DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR COTTONWOOD SECOND ADDITION

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR COTTONWOOD SECOND ADDITION ("Declaration") is made by Alan Ruden, Inc., an Oregon Corporation ("Declarant").

RECITALS:

Declarant is the owner of all the real property and improvements thereon located in Yamhill County, Oregon, described as follows: (the "Property"):

Lots 121-158 inclusive as shown on the Plat Map of Cottonwood Second Addition filed for record on June 12, 2006, as Instrument No. 200612942 in the Official Records of Yamhill County, Oregon.

This Declaration shall be divided into two separate and distinct parts, namely, Part I, uniquely, solely and independently applicable to lots 121-129 inclusive of Cottonwood Second Addition, hereinafter referred to as "Cottonwood Second", and Part II, solely, uniquely and independently applicable to lots 130-158 inclusive of Cottonwood Second Addition, hereinafter referred to as "Cottonwood Ranch Townhomes". Except as otherwise specifically set forth herein, no provision of Part I shall be applicable to any portion of the Property constituting the Cottonwood Townhomes, and no provision of Part II shall be applicable to any portion of the Property constituting Cottonwood Second.

PART I
COTTONWOOD SECOND

Declarant has deemed it desirable for the efficient preservation of the values and amenities in that portion of the Property designated herein as Cottonwood Second to impose these mutually beneficial covenants, conditions, restrictions, and easements on such portion of the Property, under a comprehensive general plan of improvement and development for the benefit of all lots in Cottonwood Second.

NOW, THEREFORE, Declarant declares that lots 121-129 inclusive of Cottonwood Second Addition, herein referred to as Cottonwood Second, shall be held, transferred, sold, conveyed, and occupied subject to the following covenants, conditions, restrictions and easements, which shall run with the land, which shall be binding on all parties having or acquiring a right, title or interest in Cottonwood Second or any part thereof, and which shall enure to the benefit of each owner thereof.
Section 1. Zoning and Use. All improvements shall meet zoning and building codes as required by the City of McMinnville: All use and occupancy shall be legal and shall conform to the laws and ordinances of the City of McMinnville.

Section 2. Size and Materials.

a. All houses shall have a minimum living area of 1,400 square feet exclusive of open porches and garages. All detached buildings must be enclosed and no more than eighteen (18) feet in height. Pole buildings are not allowed. Off-site built homes, factory-built homes, and mobile homes are not permitted. Each dwelling house shall have a private two (2) or three (3) car garage as part of, or attached to, the house. The garage shall not be used for dwelling purposes and shall conform generally in architectural design, exterior materials and finish to the dwelling house to which it is appurtenant. No carports shall be allowed or constructed on any lot. Outbuildings, sheds, or similar structures may be placed, erected, maintained, or constructed only in compliance with City of McMinnville ordinances, but limited to eighteen (18) feet in height.

b. Every building, fence, wall, or other structure placed on any part of any lot shall be constructed of new material.

c. All buildings shall have siding materials on all sides of every structure or improvement placed on the premises; all siding material will be wood or wood product lap or channel siding, except that stucco or synthetic stucco, or brick, or a combination of the foregoing may be used. No T-111 or plywood sheet siding will be allowed, except in the soffit area.

d. Roofs shall be cedar shake, tile, or 30-year architectural type composition material.

Section 3. Recreational Vehicles. All recreational vehicles, campers, motor homes, boats, boat trailers, travel trailers, utility trailers, tents, or non-operable vehicles shall be stored either inside a garage or detached structure or shall be physically obscured from view from the street or contiguous parcels by means of a fence or hedge-type landscaping.

Section 4. Fences.

a. Any fence constructed, erected, placed, or maintained on a lot will be governed by all City ordinances. In addition, sight-obscuring fences on any lot shall not exceed two and one-half (2 1/2) feet in height in the front yard, or on the side yard forward of the building line with the greatest set back on the lot or the adjoining residential lots, or on corner lots on the side abutting the street. Other fences shall not exceed six (6) feet in height. All fences shall be constructed of suitable fencing material and shall not detract from the appearance of the dwelling located on the lot or on adjacent lots or be offensive to the owners or occupants thereof.
b. All fences constructed by the developer, if any, shall be maintained by the owner of the nearest adjacent lot.

c. Owners of lots adjacent to the BPA easement (lots 121, 125, 125, 126 and 129) shall construct and maintain in good condition a fence along the BPA easement property line similar in design to the fence constructed by the developer along Hill Road. Namely, fences shall be six (6) feet in height, constructed of cedar, and kept natural without solid paint.

Section 5. Exterior Colors. Exterior colors of any dwelling house, garage, shed, or outbuilding or other structure shall be natural earth colors or other subdued colors.

Section 6. Telecommunication Devices. Only satellite dishes with a surface diameter under one meter in diameter will be permitted on any lot. Such a device must be placed in an inconspicuous area of the house where it is out of sight as viewed from the street.

Section 7. Landscaping Requirements.

a. All front yards shall be equipped with underground irrigation, including the five (5) foot parkway strip area, landscaped, and maintained tidy without weeds or debris. Landscaping in front and rear yards shall be completed within six (6) months after construction is completed.

b. The Developer shall initially install and maintain street trees within curbside planting strips along the streets in Cottonwood Second, provided, however, the owner of a lot shall relocate trees as may be necessary to accommodate individual building plans and shall replace any trees which may die due to neglect, vandalism, or loss during construction. All replaced trees shall conform to the species and characteristics of the original trees. The Declarant's obligation to maintain street trees shall terminate one year from the date of planting.

Section 8. Access and Utility Easement. Lots 124, 125, 126 and 127 shall each benefit by and be subject to a 15-foot access and utility easement and a 15-foot reciprocal access and utility easement as shown on the Plat Map. The owners of lots 124, 125, 126 and 127 shall be entitled to access their respective lots from said easements. The access portion of the easement shall be a paved driveway surface 20 feet wide centered within the easements. No gravel shoulder shall be installed along said driveway. The unimproved portion of the easement shall be planted in lawn or landscaped with appropriate bushes, shrubs and trees. A buried sprinkler system shall be provided on the sides of the driveway with sufficient numbers of sprinklers to adequately water the unpaved portions. The owners of Lots 124, 125, 126 and 127 shall be responsible for the installation and maintenance of landscaping and irrigation as provided in this Section and Section 7 for the portion of the easements within their respective lots. The owners of all lots utilizing access from said easements shall share equally in the maintenance of the paved portion of said easements except that the owner of any lot who damages the paved portion during construction on said lot shall be solely responsible for repairing said damages.
Section 9. Amendments. The covenants, conditions, and restrictions contained herein shall run with the property and shall be binding upon all parties having or acquiring any right, title, or interest in the property and shall inure to the benefit of each owner thereof. The covenants, conditions, and restrictions of this declaration may be amended or terminated by ordinance, court decree, or by an instrument signed by at least 75 percent of the lot owners. Any amendment must be recorded with Yamhill County. However, invalidation of any of the covenants, conditions, or restrictions shall in no way affect any of the other provisions.

Section 10. Enforcement.

a. Any owner of the aforementioned lots shall have the right to enforce by proceedings at law or in equity the covenants, conditions, and restrictions imposed by the provisions of this declaration. In no event shall the failure to immediately pursue such enforcement be deemed a waiver of the right to do so thereafter.

b. If a suit or action or appeal of action is instituted to enforce the provisions hereof, the losing party agrees to pay such sum as the court may adjudge reasonable as attorney's fees to be allowed the prevailing party.

PART II
Cottonwood TOWNHOMES

Declarant intends to develop that portion of the Property designated herein as Cottonwood Townhomes as a Class II planned community. To establish Cottonwood Townhomes as a planned community, Declarant desires to impose these mutually beneficial covenants, conditions, restrictions, easements, assessments, and liens on such portion of the Property, under a comprehensive general plan of improvement and development for the benefit of all Lots in Cottonwood Townhomes.

Declarant has deemed it desirable for the efficient preservation of the values and amenities in Cottonwood Townhomes to create a nonprofit corporation, to which will be delegated and assigned the powers and authority to own, maintain, and administer the Common Area, if any, and to maintain, repair, and replace certain portions of the Lots and other Commonly Maintained Area, and to administer and enforce the covenants, conditions, and restrictions of this Declaration, and to collect and disburse the assessments and charges hereinafter created.

NOW THEREFORE, Declarant declares that Lots 130 -158 inclusive of Cottonwood Second Addition, herein referred to as Cottonwood Townhomes, shall be held, transferred, sold, conveyed, and occupied subject to the Oregon Planned Community Act as may be amended from time to time (ORS 94.550–94.783) and subject to the following covenants, conditions, restrictions, easements, charges, and liens, which shall run with the land, which shall be binding on all parties having or acquiring any right, title, or interest in Cottonwood Townhomes or any part thereof, and which shall inure to the benefit of the Association and of each Owner thereof.
Part II - Article 1
Definitions

1.1 Articles shall mean the Articles of Incorporation for the nonprofit corporation, Cottonwood Townhomes Homeowners’ Association, Inc. as filed with the Oregon Secretary of State.

1.2 Association shall mean and refer to Cottonwood Townhomes Homeowners’ Association, Inc., its successors and assigns.

1.3 Board shall mean the Board of Directors of the Association.

1.4 Bylaws shall mean and refer to the Bylaws of the Association, which shall be recorded in the Yamhill County, Oregon, deed records.

1.5 City shall mean and refer to the City of McMinnville, Oregon in which the Property is located.

1.6 Common Area shall mean only that portion of the Property, if any, that is established for the common benefit of Cottonwood Townhomes and that is owned by the Association for the use and/or benefit of the Owners.

