DECLARATION OF
COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR ROLLING HILLS

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DECLARATION OF  
COVENANTS, CONDITIONS, AND RESTRICTIONS  
FOR ROLLING HILLS

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS OF Rolling Hills ("Declaration") is made this 26th day of October, 2006 by Yamhill Community Development Corporation, an Oregon nonprofit corporation ("Declarant").

RECITALS

Declarant is the Owner of all the real property and improvements thereon located in the County of Yamhill, State of Oregon, described as follows:

Lots 1 through 43, inclusive, as well as Tract A as shown on the plat map of Rolling Hills filed for record on April 12, 2006, in the plat records of the County of Yamhill, State of Oregon, File Number 20060412-5172 ("Property").

Declarant intends to develop the Property as a planned development. To establish the planned development project of Rolling Hills, Declarant desires to impose these mutually beneficial covenants, conditions, restrictions, easements, assessments and liens on the Property under a comprehensive general plan of improvement and development for the benefit of all of the Owners, the Lots, and the Commonly Maintained Property within Rolling Hills.

Declarant has deemed it desirable for the efficient preservation of the values and amenities in Rolling Hills to create a non-profit corporation, to which will be delegated and assigned the powers and authority to maintain and administer the Association and the Commonly Maintained Property and facilities, 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, the Declarant declares that the Property shall be held, transferred, sold, conveyed and occupied subject to the following covenants, conditions, restrictions, easements, charges and liens which shall run with the land and shall be binding upon all parties having or acquiring any right, title or interest in the Property or any part thereof and shall inure to the benefit of the Association and of each Lot Owner.
ARTICLE 1

DEFINITIONS

1.1 "Architectural and Landscape Review Committee" or "ALRC" shall refer to the Declarant until the Declarant no longer owns any Lot and then ALRC shall refer to the Board of Directors, along with any volunteering Members, acting in its capacity to carry out its architectural and landscape control duties.

1.2 "Articles" shall mean the Articles of Incorporation for the non-profit corporation, Rolling Hills Homeowners Association, as filed with the Oregon Secretary of State.

1.3 "Association" shall mean and refer to Rolling Hills Homeowners Association, its successors and assigns.

1.4 "Board" or "Board of Directors" shall mean the Board of Directors of Rolling Hills Homeowners Association.

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

1.7 "Commonly Maintained Property" shall mean and refer to the “storm drain” easement areas designated on the Plat as Easements # 1, 2, 7, 8, and 9.

1.8 "Declaration" shall mean the covenants, conditions, restrictions, and all other provisions set forth in this Declaration of Covenants, Conditions and Restrictions for Rolling Hills.

1.9 "Declarant" shall mean and refer to Yamhill Community Development Corporation, its successors or assigns, or any successor or assign to any remainder of its interest in the development of the Property.

1.10 "Development" shall mean and refer to the real property shown on the Plat of Rolling Hills as Lots 1 through 43 inclusive, as well as any portion of the Lots that constitute the Commonly Maintained Property.

"General Plan of Development" shall mean the Declarant's general plan of development of the Property as approved by the City of Carlton, Yamhill County, and other appropriate governmental agencies, as may be amended from time to time.

1.11 "Home" shall mean and refer to any portion of a structure situated on a Lot or designed and intended for use and occupancy as a residence by a single family or household.

1.12 "Lot" shall mean and refer to each and any of Lots 1 through 43 of Rolling Hills.
1.13 "Members" shall mean and refer to the Owners of Lots in Rolling Hills and who are members of the Rolling Hills Homeowners Association.

1.14 "Occupant" shall mean and refer to the occupant of a Home who shall be either the Owner, lessee or any other person authorized by the Owner to occupy the premises.

1.15 "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot or a purchaser in possession 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.

1.16 "Property" shall mean and refer to all real property, including Lots 1 through 43 and Tract A, as well as any portion of the Lots that constitute the Commonly Maintained Property, and all improvements located on the real property subject to this Declaration.

1.17. "Reserve Account(s)" shall mean and refer to an account set up by the Board to hold funds for construction, improvements or maintenance of a specified portion of the Commonly Maintained Property.

1.18 "Rolling Hills" shall mean Lots 1 through 43 and Tract A, as included within the Plat of Rolling Hills.

