Secretary. The Secretary shall not be required to be a Director. The Secretary shall keep the minutes of all proceedings of the Board and all other Association records and shall attend to the giving of all notices pursuant to this Declaration or required by law. The Secretary shall be responsible for the collection, deposit, and disbursement of Association funds and shall keep full and accurate financial records and books of account showing all receipts and disbursements of the Association. The Secretary shall perform all other duties incident to the office of secretary of an association or as may be directed by the Board. The Secretary shall perform all of the foregoing duties at the expense of the Association.

7.6 Compensation of Officers. Other than reimbursement for out-of-pocket expenses incurred on the behalf of the Association, neither the President nor any other officer of the Association other than the Secretary shall receive any compensation from the Association for acting as an officer. The Board in its sole discretion shall have the authority to authorize compensation for the Secretary in an amount not to exceed \$500.00 per year.

7.7 Execution of Instruments. All agreements, contracts, deeds, leases, and other instruments of the Association shall be executed by such individual(s) as may be designated by resolution from time to time by the Board.

7.8 Indemnification. Neither a Director nor an officer of the Association shall be liable to the Association or the Members for any mistake of judgment, negligence, or otherwise, except for such Director's or officer's willful misconduct or bad faith. Each Director and officer shall be indemnified by the Association against all expenses and liabilities, including reasonable attorney fees, incurred by or imposed upon such Director or officer in such capacity provided, however, there shall be no indemnity if such Director or officer is adjudged guilty of willful misconduct or bad faith in connection with the matter as to which indemnification is sought.

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7.9 Certificates of Membership. The Directors shall provide for the issuance of certificates evidencing membership in the Association, which certificates shall be in such form as may be determined by the Board. Such certificates shall be signed by the President or Secretary and shall be sealed with the seal of the corporation. All certificates evidencing membership shall be consecutively numbered. The name and address of each member and the date of issuance of the certificate shall be entered on the records of the Association. If any certificate is lost, mutilated, or destroyed, a new certificate may be issued therefor on such terms and conditions as the Board may determine.

SECTION 8. ASSESSMENTS

8.1 Annual Assessments. Subject to the requirements set forth in this Section 8, the Association shall have the authority to levy annual assessments to pay all expenses associated with the Association's performance of its powers, duties, and responsibilities under this Declaration, as well as to pay all property taxes, lighting, insurance, maintenance, and other expenses incurred with respect to the Common Areas and the Improvements thereon. The Association shall bill each Owner for such Owner's share of the assessments (determined in accordance with this Section 8) on an annual basis, in advance or as the Board may determine. Each Owner shall pay any such assessment within thirty (30) days after the date of billing.

8.2 Allocation to Lots. The annual assessment levied pursuant to Section 8.1 with respect to any calendar year shall be allocated to the Lots and shall be allocated among such Lots pro rata based on the total number of Lots; provided, however, that the amount allocated to each Lot with respect to any calendar year shall not exceed \$150.00.

8.3 Special Assessments. In addition to annual assessments pursuant to Section 8.1, the Association may levy special assessments to pay the cost of any construction, reconstruction, repair, or replacement of any Improvements in or to the Common Areas or for any other purpose deemed appropriate by the Board; provided, however, that any special assessment shall be levied only upon the affirmative vote of a majority of the Directors and shall not exceed more than \$25.00 per Lot in any calendar year unless the prior written approval of sixty-five percent (65%) or more of the Owners is obtained. Special assessments shall be billed to the Owners at such time as the Board may determine. Special assessments shall be allocated among the Lots in the manner provided with respect to annual assessments in Section 8.1.

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8.4 Record of Assessments. The Association shall maintain records of assessments, of any other income received by the Association, and of all disbursements made. The Board may at any time and from time to time require that an audit of the Association's records be performed at the expense of the Association. The results of any such audit may be presented at any meeting of the Board. Any Director may, at the Association's expense and at any reasonable time, copy any Association records reasonably necessary to the performance of such Director's duties. Any Owner shall have the right to inspect Association records at any reasonable time, after reasonable notice to the Secretary. Any Owner may copy Association records at such Owner's expense.