1.7 Commonly Maintained Property shall mean the Common Area, if any, and also shall mean any area within public rights-of-way, or other Property that the Association is required to maintain for the common benefit of the Members, including without limitation those areas described in Article IV.

1.8 Declaration shall mean the covenants, conditions, restrictions, and all other provisions set forth in Part II of this Declaration.

1.9 Declarant shall mean and refer to Alan Ruden, Inc., an Oregon corporation, and its successors or assigns, or any successor or assign to all or the remainder of its interest in the Property.

1.10 Home shall mean and refer to any portion of a structure situated on a Lot and designed and intended for use and occupancy as a residence by a single family or household. The Homes within Cottonwood Townhomes consist of multi-story residences constructed as a continuous structure of 2 - 4 Homes within a single building with a common wall or Party Wall along a common boundary and commonly referred to as “zero lot line residences”. Attached hereto as Exhibit A and by this reference made a part hereof, is a schedule showing the 8 separate buildings constituting Cottonwood Townhomes and the Homes within each building, by lot number and common address.

1.11 Improvements shall mean and refer to any man-made changes to the natural conditions of the land including, but not limited to, structures and construction of any kind whether above or below the land surface, such as any building, fence, walls, signs, additions,
alterations, screen enclosure, sewer drain, disposal, lake, waterway, road, pavement, utilities, grading, landscaping and exterior illumination and shall not be limited to any changes in any exterior color or shape in any interior construction or exterior Improvements.

1.12 Lot shall mean and refer to each and any of Lots 130 -158 of Cottonwood Second Addition referred to herein as Cottonwood Townhomes.

1.13 Members shall mean and refer to the Owners of Lots in Cottonwood Townhomes.

1.14 Notice shall mean written notice given by any means reasonably calculated to provide actual notice, including but not limited to, facsimile transmission, personal service, first class or certified mail, overnight or express mail.

1.15 Occupant shall mean and refer to the Occupant of a Home, whether such person is an Owner, a lessee, or any other person authorized by the Owner to occupy the Home.

1.16 Owner shall mean and refer to the record Occupant, whether one or more persons or entities, of the fee simple title to any Lot or a purchaser in possession of a Lot under a land sale contract. The foregoing does not include persons or entities who hold an interest in any Lot merely as security for the performance of an obligation.

1.17 Party Wall shall mean and refer to the entire wall, from front to rear, all or a portion of which is used for support, situate or intended to be situate on the boundary line between adjoining Lots.

1.18 Party Fence shall mean and refer to a fence situate or intended to be situate on the boundary line between adjoining Lots.

1.19 Plat shall mean and refer to the Plat of Cottonwood Second Addition recorded in the Plat Records of Yamhill County, Oregon, as Instrument No. 200612942, on June 12, 2006.

1.20 Property shall have the meaning attributed to such term in the Recitals of this Declaration, but as hereinafter used in Part II, shall refer solely to Lots 130 -158 of Cottonwood Second Addition, including the Common Area, the Commonly Maintained Property and all Improvements located on the real property, as may be brought within the jurisdiction of the Association and be made subject to this Declaration.

1.21 Rules and Regulations shall mean and refer to the documents containing Rules and Regulations and policies adopted by the Board as may be from time to time amended.

1.22 Set Back shall mean the minimum distance between the Home or other structure referred to in a given Property line, unless otherwise indicated.
1.23 Cottonwood Townhomes shall mean Lots 130-158 inclusive of the Property and as designated on the Plat of Cottonwood Second Addition

Part II - Article II
Ownership and Easements

2.1 Nonseverability. The interest of each Owner in the use and/or benefit of the Common Area, if any, shall be appurtenant to the Lot owned by the Owner. No Lot shall be conveyed by the Owner separately from the interest in the Common Area. Any conveyance of any Lot shall automatically transfer the right to use the Common Area, where such Common Area is designated for use by the Owners, without the necessity of express reference in the instrument of conveyance. There shall be no judicial partition of the Common Area. Each Owner, whether by deed, gift, devise, or operation of law, for such Owner’s benefit and for the benefit of all other Owners, specifically waives and abandons all rights, interests, and causes of action for judicial partition of any interest in the Common Area and agrees that no action for judicial partition shall be instituted, prosecuted, or reduced to judgment. Ownership interests in the Common Area and Lots are subject to the easements granted and reserved in this Declaration. Each of the easements granted or reserved herein shall be deemed to be established upon the recordation of this Declaration and shall thenceforth be deemed to be covenants running with the land for the use and benefit of the Owners and their Lots and shall be superior to all other encumbrances applied against or in favor of any portion of Cottonwood Townhomes.

2.2 Ownership of Lots. Title to each Lot in Cottonwood Townhomes shall be conveyed in fee to an Owner. If more than one person and/or entity owns an undivided interest in the same Lot, such persons and/or entities shall constitute one Owner.

2.3 Ownership of Common Area. Title to any Common Area shall be conveyed to the Association not later than the date of the Turnover Meeting.

2.4 Easements. Individual deeds to Lots may, but shall not be required to, set forth the easements specified in this Article.

2.4.1 Easements on Plat. The Common Area and Lots are subject to the easements and rights-of-way shown on the Plat.

2.4.2 Easements for Common Area. Every Owner shall have a nonexclusive right and easement of use and enjoyment in and to the Common Area, which shall be appurtenant to and shall pass with the title to every Lot. Such easement is subject to ORS 94.665, as may be amended from time to time.

2.4.3 Easements Reserved by Declarant. As long as Declarant owns any Lot, Declarant reserves an easement over, under, and across the Common Area in order to carry out sales activities necessary or convenient for the sale of Lots. Declarant, for itself and its successors and assigns, hereby retains a right and easement of ingress and egress to, from, over, in, upon, under, and across the Common Area and the right to store materials thereon.
and to make such other use thereof as may be reasonably necessary or incident to the construction of the Improvements on the Property in such a way as not to interfere unreasonably with the occupancy, use, enjoyment, or access to an Owner’s Lot by such Owner or such Owner’s family, tenants, employees, guests, or invitees.

2.4.4 Additional Utility and Drainage Easements; Public Walkway Easements. Notwithstanding anything expressed or implied to the contrary, this Declaration shall be subject to all easements granted by Declarant for the installation and maintenance of utilities and drainage facilities necessary for the development of Cottonwood Townhomes. Lots 137 and 138 are subject to a 7.5 foot wide public access easement as shown on the Plat. No structure, planting, or other material that may damage or interfere with the installation or maintenance of utilities, that may change the direction of flow of drainage channels in the easements, or that may obstruct or retard the flow of water through drainage channels in the easement areas shall be placed or permitted to remain within any easement area.

2.4.5 Association’s Easements. Declarant grants to the Association and its duly authorized agents and representatives such easements over the Lots and Common Area as are necessary to perform the duties and obligations of the Association, as set forth in this Declaration, the Bylaws, and the Articles, as the same may be amended.

2.4.6 Easement to Governmental Entities. Declarant grants a nonexclusive easement over the Common Area to all governmental and quasi-governmental entities, agencies, utilities, and their agents for the purposes of performing their duties as utility providers.

2.4.7 Perimeter Easement Benefitting Association. Declarant grants to the Association and its duly authorized agents and representatives an easement over that perimeter portion of each Lot that is included within the building Setbacks set by applicable ordinances for the purposes of installation, maintenance, repair, and replacement of utilities, communication lines, and drainage. The Board may grant or convey the easements reserved herein to any governmental body or agency and/or any public or private utility company or provider, on a two-thirds vote of the Board Members at a duly called and held Board meeting.

2.4.8 Reciprocal Easement for Exterior Maintenance. All Owners of Lots upon which are constructed Homes are hereby declared to have a non-exclusive easement appurtenant thereto over and across adjacent Lots upon which are also constructed Homes for the limited purpose of allowing the Owners thereof access to all portions of their own Lots and Homes for purposes of exterior maintenance, repair and replacement. Said easement shall be at all times utilized with the utmost consideration of privacy and convenience of the adjoining property owner, and only during daylight hours, except in emergencies.

2.4.9 Utility Easements Benefitting Lot Owners. The Owner of a Home developed in a single building shall have an easement over, under, and through all other Lots on which the building is located, outside the building, for underground natural gas lines and other utility lines, wires, pipes and conduits for the benefit of the Lot Owner’s Home and for the purpose of installing, repairing, replacing, and maintaining the same.
2.4.10 Reciprocal Easement for Encroachment. Lots, Homes, Improvements and Common Area are hereby declared to have an easement over all adjoining Lots, Homes, Improvements and Common Area for the purpose of accommodating any encroachments, due to existing errors in original construction, settlement or shifting of a building, or any other similar cause, and any encroachment due to building overhang or projection. There shall be valid easements for the maintenance of said encroachments so long as they shall exist or for any reconstruction of encroachments if reasonably necessary after fire or other casualty, and the rights and obligations of Owners shall not be altered in any way by said encroachment; provided, however, that in no event shall a valid easement for encroachment be created in favor of any Owner or Owners if said encroachment occurred due to the willful act or acts with full knowledge of said Owner or Owners.