1.19 "Rules and Regulations" shall mean and refer to the documents containing rules and regulations and policies adopted by the Board of the Association or the Architectural and Landscape Review Committee (ALRC) as may be from time to time amended.

ARTICLE 2

PROPERTY SUBJECT TO THIS DECLARATION/ANNEXATION

2.1 Property Description. The real property which is and shall be held, transferred, sold, conveyed and occupied subject to this Declaration is located in Yamhill County, Oregon, and described in that certain plat map entitled "Rolling Hills" filed in the plat records of Yamhill County, Oregon. The Property consists of Lots 1 through 43, as well as Tract A and any additional real property that may be annexed to Rolling Hills by the Declarant.

2.2 Annexation of Additional Property. As long as there are Class B members of the Association, as described in Article 7, additional undeveloped property, including Tract A, may be annexed to the Development, and additional Lots may be created without the assent of the Class A members of the Association. There is no limitation on the number of Lots or Units which the Declarant may create or annex to the Property. There is no limitation on the right of the Declarant to create or annex Commonly Maintained Property to the Development. Neither an Owner nor the Association may oppose any annexation by Declarant based on issues relating to type, density or lot size. After such time as there are no Class B members, additional property
may be annexed only with the consent of 75% of the Class A members of the Association. Any
annexation made pursuant to this Article 2.2 shall be made by recording an Amended
Declaration of Protective Covenants, Conditions and Restrictions in the official records of
Yamhill County, Oregon, and upon the recording of the same, shall extend the scheme of
Declarations to the annexed property. Such Amended Declaration may contain such
complementary additions and modifications to the Declarations as may be necessary to reflect
the different character of use, if any, of such annexed property.

ARTICLE 3

OWNERSHIP AND EASEMENTS

3.1 Non-Severability. The interest of each Owner in the use and benefit of the
Commonly Maintained Property shall be appurtenant to the Lot owned by the Owner. No Lot
shall be conveyed by the Owner separately from the interest in the Commonly Maintained
Property. Any conveyance of any Lot shall automatically transfer the right to use the Commonly
Maintained Property without the necessity of express reference in the instrument of conveyance.
There shall be no judicial partition of the Commonly Maintained Property. Each Owner,
whether by deed, gift, devise or operation of law, for his own 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 Commonly Maintained Property and does further agree
that no action for judicial partition shall be instituted, prosecuted or reduced to judgment. The
ownership interest in the Commonly Maintained Property and Lots described in this Article are
subject to the easements granted and reserved in this Declaration and the Plat. Each of the
easements reserved or granted 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 Rolling Hills.

3.2 Ownership of Lots. Title to each Lot in Rolling Hills 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.

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

3.3.1 Easements on Plat. The Commonly Maintained Property and Lots are
subject to the easements and rights of way shown on the plat of Rolling Hills.

3.3.2 Easements for Commonly Maintained Property. With the exception of 1)
the right and easement of use and enjoyment in and to the public storm drain easement #9 in Lot
43, exclusive to the owners of Lots 1 through 42, and 2) the right and easement of use and
enjoyment in and to the public storm drain easement #9 in Lot 42, exclusive to the owners of
Lots 1 through 41 and Lot 43, every Owner shall have a non-exclusive right and easement of use
and enjoyment in and to the Commonly Maintained Property (to the extent of the intended use) that shall be appurtenant to and shall pass with the title to every Lot.

3.3.3 Easements Reserved by Declarant. So long as Declarant owns any Lot or retains the right to annex additional Lots to Rolling Hills, Declarant reserves an easement over, under and across the Commonly Maintained Property 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 over, in, upon, under and across the Commonly Maintained Property in such a way as to not unreasonably interfere with the occupancy, use, enjoyment or access to an Owner's Lot by that Owner or his family, tenants, employees, guests or invitees.

3.3.4 Additional 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 Rolling Hills. No structure, planting or other material shall be placed or permitted to remain within any easement area which may damage or interfere with the installation or maintenance of utilities, or which may change the direction of flow of drainage channels in the easements, or which may obstruct or retard the flow of water through drainage channels in the easements. The easement area of each Lot and all improvements shall be maintained continuously by the Owner of the Lot, except for those improvements for which a public authority, utility company or the Association is responsible.

