

DECLARATIONS, RESTRICTIONS,
PROTECTIVE COVENANTS AND CONDITIONS
FOR
GILCHRIST OWNERS' ASSOCIATION, INC.

This Declaration of Covenants, Conditions, and Restrictions is made this 21 day of November, 1996, by Ernst Brothers LLC, hereinafter referred to as "Declarant".

WHEREAS, Declarant is the owner of the real property described in Exhibit "A", attached hereto and incorporated herein by reference. Declarant intends by this Declaration to impose upon the Properties mutually beneficial restrictions under a general plan of improvement for the benefit of all owners of Property, made subject to this Declaration and amendments thereto by the recording of this Declaration. Declarant desires to provide a flexible and reasonable procedure for the overall development of the Properties, and to establish a method for the administration, maintenance, preservation, use, and enjoyment of such Properties as are now or may hereafter be subjected to this Declaration;

NOW, FURTHER THEREFORE, Declarant hereby declares that all the Properties described in Exhibit "A" and any additional property as may by subsequent amendment be added to and subjected to this Declaration 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 subjected to this Declaration and which shall be binding on all parties having any right, title, or interest in the described Properties or any part thereof, their heirs, successors, successors-in-title, and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I: DEFINITION

Section 1. "Additional Property" shall mean and refer to additional real property subject to Declarant's unilateral right of annexation as provided elsewhere in this Declaration.

Section 2. "Area of Common Responsibility" shall mean and refer to the Common Area, together with those areas, if any, within or upon a Lot, the maintenance, repair, or replacement of which is the responsibility of the Association.

Section 3. "Bylaws" shall refer to the Bylaws of GILCHRIST OWNERS' ASSOCIATION, INC.

Section 4. "Common Area" and "Common Property" shall mean all real and personal property now or hereafter owned by the Association for the common use and enjoyment of the Owners. The "Common Area" or "Common Property" is identified on the Tract 1318 - Gilchrist Townsite Plat and consists of the roadways and Easement recorded at Volume M96, Page 36792 Klamath County Records as shown on that Plat.

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Section 5. "Common Expenses" shall mean and include the actual and estimated expenses of operating the Association, both for general and Parcel purposes, including any reasonable reserve, all as may be found to be necessary and appropriate by the Board pursuant to the Declaration, the Bylaws, and the Articles of Incorporation of the Association.

Section 6. "Commercial Unit" shall mean a structure situated within a portion of the Properties intended for any type of independent ownership for commercial use.

Section 7. "Eligible Mortgage Holder" shall mean a holder, insurer, or guarantor of a first mortgage on a Unit who has requested notice of certain matters from the Association as hereinafter and in the Association's By-laws provided.

Section 8. "Eligible Votes" shall mean those votes available to be cast on the issue at hand. A vote which is for any reason suspended is not available to be cast.

Section 9. "Lot" shall mean a portion of the Properties other than the Common Area intended for any type of independent ownership and use as may be set out in this Declaration and as shall be shown on the plats of survey filed with this Declaration or amendments thereto. Where the context indicates or requires, the term Lot includes any structure on the Lot.

Section 10. "Majority" means those eligible votes, Owners, or other groups as the context may indicate totaling more than fifty (50%) percent of the total eligible number.

Section 11. "Member" shall mean and refer to a person or entity entitled to membership in the Association, as provided herein.

Section 12. "Mortgage" means any mortgage, deed to secure debt, and any and all other similar instruments used for the purpose of conveying or encumbering real property as security for the payment or satisfaction of an obligation.

Section 13. "Mortgages" shall include a beneficiary or holder of a deed of trust, as well as a mortgagee.

Section 14. "Mortgagor" shall include the trustor of a deed of trust, as well as a mortgagor.

Section 15. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of any Lot which is part of the Properties, but excluding any party holding the fee simple title merely as security for the performance of an obligation. Owner shall include the Declarant.

Section 16. "Property or Properties" shall mean and refer to the real property described on Page one of this Declaration and such additional real property as may be added in accordance with Article V.

Section 17. "Residential Unit" shall mean a structure situated upon a portion of the Properties intended for any type of independent ownership for use and occupancy as a residence by a single family and shall, unless otherwise specified, include within its meaning by way of illustration, but not limitation, condominium units, apartment units, patio or zero-lot-line homes, and single-family houses on separately platted lots, as may be developed, used, and defined as herein provided or as provided in Subsequent Amendments covering all or part of the Properties; provided, further, the term shall include all portions of the lot owned as a part of any structure thereon; provided, further, a building containing apartment units shall not constitute nor be construed to be a Residential Unit.

For the purposes of this Declaration, a Residential Unit shall come into existence when substantially complete or upon the issuance of a certificate of occupancy by the appropriate agency of Klamath County or other local governmental entity.

Section 18. "Subsequent Amendment" shall mean an amendment to this Declaration which adds additional property to that covered by this Declaration. Such Subsequent Amendment may, but is not required to impose, expressly or by reference, additional restrictions and obligations on the land submitted by that Amendment to the provisions of this Declaration.

Section 19. "Private Way" means any area which is designated as such in the Plat of the Property or any plat filed in connection with the annexation of Additional Real Property, or in any Supplemental Declaration.

ARTICLE II: PROPERTY RIGHTS

Section 1. OWNER'S EASEMENT OF ENJOYMENT. Every Owner shall have a right and easement of ingress and egress, use and enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

(a) The right of the Association to charge reasonable admission and other fees for the use of any facility now or hereafter situated or constructed upon the Common Area and to impose reasonable limits on the number of guests who may use the facilities;

(b) The right of the Association to suspend an Owner's voting rights and the right to use any of the facilities for any period during which any assessment of the Association against that Owner's Lot remains unpaid, and for any infraction by an Owner of the Association's rules and regulations for the duration of the infraction and for an additional period thereafter not to exceed thirty (30) days;

(c) The right of the Declarant, with regard to the Properties which may be owned for the purpose of development, to grant easements in and to the Common Area contained within the respective Properties to any public agency, authority, or utility for such purposes as benefits only the Properties or portions thereof and Owners or Lots contained therein;

(d) The right of the Association to borrow money for the purpose of improving the Common Area, or any portion thereof, for acquiring additional Common Area, or for constructing, repairing, or improving any facilities located or to be located thereon, and to give as security for the payment of any such loan a mortgage conveying all or any portion of the common Area, provided two-thirds (2/3) of each Class of members present at a meeting called for such purpose shall approve; provided, however, the lien and encumbrance of any such mortgage given by the Association shall be subject and subordinate to any and all rights, interests, options, easements, and privileges reserved or established in this Declaration for the benefit of Declarant or any Owner, or the holder of any mortgage, irrespective of when executed, given by Declarant or any Owner encumbering any Lot or other property located within the Property; and,

(e) The right of the Association to dedicate or transfer all or any portion of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members of the Association. No such dedication or transfer shall be effective unless an instrument agreeing to such dedication or transfer has been approved (i) by at least two-thirds (2/3) of the votes which those Class A members of the Association which are present or represented by proxy are entitled to cast at a meeting duly called for such purpose, and (ii) by the Class B members of the Association, so long as such membership shall exist.

(f) Declarant hereby reserves a non-exclusive easement over the Common Areas for signs, public utilities operations, maintenance, ingress and egress, pipeline irrigation system and related uses of the Property. Declarant also reserves said non-exclusive easement over any Lot within the Property, as shall be designated on any official plat.

Article II, Section 1(c) may not be amended without the written consent of Declarant.

Section 2. AERIALS AND ANTENNAS. No radio or television or other aerial, antenna, dish (excepting dishes less than 40" in diameter), tower, or other transmitting or receiving structure, or support thereof, shall be erected, installed, placed, or maintained unless so erected, installed, placed, or maintained entirely within the enclosed portion of the individual Residential Unit.

Section 3. EXTERIOR LIGHTING. No exterior lighting fixture (other than standard fixtures approved by the Architectural Review Committee or installed by Declarant) shall be installed within or upon any Residential Unit Lot without adequate and proper shielding of the fixture. No lighting fixture shall be installed that may become an annoyance or a nuisance to owners or occupants of adjacent properties. All modifications of exterior lighting must be approved in writing by the Architectural Review Committee, in advance, as provided in Article XI, Section 2, of the Declaration.

Section 4. DELEGATION OF USE. Any Owner may delegate, in accordance with the By-laws of the Association and subject to reasonable rules, regulations, and limitations as may be adopted in accordance therewith, his or her right of enjoyment to the Common Area and facilities to the members of his or her family, tenants, and social invitees and shall be deemed to have made

a delegation of all such rights to the occupants of any leased Lot.

Section 5. OWNER'S RIGHT TO INGRESS, EGRESS, AND SUPPORT. Each Owner shall have the right to ingress and egress over, upon, and across the Common Area necessary for access to his or her Lot and shall have the right to lateral support for his or her Lot, and such rights shall be appurtenant to and pass with the title to each Lot.

Section 6. USE OF LOTS. Except as may be otherwise expressly provided in this Declaration, each Residential Lot shall be used for residential purposes only as a residence for a single family; no trade or business of any kind may be conducted. Lease or rental of a Residential Lot or any building thereon for residential purposes shall not be considered to be a violation of this covenant, so long as the lease is in compliance with reasonable rules and regulations as the Board of Directors may promulgate and the lease term is for not less than 30 days. Any lessee or tenant shall in all respects be subject to the terms and conditions of this Declaration, the By-laws, and the rules and regulations adopted hereunder.