Part II - Article III
Use of Property and Design Standards

3.1 Residential Use. Lots shall only be used for residential purposes. Except with the Board’s consent no trade, craft, business, profession, commercial, or similar activity of any kind shall be conducted on any Lot, and no goods, equipment, vehicles, materials, or supplies used in connection with any trade, service, or business shall be kept or stored on any Lot. Nothing in this Section 3.1 shall be deemed to prohibit (a) activities relating to the sale of residences, (b) the right of Declarant or any contractor or homebuilder to construct residences on any Lot, to store construction materials and equipment on such Lots in the normal course of construction, and to use any residence as a sales office or model home for purposes of sales in Cottonwood Townhomes, and (c) the right of the Owner of a Lot to maintain such Owner’s personal business or professional library, keep such Owner’s personal business or professional records or accounts, handle such Owner’s personal business or professional telephone calls, or confer with business or professional associates, clients, or customers in such Owner’s residence. The Board shall not approve commercial activities otherwise prohibited by this Section 3.1 unless the Board determines that only normal residential activities would be observable outside of the residence and that the activities would not be in violation of applicable local government ordinances.

3.2 Landscaping. Landscaping for all front and side yards will initially be installed by Declarant with appropriate irrigation for plantings in such landscaping. The Association will thereafter be responsible for irrigation and maintenance of such landscaping. Each Owner will be responsible for landscaping in the back yard of Owner’s Lot. Each Owner other than Declarant shall obtain the Board’s prior approval of all landscaping plans before commencing installation of any landscaping. Back yard landscaping for the Lot shall commence within 60 days after occupancy by Owner and shall be completed within six months after such occupancy. The water charge for irrigation shall be borne by the Association if connected to the common water system and borne by the individual Owners where the water system is connected to the individual Home around which landscaping is installed. Owners shall irrigate their back yard to keep lawns green and other landscaping fresh. If landscape plantings to be maintained by the Association have died or are dying because of harm to the plants caused by an Owner, the Association shall replace the plantings and may assess the Owner for the cost as a Reimbursement Assessment, which may be collected and enforced as any other assessments imposed pursuant to the Declaration and Bylaws.
3.3 Maintenance of Lots and Homes. Each Owner shall maintain such Owner’s Lot and all Improvements thereon in a clean and attractive condition, in good repair, and in such fashion as not to create a fire hazard. Such maintenance shall include, without limitation, maintenance of windows, doors, garage doors, walks, patios, chimneys, roofs, and other exterior improvements and glass surfaces. All repainting or restaining and exterior remodeling shall be subject to prior review and approval by the Board. The color of the exterior of any Home shall not be changed from the original color without the agreement of the Board and all Owners of Homes within a single building.

3.4 Rental of Homes. The rental of any Home or portion thereof within Cottonwood Townhomes shall be subject to each of the following conditions:

3.4.1 Written Rental Agreements Required. The Owner and the tenant shall enter into a written rental or lease agreement specifying that (a) the tenant shall be subject to all provisions of the Declaration, Bylaws, and Rules and Regulations, and (b) a failure to comply with any provision of the Declaration, Bylaws, and Rules and Regulations shall constitute a default under the rental or lease agreement;

3.4.2 Minimum Rental Period. The period of the rental or lease shall not be less than 30 days;

3.4.3 Tenant Must be Given Documents. The Owner shall give each tenant a copy of the Declaration, Bylaws, and Rules and Regulations; and

3.4.4 Rentals Limited to 12 Homes Total. Not more than 12 Homes within Cottonwood Townhomes shall be occupied as a rental at any given time period. For this purpose, “rental” shall mean any arrangement whereby the Occupant of a Home owns less than 50% of the fee interest in the Home and is paying the Owner consideration for the right of occupancy. It is the intention of the Declarant to retain ownership of 7 Homes within Cottonwood Townhomes for the purpose of renting such Homes. Pursuant to this Section, no more than 5 additional Homes may be occupied as rentals so long as Declarant maintains Declarant’s 7 rentals.

3.5 Animals. No animals, livestock, or poultry of any kind, other than a reasonable number of household pets that are not kept, bred, or raised for commercial purposes and that are reasonably controlled so as not to be a nuisance, shall be raised, bred, kept, or permitted within any Lot. Owners whose pets cause any inconvenience or unpleasantness to other Owners shall take all steps reasonably necessary to prevent recurrence thereof and Owners whose pets damage other Owners’ Lots or personal property shall reimburse such other Owners for reasonable costs actually incurred by such other Owners in repairing such damage. An Owner shall ensure that such Owner’s dog is leashed when on the Property and outside of such Owner’s Lot. An Owner may be required to remove a pet on the receipt of the third notice in writing from the Board of a violation of any rule, regulation, or restriction governing pets within the Property.

3.6 Nuisance. No noxious, harmful, or offensive activities shall be carried out on any Lot or Common Area. Nor shall anything be done or placed on any Lot or Common Area that
interferes with or jeopardizes the enjoyment of, or that is a source of annoyance to, the Owner or other Occupants. Occupants of a Home and their guests shall not engage in activities that generate noise that disturbs or annoys their neighbors except in connection with construction or other required activities. All permitted activities that must generate significant levels of noise shall be conducted between 9 am and 7 pm, except on Sundays, when it shall occur only between 11 am and 5 pm.

3.7 Parking. Boats, trailers, commercial vehicles, mobile homes, campers, and other recreational vehicles or equipment, regardless of weight, shall not be parked on any part of the Common Area, or on any streets on or adjacent to the Property at any time or for any reason, including loading or unloading, and may not be parked on any Lot for more than six hours or such other period as may be permitted by the Association Rules and Regulations. The garage on each Lot shall be used to park the occupant's primary passenger vehicle(s), and for no other purpose.

3.8 Vehicles in Disrepair. No Owner shall permit any vehicle that is in a state of disrepair or that is not currently licensed to be abandoned or to remain parked on the Common Area or on any street on or adjacent to the Property at any time and may not permit them on a Lot for a period in excess of 48 hours. A vehicle shall be deemed in a "state of disrepair" when the Board reasonably determines that its presence offends the occupants of the neighborhood. If an Owner fails to remove such vehicle within five days following the date on which the Board mails or delivers to such Owner a notice directing such removal, the Board may have the vehicle removed from the Property and charge the expense of such removal to the Owner as a Reimbursement Assessment, which may be collected and enforced as any other assessments imposed pursuant to the Declaration and Bylaws.

3.9 Signs. No signs shall be erected or maintained on any Lot except that not more than one "For Sale" or "For Rent" sign placed by the Owner or by a licensed real estate agent, not exceeding 24 inches high and 36 inches long, may be temporarily displayed on any Lot. The restrictions contained in this Section 3.9 shall not prohibit the temporary placement of "political" signs on any Lot by the Owner or Occupant. Provided, however, political signs shall be removed within three days after the election day pertaining to the subject of the sign. Real estate signs shall be removed within three days after the sale closing date.

3.10 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 containers for proper disposal and out of public view. Yard raking, dirt, and other material resulting from landscaping work shall not be dumped onto streets, the Common Area, or any other Lots. If an Owner fails to remove any trash, rubbish, garbage, yard raking, or any similar materials from any Lot, any streets, or the Common Area where deposited by such Owner or the Occupants of such Owner's Lot after notice has been given by the Board to the Owner, the Board may have such materials removed and charge the expense of such removal to the Owner. Such charge shall constitute a Reimbursement Assessment, which may be collected and enforced as any other assessments imposed pursuant to the Declaration and Bylaws.
3.11 Fences and Hedges. No fences or boundary hedges shall be installed or replaced without prior written approval of the Board. Except as otherwise provided in this Declaration, all walls, fences and hedges constructed or installed by Declarant shall be maintained by the Owner/Occupant of the nearest Lot adjacent thereto as to the portion of said wall, fence or hedge which is within the boundaries of said Lot or would be within such boundaries if they were extended in a straight line to an intersection with said wall, fence or hedge. All such fences and hedges shall have convenient access ways to allow the Association to carry out its exterior maintenance and landscaping responsibilities.

3.12 Service Facilities. Service facilities (garbage containers, fuel tanks, clotheslines, etc.) shall be screened so that such facilities are not visible at any time from the street or a neighboring property. All telephone, electrical, cable television, and other utility installations shall be placed underground in conformance with applicable law and subject to approval by the Board.

3.13 Antennas and Satellite Dishes. Except as otherwise provided by law or this Section, no exterior antennas, satellite dishes, microwave, aerial, tower, or other devices for the transmission or reception of television, radio, or other forms of sound or electromagnetic radiation shall be erected, constructed, or placed on any Lot. With prior written consent from the Board, exterior satellite dishes or antennas with a surface diameter of one meter or less and antennas designed to receive television broadcast signals only may be placed on any Lot if they are not visible from the street and are screened from neighboring Lots. The Board may adopt reasonable rules and regulations governing the installation, safety, placement, and screening of such antennas, satellite dishes, and other transmission devices. Such rules shall not unreasonably delay or increase the cost of installation, maintenance, or use or preclude reception of a signal of acceptable quality. (The Board, in its sole discretion, may determine what constitutes a signal of acceptable quality.) Such rules may prohibit installation of exterior satellite dishes or antennas if signals of acceptable quality can be received by placing antennas inside a Home without causing an unreasonable delay or cost increase.

3.14 Exterior Lighting or Noise-making Devices. Except with the consent of the Board, no exterior lighting or noise-making devices, other than security and fire alarms, shall be installed or maintained on any Lot.

3.15 Basketball Hoops. No Owner may install a permanent basketball hoop on any Lot without the Board’s prior approval. Portable basketball hoops may be used on a temporary basis but shall not be left in the street nor stored within view from the street. The Board may, in its discretion, prohibit all basketball hoops. Basketball hoops shall be prohibited in the Common Area and on any Lot if the area of play is intended to be any Common Area unless specifically allowed by the Board.