8.5 Enforcement. In the event that any assessment, or any expense or fine due pursuant to Section 10 or 11 is not paid within thirty (30) days after the date of billing, the unpaid amount shall thereafter bear interest from the date first due until paid in full at the legal rate of interest for the State of Oregon. In addition to all other rights and remedies available by law or provided herein, the Association shall also be entitled (i) to impose a late charge with respect to any such unpaid amount equal to ten percent (10%) thereof, to reimburse the Association for its administrative and other expenses incurred as a result of the Owner's failure to pay the assessment or expense when due and (ii) upon fifteen (15) days prior written notice to the Owner owing such assessment or expense, to impose a lien against such Owner's lot in the amount of the assessment or expense, plus collection costs (including reasonable attorney fees), plus interest and late charges as provided in this Section 8.5. Any such lien shall also secure any additional amounts thereafter coming due from the Owner of the Lot in question. Subject to the provisions of Section 8.7, any such lien shall bind and run with the Lot in question, until paid in full. The Association may initiate an action to foreclose any such lien in any manner provided by law. In any action to foreclose any such lien, any judgment rendered against the Owner of the Lot in question and in favor of the Association shall include such amount as the court may adjudge reasonable as attorney fees and costs and expenses reasonably incurred in the preparation for and the prosecution of such action, at trial and on any appeal or review, in addition to all other amounts provided by law.

8.6 Personal Obligation. Each assessment or charge levied pursuant to the provisions of this Declaration shall be a separate and personal obligation of the Owner of the Lot against which the assessment or charge is levied. The sale, transfer, or conveyance of a Lot shall neither release nor discharge the Owner thereof from such personal liability, nor shall such a sale, transfer, or conveyance extinguish any lien placed on such Lot.

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8.7 Subordination. Notwithstanding any other provision of this Declaration, any lien imposed on a Lot under this Section 8 shall be and remain at all times inferior, junior, and subordinate to the lien of any first mortgage or deed of trust encumbering such Lot. Without limiting the generality of the foregoing, the sale or transfer of any Lot under a decree of foreclosure pursuant to any such first mortgage or deed of trust, or proceeding in lieu of foreclosure, shall extinguish any lien imposed on such Lot hereunder prior to the date of sale or transfer. Upon twenty (20) days prior written request, the Association shall execute and deliver such reasonable documentation as any Lot Owner may request to confirm or evidence the provisions of this Section 8.7.

SECTION 9. ARCHITECTURAL AND DESIGN CONTROL

9.1 Establishment of the Architectural Control Committee. On or prior to the Turnover Date, the Architectural Control Committee shall be established to review and approve or disapprove plans, specifications, design, construction, and alterations of all Improvements built within High Lostine, pursuant to Sections 9.2 and 9.3. The Architectural Control Committee shall consist of at least three owners appointed, removed, and replaced by the Board as the Board may deem appropriate. Provided, however, that until the Turnover Meeting, Declarants' representative may serve as a member of the Architectural Control Committee. Until such time as the Architectural Control Committee is established, Declarant shall have full power and authority to act as the Architectural Control Committee in accordance with the provisions of this Section 9.

9.2 Architectural and Design Review.

9.2.1 Generally. No Improvement of any kind shall be commenced, erected, placed or altered on any portion of the Property unless such Improvement is in conformance with this Section 9.2. and until plans and specifications showing the nature, kind, shape, height, material, color, and location of such Improvement are submitted to and approved by the Architectural Control Committee pursuant to the provisions of Section 9.3. All such Improvements shall be erected and altered in conformance with all applicable governmental laws, ordinances, rules, and regulations and with the requirements set forth in this Section 9.2. To the extent applicable governmental laws, ordinances rules and regulations are in conflict with such requirements, the more restrictive standards shall control.