Without the prior written consent of the Association's Board of Directors, nothing shall be done or kept on any Lot or on the Common Area or any part thereof to increase the rate of insurance on the Properties or any part thereof over what the Association, but for such activity, would pay. Noxious, destructive, or offensive activity, or any activity constituting an unreasonable source of annoyance, shall not be conducted on any Lot or on the Common Area or any part thereof, and the Association shall have standing to initiate legal proceedings to abate such activity. Each Owner shall refrain from any act or use of his or her Lot which could reasonably cause embarrassment, discomfort, or annoyance to other Owners, and the Board of Directors shall have the power to make and to enforce reasonable rules and regulations in furtherance of this provision.

Section 7. USE OF COMMON AREA. No planting or gardening shall be done, and no fences, hedges, or walls shall be erected or maintained upon the Common Area, except in accordance with the initial construction of the improvements located thereon or as approved by the Association's Board of Directors or their designated representatives. No antennas may be erected upon the Property, except the Association may erect a master antenna serving the members. Except for the right of ingress and egress, the Owners of Lots may use the property outside their respective Lots only in accordance with reasonable regulations as may be adopted by the Association's Board of Directors or as is expressly provided herein. It is expressly acknowledged and agreed by all parties concerned that this Section is for the mutual benefit of all Owners and is necessary for the protection of all Owners.

Section 8. SIGNS. Except as hereinafter provided for Declarant, no advertising signs (except one FOR RENT or FOR SALE sign per unit of not more than one foot by two feet [1' x 2'] placed only inside the enclosed unit), billboards, unsightly objects, or nuisances shall be erected, placed, or permitted to remain on the Residential Lots subject to this Declaration.

Section 9. RULES AND REGULATIONS. The Board of Directors may establish reasonable rules and regulations concerning the use of the Common Area, facilities located thereon,

and individual Lots. Copies of such regulations and amendments thereto shall be furnished by the Association to all Owners prior to the rules' effective date. Such regulations shall be binding upon the Owners, their families, tenants, guests, invitees, and agents until and unless such regulation, rule, or requirement shall be specifically overruled, cancelled, or modified by the Board or the Association in a regular or special meeting by the vote of Class A members holding a majority of the total votes in the Association and by the vote of the Class B members, so long as such membership shall exist. The Board shall have the authority to impose reasonable monetary fines and other sanctions, and monetary fines may be collected by lien and foreclosure as provided in Article X.

Section 10. DECLARANT'S RESERVED EASEMENT. Notwithstanding any provisions contained in the Declaration to the contrary, Declarant hereby expressly reserves unto itself and its successors and assigns a nonexclusive, perpetual right, privilege, and easement with respect to the Property for the benefit of Declarant, its successors, and assigns over, under, in, and/or on the Common Areas and Private Ways, without obligation and without charge to Declarant, for the purposes of construction, installation, relocation, development, sale, maintenance, repair, replacement, use, and enjoyment, and/or otherwise dealing with the Property and any other property now owned or which may in the future be owned by Declarant (such other property is hereinafter referred to as Additional Property). The reserved easement shall constitute a burden on the title to the Property and specifically includes, but is not limited to:

(a) The right of access, ingress, and egress for vehicular and pedestrian traffic over, under, on or in the Property; and the right to tie into any portion of the Property with driveways, parking areas, and walkways; and the right to tie into the Property and/or otherwise connect and use (without a tap-on or any other fee for so doing; however, back flow devices must be installed), replace, relocate, maintain, and repair any device which provides utility or similar services, including, without limitation, electrical, telephone, natural gas, water, sewer, and drainage lines and facilities constructed or installed in, on, under, and/or over the Property; and

(b) The right to construct, install, replace, relocate, maintain, repair, use, and enjoy signs, model residences, sales offices, construction offices and business offices as, in the sole opinion of Declarant, may be required, convenient, or incidental to the construction and sale by Declarant of residences in the Property or in any portion of the Additional Property.

(c) If these reserved easements are exercised without annexing any Additional Property to the Property, the owners of the affected Additional Property shall share the costs, if any, of using and maintaining utility and similar facilities, including, without limitation, electrical, telephone, natural gas, water, sewer, and drainage lines and facilities with the owners in the Property in the proportion that the number of completed dwellings on the affected Additional Property bears to the total number of completed dwellings upon the affected Additional Property and the Property. The costs of maintenance and repair of the private roads and driveways shall likewise be apportioned to the affected Additional Property if the only means of vehicular access to the affected Additional Property is across the Property. For the purposes of this provision, a dwelling on the affected Additional Property shall be considered completed when a certificate of occupancy has

been granted. The allocation of expenses and the collection therefore may be done on a monthly, quarterly, or annual basis as may reasonably be determined by the Association in accordance with this Declaration. If any of the Additional Property is added to the Property from the time of the annexation, the sharing of costs and expenses and the use of any property so added shall be governed by this Declaration, rather than by these reserved easements.

This Section may not be amended without the written consent of Declarant.

Section 11. STORAGE AND PARKING OF VEHICLES. There shall be no outside storage or parking upon any Residential Lot or the Common Area of any commercial vehicle over 10,000 pounds gross vehicle weight. No owners or tenants shall repair or restore any vehicle of any kind outside their garage upon any Residential Lot or Common Area, except for emergency repairs. The vehicle may only remain inoperable for 7 days.

Section 12. PETS. No animals, livestock, or poultry of any kind shall be raised, bred, or kept on the Properties, except that no more than a total of two (2) dogs, cats, or other normal household pets may be kept in residences subject to rules and regulations adopted by the Association through its Board of Directors, provided that more than two dogs and cats may be allowed by the Association if they are housed in appropriate kennel facilities. Pets living at residences as of the date these Covenants, Conditions, and Restrictions are recorded shall be allowed to remain.

Section 13. RESIDENTIAL USE. Residential Lots shall only be used for residential purposes. Except with the consent of the Board of Directors of the Association, and as allowed by applicable Klamath County ordinances, no trade, craft, business, profession, commercial or similar activity of any kind shall be conducted on any Residential Lot, nor shall any goods, equipment, oversized vehicles, materials or supplies used in connection with any trade, service or business be kept or stored on any Residential Lot. Nothing in this paragraph shall be deemed to prohibit (a) activities relating to the rental or sale of living units, (b) the right of Declarant or any contractor or home builder to construct living units on any Lot, to store construction materials and equipment on such Lots in the normal course of construction, and to use any living unit as an office or model home for purposes of sales in the Property, and (c) the right of the Owner of a Lot to maintain his or her professional personal library, keep his or her personal business or professional records or accounts, handle his or her personal business or professional telephone calls or confer with business or professional associates, clients or customers, in his or her living unit. The Board of Directors shall not approve commercial activities otherwise prohibited by this paragraph unless the Board of Directors determines that only normal residential activities would be observable outside of the living unit and that the activities would not be in violation of applicable Klamath County ordinance.

Section 14. OFFENSIVE OR UNLAWFUL ACTIVITIES. No noxious or offensive activities shall be carried on upon any Residential Lot or Common Area, nor shall anything be done or placed on any Residential Lot or Common Area which interferes with or jeopardizes the enjoyment of other Lots or the Common Areas, or which is a source of annoyance to residents. No unlawful use shall be made of a Residential Lot nor any part thereof, and all valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction thereof, shall be observed. Without limiting

the generality of the foregoing, no heat pump or other heating, ventilating or air conditioning equipment, the operation of which produces noise at a level higher than 80 decibels, as measured at the lot line, shall be allowed on any Residential Lot or living unit. Except, however, the Walker Range shall be exempt from this noise restriction for emergency situations, and this exemption may not be removed or modified by amendment of the Covenants, Conditions and Restrictions.

Section 15. MAINTENANCE OF STRUCTURES AND GROUNDS. Each Owner shall maintain such Owner's Lot and improvements thereon in a clean and attractive condition, in good repair. Such maintenance shall include, without limitation, painting, repair, replacement and care for roofs, gutters, down spouts, exterior building surfaces, walks and other exterior improvements and glass surfaces. In addition, each Owner shall keep all shrubs, trees, grass and plantings of every kind on such Owner's Lot properly cultivated and free of trash, weeds and other unsightly material. Damage caused by fire, flood, storm, earthquake, vandalism, or other causes shall likewise be the responsibility of each Owner and shall be repaired within a reasonable period of time. Back yard fences are allowed, however, no other fences may be constructed without the written consent of the Architectural Review Committee. Front yard or street fences existing as of the date these Covenants, Conditions, and Restrictions are recorded may be maintained but not replaced and must be removed if ownership of any residential lot is transferred to a new owner other than to a family member.

Section 16. RUBBISH AND TRASH. No Lot or part of the Common Area shall be used as a dumping ground for trash or rubbish of any kind. All garbage and other waste shall be kept in appropriate sanitary containers for proper disposal and out of public view. Yard rakings, dirt and other material resulting from landscaping work shall not be dumped onto streets or Common Areas or on any Lots. All unimproved Lots shall be kept in a neat and orderly condition, free of vines, weeds and other debris, and grass thereon shall be cut or mowed at sufficient intervals to prevent creation of a nuisance or fire hazard. If any default under this Section exists for a period longer than ten days after written notice of such default is mailed to the responsible Owner by the Association, the Association shall have, in addition to any other rights under this Declaration, or at law or in equity, the remedies specified in this agreement.