3.16 Grades, Slopes, and Drainage. There shall be no interference with the established drainage patterns or systems over or through any Lot within Cottonwood Townhomes so as to affect any other Lot or Common Area or any real property outside Cottonwood Townhomes unless adequate alternative provision is made for proper drainage and is approved by the Board. The term established drainage shall mean the drainage swales, conduits, inlets, and outlets designed and constructed for Cottonwood Townhomes.
3.17 **Tree-Cutting Restrictions.** No tree the diameter of which is six inches or more may be removed from any Lot without the prior approval of the Board unless it is diseased, poses an immediate danger to persons or property, or is within 10 feet of an existing or proposed building or five feet of a paved surface. Provided, however, the Board shall have unfettered authority, but not the obligation, to cause the Association to trim or top trees, shrubs, or hedges located on any Lot that is creating a nuisance, is damaging, or is a threat to Commonly Maintained Property or that increases the cost of insurance for the Association.

3.18 **Damage or Destruction to Home and/or Lot.** If all or any portion of a Lot or Home is damaged by fire or other casualty, the Owner shall restore the damaged improvements so that the Improvements are in substantially the same condition as they existed before the damage. The Owner must commence such work within 30 days after the damage occurs and must complete the work within six months thereafter. The Association and Owners whose Homes are in the same building shall cooperate in respect to repair and reconstruction and application of available insurance proceeds (see Article 4).”

3.19 **Right of Maintenance and Entry by Association.** If an Owner fails to perform maintenance and/or repair that such Owner is obligated to perform pursuant to this Declaration, and if the Board determines, after notice, that such maintenance and/or repair is necessary to preserve the attractiveness, quality, nature, and/or value of Yahn Ranch Townhomes the Board may cause such maintenance and/or repair to be performed and may enter any such Lot whenever entry is necessary in connection with the performance thereof. An Owner may request, and the Board shall conduct, a hearing on the matter. The Owner’s request shall be in writing delivered within five days after receipt of the notice, and the hearing shall be conducted within not less than five days nor more than 20 days after the request for a hearing is received. Entry shall be made with as little inconvenience to an Owner as practicable and only after advance written notice of not less than 48 hours, except in emergency situations. The costs of such maintenance and/or repair shall be chargeable to the Owner of the Lot as a Reimbursement Assessment, which may be collected and enforced as any other assessments authorized hereunder.

3.20 **Association Rules and Regulations.** The Board from time to time may adopt, modify, or revoke such Rules and Regulations governing the conduct of persons and the operation and use of Lots and the Common Area as it may deem necessary or appropriate to assure the peaceful and orderly use and enjoyment of the Property and the administration and operation of the Association. A copy of the Rules and Regulations, upon adoption, and a copy of each amendment, modification, or revocation thereof, shall be delivered by the Board promptly to each Owner and shall be binding upon all Owners and occupants of all Lots on the date of delivery or actual notice thereof. The method of adoption of such Rules and Regulations shall be provided in the Bylaws of the Association. Subject to the Board’s approval or consent, the Association may adopt rules and regulations pertinent to its functions.

3.21 **Ordinances and Regulations.** The standards and restrictions set forth in this Article 3 shall be the minimum required. To the extent that local governmental ordinances and regulations are more restrictive or provide for a higher or different standard, such local governmental ordinances and regulations shall prevail.
3.22 **Temporary Structures.** No structure of a temporary character or any trailer, basement, tent, shack, garage, barn, or other outbuilding shall be used on any Lot as a residence, either temporarily or permanently.

3.23 **Declarant Exemptions.** Declarant shall be exempt from the application of Section 3.9.

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**Part II - Article IV**

**Party Walls/Fences And Buildings**

4.1 **Party Wall; Destruction and Maintenance of Party Wall/Fence and Building.**

4.1.1 **Party Wall.** A Party Wall shall consist of the studs, blocking, insulation, cement, and airspace located between the wallboard of one Home and the wallboard of the adjoining Home. It shall not consist of the wallboard, paneling, sheetrock, tiles, wallpaper, and paint located on the interior sides of the Party Wall, all of which shall be considered part of the Home and the maintenance of which shall be the responsibility of the Owner of the Home. An Owner shall do nothing which may alter, damage, impair or tend to alter, damage, or impair the structural integrity of a Party Wall or Party Fence or the roof over a Party Wall. No Owner shall drive any nails, screws, bolts or other objects into a Party Wall to a depth of more than 3 inches or otherwise disturb its fire rating, or erect or maintain within four feet of a Party Wall any structure which might impede or interfere with any necessary maintenance, repairs, or restoration of a Party Wall.

4.1.2 **Destruction by Fire or other Casualty.** If a Party Wall or a building containing multiple Homes (“Building”) is destroyed by fire or other casualty, the provisions of Section 4.4 shall apply with regard to reconstruction thereof.

4.1.3 **Weatherproofing.** Notwithstanding any other provisions of this Declaration, an Owner who by such Owner’s negligent or willful act causes the Party Wall or the Building containing the Owner’s Home and other Homes to be exposed to the elements more than is usual, shall bear the whole cost of furnishing the necessary protection against such elements and the whole cost of repairs necessary to restore the Party Wall and/or the Building to such condition as existed prior to such exposure, subject, however, to reimbursement or contribution from available insurance policies.

4.1.4 **Repair and Maintenance.** Each Owner of a Home within a Building shall provide the other Owners of Homes within the same Building with reasonable notice of any painting, roofing, repair, reconstruction, or other maintenance to the Party Wall/Fence or exterior or structure of the Building (“Maintenance Work”) that such Owner believes the Building reasonably needs. Subject to the provisions of Section 4.1.6, all Owners within a Building shall agree on all such Maintenance Work before any Maintenance Work commences. Except as otherwise provided herein, the costs of all Maintenance Work shall be borne equally in proportion to the number of Homes within such Building.

4.1.5 **Roofing.** Each Owner shall maintain at the Owner’s sole cost and expense in good condition, the Owner’s portion of the roof over the Party Wall and the
Owner's Home and not allow the condition of the Owner's roof to cause any damage to the Party Wall or the Home or Improvements of an adjacent Owner. The roof of a Building must be replaced at one time.

4.1.6 Right to Maintain, Repair, or Reconstruct Without Consent. If, in the reasonable opinion of an Owner of a Home within a Building, any Maintenance Work is needed, if the other Owner(s) of Home(s) within the same Building refuse to agree to such Maintenance Work, and if it would be imprudent to delay performance of such Maintenance Work, such Maintenance Work may be completed by the Owner who reasonably believes it is necessary. In such event, the cost of the Maintenance Work shall be divided among the Owners in the manner provided in Section 4.1.4 hereof, unless a court determines that the Maintenance Work was unnecessary or that the cost should be allocated in another manner.

4.1.7 Effect of Nonpayment for Maintenance Work; Remedies. If an Owner fails to pay for Maintenance Work as required hereunder, the other Owner(s), in addition to all other remedies that may be available under this Declaration or otherwise, shall be entitled to recover from the defaulting Owner the defaulting Owner's share of the costs for the Maintenance Work, together with interest thereon at the rate of 12.0% per annum from the date of expenditure by the nondefaulting Owner.

4.1.8 Damage Caused by or Attributed to Home Owner. Notwithstanding any other provision hereof, in the event a Building or a Party Wall/Fence is damaged by one of the Home Owners or such Owner's Occupants, agents, employees, contractors, or invitees, the damage shall be repaired at the expense of the Owner who caused (or whose Occupants, agents, employees, contractors, or invitees caused) the damage. However, if the damage is covered by the insurance policy(ies) required to be maintained under this Article IV, the damage shall be repaired as provided in Section 4.4.

4.1.9 General Rules of Law Apply. To the extent not inconsistent with the provisions of this Article, the general rule of law regarding Party Walls and liability for property damage due to negligence or willful acts or omissions shall apply to each Party Wall or Party Fence which is built as part of the original construction and any replacement thereof on any Lot. In the event that any portion of any Home, as originally constructed by Declarant, including any Party Wall or Fence, shall protrude over an adjoining Lot, such structure, Party Wall or Fence shall not be deemed to be an encroachment upon the adjoining Lot, and the affected Owner shall neither maintain any action for the removal of a Party Wall or Fence or projection, nor any action for damages. In the event there is a protrusion, it shall be deemed that said affected Owner has granted a perpetual easement to the adjoining Owner for continuing maintenance and use of the projection, Party Wall or Fence. The foregoing shall also apply to any replacements of any structures, Party Walls or Fences if same are constructed in conformance with the original structure, Party Wall or Fence constructed by Declarant. The foregoing conditions shall be perpetual in duration and shall not be subject to amendment of these covenants and restrictions.

4.2 Condemnation. If all or a portion of a Party Wall or a Building is appropriated as the result of condemnation or threat thereof, the following rules shall apply:
4.2.1 **Allocation of Condemnation Award.** Any condemnation award received by the Owners with respect to the Party Wall or the Building ("Condemnation Award") shall be allocated to the Owners in proportion to the diminution in fair market value incurred by them with respect to their respective Lots and Homes as a result of said condemnation.

4.2.2 **Repair and Restoration.** Any Condemnation Award shall be used to repair and restore the Building, Party Wall, or the Lots if such repair or restoration is feasible.

4.2.3 **Retention of Rights.** This Section 4.2 shall not be construed to negate the Owners' individual rights to such incidental relief as the law may provide as a result of the condemnation of the Party Wall, the Building, or any portion thereof or the Lots or any portions thereof.

4.3 **Insurance.**

4.3.1 **By Owners.** Each Owner shall be required to obtain and maintain adequate insurance with on such Owner's Lot and Home which shall insure the Lot and Home and Improvements thereon for their full replacement value, with no deductions for depreciation, against loss by fire or other hazards. Such insurance shall be sufficient to cover the full replacement value, or for necessary repair or reconstruction work. Such insurance shall be written in the manner designated by the Association. Each Owner shall be required to supply the Board with evidence of insurance coverage on the Owner's Home and Improvements which complies with the provisions of this Section. In addition, the Board, by rule, may require each such Owner to name all Owners of Homes within the same Building as additional insureds on such Owner's insurance policy.