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9.2.2 Design Guidelines. The Architectural Control

Committee shall have the authority to promulgate and issue, and thereafter to amend from time to time, design guidelines supplementing, interpreting, and not inconsistent with those set forth in this Section 9.2. Such guidelines shall be supplied in writing to all Members, shall be fully binding upon all Members as if set forth in this Declaration, and shall be applied by the Architectural Control Committee in reviewing and approving or denying proposed improvements. Without limiting the generality of the foregoing, the Architectural Control Committee shall have the authority to include in any such guidelines, among such other provisions as the Architectural Control Committee may deem appropriate: height restrictions with respect to Improvements to be constructed on the Property or any portion thereof, requirements and restrictions with respect to exterior lighting in addition to those set forth in this Declaration, requirements regarding parking and landscaping in addition to those set forth in this Declaration, signage restrictions, and requirements to be met in connection with construction activities on the Property or any portion thereof. Any requirements or restrictions set forth in the design guidelines need not relate to all components of High Lostine, if the Architectural Control Committee determines that only certain portions of the Property should be affected. All dwelling structures shall be affixed to a permanent foundation and shall be of new construction. Mobile homes are prohibited. The Architectural Control Committee shall have full authority to define the term "mobile home", but shall do so consistent with the design criteria contained herein.

9.2.3 Exterior Finish. The exterior finish of the Improvements on all Lots,

including without limitation the roof, materials, and color thereof, shall be subject to the approval or disapproval of the Architectural Control Committee and shall be designed, built and maintained so as to be compatible with the natural surroundings, existing structures, and landscaping within High Lostine. Exterior trim, doors, railings, decks, eaves, and gutters, and the exterior finish of garages and other accessory buildings shall be designed, built and maintained so as to be compatible with the exterior of the structure they are part of or adjoin.

9.2.4 Exterior Lighting. Any exterior lighting that

is visible from any Lot or street shall be compatible with its surroundings, shall not materially increase the illumination on neighboring properties, and shall be approved by the Architectural Control Committee prior to installation.

9.2.5 Fences. All fences and all fence finishes shall be approved by the Architectural Control Committee prior to installation. All approved fences shall be well-constructed of suitable fencing materials.

9.2.6 Service Facilities. Clothes lines, waste facilities, storage facilities, and other service facilities shall be screened so as not to be visible from the street or the street level of adjacent property.

9.2.7 Signs. No sign of any kind shall be posted on any Lot except for one sign advertising the property for sale or rent and one sign each in the front and rear yards of not more than one foot in diameter indicating that the Property is protected by a security service or device.

9.2.8 Landscaping. During new construction, existing trees are encouraged to be retained. Only the trees and shrubbery within the immediate area of the building site and driveway may be removed. Removal of trees and shrubbery other than in the immediate area of the construction site shall be permitted only upon prior approval of the Architectural Control Committee, which approval may be granted without notice to other Members. Provided, however, that no tree six inches or more breast high diameter shall be cut at any time without the prior approval of the Architectural Control Committee after full notice and hearing. Also, provided, however, that pruning, thinning and removal of dead, dying, or hazardous trees are permitted without prior approval.

9.2.9 Concealment of Tanks. To the extent permitted by law, liquid petroleum, gas or oil tanks shall be concealed by housing of similar architectural design to the main structure.

9.3 Design Review Procedure.

9.3.1 Submission of Plans. Prior to the commencement, erection, placement, or alteration of any Improvement on any Lot, the Owner desiring to commence, erect, place, or alter such Improvement shall submit plans and specifications to the Architectural Control Committee in accordance with such procedures as the Architectural Control Committee may establish from time to time. All plans and specifications shall conform to any specific requirements set forth in the design guidelines promulgated pursuant to Section 9.2.2 and shall provide sufficient detail to enable the Architectural Control Committee to determine whether the proposed Improvement is in conformance with the applicable requirements set forth in this Section 9 and in such design guidelines. The Owner shall also supply any additional information reasonably requested by any member of the Architectural Control Committee.

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The Architectural Control Committee shall meet once each month. All applications received no less than 15 days prior to a monthly meeting shall be considered at that monthly meeting.

9.3.2 Notice. Except as provided in Section 9.2.8, all Members shall be given no less than 15 days prior written notice of all meetings of the Architectural Control Committee. Such notice shall include a listing of all lots for which plans of any nature shall be considered at the meeting.

9.3.3 Approval. The Architectural Control Committee may approve a proposed Improvement as submitted or may impose specific conditions which must be met before approval will be granted. A decision by a majority of the members of the Architectural Control Committee shall constitute a decision of the Architectural Control Committee.