3.3.5 Association's Easements. There are hereby reserved to the Association and its duly authorized agents and representatives such easements as are necessary to perform the duties and obligations of the Association set forth in this Declaration, the Bylaws and Articles, as the same may be amended or supplemented.

3.3.6 Easement to Governmental Entities. There is hereby reserved and granted a non-exclusive easement over the Commonly Maintained Property to all governmental and quasi-governmental entities, agencies, utilities, and their agents for the purposes of performing their duties within Rolling Hills, including but not limited to the maintenance of the storm water detention facilities.

3.4 Subdivision. No Lot may be subdivided into division of any nature. This prohibition of further subdivision of Lots does not prohibit the subdivision of Tract A, nor does it prohibit minor lot line adjustments provided no resulting Lot falls below the minimum allowed lot size as set forth in the City of Carlton Zoning Ordinance.

ARTICLE 4

LOTS AND HOMES

4.1 Residential Use. Lots 1-43 shall only be used for residential purposes. With the approval of the Board of Directors and subject to compliance with the City of Carlton
ordinances, occupants and owners of Lots may conduct such businesses, trades and crafts that do not unreasonably impact the residential use of other homes in Rolling Hills.

4.2 **Construction of Homes.** No construction of a Home or any other structure shall occur on a Lot unless the approval of the ALRC is first obtained pursuant to Article 6. Consideration such as siting, shape, size, color, design, height, solar access, or material may be taken into account by the ALRC in determining whether or not to consent to any proposed work. The following restrictions are minimum standards applicable to all Lots.

4.2.1 **Height.** Homes shall not exceed twenty-five (25) feet from the ground to the highest point of the roof nor shall any home exceed two (2) stories;

4.2.2 **Floor Area.** The living area ("conditioned space) of a Home shall not be less than eleven hundred fifty (1,150) square feet exclusive of basements, attics, patios, decks, porches, balconies and garages;

4.2.3 **Garages.** An attached, two (2) car garage must be constructed on each Lot when the Home on the Lot has been completed;

4.2.4 **Lot Coverage.** No more than fifty percent (50%) of the total square footage of a Lot may be covered by any type of structure; and

4.2.5 **Setbacks.** Setbacks shall be pursuant to City of Carlton code at the time the Home is constructed.

4.2.6 **Compliance With City of Carlton Ordinances.** Construction of all improvements on any Lot shall comply with all ordinances and regulations of the City of Carlton, and applicable building, fire and life safety codes.

4.2.7 **Sprinkler Systems.** Every Owner shall bear the cost of, and every plan submitted for plan review and Home constructed must include, an automatic sprinkler system until such time as the fire hydrants in Rolling Hills conform to City and State minimum flow requirements. Following installation, any such sprinkler system must be maintained at all times in an operable condition. The 2004 Oregon Fire Code minimum requirement of 500 gallons per minute at each fire hydrant shall apply regardless of whether automatic sprinkler systems are installed.

4.3 **Completion of Construction.** The construction of any building on any Lot, including painting and all exterior finish, shall be completed within twelve (12) months from the beginning of the construction so as to present a finished appearance when viewed from any angle. In the event of undue hardship due to weather conditions, this provision may be extended for a reasonable length of time upon written approval from the ALRC. The Lot and building area shall be kept reasonably clean and in workmanlike order, free of litter, during the construction period with a garbage disposal facility located on site during such construction period. If construction has not commenced within three (3) months after the project has been
approved by the ALRC, the approval shall be deemed revoked unless the Owner has applied for
and received an extension of time from the ALRC.

4.4 Landscaping. Landscaping within each Lot shall commence within ninety (90)
days after local government jurisdiction allows persons to occupy the Home (unless occupancy
approval occurs between October 1st and December 31st in which case it shall commence by the
following March 1st), and shall be completed within six (6) months after it commences.

4.5 Maintenance of Lots and Homes. Each Owner shall maintain his or her 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, painting,
repair, replacement and care for roofs, windows, doors, sprinkler systems, garage doors, gutters,
downspouts, exterior building surfaces, walks and other exterior improvements and glass
surfaces. All exterior remodeling shall be subject to prior review and approval by the ALRC. In
addition, each Owner shall keep all shrubs, trees, grass and plantings of every kind on his Lot
and within the street right-of-way adjacent thereto neatly trimmed, properly cultivated, and free
of trash, weeds and other unsightly material. Damage caused by fire, flood, storm, earthquake,
riot, vandalism, or other causes shall likewise be the responsibility of each Owner and shall be
restored within a reasonable period of time.