4.3.2 **Association May Acquire Insurance.** If the insurance required under this Article has not otherwise been adequately obtained by each Owner, as determined by the Board, then the Board may obtain such insurance coverage. Such insurance shall be sufficient to cover the full replacement cost or necessary repair or reconstruction work. The purpose of such insurance will be to protect, preserve and provide for the continued maintenance and support of separately owned Homes which shall include common Party Walls, connected exterior roofs and other parts of the overall structure. Insurance obtained by the Board shall be written in the name of the Association as trustee for the benefit of each Owner.

4.3.3 **Payment of Premiums.** Premiums for insurance obtained by the Board, as provided hereinabove, shall not be a part of the common assessment or expense but shall be an individual assessment assessable against the defaulting Lot and Owner as a Reimbursement Assessment, which may be collected and enforced as any other assessments imposed pursuant to the Declaration and Bylaws.

4.3.4 **Liability and Subrogation.** No Owner shall be liable to any other Owner, or to such other Owner's successors or assigns, for any loss or damage caused by fire or any of the risks covered by the insurance policy required by this Section 4.3, and in the event of insured loss, no Owner's insurance company shall have a subrogated claim against the other Owner. This waiver shall be valid only if the insurance policy in question expressly permits waiver of subrogation or if the insurance company agrees in writing that such a waiver will not
affect coverage under the policies. Each Owner agrees to use the Owner’s best efforts to obtain such an agreement from the Owner’s insurer if the policy does not expressly permit a waiver of subrogation. On the request of an Owner in a Building, the remaining Owners in the Building shall use their best efforts to have the Mortgagee of the first Owner named as an additional insured party under the remaining Owners’ property insurance policy in respect to the Building.

4.4 Damage And Destruction.

4.4.1 Insurance Proceeds Sufficient to Cover Loss. If a Party Wall/Fence or a Building is damaged by fire or other casualty, and if the proceeds of the insurance policies of the Owners’ of Homes in that Building affected by such fire or casualty are sufficient to pay all costs of necessary repair or reconstruction, such proceeds shall be applied to such repair or reconstruction. Each of such Owners’ respective insurance policies shall be responsible for an equal share of the cost of repair or reconstruction of the Party Wall/Fence and/or Building’s exterior and structure.

4.4.2 Insurance Proceeds Insufficient to Cover Loss. If proceeds of the insurance policies of Owners’ of Homes affected by such fire or casualty are insufficient to pay all costs of necessary repair or reconstruction, the Party Wall/Fence and/or Building nonetheless shall be promptly repaired or reconstructed. Any proceeds of such Owners’ insurance policies shall be applied toward (a) the costs of necessary repair or reconstruction of the Home so insured; and (b) for repair of the Party Wall/Fence and Building’s structure and exterior in the proportions referenced in Section 4.4.1. Each Owner shall be liable for the costs incurred in repairing or reconstructing that Owner’s Home, and that Owner’s share of costs incurred in repairing or reconstructing the Party Wall/Fence and Building’s structure and exterior that are not covered by proceeds from that Owner’s own insurance policy. Any Owner who does not pay such obligation within 15 day of notice from a nondefaulting Owner who has paid the defaulting Owner’s obligation, or any part thereof, may, in addition to all other remedies available, be subject to the provisions of Section 4.1.7.

4.4.3 Cooperation; Application of Proceeds. In the event of any insurable loss to a Party Wall/Fence and/or Building, the affected Owners shall cooperate with the Board and each other and their respective insurers to coordinate adjustment of the losses and application of insurance proceeds to reconstruction and repair of the Improvements. Provided, however, and notwithstanding anything in this Article apparently to the contrary, if any Owner fails to maintain the insurance required by Section 4.3.1, or under insures such Owner’s Home and interest in Party Walls/Fences and the Building’s structure and exterior, and the Association has not acquired such insurance pursuant to Section 4.3.2, the other affected Owners shall be entitled to first apply insurance proceeds received from such other Owners’ insurers to the repair and reconstruction of that portion of the Building (including the interior) which is located on such other Owners’ Lots. Any insurance proceeds shall be deposited in a bank or other financial institution, subject to withdrawal only by the signature of an agent duly authorized by the Board. If no repair or reconstruction has been contracted for or otherwise substantially started by the affected Owners within thirty (30) days of the receipt of the insurance proceeds, the Board may itself initiate the repair or rebuilding of the damaged or destroyed portions of the Party Wall/Fence and/or Building, in a good and workmanlike
manner in conformance with the original plan and specifications. The Board may advertise for sealed bids from any licensed contractors and may then negotiate with said contractors. The contractor or contractors selected to perform the work shall be licenced and bonded for such repair or rebuilding. In the event the insurance proceeds of the policy of an affected Owner are insufficient to fully pay such Owner’s share of the costs of repairing and/or rebuilding the damaged or destroyed portions in a good and workmanlike manner, the Board may levy a special assessment against such Owner in whatever amount sufficient to make up the deficiency as a Reimbursement Assessment, which may be collected and enforced as any other assessments imposed pursuant to the Declaration and Bylaws. If the insurance proceeds exceed the cost of repairing and/or rebuilding, such excess shall be paid over to the respective Owner and/or Owner’s mortgagee in such portion as shall be independently determined by those parties.

4.5 **Architectural Changes After Damage or Destruction.** Repair or reconstruction of the damaged or destroyed Improvements means restoring such Improvements to substantially the same condition in which they existed before the fire or other casualty, unless other action is agreed to by the Board, Owners and first trust deed holders, and/or land sale contract vendors. In any event, any architectural changes shall conform to the Declaration and be subject to approval of the Board.

**Part II - Article V**  
**Common Area and Commonly Maintained Area**

5.1 **Use of Common Areas.** Use of the Common Area is subject to the provisions of the Declaration, Bylaws, Articles, and the Rules and Regulations adopted by the Board. There shall be no obstruction of any part of the Common Area. Nothing shall be stored or kept in the Common Area without the prior written consent of the Board. No alterations or additions to the Common Area shall be permitted without the prior written consent of the Board.

5.2 **Maintenance of Common Area.** The Association shall be responsible for maintenance, repair, replacement, and upkeep of the Common Area at the equal expense of the Occupants of all Lots. The Association shall keep the Common Area in good condition and repair, provide for all necessary services, and cause all acts to be done that may be necessary or proper to assure the maintenance of the Common Area.

5.3 **Alterations to Common Area.** Only the Association shall construct, reconstruct, or alter any improvement located on the Common Area. A proposal for any construction of or alteration, maintenance, or repair to any such improvement may be made at any Board meeting. The Board may adopt a proposal, subject to the limitations contained in the Bylaws and this Declaration.

5.4 **Funding.** Expenditures for alterations, maintenance, or repairs to an existing improvement for which a reserve has been collected shall be made from the Reserve Account. As provided in Article 8.5, the Board may levy a special assessment to fund any construction, alteration, repair, or maintenance of an improvement (or any other portions of the Common Area) for which no reserve has been collected or for which the Reserve Account is insufficient to cover the cost of the proposed improvement.
5.5 Landscaping. All landscaping on a front or side yard of any Lot or on the Common Area shall be maintained and cared for in a manner that is consistent with Declarant’s or the Association’s original approval of such landscaping. Weeds and diseased or dead lawn, tree, groundcover, or shrubs shall be removed and replaced. Lawns shall be neatly mowed and trees and shrubs shall be neatly trimmed. All landscaping shall be irrigated in a horticulturally proper manner, subject to water use restrictions or moratoria by government bodies or agencies in the front and side yards of the Homes. The Owners shall maintain all other portions of the landscaping on their Lot.

5.6 Condemnation of Common Area. If all or any portion of the Common Area is taken for any public or quasi-public use under any statute, by right of eminent domain, or by purchase in lieu of eminent domain, the Board shall receive and expend the entire award in a manner that, in the Board’s discretion, is in the best interest of the Association and the Owners. The Association shall represent the interest of all Owners in any negotiations, suit, action, or settlement in connection with such matters.

5.7 Damage or Destruction of Common Area. If all or any portion of the Common Area is damaged or destroyed by an Owner or any of Owner’s guests, Occupants, tenants, licensees, agents, or Members of Owner’s family in a manner that would subject such Owner to liability for such damage under Oregon law, such Owner hereby authorizes the Association to repair such damage. The Association shall repair the damage and restore the area in workmanlike manner as originally constituted or as may be modified or altered subsequently by the Association in the discretion of the Board. Reasonable costs incurred in connection with effecting such repairs shall become a special assessment on the Lot and against the Owner who caused or is responsible for such damage as a Reimbursement Assessment, which may be collected and enforced as any other assessments imposed pursuant to the Declaration and Bylaws.

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

5.9 Identity of Common Area and Commonly Maintained Areas. Without limitation of the Association’s overall maintenance and other obligations, the Association will permanently maintain and repair the following Common Areas and Commonly Maintained Property as necessary:

5.9.1 The front yard and side yard landscaping of Lots with Homes constructed thereon, including irrigation of such landscaping and maintenance of the irrigation infrastructure.
5.9.2 Repainting or restaining of the exterior of the side which faces toward the BPA easement, of the boundary line fence initially constructed by Declarant running along the back Property lines of Lots 130 -145 of Cottonwood Townhomes, and replacing portions of said fence required by normal wear and tear, obsolescence, and damage by a third party, but not damage attributable to the actions of a particular Owner who is responsible for such damage. The Association will not have responsibility for maintenance of the exterior finish of the Lot side of the boundary line fence.