9.3.4 Commencement of Work. As soon as practicable after the receipt of approval by the Architectural Control Committee, if the Owner elects to proceed with the Improvement, the Owner shall satisfy any and all conditions of such approval, shall secure all necessary governmental permits and approvals, and shall commence construction of the approved Improvement. The Architectural Control Committee's approval of any proposed Improvement shall automatically be deemed revoked one hundred eighty (180) days after issuance unless construction of the Improvement has commenced or the Owner has applied for and received an extension of time from the Architectural Control Committee.

9.3.5 Completion of Work. The exterior of any approved Improvement shall be completed within one year after the date of commencement of construction, provided, however, that if the construction of any approved Improvement is delayed by causes beyond the reasonable control of the Person constructing such Improvement, the period shall be extended by the number of days construction is so delayed. In all cases, landscaping shall be completed to the reasonable satisfaction of the Architectural Control Committee within one year after substantial completion of associated Improvements.

9.3.6 Failure to Act. If at any time the Architectural Control Committee fails for any reason to perform its responsibilities under this Section 9, the Board shall have complete authority to serve as a temporary Architectural Control Committee.

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9.3.7 Architectural Control Committee Discretion. The Architectural Control Committee, in its sole discretion, may withhold approval of any proposed Improvement if the Architectural Control Committee finds that the proposed Improvement would be inconsistent with the provisions of Section 10, or would be incompatible with the design standards for High Lostine, as set forth in this Section 9 and in the design guidelines promulgated pursuant to Section 9.2.2. Considerations such as sizing, shape, size, color, design, height, impairment of the view from other parts of the Property, solar access, and other effects on the enjoyment of other parts of the Property, as well as any other factors which the Architectural Control Committee believes to be relevant, may be taken into account by the Architectural Control Committee in determining whether or not to approve any proposed Improvement. The Architectural Control Committee, in its sole discretion, may, upon application, waive any provision of this Section 9 if it finds that the application of such provision results in unnecessary hardship to the affected Owner and that strict application is not necessary for the furtherance of the objective to create an attractive development. Any action by the Architectural Control Committee shall be in writing and signed by at least two (2) members thereof.

Notwithstanding the foregoing, any Member shall have the right to appeal to the Board any decision of the Architectural Control Committee by giving written notice thereof to the Secretary within seven (7) days of the date of the Architectural Control Committee's written decision (the "Committee Decision"). The Board shall give all parties who appeared before the Architectural Control Committee an opportunity to submit oral or written arguments, as designated by the Board, to the Board. If the Board designates that its decision will be on written argument only, the Board's notice shall give all parties 14 days to submit written arguments. If the Board decides to accept oral argument in addition to written argument, the Board shall set a hearing date within 30 days of the date the Notice of Hearing is given. The Board shall render its written decision within seven days of the Board's meeting to consider the appeal.

9.3.8 No Liability. Neither the Architectural Control Committee, nor any member thereof, nor the Association shall be liable to any Owner, Occupant, Developer, or other Person for damage or loss suffered or claimed as a result of any action or failure to act on the part of the Architectural Control Committee or any member thereof, so long as the Architectural Control Committee or such member has acted in good faith based on actual knowledge.

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9.3.9 Nonwaiver. Approval or disapproval by the Architectural Control Committee of any matter proposed to it or within its jurisdiction shall not constitute a precedent or waiver or impair in any manner whatsoever the right of the Architectural Control Committee to grant or withhold approval as to any similar matter thereafter proposed or submitted to it for approval.

9.3.10 Estoppel Certificate. Within twenty (20) days after receipt of a written request from any Owner, and the payment by such Owner of such reasonable fee as may be fixed by the Board from time to time to cover costs, the Architectural Control Committee shall provide such Owner with an estoppel certificate executed by a member thereof, certifying with respect to the Lot(s) owned by such Owner that, as of the date of the certificate, either (i) all Improvements on such Lot(s) comply with this Declaration, or (ii) such improvements do not so comply, in which event the certificate shall also identify the noncomplying Improvements and state with reasonable particularity the nature of such noncompliance. Any purchaser from an Owner, and any mortgagee or other encumbrancer, shall be entitled to rely upon any such certificate as to the matters set forth therein, such matters being conclusive among Declarant, the Architectural Control Committee, the Association, all Owners, and such purchaser, mortgagee, or other encumbrancer.