Section 17. COMPLETION OF CONSTRUCTION. The construction of any building on any Lot, including painting and all exterior finish, shall be completed within 18 months from the beginning of construction so as to present a finished appearance when viewed from any angle. In the event of undue hardship due to weather conditions, this provision may be extended for a reasonable length of time upon written approval from the Architectural Review Committee. The building area shall be kept reasonably clean and in workmanlike order during the construction period. The Association may enact restrictions and procedures to control access, parking and disruption of the Property and its environment during construction, including but not limited to restrictions on access, parking, pets, and noise and restriction of individuals working on construction from access to or use of other lots or common areas of the Property, except for purposes directly related to construction, as permitted in writing by the Association on that lot.

Section 18. LANDSCAPE COMPLETION. All landscaping must be completed within sixty (60) days from the date of occupancy of the living unit constructed thereon. In the event of undue hardship due to weather conditions, this provision may be extended for a reasonable length of time upon written approval of the Architectural Review Committee.

Section 19. TEMPORARY STRUCTURES. No structure of a temporary character, trailer, basement, tent, shack, garage, barn or other outbuildings shall be used on any Lot at any time as a residence either temporarily or permanently, except that nothing in this provision shall prohibit the Association from issuing a written "camping" permit for overnight camping of residents and guests, in the areas of the Property as designated by the Association. All recreational camping so permitted shall in no way disturb the natural environment and shall otherwise conform to measures of fire and waste disposal as determined by the Association. It is the intent of this provision to allow overnight camping, consistent with the historical use of the Property, in areas designated by the Association and subject to regulations promulgated by the Association.

Section 20. SERVICE YARDS. Service yards (garbage, fuel tanks, clotheslines, etc.) shall be completely screened so that the elements screened are not visible at any time from the street. No plastic covers shall be used, for example, to protect wood or structures, unless they are black, brown or forest green in color, and are not visible at any time from the street or any adjoining property.

Section 21. SETBACK, MAXIMUM HEIGHT AND MINIMUM YARD REQUIREMENTS. Each Lot shall be subject to the setback, maximum height, and minimum yard requirements shown on the recorded plat on which such Lot is included, or which are established by Klamath County or other governmental entity with jurisdiction over each such Lot and to any land use review procedure established by Klamath County or other government entity with jurisdiction over such Lot for review and approval of variance from such requirements. Setbacks may vary from one lot to the next, depending upon location, view and building envelopes, as shown in the recorded plat. In addition, all Lots may be subject to more restrictive view easement, setback, maximum height or minimum yard requirements as are established from time to time by the Design Review Committee. No improvement shall be constructed or maintained in violation of any setback, maximum height or minimum yard requirement, except as provided within the recorded plat on which such lot is included or as allowed with the written consent of the Architectural Review Committee and any applicable Klamath County approval.

Section 22. TRANSIENT RENTAL USE. No Owner or Owners of any Residential Unit shall be permitted to rent their unit to any person or persons for transient occupancy which shall be for a period of 30 days or less. A rental shall be defined as the use or possession or the right to use or possess for lodging or sleeping purposes any Residential Unit and rent shall mean the consideration charged whether or not received by the Owner for the occupancy of the unit any money, goods, labor, credits, property or other consideration valued in money without any deduction. Transient use shall not include a rental of any unit for a period of in excess of 30 consecutive calendar days. Owner or occupants shall be responsible for compliance with all provisions of the Declarations, Restrictions, Protective Covenants and Conditions of this document, and any and all rules and regulations promulgated by the Association to protect the natural environment, quiet enjoyment and quality of

life of the Property.

ARTICLE III. MEMBERSHIP AND VOTING RIGHTS

Section 1. MEMBERSHIP. Every person or entity who is the record owner of a fee or undivided fee interest in any Residential or Commercial Unit that is subject to this Declaration shall be deemed to have a membership in the Association. Membership shall be appurtenant to and may not be separated from such ownership. The foregoing is not intended to include persons who hold an interest merely as security for the performance of an obligation, and the giving of a security interest shall not terminate the Owner's membership. No Owner, whether one or more persons, shall have more than one (1) membership per Residential or Commercial Unit owned. In the event the Owner of a Residential or Commercial Unit is more than one person or entity, votes and rights of use and enjoyment shall be as provided herein. The rights and privileges of membership, including the right to vote, may be exercised by a Member or the Member's spouse, but in no event shall more than one (1) vote for each class of membership applicable to a particular Residential or Commercial Unit be cast for each Residential or Commercial Unit.

Section 2. VOTING. The Association shall have two (2) classes of membership, Class A and Class B, as follows:

(a) Class A. Class A Members shall be all Owners with the exception of the Class B Members if any.


Class A Members shall be entitled on all issues to one (1) vote for each Residential or Commercial Unit in which they hold the interest required for membership by Section 1 hereof; there shall be only one (1) vote per Residential or Commercial Unit Lot; provided, however, no vote shall be cast or counted for any Residential or Commercial Unit not subject to assessment. When more than one person or entity holds such interest in any Residential Unit Lot, the vote for such Residential or Commercial Unit shall be exercised as those persons or entities themselves determine and advise the Secretary of the Association prior to any meeting. In the absence of such advice, the Residential or Commercial Unit Lot's vote shall be suspended in the event more than one person or entity seeks to exercise it.

Any Owner of Residential or Commercial Units which are leased may, in the lease or other written instrument, assign the voting right appurtenant to that Residential or Commercial Unit to the lessee, provided that a copy of such instrument is furnished to the Secretary prior to any meeting.

(b) Class B. Class B Members shall be the Declarant and any successor of Declarant who takes title for the purpose of development and sale and who is designated as such in a recorded instrument executed by Declarant. The Class B Member shall originally be entitled to 140 votes; this number shall be decreased by one (1) vote for each Class A Member existing at any one time. The Class B membership shall terminate and become converted to Class A membership upon the happening of the earlier of the following:

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- (i) When the total outstanding Class A votes equal or exceed 80 %;
- (ii) January 1, 2001; or
- (iii) When in its discretion, the Declarant so determines.

From and after the happening of these events, whichever occurs earlier, the Class B Member shall be deemed to be a Class A Member entitled to one (1) vote for each Residential Unit in which it holds the interest required for membership under Section 1 hereof. At such time, the Declarant shall call a meeting, as provided in the By-laws of the Association, to advise the membership of the termination of Class B status.

ARTICLE IV. MAINTENANCE

Section 1. ASSOCIATION'S RESPONSIBILITY: The Association shall maintain and keep in good repair the Area of Common Responsibility, such maintenance to be funded as hereinafter provided. This maintenance shall include, but not be limited to, maintenance, repair and replacement, subject to any insurance then in effect, of all landscaping and other flora, structures, and improvements situated upon the Area of Common Responsibility.

The Association may, in the discretion of its Board, assume the maintenance responsibilities set out in any Declaration subsequently recorded which creates any residential association (including, but not limited to, condominium associations) upon all or any portion of the Properties. In such event, all costs of such maintenance shall be assessed only against those Members in the association to which the services are provided. The assumption of this responsibility may take place either by contract or because, in the opinion of the Board, the level and quality of service then being provided is not consistent with the standards of the Property. The provision of services in accordance with this Section shall not constitute discrimination within a class.

Section 2. OWNER'S RESPONSIBILITY: Except as provided in Section 1 of this Article, all maintenance of the Lot and all part of the residence thereon shall be the responsibility of the Owner, and each Owner shall maintain and keep in good repair such property and improvements.

ARTICLE V. INSURANCE

Section 1. INSURANCE: The Association's Board of Directors, or its duly authorized agent, shall have the authority to and shall obtain insurance for all insurable improvements on the Common Area and may, but shall not be obligated to, by written agreement with any Parcel Committee (as defined in the By-laws of the Association) in the Properties subject to this Declaration, assume the insurance responsibility for the Properties subject to this Declaration against

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loss or damage by fire or other hazards, including extended coverage, vandalism, and malicious mischief. This insurance shall be in an amount sufficient to cover the full replacement cost of any repair or reconstruction in the event of damage or destruction from any such hazard.

In addition to casualty insurance on the Common Area, the Association may, but shall not under any circumstances be obligated to, obtain and continue in effect adequate blanket all-risk casualty insurance in such form as the Board of Directors deemed appropriate for the full replacement cost of all structures on the Residential Unit Lots. Costs of such coverage shall be a common expense to the Association, if carried on all Residential Unit Lots. If the Association elects not to obtain such insurance, then an individual Parcel may obtain such insurance as a common expense of the Parcel to be paid by Parcel Assessments. In the event such insurance is obtained by either the Association or a Parcel, the provisions of this Article shall apply to policy provisions, loss adjustment, and all other subjects to which this Article applies to insurance on the Common Area. All such insurance shall be for the full replacement cost. All such policies shall provide for a certificate of insurance for each Member to be furnished to the Association or Parcel, as applicable.

The Board shall also obtain a public liability policy covering the Common Area, the Association, and its Members for all damage or injury caused by the negligence of the Association or any of its Members or agents. The public liability policy shall have at least a \$500,000 single person limit as respects bodily injury and property damage, a \$1,000,000 limit per occurrence, and a \$250,000 minimum property damage limit. Premiums for all insurance on the Common Area shall be common expenses of the Association; premiums for insurance provided to other associations or Parcels shall be charged to those associations or Parcels. The policy may contain a reasonable deductible, and the amount thereof shall be added to the face amount of the policy in determining whether the insurance at least equals the full replacement cost.