5.9.3 The pedestrian access easement between Lots 137 and 138 consisting of a 10 foot paved area flanked on each side by a 2 1/2 foot planter strip and associated landscaping, trees, shrubs and irrigation infrastructure, initial construction and installation of which will be by Declarant.

5.9.4 The Common Area designated as Lot 152 consisting of a 10 foot paved pedestrian access, a planter strip and associated landscaping, trees, shrubs, and irrigation infrastructure, the initial construction and installation of which will be by Declarant.

5.9.5 Any other area determined by the Board to be in the interest of the Association to maintain.

5.9.6 The provisions of Articles 5.1 through 5.8 shall apply to the Commonly Maintained Property as well as the Common Area.

Part II - Article VI
Membership in the Association

6.1 Members. Each Owner shall be a member of the Association. Membership in the Association shall be appurtenant to, and may not be separated from, ownership of any Lot. Transfer of ownership of a Lot shall automatically transfer membership in the Association. Without any other act or acknowledgment, Occupants and Owners shall be governed and controlled by this Declaration, the Articles, Bylaws, and the Rules and Regulations of the Association and any amendments thereof.

6.2 Proxy. Each Owner may cast such Owner’s vote in person, by written ballot, or pursuant to a proxy executed by such Owner. An Owner may not revoke a proxy given pursuant to this Article 6.2 except by actual notice of revocation to the person presiding over a meeting of the Association. A proxy shall not be valid if it is undated or purports to be revocable without notice. A proxy shall terminate one year after its date, unless the proxy specifies a shorter term.

6.3 Voting Rights. The Association shall have two classes of voting Members:

6.3.1 Class A. Class A Members shall be all Owners of Lots other than Declarant, and each Class A member shall be entitled to one vote for each Lot owned with respect to all matters on which Owners are entitled to vote.
6.3.2 Class B. The Class B member shall be Declarant, its successors, and its assigns. The Class B member shall have three votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership on the earlier of the following dates (the “Termination Date”):

(a) The date on which 100% of the total number of Lots in Cottonwood Townhomes have been sold and conveyed to Owners other than Declarant; and

(b) The date on which Declarant elects in writing to terminate Class B membership.

After the Termination Date, each Owner, including Declarant, shall be entitled to one vote for each Lot owned with respect to all matters on which Owners are entitled to vote, and the total number of votes shall be equal to the total number of Lots subject to this Declaration, initially or through annexation.

When more than one person or entity owns a Lot, the vote for such Lot may be cast as they shall determine, but in no event shall fractional voting be allowed. Fractional or split votes shall be disregarded, except for purposes of determining a quorum.

6.4 Procedure. All meetings of the Association, the Board, the Association, and Association committees shall be conducted with such rules of order as may from time to time by adopted by the Board. Notwithstanding which rule of order is adopted, the President shall be entitled to vote on all matters, not merely to break a tie vote. A tie vote does not constitute a majority or approval of any motion or resolution.

Part II - Article VII
Declarant Control

7.1 Interim Board and Officers. Declarant hereby reserves administrative control of the Association. Declarant, in its sole discretion, shall have the right to appoint and remove Members of an Interim Board (the “Interim Board”), which shall manage the affairs of the Association and be invested with all powers and rights of the Board until the Turnover Meeting (as hereinafter defined). The Interim Board shall consist of from one to three Members. Notwithstanding the provision of this Article 6.1, at the Turnover Meeting, at least one Director shall be elected by Owners other than Declarant, even if Declarant otherwise has voting power to elect all three Directors.

7.2 Turnover Meeting. Declarant shall call a meeting for the purposes of turning over administrative control of the Association from Declarant to the Class A Members within 60 days of the earlier of the following dates:

7.2.1 Earliest Date. The date on which Lots representing 100% of the total number of votes of all Lots in Cottonwood Townhomes have been sold and conveyed to persons other than Declarant;
7.2.2 Optional Turnover. The date on which Declarant has elected in writing to terminate Class B membership.

Declarant shall give notice of the Turnover Meeting to each Owner as provided in the Bylaws. If Declarant does not call the Turnover Meeting required under this Article the transitional advisory committee or any Owner may do so.

Part II - Article VIII
Declarant’s Special Rights

8.1 General. Declarant is undertaking the work of developing Lots and other Improvements within Cottonwood Townhomes. The completion of the development work and the marketing and sale of the Lots is essential to the establishment and welfare of the Property as a residential community. Until the Homes on all Lots on the Property have been constructed, fully completed, and sold, with respect to the Common Area and each Lot on the Property, Declarant shall have the special rights set forth in this Article 8.

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

8.3 Declarant Easements. Declarant reserves easements over the Property as more fully described in Articles 3.4 and 3.5 hereof.

8.4 Additional Improvements. Declarant does not agree to build any Improvements not described in this Declaration.

Part II - Article IX
Funds and Assessments

9.1 Purpose of Assessments; Expenses. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, aesthetics, and welfare of the Owners and Occupants of Cottonwood Townhomes, for the improvement, operation, and maintenance of the Common Area and the Commonly Maintained Property, for the administration and operation of the Association and for Property and liability insurance. All such expenses set forth herein shall be deemed “known expenses.”

9.2 Covenants to Pay. Declarant and each Owner covenant and agree to pay the Association the assessments and any additional charges levied pursuant to this Declaration or the Bylaws. All assessments for operating expenses, repairs and replacement, and reserves shall be allocated among the Lots and their Owners as set forth in Article 9.4.2.
9.2.1 Funds Held in Trust. The assessments collected by the Association shall be held by the Association for and on behalf of each Owner and shall be used solely as set forth in Article 9.1. On the sale or transfer of any Lot, the Owner’s interest in such funds shall be deemed automatically transferred to the successor in interest to such Owner.

9.2.2 Offsets. No offsets against any assessment shall be permitted for any reason, including, without limitation, any claim that the Association is not properly discharging its duties.

9.2.3 Right to Profits. Association profits, if any, shall be the Property of the Association and shall be contributed to the Current Operating Account.

9.3 Basis of Assessment; Commencement of Assessments. Declarant shall pay all common expenses of the Association until the Lots are assessed for common expenses. The amount and date of commencement of the initial annual assessment to Owners other than Declarant shall be determined by Declarant. In the sole and unfettered discretion of Declarant, Declarant may defer payment of reserves for a Lot until the Lot is conveyed to a third party. However, Declarant may not defer payment of accrued reserves beyond the date of the Turnover Meeting.

9.4 Annual Assessments. Annual assessments for each fiscal year shall be established when the Board approves the budget for that fiscal year. The initial annual assessment shall be determined by Declarant and shall be prorated on a monthly basis at the time of the closing of the first sale from Declarant. For proration purposes, any portion of a month shall count as a full month. Annual assessments shall be payable on a periodic basis, not more frequently than monthly, as determined by the Board. The fiscal year shall be the calendar year unless another year is adopted by vote of the Association Members.

9.4.1 Budgeting. Each year the Board shall prepare, approve, and make available to each Member a pro forma operating statement (budget) containing (a) estimated revenue and expenses on an accrual basis; (b) the amount of the total cash reserves of the Association currently available for replacement or major repair of the Common Area and Commonly Maintained Property and for contingencies; (c) an itemized estimate for the remaining life of, and the methods of funding to defray repair, replacement, or additions to major components of such Improvements as provided in Article 9.6.2; and (d) a general statement setting forth the procedures used by the Board in the calculation and establishment of reserves to defray the costs of repair, replacement, or additions to major components of the Common Area and the Commonly Maintained Property. Notwithstanding that budgeting shall be done on an accrual basis, the Association’s books shall be kept on a cash basis and the Association shall be a cash basis taxpayer, unless applicable governmental regulations require otherwise. For the first fiscal year, the budget shall be approved by the Board no later than the date on which annual assessments are scheduled to commence. Thereafter, the Board shall annually prepare and approve the budget and distribute a copy or summary thereof to each Member, together with written notice of the amount of the annual assessments to be levied against the Owner’s Lot, within 30 days after adoption of such budget.
9.4.2 Allocation of Assessments. The total amount in the budget shall be charged against all Lots as annual assessments as follows:

<table>
<thead>
<tr>
<th>Lot</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>130 - 158, except 152</td>
<td>3.6% per Lot</td>
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9.4.3 Nonwaiver of Assessments. If before the expiration of any fiscal year the Association fails to fix annual assessments for the next fiscal year, the annual assessments established for the preceding year shall continue until a new annual assessment is fixed.

9.5 Special Assessments. The Board and/or the Owners shall have the power to levy special assessments against an Owner or all Owners in the following manner for the following purposes:

9.5.1 Correct Deficit. To correct a deficit in the operating budget, by vote of a majority of the Board;

9.5.2 Special Obligations of an Owner. To collect amounts due to the Association from an Owner for breach of the Owner’s obligations under this Declaration, the Bylaws, or the Rules and Regulations, by vote of a majority of the Board;

9.5.3 Repairs. To collect additional amounts necessary to make repairs or renovations to the Common Area or Commonly Maintained Property if sufficient funds are not available from the operating budget or replacement reserve accounts, by vote of a majority of the Board; or

9.5.4 Capital Improvements. To make capital acquisitions, additions or Improvements, by vote of at least 80% of all votes allocated to the Lots.