SECTION 10. PROPERTY USE AND RESTRICTIONS

10.1 Improvements Permitted. No Improvement shall be erected or permitted to remain on any Lot except Improvements consisting of or containing one Residential Unit and Improvements normally accessory thereto, including but not limited to additional structures incidental to use of primary residence. The provisions of this Section 10.1 shall not be construed to prohibit construction of a private greenhouse, storage unit, private swimming pool, or structure for the storage of the boat, camping trailer, and/or recreational vehicle, so long as any such Improvement has been approved by the Architectural Control Committee and is otherwise in conformance with this Declaration and applicable governmental requirements.

10.2 Residential Use. Except as provided in this Section 10.2, Lots shall be used solely for residential purposes. Without limiting the generality of the foregoing, no trade, craft, business, profession, commercial, or similar activity of any kind shall be conducted on any Lot, unless only normal residential activities would be observable outside the Residential Unit in question and the activity would not violate applicable law. Nothing in this Section 10.2 shall be deemed to prohibit or limit (i) activities relating to the sale or rental of Residential Units,

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or (ii) the right of Declarant or any Developer to construct a Residential Unit on any Lot or to store construction materials and equipment on any such Lot in the normal course of construction.

10.3 Landscaping and Maintenance. Each Owner and Occupant shall maintain such Owner's or Occupant's Lot and the Improvements thereon, at such Owner's or Occupant's expense, with a goal of keeping the area aesthetically pleasing, consistent with natural surroundings, and, after initial construction, reducing the risk of wildfire. Required maintenance and repair shall include without limitation (i) maintenance of all parking areas, private drives, curbs, and walkways in a clean and safe condition, including cleaning and repairing as often as necessary, and (ii) maintenance of exteriors of buildings in an attractive and neat condition at all times. In addition, each Owner and Occupant shall maintain in good condition and repair the sidewalks, street trees, and grass and other landscaping, if any, between the sidewalks and curbs bordering on such Owner's or Occupant's Lot. If the Board determines that maintenance and repairs are not conducted as required pursuant to this Declaration and the Occupant fails to perform such maintenance and repairs within thirty (30) days of the effective date of a notice from the Association setting forth the deficiencies in reasonable detail, the Association may conduct the necessary repairs or maintenance as provided in Section 11.

10.4 River and Park Access. On or before the Turnover Meeting, declarant shall convey to the Association Lot 4 of Block B for a park and river access. Each Owner and Owner's heirs, successors or assigns shall have access to the Lostine River over Lot 4, Block B of the subdivision and shall also have walking access over a 20' strip of land over all lots which are adjacent to the Lostine River, which 20' strip of land shall be located adjacent to the Lostine River, beginning at the high water mark of the river as shown on the recorded plat map.

10.5 Limitations on Use.

10.5.1 Offensive Activities. No noxious or offensive activity shall be carried on in High Lostine, nor shall anything be done or placed upon any Lot or Tract which interferes with or jeopardizes enjoyment of other Lots or the Common Areas.

10.5.2 Animals. No animals of any kind shall be raised, kept, or permitted within High Lostine provided, however, that horses and other pack animals may be kept within an enclosed area at all times. There may be one horse or other pack animal kept for each named titleholder on a particular lot, but in no event shall there be more than two such animals kept on one lot for any longer than a two week period. An owner shall use no more than

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two such two week periods per calendar year, and any such two week periods shall be separated by no less than 60 days. All animals must be kept in a manner so that they are reasonably controlled so as not to be a nuisance; also provided, however, that each Owner and Occupant may keep a reasonable number of household pets which are not kept, bred, or raised for commercial purposes and which are reasonably controlled so as not to be a nuisance.

10.5.3 Parking. Parking of farm, landscaping, or construction machinery or equipment, trucks with a GVW rating in excess of one ton, commercial vehicles, and recreational vehicles including, but not limited to, boats, trailers, campers, motorcycles, motor homes, golf carts, snowmobiles and similar equipment shall not be allowed on any Lot, or any street adjacent thereto, except within an enclosed garage or screened area. Natural screening is an acceptable screen under this provision. These areas must prevent the vehicle or equipment therein from being seen from any other Lot or any street within the Property and their construction must be reviewed and approved by the Architectural Control Committee pursuant to Section 9.