In addition to the other insurance required by this Section, the Board shall obtain, as a common expense, worker's compensation insurance, if and to the extent necessary, and a fidelity bond or bonds on directors, officers, employees, and other persons handling or responsible for the Association's funds. The amount of fidelity coverage shall be determined in the directors' best business judgment, but may not be less than three (3) months' assessments, plus reserves on hand. Bonds shall contain a waiver of all defenses based upon the exclusion of persons serving without compensation and may not be cancelled or substantially modified without at least ten (10) days' prior written notice to the Association.

Section 2. INDIVIDUAL INSURANCE. By virtue of taking title to a Residential Unit subject to the terms of this Declaration, each Owner covenants and agrees with all other Owners and with the Association that in the event that the Association carries blanket all-risk casualty insurance on the Residential Unit Lots and structures constructed thereon as provided for in Section 1 of this Article V, (as they are not obligated to do) each individual Owner shall carry such insurance. Each individual Owner further covenants and agrees that in the event of a partial loss or damage and destruction resulting in less than total destruction, the individual Owner shall proceed promptly to repair or to reconstruct the damaged structure in a manner consistent with the

original construction. In the event that the structure is totally destroyed and the individual Owner determines not to rebuild or to reconstruct, the individual Owner shall clear the Residential Unit of all debris and return it to substantially the natural state in which it existed prior to the beginning of construction.

Section 3. DISBURSEMENT OF PROCEEDS: Proceeds of insurance policies shall be disbursed as follows:

(a) If the damage or destruction for which the proceeds are paid is to be repaired or reconstructed, the proceeds, or such portion thereof as may be required for such purpose, shall be disbursed in payment of such repairs or reconstruction as hereinafter provided. Any proceeds remaining after defraying such costs of repairs or reconstruction to the Common Area or, in the event no repair or reconstruction is made, after making such settlement as is necessary and appropriate with the affected Owner or Owners and their mortgagee(s) as their interests may appear, shall be retained by and for the benefit of the Association and placed in a capital improvements account. This is a covenant for the benefit of any mortgagee of a Residential Unit and may be enforced by such mortgagee.

(b) If it is determined, as provided for in Section 3 of this Article, that the damage or destruction to the Common Area for which the proceeds are paid shall not be repaired or reconstructed, such proceeds shall be disbursed in the manner as provided for excess proceeds in Section 3(a) of this Article V.

Section 4. DAMAGE AND DESTRUCTION.

(a) Immediately after the damage or destruction by fire or other casualty to all or any part of the Properties covered by insurance written in the name of the Association, the Board of Directors, or its duly authorized agent, shall proceed with the filing and adjustment of all claims arising under such insurance and obtain reliable and detailed estimates of the cost of repair or reconstruction of the damaged or destroyed Properties. Repair or reconstruction, as used in this paragraph, means repairing or restoring the Properties to substantially the same condition in which they existed prior to the fire or other casualty.

(b) Any damage or destruction to the Common Area shall be repaired or reconstructed unless at least seventy-five (75%) percent of the total vote of the association shall decide within sixty (60) days after the casualty not to repair or reconstruct. If for any reason the amount of the insurance proceeds to be paid as a result of such damage or destruction, or reliable and detailed estimates of the cost of repair or reconstruction, or both, are not made available to the Association within said period, then the period shall be extended until such information shall be made available; provided, however, such extension shall not exceed sixty (60) days. No mortgagee shall have the right to participate in the determination of whether the Common Area damage or destruction shall be repaired or reconstructed.

(c) In the event that it should be determined by the Association in the manner described above that the damage or destruction of the Common Area shall not be repaired or reconstructed and no alternative improvements are authorized, then and in that event the Properties shall be restored to their natural state and maintained as an undeveloped portion of the Common Area by the Association in a neat and attractive condition.

Section 5. REPAIR AND RECONSTRUCTION: If the damage or destruction for which the insurance proceeds are paid is to be repaired or reconstructed, and such proceeds are not sufficient to defray the cost thereof, the Board of Directors shall use general funds or seek a special assessment as permitted in Article X, Section 4.

ARTICLE VI. NO PARTITION

Except as is permitted in the Declaration or amendments thereto, there shall be no physical partition of the Common Area or any part thereof, nor shall any person acquiring any interest in the Properties or any part thereof seek any such judicial partition until the happening of the conditions set forth in Section 3 of Article V in the case of damage or destruction, or unless the Properties have been removed from the provisions of this Declaration. This Article shall not be construed to prohibit the Board of Directors from acquiring and disposing of tangible personal property nor from acquiring title to real property which may or may not be subject to this Declaration.

ARTICLE VII. CONDEMNATION

Whenever all or any part of the Common Area shall be taken (or conveyed in lieu of and under threat of condemnation of the Board acting on the written direction of all Owners) by any authority having the power of condemnation or eminent domain, each Owner shall be entitled to notice thereof. The award made for such taking shall be payable to the Association as Trustee for all Owners to be disbursed as follows:

If the taking involves a portion of the Common Area on which improvements have been constructed, then, unless within sixty (60) days after such taking the Declarant and at least seventy-five (75%) percent of the Class A Members of the Association shall otherwise agree, the Association shall restore or replace such improvements so taken on the remaining land included in the Common Area to the extent lands are available therefor, in accordance with plans approved by the Board of Directors of the Association. If such improvements are to be repaired or restored, the above provisions in Article V hereof regarding the disbursement of funds in respect to casualty damage or destruction which is to be repaired shall apply. If the taking does not involve any improvements on the Common Area, or if there is a decision made not to repair or restore, or if there are net funds remaining after any such restoration or replacement is completed, then such award or net funds shall be disbursed to the Association and used for such purposes as the Board of Directors of the Association shall determine.

ARTICLE VIII. ANNEXATION OF ADDITIONAL PROPERTY

Section 1. ANNEXATION WITHOUT APPROVAL OF CLASS A MEMBERSHIP.

As the owner thereof or, if not the owner, with the consent of the owner thereof, Declarant shall have the unilateral right, privilege, and option, from time to time at any time until January 1, 2001, to subject to the provisions of this Declaration and the jurisdiction of the Association additional Real Property, by filing in the Official Records of Klamath County, Oregon, records, an amendment annexing such property. Such amendment to this Declaration shall not require the vote of Class A members. Any such annexation shall be effective upon the filing for record of such amendment unless otherwise provided therein.

Declarant shall have the unilateral right to transfer to any other person the right, privilege, and option to annex additional property which is herein reserved to Declarant, provided that such transferee or assignee shall be the developer of at least a portion of the real property described in Exhibit "A", attached hereto, which, at the time of such transfer and assignment (or contemporaneously therewith), is subjected to the provisions of this Declaration.

Section 2. The rights reserved unto Declarant to subject additional land to the Declaration shall not be implied or construed so as to impose any obligation upon Declarant to subject any of such additional land to this Declaration or to the jurisdiction of the Association nor any obligation, if subjected, to build housing of the same type, design, or materials. If such additional land is not subjected to this Declaration, Declarant's reserved rights shall not impose any obligation on Declarant to impose any covenants and restrictions similar to those contained herein upon such additional land, nor shall such rights in any manner limit or restrict the use to which such additional land may be put by Declarant or any subsequent owner thereof, whether such uses are consistent with the covenants and restrictions imposed hereby or not.

Section 3. ANNEXATION WITH APPROVAL OF CLASS A MEMBERSHIP. Subject to the consent of the owner thereof, upon the written consent or affirmative vote of a majority of the Class A Members other than Declarant of the Association present or represented by proxy at a meeting duly called for such purpose and of the Declarant, so long as Declarant owns property subject to this Declaration or which may become subject in accordance with Section 1 of this Article, the Association may annex real property following the expiration of the right in Section 1, to the provisions of this Declaration and the jurisdiction of the Association by filing of record in the Official Records of the County of Klamath, Oregon, a Subsequent Amendment in respect to the Properties being annexed.

Any such Subsequent Amendment shall be signed by the President and the Secretary of the Association, and the owner of the properties being annexed, and any such annexation shall be effective upon filing unless otherwise provided therein. The time within which and the manner in which notice of any such meeting of the Class A Members of the Association, called for the purpose of determining whether additional property shall be annexed, and the quorum required for the transaction of business at any such meeting, shall be as specified in the By-laws of the

Association for regular or special meetings, as the case may be.

Section 4. **ACQUISITION OF ADDITIONAL COMMON AREA.** Declarant may convey to the Association additional real estate, improved or unimproved, located within the properties described in Exhibits "A", which upon conveyance or dedication shall be accepted by the Association and thereafter shall be maintained by the Association at its expense for the benefit of all its Members.

Section 5. **AMENDMENT.** This Article shall not be amended without the written consent of Declarant, so long as the Declarant owns any property described in Exhibit "A".

ARTICLE IX. RIGHTS AND OBLIGATIONS OF THE ASSOCIATION

Section 1. **COMMON AREA.** The Association, subject to the rights of the Owners set forth in this Declaration, shall be responsible for the exclusive management and control of the Common Area and all improvements therein (including furnishings and equipment related thereto, if any), and shall keep it in good, clean, attractive, sanitary condition, order, and repair, pursuant to the terms and conditions of this Declaration and the By-laws.