9.5.5 Reimbursement Assessments. The Association shall levy a reimbursement assessment against any Owner and such Owner’s Lot if a failure to comply with this Declaration, the Bylaws, or any Rules and Regulations has (a) necessitated an expenditure of monies by the Association to effect compliance or (b) resulted in the imposition of a fine or penalty against such Owner or such Owner’s Lot (a “Reimbursement Assessment”). A Reimbursement Assessment shall be due and payable to the Association when levied. A Reimbursement Assessment shall not be levied by the Association except on at least 10 days’ written notice to the Owner being assessed. If, within said 10-day period, the Owner makes a written request to the Board for a hearing, a hearing shall be held. On request for a hearing, the Board shall conduct it not less than 10 nor more than 30 days after the request by the Owner, and shall make its decision within not more than 30 days after the hearing is held. If a notice has been previously given, and the hearing has already been held or waived (in writing or by the Owner’s failure to appear) for the violation resulting in the Reimbursement Assessment, no additional notice and hearing is required before levying the Reimbursement Assessment.
9.6 Accounts.

9.6.1 Types of Accounts. Assessments collected by the Association shall be deposited into at least two separate accounts with a bank, which accounts shall be clearly designated as (a) the Current Operating Account and (b) the Reserve Account. The Board shall deposit those portions of the assessments collected for current maintenance and operation into the Current Operating Account and shall deposit those portions of the assessments collected as reserves for replacement and deferred maintenance of capital improvements into the Reserve Account. Withdrawal of funds for the Association's Reserve Account shall require the signatures of either two Directors or one Director and an officer of the Association who is not a Director. In its books and records, the Association shall account separately for operating expenses relating to the Common Area/Commonly Maintained Property and operating expenses relating to all other matters, as well as for necessary reserves relating to the Common Area/Commonly Maintained Property and necessary reserves relating to all other matters.

9.6.2 Reserve Account. Declarant shall establish a Reserve Account, in the name of the Association, which shall be kept separate from all other funds held by the Association. The Association shall pay out of the Reserve Account only those costs that are attributable to the maintenance, repair, or replacement of Common Area Property and Commonly Maintained Property that normally requires replacement, in whole or in part, within three to 30 years and not for regular or periodic maintenance and expenses. No funds collected for the Reserve Account may be used for ordinary current maintenance and operation purposes.

9.6.2.1 Calculation of Reserve Assessment; Reserve Study. The Board of Directors of the Association shall annually conduct a reserve study, or review and update an existing study, of the Common Area and Commonly Maintained Property to determine the reserve account requirements. A reserve account shall be established for those items of the Common Area and Commonly Maintained Property all or part of which will normally require replacement in more than three and less than 30 years, and for the maintenance, repair, or replacement of other items as may be required under the Declaration or Bylaws or that the Board of Directors, in its discretion, may deem appropriate. The reserve account need not include items that could reasonably be funded from operating assessments. The reserve study shall include:

(a) identification of all items for which reserves are required to be established;

(b) the estimated remaining useful life of each item as of the date of the reserve study;

(c) the estimated cost of maintenance, repair or replacement of each item at the end of its useful life; and

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

The reserve account assessment shall be allocated pursuant to Article 9.4.2.

9.6.2.2 Loan from Reserve Account. After the Turnover Meeting described in Article 9.2, the Board may borrow funds from the Reserve Account to meet high seasonal demands on the Association's regular operating fund or to meet unexpected increases in expenses. Funds borrowed must be repaid later from assessments if the Board has adopted a resolution, which may be an annual continuing resolution, authorizing the borrowing of funds. Not later than the adoption of the budget for the following year, the Board shall adopt by resolution a written payment plan providing for repayment within a reasonable period.

9.6.2.3 Increase or Reduction, or Elimination of Reserve Account Assessment. At any time after the second year after the Turnover Meeting, future assessment for the Reserve Account may be increased or reduced by the vote of Owners of Lots representing 75% of the votes computed in accordance with Article 7.3.

9.6.2.4 Investment of Reserve Account. Nothing in this Article 9.6 prohibits the prudent investment of Reserve Account funds, subject to any constraints imposed by the Board, the Bylaws, or the Rules and Regulations.

9.6.2.5 Refunds of Assessments. Assessments paid into the Reserve Account are the Property of the Association and are not refundable to sellers or Owners of Lots. Sellers or Owners of Lots may treat their outstanding share of the Reserve Account's balance as a separate item in the sales contract providing for the conveyance of their Lot.

9.6.3 Current Operating Account. All costs other than those to be paid from the Reserve Account pursuant to Article 9.6.2 may be paid from the Current Operating Account.

9.7 Default in Payment of Assessments, Enforcement of Liens.

9.7.1 Personal Obligation. All assessments properly imposed under this Declaration or the Bylaws shall be the joint and several personal obligation of all Owners of the Lot to which such assessment pertains. In a voluntary conveyance (i.e., one other than through foreclosure or a deed in lieu of foreclosure), the grantees shall be jointly and severally liable with the grantors for all Association assessments imposed through the recording date of the instrument effecting the conveyance. A suit for a money judgment may be initiated by the Association to recover such assessments without either waiving or foreclosing the Association's lien.

9.7.2 Association Lien. The Association shall have a lien against each Lot for any assessment (of any type provided for by this Declaration or the Bylaws) or installment thereof that is delinquent. Such lien shall accumulate all future assessments or installments, interest, late fees, penalties, fines, attorney fees (whether or not suit or action is instituted),
actual administrative costs, and other appropriate costs properly chargeable to an Owner by the Association, until such amounts are fully paid. Recording of the Declaration constitutes record notice and perfection of the lien. Said lien may be foreclosed at any time pursuant to the Planned Community Act. The Association shall record a notice of a claim of lien for assessments and other charges in the deed records of Yamhill County, Oregon, before any suit to foreclose may be filed. The lien of the Association shall be superior to all other liens and encumbrances except Property taxes and assessments, any first mortgage, deed of trust or land sale contract recorded before the Association’s notice of lien, and any mortgage or deed of trust granted to an institutional lender that is recorded before the Association’s notice of lien.

9.7.3 Interest; Fines; Late Fees; Penalties. The Board, in its reasonable discretion, may from time to time adopt resolutions to set the rate of interest and to impose late fees, fines, and penalties on delinquent assessments or for violations of the provisions of this Declaration, the Bylaws, and the Rules and Regulations adopted by the Association. The adoption of such impositions shall be communicated to all Owners in writing not less than 30 days before the effective date by a notice mailed to the assessment billing address of such Owners. Such impositions shall be considered assessments that are lienable and collectible in the same manner as any other assessments; provided, however, that fines or penalties for violation of this Declaration, the Bylaws, or any rule and regulation, other than late fees, fines, or interest arising from an Owner’s failure to pay regular, special, or reimbursement assessments may not be imposed against an Owner or such Owner’s Lot until such Owner is given an opportunity for a hearing as elsewhere provided herein.

9.7.4 Acceleration of Assessments. If an Owner is delinquent in payment of any assessment or installment on any assessment, the Association, on not less than 10 days’ written notice to the Owner, may accelerate the due date of the full annual assessment for that fiscal year and all future installments of any special assessments.

9.7.5 Association’s Right to Rents; Receiver. In any foreclosure suit by the Association with respect to such lien, the Association shall be entitled to collect reasonable rent from the defaulting Owner for the use of such Owner’s Lot or shall be entitled to the appointment of a receiver.

Part II - Article X
General Provisions

10.1 Records. The Board shall preserve and maintain minutes of the meetings of the Association, the Board and any committees. The Board also shall keep detailed and accurate financial records, including individual assessment accounts of Owners, the balance sheet, and income and expense statements. Individual assessment accounts shall designate the name and address of the Owner or Owners of the Lot, the amount of each assessment as it becomes due, the amounts paid on the account, and the balance due on the assessments. The minutes of the Association, the Board and Board committees, and the Association’s financial records shall be maintained in the State of Oregon and reasonably available for review and copying by the Owners. A reasonable charge may be imposed by the Association for providing copies.
10.2 Indemnification of Directors, Officers, Employees, and Agents. The Association shall indemnify any Director, officer, employee, or agent who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative (other than an action by the Association) by reason of the fact that such person is or was a Director, officer, employee, or agent of the Association or is or was serving at the request of the Association as a Director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, against expenses (including attorney fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by said person in connection with such suit, action, or proceeding if such person acted in good faith and in a manner that such person reasonably believed to be in, or not opposed to, the best interest of the Association, and, with respect to any criminal action or proceedings, had no reasonable cause to believe that such person's conduct was unlawful. The termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or with a plea of nolo contendere or its equivalent, shall not of itself create a presumption that a person did not act in good faith and in a manner that such person reasonably believed to be in, or not opposed to, the best interest of the Association, and, with respect to any criminal action or proceedings, had reasonable cause to believe that such person’s conduct was unlawful. Payment under this clause may be made during the pendency of such claim, action, suit, or proceeding as and when incurred, subject only to the right of the Association to reimbursement of such payment from such person, should it be proven at a later time that such person had no right to such payments. All persons who are ultimately held liable for their actions on behalf of the Association as a Director, officer, employee, or agent shall have a right of contribution over and against all other Directors, officers, employees, or agents and Members of the Association who participated with or benefitted from the acts that created said liability.