10.5.4 Vehicles in Disrepair. No Owner or Occupant shall permit any vehicle that is in an extreme state of disrepair (as reasonably determined by the Board) or which is under repair to be abandoned or to remain parked on any Lot or any street within the Property for a period in excess of 48 hours. If a Member or Occupant fails to remove such a vehicle within five (5) days after notice from the Association, the Association may have the vehicle removed from the Property and charge the expense of such removal to the Member of the Lot or vehicle as provided in Section 11.

10.5.5 Rubbish and Trash. No Lot or any part of the Common Areas shall be used as a dump for trash or rubbish of any kind. All garbage and other waste shall be kept in appropriate sanitary containers for proper disposal and out of public view. Yard rakings, dirt, and other material resulting from landscaping work shall not be dumped onto streets, the Common Areas, or any Lot. In the event Owner or Occupant fails to remove any trash, rubbish, garbage, yard rakings, or other waste materials from such Owner's or Occupant's Lot (or from any street or Common Areas if deposited thereon by each Owner or Occupant) within five (5) days after notice from the Association, the Association may have such waste removed and charge the expense of such removal to the Member of the Lot as provided in Section 11.

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10.5.6 Temporary Structures. No structure of a temporary character, trailer, camper, motor home, tent, shack, garage, barn, or other outbuilding shall be permitted or used in High Lostine at any time as a residence, except as a temporary dwelling up to one year during construction only.

10.5.7 Excavation. All mining of sand, gravel, or minerals is prohibited. Any excavation for construction or improvement of the property must have prior approval of the Architectural Control Committee.

10.5.8 Division of Lots. No lot within the subdivision shall be divided or re-subdivided in such a manner as to constitute an additional building site.

10.5.9 Drainage. No Owner or Member shall in any way interfere with the established drainage pattern of water over an adjoining lot or lots and will make adequate provisions for proper drainage in the event it is necessary to change the established drainage of water over the Owner's lot.

10.5.10 Hunting. All hunting and discharge of firearms is prohibited. Recreational archery is permitted, but shall be conducted in a safe manner away from the adjacent property boundaries and, upon complaint by any Member, shall be subject to review and approval by the Architectural Control Committee, which committee shall assure that the activity is in conformance with the standards stated herein.

10.5.11 Water System When and for so long as public water system service is available, no private well or individual water source shall be created or used for lots subject hereto and each residence structure shall be connected at the Owner's expense to such public water system.

SECTION 11. RIGHT OF ENTRY; FINES

Declarant, the Association, the Architectural Control Committee, and any representative of any of the foregoing, after not less than fifteen (15) days written notice to the affected Owner setting forth the violation and required corrective action in reasonable detail and such Owner's failure to correct the violation within such time period, shall have the right to enter upon any Lot (i) to clean or maintain landscaping, parking areas, driveways, exterior lighting fixtures, and buildings (ii) to inspect any Lot prior to, during, or upon the completion of construction of Improvements thereon (iii) to remove, demolish, replace, alter, repair, or otherwise correct any Improvement which is placed on any Lot without the prior approval of the Architectural Control

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Committee pursuant to Section 9 or which is constructed or installed in a manner inconsistent with the terms of the Architectural Control Committee's approval therefor pursuant to Section 9j (iv) to enforce the provisions of Sections 10.3,10.4.4, and 10.4.5 if the Owner of the Lot in question does not do so as required by this Declaration or (v) for any other purpose permitted under this Declaration. The Owner of any Lot shall reimburse the Association for any expenses incurred in connection with any action described in the clauses (i), (iii), or (iv) of the preceding sentence promptly upon billing of the same. If the Owner fails to reimburse the Association within ten (10) days after such billing, the Association may impose a lien against the Lot as provided in Section 8.5. No entry on any Lot pursuant to this Section 11 shall be deemed a trespass or otherwise create any right of action in the Owner or Occupant of such Lot. As an alternative remedy and without waiving its right to subsequently exercise any other remedy, the Association shall have the right to levy fines against any Owner or Occupant who violates a provision of this Declaration and fails to correct such violation within fifteen (15) days after the effective date of a written notice from the Board setting forth the violation and required corrective action in reasonable detail. The Board shall have the right to impose such fines by resolution in an amount deemed appropriate by the Board in the exercise of its reasonable discretion provided, however, that the first fine for the violation of any provision of the Declaration shall not exceed \$25.00, the second fine for the violation of the same provision shall not exceed \$50.00, and the third and subsequent fines shall not exceed \$100.00. A fine shall be paid promptly upon written notification of the same. If a Member or Occupant fails to pay a fine within ten (10) days after the effective date of such written notification, the Association may impose a lien against the Lot as provided in Section 8.5.