Section 2. **SERVICES.** The Association may obtain and pay for the services of any person or entity to manage its affairs or any part thereof, to the extent it deems advisable, as well as such other personnel as the Association shall determine to be necessary or desirable for the proper operation of the Properties, whether such personnel are furnished or employed directly by the Association or by any person or entity with whom or with which it contracts. The Association may obtain and pay for legal and accounting services necessary or desirable in connection with the operation of the Properties or the enforcement of this Declaration. The Association may, but shall not be required to, arrange as an Association expense with third parties to furnish water, trash collection, sewer service, and other common services to each Lot.

Section 3. **PERSONAL PROPERTY AND REAL PROPERTY FOR COMMON USE.** The Association, through action of its Board of Directors, may acquire, hold, and dispose of tangible and intangible personal property and real property. The Board, acting on behalf of the Association, shall accept any real or personal property, leasehold, or other property interests located within the properties described in Exhibit "A" or as annexed pursuant to Article VII, conveyed to it by the Declarant.

Section 4. **IMPLIED RIGHTS.** The Association may exercise any other right or privilege given to it expressly by this Declaration or the By-laws, and every other right or privilege reasonably to be implied from the existence of any right or privilege given to it herein or reasonably necessary to effectuate any such right or privilege.

Section 5. **SELF-HELP.** In addition to any other remedies provided for herein, the Association or its duly authorized agent shall have the power to enter upon a Unit or any portion of the Common property to abate or remove, using such force as may be reasonably necessary, any

erection, thing or condition which violates this Declaration, the By-laws, the rules and regulations, or the use restrictions. Unless an emergency situation exists, the Board shall give the violating Unit Owner ten (10) days' written notice of its intent to exercise self-help. All costs of self-help, including reasonable attorney's fees actually incurred shall be assessed against the violating Unit Owner and shall be collected as provided for herein for the collection of assessments.

Section 6. RIGHT OF ENTRY. The Association shall have the right, in addition to and not in limitation of all the rights it may have, to enter into units for emergency, security, or safety purposes, which right may be exercised by the association's Board of Directors, officers, agents, employees, managers and all police officers, firefighters, ambulance personnel, and similar emergency personnel in the performance of their respective duties. Except in an emergency situation, entry shall only be during reasonable hours and after reasonable notice to the owner or occupant of the Unit.

ARTICLE X. ASSESSMENTS

Section 1. PURPOSE OF ASSESSMENT. The assessments provided for herein shall be used for the general purposes of promoting the recreation, health, safety, welfare, common benefit, and enjoyment of the Owners and occupants of Units, including the maintenance of real and personal property, all as may be more specifically authorized from time to time by the Board of Directors.

Section 2. CREATION OF ASSESSMENTS. Each Owner of any Unit, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, covenants and agrees to pay to the Association; (a) annual assessments or charges; (b) special assessments, such assessments to be established and collected as hereinafter provided; and (c) specific assessments against any particular Unit which are established pursuant to the terms of this Declaration, including, but not limited to, reasonable fines as may be imposed in accordance with the terms of this Declaration. All such assessments, together with late charges, interest, not to exceed the maximum legal rate, costs, and reasonable attorney's fees actually incurred, shall be a charge on the land and shall be a continuing lien upon the Unit against which each assessment is made.

Section 3. COMPUTATION OF ASSESSMENT. It shall be the duty of the Board to prepare a budget covering the estimated costs of operating the Association during the coming year, which shall include a capital contribution or reserve in accordance with a capital budget separately prepared. The Board shall cause the budget and the assessments to be levied against each Unit for the following year to be delivered to each member at least thirty (30) days prior to the end of the current fiscal year. The budget and the assessment shall become effective unless disapproved at a meeting by a Majority of the Owners. Notwithstanding the foregoing, however, in the event the membership disapproved the proposed budget or the Board fails for any reason so to determine the budget for the succeeding year, then and until such time as a budget shall have been determined, as provided herein, the budget in effect for the then current year shall continue for the succeeding year. The assessment shall be determined by allocating expenses 80%

to Residential Units and 20 % to Commercial Units. Each Residential Unit shall pay an equal share of the 80%. Each Commercial Unit shall pay an equal share of the 20%.

Section 4. SPECIAL ASSESSMENTS. In addition to the other assessments authorized herein, the Association may levy special assessments in any year. So long as the total amount of special assessments allocable to each Unit does not exceed Five Hundred Dollars (\$500) in any one fiscal year, the Board may impose the special assessment. Any special assessment which would cause the amount of special assessments allocable to any Unit to exceed this limitation shall be effective only if approved by a Majority of the Class A members. Special assessments shall be paid as determined by the Board, and the Board may permit special assessments to be paid in installments extending beyond the fiscal year in which the special assessment is imposed.

Section 5. LIEN FOR ASSESSMENTS. All sums assessed against any Unit pursuant to this Declaration, together with late charges, interest, costs, and reasonable attorney's fees actually incurred, as provided herein, shall be secured by a lien on such Unit in favor of the Association. Such lien shall be superior to all other liens and encumbrances on such Unit, except for (a) liens for ad valorem taxes; or (b) liens for all sums unpaid on a first Mortgage or on any Mortgage to Declarant duly recorded in the land records of Klamath County, Oregon, and all amounts advanced pursuant to such Mortgage and secured thereby in accordance with the terms of such instrument.

All other persons acquiring liens or encumbrances on any Unit after this Declaration shall have been recorded in such records shall be deemed to consent that such liens or encumbrances shall be inferior to future liens for assessments, as provided herein, whether or not prior consent is specifically set forth in the instruments creating such liens or encumbrances.

Section 6. EFFECT OF NONPAYMENT OF ASSESSMENTS; REMEDIES OF THE ASSOCIATION. Any assessments which are not paid when due shall be delinquent. Any assessment delinquent for a period of more than ten (10) days shall incur a late charge in an amount as the Board may from time to time determine. The Association shall cause a notice of delinquency to be given to any member who has not paid within ten (10) days following the due date. If the assessment is not paid within thirty (30) days, a lien, as herein provided, shall attach and, in addition, the lien shall include the late charge, interest, not to exceed the maximum legal rate, on the principal amount due, and all late charges from the date first due and payable, all costs of collection, reasonable attorney's fees actually incurred, and any other amounts provided or permitted by law. In the event that the assessment remains unpaid after sixty (60) days, the Association may, as the Board shall determine, institute suit to collect such amounts and to foreclose its lien. Each Owner, by acceptance of a deed or as a party to any other type of a conveyance, vests in the Association or its agents the right and power to bring all actions against him or her, personally, for the collection of such charges as a debt or to foreclose the aforesaid lien in the same manner as other liens for the improvement of real property. The lien provided for in this Article shall be in favor of the Association and shall be for the benefit of all other Owners. The Association, acting on behalf of the Owners, shall have the power to bid on the Unit at any foreclosure sale or to acquire, hold, lease, mortgage, or convey the Unit. No Owner may waive or otherwise except liability for the assessments provided for herein, including, by way of illustration, but not limitation, abandonment

of the Unit.

All payments shall be applied first to costs and attorneys' fees, then to late charges, then to interest, then to delinquent assessments, then to any unpaid installments of the annual assessment or special assessments which are not the subject matter of suit in the order of their coming due, and then to any unpaid installments of the annual assessment or special assessments which are the subject matter of suit in the order of their coming due.

Section 7. CAPITAL BUDGET AND CONTRIBUTION. The Board of Directors shall annually prepare a capital budget which shall take into account the number and nature of replaceable assets, the expected life of each asset, and the expected repair or replacement cost. The Board shall set the required capital contribution, if any, in an amount sufficient to permit meeting the projected capital needs of the Association, as shown on the capital budget, with respect to both amount and timing by annual assessments over the period of the budget. The capital contribution required shall be fixed by the Board and included within the budget and assessments, as provided in Section 3 of this Article. A copy of the capital budget shall be distributed to each member in the same manner as the operating budget.

Section 8. SUBORDINATION OF THE LIEN TO FIRST DEEDS OF TRUST AND FIRST MORTGAGES. The lien of the assessments, including interest, late charges, costs (including attorneys' fees) provided for herein, shall be subordinate to the lien of any first Mortgage upon any Lot. The sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to judicial or nonjudicial foreclosure of a first Mortgage shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from lien rights for any assessments thereafter becoming due. Where the Mortgagee of a first Mortgage of record or other purchaser of a Lot obtains title, his or her successors and assigns shall not be liable for the share of the common expenses or assessments by the Association chargeable to such Lot which became due prior to the acquisition of title to such Lot by such acquirer. Such unpaid share of common expenses or assessments shall be deemed to be common expenses collectible from all the Lots, including such acquirer, his or her successors and assigns.

Section 9. DATE OF COMMENCEMENT OF ANNUAL ASSESSMENTS. The annual assessments provided for herein shall commence as to all Units then existing and subject to assessment under the Declaration on the first day of the month following the conveyance of the first Unit by the Declarant to a Class A member and shall be due and payable in a manner and on a schedule as the Board of Directors may provide. The first annual assessment shall be adjusted according to the number of months then remaining in that fiscal year. The date any Unit becomes subject to assessment hereunder shall be the date on which the later of the following occurs:

- (a) The Unit becomes subject to the Declaration; or
- (b) The appropriate official of Klamath County, Oregon, issues a certificate of

occupancy or its equivalent stating that the Unit is substantially complete and available for occupancy.

Section 10. ASSESSMENTS BY DECLARANT.