10.3 Enforcement; Attorney Fees. The Association and the Owners and any mortgagee holding an interest on a Lot shall have the right to enforce all of the covenants, conditions, restrictions, reservations, easements, liens, and charges now or hereinafter imposed by any of the provisions of this Declaration as may appertain specifically to such parties or Owners by any proceeding at law or in equity. Failure by either the Association or by any Owner or mortgagee to enforce any covenant, condition, or restriction herein contained shall in no event be deemed a waiver of their right to do so thereafter. With respect to any dispute relating to this Agreement, or in the event that a suit, action, arbitration, or other proceeding of any nature whatsoever is instituted to interpret or enforce the provisions of this Agreement, including, without limitation, any proceeding under the U.S. Bankruptcy Code and involving issues peculiar to federal bankruptcy law or any action, suit, arbitration, or proceeding seeking a declaration of rights or rescission, or for the collection of assessments, the prevailing party shall be entitled to recover from the losing party its reasonable attorney fees, paralegal fees, expert fees, and all other fees, costs, and expenses actually incurred and reasonably necessary in connection therewith, as determined by the judge or arbitrator at trial, arbitration, or other proceeding, or on any appeal or review, in addition to all other amounts provided by law. In addition thereto, the Association shall be entitled to its reasonable attorney fees and costs incurred in any enforcement activity or to collect delinquent assessments, together with the Association’s actual administrative costs, whether or not suit or action is filed.
10.4 Severability. Invalidation of any one of these covenants, conditions, or restrictions by judgment or court order shall not affect the other provisions hereof and the same shall remain in full force and effect.

10.5 Duration. The covenants, conditions, and restrictions of this Declaration shall run with and bind the land for a term of 35 years from the date of this Declaration being recorded, after which time they shall be automatically extended for successive periods of 10 years, unless rescinded by a vote of at least 90% of the Owners and 90% of the first mortgagees; provided, however, that amendments that do not constitute rescission of the planned community may be adopted as provided in Article 10.6 and that if any of the provisions of this Declaration would violate the rule against perpetuities or any other limitation on the duration of the provisions herein contained imposed by law, then such provision shall be deemed to remain in effect only for the maximum period permitted by law or, in the event the rule against perpetuities applies, until 21 years after the death of the last survivor of the now living descendants of Alan A. Ruden.

10.6 Amendment. Except as otherwise provided in Article 10.5 or ORS 94.590, and the restrictions set forth elsewhere herein, this Declaration may be amended at any time by an instrument approved by not less than 75% of the total votes of each class of Members that are eligible to vote. Any amendment must be executed, recorded, and certified as provided by law; provided, however, that no amendment of this Declaration shall effect an amendment of the Bylaws or Articles without compliance with the provisions of such documents, and the Oregon Nonprofit Corporation Act and that no amendment affecting the general plan of development or any other right of Declarant herein contained may be effected without the express written consent of Declarant or its successors and assigns, including, without limitation, amendment of this Article 10.6., provided no amendment may be made with respect to the Conservation Easement Area without the written approval of the Oregon Department of State Lands.

10.7 Release of Right of Control. Declarant may give up its right of control in writing at any time by notice to the Association.

10.8 Unilateral Amendment by Declarant. In addition to all other special rights of Declarant provided in this Declaration, Declarant may amend this Declaration in order to comply with the requirements of the Federal Housing Administration of the United States, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Home Mortgage Loan Corporation, any department, bureau, board, commission, or agency of the United States or the State of Oregon, or any other state in which the Lots are marketed and sold, or any corporation wholly owned, directly or indirectly, by the United States or the State of Oregon, or such other state, the approval of which entity is required in order for it to insure, guarantee, or provide financing in connection with development of the Property and sale of Lots. Before the Turnover Meeting, no such amendment shall require notice to or approval by any Class A member.

10.9 Resolution of Document Conflicts. In the event of a conflict among any of the provisions in the documents governing Cottonwood Townhomes, such conflict shall be resolved by looking to the following documents in the order shown below:
1. Declaration;
2. Articles;
3. Bylaws;
4. Rules and Regulations.

IN WITNESS WHEREOF, Declarant has executed this instrument this 26th day of April, 2007.

Alan Ruden, Inc.
An Oregon Corporation

By: Alan A. Ruden, President

STATE OF OREGON )
) ss.
County of Yamhill )

This instrument was acknowledged before me on April 2, 2007, by Alan A. Ruden as President of Alan Ruden, Inc., and he acknowledged to me that he executed the same freely and voluntarily.

Notary Public for Oregon
My commission expires: 1-5-09
EXHIBIT A

SCHEDULE SHOWING HOMES WITHIN SEPARATE BUILDINGS

<table>
<thead>
<tr>
<th>Building</th>
<th>Lot #</th>
<th>Common Address</th>
</tr>
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<tbody>
<tr>
<td>1.</td>
<td>130</td>
<td>1912 NW Kale Way</td>
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<tr>
<td></td>
<td>131</td>
<td>1916 NW Kale Way</td>
</tr>
<tr>
<td></td>
<td>132</td>
<td>1926 NW Kale Way</td>
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<tr>
<td></td>
<td>133</td>
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<td>1966 NW Kale Way</td>
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<tr>
<td></td>
<td>135</td>
<td>1988 NW Kale Way</td>
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<td></td>
<td>136</td>
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<td></td>
<td>137</td>
<td>2006 NW Kale Way</td>
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<td>3.</td>
<td>138</td>
<td>2022 NW Kale Way</td>
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<tr>
<td></td>
<td>139</td>
<td>2034 NW Kale Way</td>
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<td></td>
<td>140</td>
<td>2046 NW Kale Way</td>
</tr>
<tr>
<td></td>
<td>141</td>
<td>2054 NW Kale Way</td>
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<tr>
<td>4.</td>
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<tr>
<td></td>
<td>143</td>
<td>2068 NW Kale Way</td>
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<td>144</td>
<td>2088 NW Kale Way</td>
</tr>
<tr>
<td></td>
<td>145</td>
<td>2098 NW Kale Way</td>
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<tr>
<td>5.</td>
<td>146</td>
<td>2080 NW Yohn Ranch Drive</td>
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<td></td>
<td>147</td>
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<tr>
<td></td>
<td>148</td>
<td>2058 NW Yohn Ranch Drive</td>
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<td>6.</td>
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<td></td>
<td>151</td>
<td>2030 NW Yohn Ranch Drive</td>
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<td>7.</td>
<td>153</td>
<td>2000 NW Yohn Ranch Drive</td>
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<td>1994 NW Yohn Ranch Drive</td>
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<td></td>
<td>155</td>
<td>1970 NW Yohn Ranch Drive</td>
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<tr>
<td></td>
<td>156</td>
<td>1952 NW Yohn Ranch Drive</td>
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<tr>
<td>8.</td>
<td>157</td>
<td>1936 NW Yohn Ranch Drive</td>
</tr>
<tr>
<td></td>
<td>158</td>
<td>1920 NW Yohn Ranch Drive</td>
</tr>
</tbody>
</table>
SURVEYOR'S CERTIFICATE

1. Nolon Magnes, a Registered Professional Land Surveyor in the State of Oregon, do hereby certify that I have correctly surveyed and marked with proper instruments the lots and right of ways hereon shown as "COTTONWOOD SECOND ADDITION", the exterior boundary of which is described as follows:

A tract of land in Section 16, Township 4 South, Range 4 West, Willamette Meridian, Yamhill County, Oregon, being a portion of Parcel 2 of Yamhill County Partition Plot 2002-28, the perimeter of which is described as follows:

TRACT A of COTTONWOOD FIRST ADDITION, a duly recorded subdivision in the City of McMinnville, Yamhill County, Oregon, the INITIAL POINT of which is 3/8" iron rod not with a yellow plastic cap marked "Matt Dunkel & Associates", set at the northwest corner of Lot 119 of COTTONWOOD FIRST ADDITION, containing 3.57 acres.

Nolon Magnes

Nolon Magnes, P.O. 60607
Matt Dunkel & Associates
5305 Riverfront Drive
McMinnville, OR 97128

DECLARATION

KNOW ALL MEN BY THESE PRESENTS THAT ALAN RUDEN, INC., is the owner of the lands, in fee, and COLUMBIA RIVER BANK, an Oregon Corporation, is the holder of a Deed of Trust, as recorded in Instrument No. 2006-00637, Yamhill County Deed Records, of the lands described in the attached map and more particularly described in the Surveyor's Certificate and have caused said lands to be surveyed and plotted into lots, street right of ways and easements as shown on the attached map. In accordance with the provisions of the Oregon and the Standards of the City of McMinnville, to be dedicated as COTTONWOOD SECOND ADDITION. We the undersigned do hereby declare for the public use all street right of ways and easements for the purposes shown and noted on the attached map.

ALAN RUDEN
President, ALAN RUDEN INC

NOLAN MAGNES
Registered Professional Land Surveyor

STATE OF OREGON
COUNTY OF YAMHILL

On this 16th day of March, 2006, personally appeared before me, a Notary Public for the State of Oregon, LINUS BRATTON, Commercial Loan Officer, COLUMBIA RIVER BANK, and that this Declaration was voluntarily signed and sealed by him in behalf of and pursuant to authority of said corporation.

LINUS BRATTON
Commercial Loan Officer
COLUMBIA RIVER BANK

STATE OF OREGON
COUNTY OF YAMHILL

On this 16th day of March, 2006, personally appeared before me, a Notary Public for the State of Oregon, LINUS BRATTON, Commercial Loan Officer, COLUMBIA RIVER BANK, and that this Declaration was voluntarily signed and sealed by him in behalf of and pursuant to authority of said corporation.

LINUS BRATTON
Commercial Loan Officer
COLUMBIA RIVER BANK

NARRATIVE

The purpose of this survey is to establish the exact boundaries of the COTTONWOOD SECOND ADDITION. The Bases of Bearings is the north line of the plat of the COTTONWOOD SUBDIVISION and the Bases of Measurements are established by measurement to monuments along the centerline of COTTONWOOD SUBDIVISION, as shown. All boundaries of the plat of the COTTONWOOD SECOND ADDITION. There are some monuments set by COTTONWOOD SUBDIVISION and Partition Plot 2002-28 that had to be destroyed during construction and will be reset.

SHEET 2 OF 2