SECTION 12. GENERAL PROVISIONS

12.1 Duration. These covenants, conditions, and restrictions shall run with and bind, benefit, and burden in perpetuity the Property, all Owners and Occupants, and the lessees, invitees, and guests of all Owners and Occupants.

12.2 Severability. In the event any provision of this Declaration is determined to be invalid or unenforceable, that determination shall not affect the validity or enforceability of any other provision or of the same provision to a different situation.

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12.3 Amendment. This Declaration may be amended only upon the affirmative vote of seventy-five percent (75%) or more of the Owners, with each Owner having one vote for each Lot owned. For purposes of this Section 12.3, if there is more than one Owner of any Lot, such Owners shall together be considered a single Member with respect to such Lot.

12.4 Enforcement. The Association and each Owner shall have right to enforce all of the covenants, conditions, restrictions, reservations, easements, liens, and charges now or hereinafter imposed pursuant to any provision of this Declaration by any appropriate proceeding at law or in equity. Any remedies specifically provided herein are nonexclusive and cumulative and are in addition to all other remedies available to the Association and the Owners at law or in equity.

12.5 Nonwaiver. Any failure of the Association or any Owner to enforce a covenant, condition, or restriction contained in this Declaration shall not be deemed to constitute a waiver of the Association's or any Owner's right to enforce that or any other covenant, condition, or restriction contained in this Declaration.

12.6 Declarant Not Liable. Neither Declarant nor Declarant's successors or assigns shall be liable to any Owner or Occupant or to any other Person for its enforcement or failure to enforce any provision of this Declaration. Each Owner and Occupant, by acquiring such Owner's or such Occupant's interest in the Property, agrees not to bring any action or suit against Declarant or any successor or assign of Declarant to recover any such damages or to seek any other relief (including without limitation equitable relief) by reason of any such enforcement or failure to enforce any provision of this Declaration. Each Owner and Occupant shall and does, by taking title to or occupying any portion of the Property, agree to defend, indemnify, and hold harmless Declarant and Declarant's successors and assigns from any claim, loss, damage, cost, or expense (including without limitation reasonable attorney's fees) arising out of the use, operation, ownership, occupancy, or condition or state of repair of that portion of the Property owned by such Owner or occupied by such Occupant.

12.7 Constructive Notice and Acceptance. By the recording of this Declaration, each Owner and Occupant shall be deemed to have consented and agreed to every term, covenant, condition, and restriction contained herein.

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12.8 Joint and Several Liability. If an Owner consists of more than one Person, each such Person shall be jointly and severally liable for any assessment or charge and for the performance of any other obligation imposed pursuant to this Declaration.

12.9 Captions. The captions and headings of sections herein are for convenience only and are not intended in any way to define, limit, or describe the scope or intent of any Section in this Declaration.

12.10 Notices. All notices under this Declaration shall be in writing. Any such notice shall be deemed effective on the earlier of the date of delivery or, if mailed, three (3) business days following the date of mailing, if addressed to the addressee at the address, if any, designated in the Association's records.

IN WITNESS WHEREOF, the Declarant has executed this Declaration to be effective as of the 18th day of May, 1995, irrespective of the date actually signed.


DONALD P. HUBBARD

By

STATE OF OREGON
County of Willamette

Personally appeared before me this 18 day of May 1995, the above-named Donald P. Hubbard and acknowledged the foregoing instrument to be his voluntary act and deed.

OFFICIAL SEAL
Kerrie Niezen
NOTARY PUBLIC-OREGON
COMMISSION NO. 038777
MY COMMISSION EXPIRES OCT. 19, 1998

Kerrie A. Niezen, NOTARY PUBLIC-OREGON
COMMISSION NO. 038777 MY COMMISSION EXPIRES OCT. 19, 1998

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LOSTINE SUBDIVISION**