(a) After the commencement of assessment payments as to any Unit, Declarant, if any, covenants and agrees to pay the full amount of the annual assessment for each occupied Unit it owns; notwithstanding anything contained herein to the contrary, the Declarant or an Owner shall be required to pay only fifty percent (50%) of the annual assessment for vacant lots that it owns.

(b) Notwithstanding anything to the contrary herein, the Declarant may contribute assessments due from it in services or materials or a combination of services and materials, rather than in money, (herein collectively called in-kind contribution). The amount by which monetary assessments shall be decreased as a result of any in-kind contribution shall be the fair market value of the contribution. If the Declarant and the Association agree as to the value of any contribution, the value shall be as agreed. If the Association and the Declarant cannot agree as to the value of any contribution, the Declarant shall supply the Association with a detailed explanation of the service performed and material furnished, the Association shall acquire bids for performing like services and furnishing like materials from three (3) independent contractors approved by the Declarant who are in the business of providing such services and materials. If the Association and the Declarant are still unable to agree on the value of the contribution, the value shall be deemed to be the average of the bids received from the independent contractors.

ARTICLE XI. ARCHITECTURAL REVIEW COMMITTEE

Section 1. ARCHITECTURAL REVIEW. No Improvement shall be commenced, erected, placed, altered or maintained on any Lot until the design plans and specifications showing the nature, shape, height, materials, colors and proposed location of the Improvement have been submitted to and approved in writing by the Architectural Review Committee. It is the intent and purpose of this Declaration to achieve a high standard of quality of workmanship and materials, and to assure harmony of external design with existing Improvements and location of the Improvements with respect to topography and finished grade elevations.

Section 2. PROCEDURE. In all cases which the Architectural Review Committee approval or consent is required by this Declaration, the provisions of this Article shall apply. The procedure and specific requirements for application for Architectural Review Committee approval or consent may be set forth in Design Guidelines or other rules adopted from time to time by the Architectural Review Committee. The Architectural Review Committee may charge a reasonable fee to cover the cost of processing the application.

Section 3. COMMITTEE DECISION. The Architectural Review Committee shall render its decision on an application for approval of the design of an Improvement or any other proposal submitted to it for approval or consent or seek additional information within thirty (30) working days

after it has received a complete written application therefor. A complete application shall specify the approval or consent requested and be accompanied by all material reasonably required or desired by it to make an informed decision on such application. If the Architectural Review Committee fails to render approval or disapproval of such application within thirty (30) working days after the Architectural Review Committee has received a complete application or if no suit to enforce this Declaration has been commenced within one year after completion of construction of the Improvement, approval will not be required and the related provisions of this Declaration shall be deemed to have been fully complied with.

Section 4. COMMITTEE DISCRETION. The Architectural Review Committee may, in its sole discretion, withhold or condition its approval of any proposed Improvement if the Architectural Review Committee finds the proposed Improvement would be inappropriate for the particular Lot or incompatible with the design standards that the Committee intends for the Property. Consideration of siting, shape, size, color, design, height, solar access, impairment of the view from other Lots within the Property, or other effect on the enjoyment of other Lots or the Common Areas, disturbance of existing terrain and vegetation and any other factors which the Architectural Review Committee reasonably believes to be relevant, may be taken into account by the Architectural Review Committee in determining whether or not to approve or condition its approval of any proposed Improvement.

Section 5. MEMBERSHIP; APPOINTMENT AND REMOVAL. The Architectural Review Committee shall consist of as many persons, but not less than three, as the Declarant may from time to time appoint. The Declarant may remove any member of the Architectural Review Committee from office at any time and may appoint new or additional members at any time. The Association shall keep on file at its principal office a list of the names and addresses of the members of the Architectural Review Committee. Declarant may at any time delegate to the Board of Directors of the Association the right to appoint or remove members of the Architectural Review Committee. If Declarant delegates to the Board of Directors the right to appoint or remove members of the Architectural Review Committee or if Declarant fails to appoint a Architectural Review Committee, the Board of Directors shall assume responsibility for appointment and removal of members of the Architectural Review Committee. If the Board of Directors has assumed the responsibility for appointment of the members of the Architectural Review Committee and fails to make such appointments, the Board of Directors shall itself serve as the Architectural Review Committee.

Section 6. MAJORITY ACTION. Except as otherwise provided herein, a majority of the members of the Architectural Review Committee shall have the power to act on behalf of the Architectural Review Committee, without the necessity of a meeting and without the necessity of consulting or notifying the remaining members of the Architectural Review Committee. The Architectural Review Committee may render its decision only by written instrument setting forth the action taken by the members consenting thereto.

Section 7. LIABILITY. The scope of the Architectural Review Committee's review is not intended to include any review or analysis of structural, geophysical, engineering or other similar considerations. Neither the Architectural Review Committee nor any member thereof shall be liable

to any Owner, occupant, builder or developer for any damage, loss or prejudice suffered or claimed on account of any action or failure to act of the Architectural Review Committee or a member thereof, provided only that the Architectural Review Committee has, or the member has, in accordance with the actual knowledge possessed by the Architectural Review Committee or by such member, acted in good faith. Architectural Review Committee approval will not affect any liability any person may have to third parties.

Section 8. NONWAIVER. Consent by the Architectural Review Committee to any matter proposed to it or within its jurisdiction shall not be deemed to constitute a precedent or waiver impairing its right to withhold approval as to any similar matter thereafter proposed or submitted to it for consent.

Section 9. APPEAL. After Declarant has delegated appointment of the members of the Architectural Review Committee to the Board of Directors of the Association, any Owner adversely affected by action of the Architectural Review Committee may appeal such action to the Board of Directors of the Association. Appeals shall be made in writing within ten (10) days of the Architectural Review Committee's action and shall contain specific objections or mitigating circumstances justifying the appeal. A final, conclusive decision shall be made by the Board of Directors of the Association within fifteen (15) working days after receipt of such appeal.

Section 10. EFFECTIVE PERIOD OF CONSENT. The Architectural Review Committee's consent to any proposed Improvement shall automatically be revoked one year after issuance unless construction of the Improvement has been commenced or the Owner has applied for and received an extension of time from the Committee.

Section 11. ESTOPPEL CERTIFICATE. Within fifteen (15) working days after written request therefor is delivered to the Architectural Review Committee by any Owner, and upon payment to the Architectural Review Committee of a reasonable fee, if any, fixed by the Architectural Review Committee to cover costs, the Architectural Review Committee shall provide such Owner with an estoppel certificate executed by a member of the Committee and acknowledged, certifying with respect to any Lot owned by the Owner, that as of the date thereof, either: (a) all Improvements made or done upon or within such Lot by the Owner comply with this Declaration, or (b) such Improvements do not so comply. If the estoppel certificate states that the Improvements do not comply, such certificate shall also identify the noncomplying Improvements and set forth with particularity the nature of such noncompliance. Any purchaser from the Owner, and any mortgagee or other encumbrancer, shall be entitled to reply on such certificate with respect to the matters set forth therein, such matters being conclusive as between Declarant, the Architectural Review Committee, the Association and all Owners, and such purchaser or mortgagee.

Section 12. CONSTRUCTION BY DECLARANT. Improvements constructed by Declarant on any property owned by Declarant, are not subject to the requirements of this Article XI.

ARTICLE XII. MORTGAGEE RIGHTS

The following provisions are for the benefit of holders, insurers, or guarantors of first mortgages on Lots in the Property. To the extent applicable, necessary, or proper, the provisions of this Article XII apply to both this Declaration and to the By-laws of the Property. Where indicated, these provisions apply only to eligible holders, as hereinafter defined.

Section 1. NOTICES OF ACTION. An institutional holder, insurer, or guarantor of a first mortgage, who provides written request to the Association (such request to state the name and address of such holder, insurer, or guarantor and the unit number), (therefore becoming an eligible holder), will be entitled to timely written notice of:

- (a) Any proposed termination of the Association;
- (b) Any condemnation loss or any casualty loss which affects a material portion of the Properties or which affects any Lot on which there is a first mortgage held, insured, or guaranteed by such eligible holder;
- (c) Any delinquency in the payment of assessments or charges owed by an owner of a Lot subject to the mortgage of such eligible holder, insurer, or guarantor, where such delinquency has continued for a period of sixty (60) days;
- (d) Any lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association; or
- (e) Any proposed action which would require the consent of eligible holders, as required in Section 2 and 3 of this Article.

Section 2. OTHER PROVISIONS FOR FIRST LIEN HOLDERS. To the extent possible under Oregon law:

- (a) Any restoration or repair of the Properties after a partial condemnation or damage due to an insurable hazard shall be substantially in accordance with this Declaration and the original plans and specifications unless the approval of the eligible holders of first mortgages on Lots to which at least fifty-one percent (51%) of the votes of Lots, subject to mortgages held by such eligible holders are allocated, is obtained.
- (b) Any election to terminate the Association after substantial destruction or a substantial taking in condemnation must require the approval of the eligible holders of first mortgages on Lots to which at least fifty-one percent (51%) of the votes of Lots, subject to mortgages held by such eligible holders, are allocated.

Section 3. AMENDMENTS TO DOCUMENTS. The following provisions do not apply to amendments to the constituent documents or termination of the Association made as a result of destruction, damage, or condemnation pursuant to Section 2(a) and (b) in this Article, or to the addition of land in accordance with Article VIII.

(a) The consent of at least sixty-seven percent (67%) of the Class A votes and of the Declarant so long as it owns any land subject to this Declaration and the approval of the eligible holders of first mortgages on Units to which at least sixty-seven percent (67%) of the votes of Units subject to a mortgage appertain, shall be required to terminate the Association.

(b) The consent of at least sixty-seven percent (67%) of the Class A votes and of the Declarant so long as it owns any land subject to this Declaration and the approval of eligible holders of first mortgages on Lots to which at least fifty-one percent (51%) of the votes of Lots subject to a mortgage appertain, shall be required materially to amend any provisions of the Declaration, By-laws, or Articles of Incorporation of the Association, or to add any material provisions thereto, which establish, provide for, govern, or regulate any of the following:

- (i) Voting;
- (ii) Assessments, assessment liens, or subordination of such liens;
- (iii) Reserves for maintenance, repair, and replacement of the Common Area;
- (iv) Insurance or fidelity bonds;
- (v) Rights to use of the Common Area;
- (vi) Responsibility for maintenance and repair of the Properties;
- (vii) Expansion or contraction of the Properties or the addition, annexation, or withdrawal of Properties to or from the Association;
- (viii) Boundaries of any Lot;
- (ix) Leasing of Lots;
- (x) Imposition of any right of first refusal or similar restriction of the right of any Owner to sell, transfer, or otherwise convey his or her Lot;
- (xi) Establishment of self-management by the Association where professional management has been required by an eligible holder; or

- (xii) Any provisions included in the Declaration, By-laws, or Articles of Incorporation which are for the express benefit of holders, guarantors, or insurers of first mortgages on Lots.

Section 4. SPECIAL FHLMC PROVISION: So long as required by the mortgage corporation, the following provisions apply in addition to and not in lieu of the foregoing three Sections of this Article. Unless two-thirds (2/3) of the first mortgagees or Owners give their consent, the Association shall not:

(a) By act or omission seek to abandon, partition, subdivide, encumber, sell, or transfer the Common Area which the Association owns, directly or indirectly (the granting of easements for public utilities or for other public purposes consistent with the intended use of the Properties shall not be deemed a transfer);

(b) Change the method of determining the obligations, assessments, dues, or other charges which may be levied against an Owner;

(c) By act or omission change, waive, or abandon any scheme of regulations or enforcement thereof pertaining to the architectural design or the exterior appearance and maintenance of Lots and of the Common Area;

(d) Fail to maintain fire and extended coverage insurance, as required by this Declaration; or

(e) Use hazard insurance proceeds for any Common Area losses for other than the repair, replacement, or reconstruction of such Properties.

The provisions of this Section 4 shall not be construed to reduce the percentage vote that must be obtained from mortgagees or Owners where a larger percentage vote is otherwise required for any of the actions contained in this Section.

First mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against the Common Area and may pay overdue premiums on casualty insurance policies, or secure new casualty insurance coverage upon the lapse of a policy, for the Common Area, and first mortgagees making such payments shall be entitled to immediate reimbursement from the Association.

It is Declarant's intention that the development qualify for the possible sale of mortgages encumbering Lots to the Federal National Mortgage Association and/or the Federal Home Loan Mortgage Corporation. The requirements contained in this Section are to effectuate that purpose. Should either the Federal Home Loan Mortgage Corporation or the Federal National Mortgage Association subsequently delete any of their respective requirements which necessitate the provisions of this Section or make any such requirements less stringent, this Section shall automatically be amended to reflect such changes.

-25- Declaration, Restrictions, Protective Covenants & Conditions

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ARTICLE XIII. GENERAL PROVISIONS

Section 1. DURATION. The covenants and restrictions of this Declaration shall run with and bind the Properties, and shall inure to the benefit of and shall be enforceable by the Association or the Owner of any Properties subject to this Declaration, their respective legal representatives, heirs, successors, and assigns, for a term of thirty (30) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years, unless an instrument in writing, signed by a majority of the then Owners, has been recorded within the year preceding the beginning of each successive period of ten (10) years, agreeing to change said covenants and restrictions, in whole or in part, or to terminate the same.

Section 2. AMENDMENT. This Declaration may be amended unilaterally at any time and from time to time by Declarant (a) if such amendment is necessary to bring any provision hereof into compliance with any applicable governmental statute, rule, or regulation or judicial determination which shall be in conflict therewith; (b) if such amendment is reasonably necessary to enable any reputable title insurance company to issue title insurance coverage with respect to the Units subject to this Declaration; (c) if such amendment is required by an institutional or governmental lender or purchaser of mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to enable such lender or purchaser to make or purchase mortgage loans on the Units subject to this Declaration; or (d) if such amendment is necessary to enable any governmental agency or reputable private insurance company to insure mortgage loans on Units subject to this Declaration, provided, however, any such amendment shall not adversely affect the title to any Owner's Unit. Owner shall consent thereto in writing. Further, so long as the Class B membership exists, Declarant may unilaterally amend this Declaration for any other purposes; provided, however, any such amendment shall not materially adversely affect the substantive rights of any Unit Owner hereunder, nor shall it adversely affect title to any Unit without the consent of the affected Unit Owner.

In addition to the above, this Declaration may be amended upon the affirmative vote or written consent, or any combination thereof, of at least a majority of the Class A members and the consent of the Declarant, so long as Declarant has an unexpired option to subject property to this Declaration. Amendments to this Declaration shall become effective upon recordation in the Klamath County, Oregon records, unless a later effective date is specified therein.

Section 3. INDEMNIFICATION. The Association shall indemnify every officer and director against any and all expenses, including counsel fees, reasonably incurred by or imposed upon any officer or director in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the then Board of Directors) to which he or she may be a party by reason of being or having been an officer or director. The officers and directors shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct, or bad faith. The officers and directors shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association (except to the extent that such officers or directors may also be

Members of the Association), and the Association shall indemnify and forever hold each such officer and director free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer or director, or former officer or directors, may be entitled. The Association shall, as a common expense, maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such insurance is reasonably available.

Section 4. EASEMENTS FOR UTILITIES. There is hereby reserved to the Association blanket easements upon, across, above, and under all property within the property for access, ingress, egress, installation, repairing, replacing, and maintaining all utilities serving the property or any portion thereof, including, but not limited to, gas, water, sanitary sewer, telephone, and electricity, as well as storm drainage and any other service such as, but not limited to, a master television antenna system, cable television system, or security system which the Association might decide to have installed to serve the property. It shall be expressly permissible for the Association or its designee, as the case may be, to install, repair, replace, and maintain or to authorize the installation, repairing, replacing, and maintaining of such wire, conduits, cables, and other equipment related to the providing of any such utility or service. Should any party furnishing any such utility or service request a specific license or easement by separate recordable document, the Board shall have the right to grant such easement.

Section 5. CONSTRUCTION AND SALE. Notwithstanding any provisions contained in the Declaration to the contrary, so long as construction and initial sale of Residential Units shall continue, it shall be expressly permissible for Declarant to maintain and carry on upon portions of the Common Area such facilities and activities as, in the sole opinion of Declarant, may be reasonably required, convenient, or incidental to the construction or sale of such residences, including, but not limited to, business offices, signs, model units, and sale offices, and the Declarant shall have an easement for access to such facilities. The right to maintain and carry on such facilities and activities shall include specifically the right to use residences owned by the Declarant, which may be owned by the Association, as models and sales offices. This Section may not be amended without the express written consent of the Declarant; provided, however, the rights contained in this Section 5 shall terminate upon the earlier of (a) twenty-five (25) years from the date this Declaration is recorded, or (b) upon the Declarant's recording a written statement that all sales activity has ceased.

Section 6. GENDER AND GRAMMAR. The singular, wherever used herein, shall be construed to mean the plural, when applicable, and the use of the masculine pronoun shall include the neuter and feminine.

Section 7. SEVERABILITY. Whenever possible, each provision of this Declaration shall be interpreted in such manner as to be effective and valid, but if the application of any provision of this Declaration to any person or to any property shall be prohibited or held invalid, such prohibition or invalidity shall not affect any other provision or the application of any provision which can be given effect without the invalid provision or application, and, to this end, the provisions of this Declaration are declared to be severable.

Section 8. CAPTIONS. The captions of each Article and Section hereof, as to the contents of each Article and Section are inserted only for convenience and are in no way to be construed as defining, limiting, extending, or otherwise modifying or adding to the particular Article or Section to which they refer.

Section 9. INTEREST, EXPENSES AND ATTORNEYS' FEES. Any amount not paid to the Association when due in accordance with this Declaration shall bear interest from the due date until paid at a rate three percentage points per annum above the prevailing Portland, Oregon prime rate at the time, or such other rate as may be established by the Board of Directors, but not to exceed the lawful rate of interest under the laws of the State of Oregon. A late charge may be charged for each delinquent assessment in an amount established from time to time by resolution of the Board of Directors of the Association not to exceed thirty percent (30%) of such assessment. In the event the Association shall file a notice of lien, the lien amount shall also include the recording fees associated with filing the notice, and a fee for preparing the notice of lien established from time to time by resolution of the Board of Directors of the Association. In the event the Association shall bring any suit or action to enforce this Declaration, or to collect any money due hereunder to foreclose a lien, the Owner-defendant shall pay to the Association all costs and expenses incurred by it in connection with such suit or action, including a foreclosure title report, and the prevailing party in such suit or action shall recover such amount as the court may determine to be reasonable as attorneys' fees at trial and upon any appeal or petition for review thereof.

Section 10. NONEXCLUSIVENESS AND ACCUMULATION OF REMEDIES. An election by the Association to pursue any remedy provided for violation of this Declaration shall not prevent concurrent or subsequent exercise of another remedy permitted hereunder. The remedies provided in this Declaration are not exclusive, but shall be in addition to all other remedies, including actions for damages and suits for injunctions and specific performance, available under applicable law to the Association. In addition, any aggrieved Owner may bring an action against another Owner or the Association to recover damages or to enjoin, abate, or remedy any violation of this Declaration by appropriate legal proceedings."

IN WITNESS WHEREOF, the undersigned Declarant has executed this Declaration this 21 day of November, 1996.

ERNST BROTHERS, LLC. by:

Wayne G. Ernst
WAYNE G. ERNST

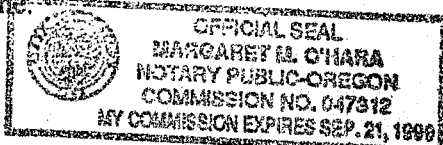
John S. Ernst by POA
JOHN S. ERNST

William L. Ernst by POA
WILLIAM L. ERNST

Jan K. Houck by POA
JAN K. HOUCK

STATE OF OREGON, County of Klamath, ss:

On November 21, 1996, the undersigned, a Notary Public in and for said County and State, personally appeared Wayne G. Ernst known to me to be a member of the limited liability company that executed the within instrument and acknowledged to me that such company executed the same.

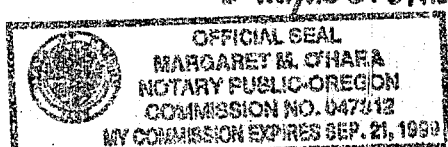


Margaret M. O'Hara
Notary Public for Oregon
My Comm. Expires: Sept 21, 1999

STATE OF OREGON, County of Klamath, ss:

On November 21, 1996, the undersigned, a Notary Public in and for said County and State, personally appeared John S. Ernst known to me to be a member of the limited liability company that executed the within instrument and acknowledged to me that such company executed the same.

* Wayne G. Ernst, POA for John S. Ernst

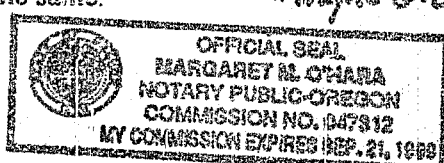


Margaret M. O'Hara
Notary Public for Oregon
My Comm. Expires: Sept 21, 1999

STATE OF OREGON, County of Klamath, ss:

On November, 1996, the undersigned, a Notary Public in and for said County and State, personally appeared William L. Ernst known to me to be a member of the limited liability company that executed the within instrument and acknowledged to me that such company executed the same.

* Wayne G. Ernst, POA for William L. Ernst

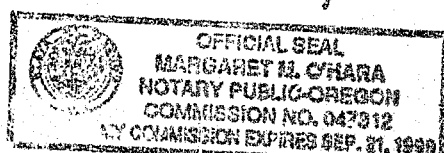


Margaret M. O'Hara
Notary Public for Oregon
My Comm. Expires: Sept 21, 1999

STATE OF OREGON, County of Klamath, ss:

On November 21, 1996, the undersigned, a Notary Public in and for said County and State, personally appeared Jan K. Houck known to me to be a member of the limited liability company that executed the within instrument and acknowledged to me that such company executed the same.

* Wayne G. Ernst, POA for Jan K. Houck



Margaret M. O'Hara
Notary Public for Oregon
My Comm. Expires: Sept 21, 1999

-29 Declaration, Restrictions, Protective Covenants & Conditions

P:\DATA\NRB\CLIENTS\IGHINGIL\CHRI1.004

Bryant Lovien Jarvis

40 N.W. Greenwood • P.O. Box 1151 • Bend, Oregon 97709-1151 • (541) 382-4331 • Fax (541) 389-3386

EXHIBIT A

TRACT 1318 - GILCHRIST TOWNSITE

PROPERTY DESCRIPTION

A PARCEL OF LAND SITUATED IN SECTIONS 19 AND 20, TOWNSHIP 24 SOUTH, RANGE 09 EAST, WILLAMETTE MERIDIAN, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWESTERLY CORNER OF PARCEL 1, MINOR LAND PARTITION 52-91, BEING A 5/8" REBAR, THEN NORTH 15°00'41" EAST 2125.08 FEET ALONG THE EASTERLY RIGHT OF WAY OF U.S. HIGHWAY 97, TO A 5/8" REBAR, BEING THE SOUTHWESTERLY CORNER OF A PARCEL OF LAND AS DESCRIBED IN DEED VOL. M78 PAGE 26694, KLAMATH COUNTY RECORDS; THENCE LEAVING SAID RIGHT OF WAY SOUTH 74°59'19" EAST 234.17 FEET ALONG THE SOUTHERLY LINE OF SAID DEED TO A 5/8" REBAR, BEING THE SOUTHEASTERLY CORNER OF SAID PARCEL; THENCE NORTH 15°00'41" EAST 130.75 FEET ALONG THE EASTERLY LINE OF SAID PARCEL TO A 5/8" PIN, BEING THE NORTHEASTERLY CORNER OF SAID PARCEL; THENCE NORTH 45°59'19" WEST 267.74 FEET ALONG THE NORTHERLY LINE OF SAID PARCEL TO A 2" PIPE, BEING THE NORTHWESTERLY CORNER OF SAID PARCEL AND A POINT ON THE EASTERLY RIGHT OF WAY OF U.S. HIGHWAY 97; THENCE LEAVING SAID PARCEL NORTH 15°00'41" EAST 404.42 FEET ALONG SAID RIGHT OF WAY TO A 1/2" REBAR; THENCE SOUTH 74°59'19" EAST 50.00 FEET ALONG SAID RIGHT OF WAY TO A 5/8" REBAR; THENCE NORTHERLY ALONG A SPIRAL CURVE, THE LONG CHORD OF WHICH BEARS NORTH 15°40'30" EAST 396.48 FEET, WITH A 400 FOOT CENTERLINE SPIRAL, S = 2', TO A 1/2" REBAR; THENCE ALONG A 5629.58 FOOT RADIUS CURVE TO THE RIGHT ALONG SAID RIGHT OF WAY, THE LONG CHORD OF WHICH BEARS NORTH 18°23'26" EAST 273.15 FEET, TO A 5/8" REBAR; THENCE LEAVING SAID RIGHT OF WAY SOUTH 65°00'00" EAST 416.37 FEET TO A 5/8" REBAR; THENCE SOUTH 16°37'34" WEST 88.83 FEET TO A 5/8" REBAR; THENCE NORTH 86°42'36" EAST 538.05 FEET TO A 5/8" REBAR; THENCE SOUTH 21°50'00" EAST 244.20 FEET TO A 5/8" REBAR; THENCE SOUTH 09°21'19" WEST 1012.92 FEET TO A 5/8" REBAR BEING THE NORTHEASTERLY CORNER OF THE PARCEL DESCRIBED IN DEED VOLUME 76 PAGE 11148 KLAMATH COUNTY RECORDS; THENCE ALONG THE FOLLOWING 9 COURSES OF SAID DEED, SOUTH 89°06'58" WEST 409.62 FEET TO A 5/8" REBAR; THENCE NORTH 74°32'49" WEST 523.55 FEET TO A 5/8" REBAR; THENCE SOUTH 15°05'00" WEST 250.95 FEET TO A 5/8" REBAR; THENCE SOUTH 75°24'00" EAST 119.20 FEET TO A 5/8" REBAR; THENCE SOUTH 14°32'55" WEST 110.25 FEET TO A 5/8" REBAR; THENCE NORTH 78°34'00" WEST 94.30 FEET TO A 5/8" REBAR; THENCE SOUTH 15°59'15" WEST 286.80 FEET TO A 5/8" REBAR; THENCE SOUTH 73°25'25" EAST 665.50 FEET TO A 5/8" REBAR; THENCE SOUTH 62°41'43" EAST 278.39 FEET TO A 5/8" REBAR BEING THE SOUTHEASTERLY CORNER OF SAID PARCEL; THENCE LEAVING SAID DEED SOUTH 63°30'04" WEST 114.56 FEET TO A 5/8" REBAR; THENCE NORTH 74°25'05" WEST 172.05 FEET TO A 5/8" REBAR; THENCE SOUTH 15°34'55" WEST 1015.57 FEET TO A 5/8" REBAR; THENCE NORTH 74°25'05" WEST 245.00 FEET TO A 5/8" REBAR; THENCE SOUTH 15°40'50" WEST 258.39 FEET TO A 5/8" REBAR; THENCE NORTH 80°57'30" WEST 764.09 FEET TO THE POINT OF BEGINNING; SAID PARCEL CONTAINING 69.43 ACRES MORE OR LESS.

THE BASIS OF BEARINGS FOR THIS DESCRIPTION IS COUNTY SURVEY 5166.

EXCLUDING: LOTS 77 AND 143 FOR TRACT 1318 - GILCHRIST TOWNSITE RECORDED AT BOOK 23 PAGE 107, KLAMATH COUNTY RECORDS, OREGON.

EXHIBIT A

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Return: Adkins
2950 Shasta Way KFO 97603

Filed for record at request of Adkins Consulting Engineers the 27th day of November A.D., 19 96 at 3:22 o'clock P.M., and duly recorded in Vol. M96 of Deeds on Page 37354.

FEE \$155.00

Bernetha G. Letsch County Clerk
By Kathleen Bros