4.6 Rental of Homes.

4.6.1 Written Rental Agreements Required. An Owner shall not rent or lease all
or a portion of her Home without a written rental or lease agreement that includes conditions
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 agreement;

4.6.2 Minimum Rental Period. An Owner shall not rent or lease her Home for a
period of less than thirty (30) days;

4.6.3 Tenant Must Be Given Documents. An Owner must give each tenant a
copy of the Declaration, Bylaws and Rules and Regulations prior to occupancy.

4.7 Animals. No animals, livestock or poultry of any kind shall be raised, bred, kept
or permitted within any Lot other than a reasonable number of household pets which are not
kept, bred or raised for commercial purposes and which are reasonably controlled so as not to be
a nuisance. Any inconvenience, damage or unpleasantness caused by such pets shall be the
responsibility of the respective Owners thereof. No pets shall be permitted to roam the Property
unattended, and all pets shall be kept on a leash while outside a Lot. An Owner may be required
to remove a pet upon the receipt of the third notice in writing from the Board of Directors of
violation of any rule, regulation or restriction governing pets within the Property.

4.8 Nuisance. No noxious, harmful or offensive activities shall be carried on upon
any Lot or Commonly Maintained Property, nor shall anything be done or placed on any Lot or
Commonly Maintained Property which interferes with or jeopardizes the enjoyment, or which is a source of annoyance to the Owner or other Occupants.

4.9 Parking.

4.9.1 Parking on Lots. Passenger vehicles and pickup trucks may be parked on paved driveways or in garages or on other paved areas constructed by the Declarant or approved by the ALRC on Lots 1 through 43. The Association may allow (conditionally or outright) or prohibit parking of any other vehicles or items according to the Rules and Regulations of the Association. Thus, parking boats, trailers, commercial vehicles, mobile homes, motor homes, campers, other recreational vehicles or equipment regardless of weight on any part of a Lot shall not be allowed except they may be parked in the garage or they may be parked outside the garage if specifically permitted in advance by the Association Rules and Regulations. In the event that the Association conditions such parking on the screened parked vehicles from view, such screening requires prior approval of the ALRC.

4.10 Vehicles in Disrepair. No Owner shall permit any vehicle which is in an extreme state of disrepair or which is not currently licensed to be abandoned or to remain parked upon any Lot for a period in excess of forty-eight (48) hours. A vehicle shall be deemed in "extreme state of disrepair" when the Board of Directors reasonably determines that its presence offends the occupants of the neighborhood. Should any Owner fail to remove such vehicle within five (5) days following the date on which the notice is mailed to him by the Association, the Association may have the vehicle removed from the Property and charge the expense of such removal to the Owner. Owner's purchase of its Lot subject to this condition shall be deemed to be implied permission for the Association to remove Owner's vehicle in this situation.

4.11 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, Declarant or by a licensed real estate agent, not exceeding twenty-four (24) inches high and thirty-six (36) inches long, may be temporarily displayed on any Lot. The restrictions contained in this paragraph shall not prohibit the temporary placement of "political" signs on any Lot by the Owner or Occupant.

4.12 Rubbish and Trash. No Lot 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. Should any Owner fail to remove any trash, rubbish, garbage, yard rakings or any such materials from any Lot where deposited by him within ten (10) days following the date on which notice is mailed to him by the Board of Directors, the Association may have such materials removed and charge the expense of such removal to the Owner.

4.13 Fences, Hedges, and Boundaries. Owners must locate surveyor's pins marking boundary corners before constructing fences or other structures, planting hedges, shrubs, or trees, or construction any other borders along property lines. Owners must obtain prior written approval of fences and hedge from the ALRC. No person shall construct a fence or other structure, plant a hedge, shrub, or tree, or construct any other border on or within 6" of a property line without entering into a written agreement with all adjacent Lot Owners and the Board Chair of the Association regarding the location of the improvement relative to the property line,
contribution to the cost of the improvement, responsibility for the maintenance of the improvement, responsibility for maintenance of the ground adjacent to the improvement, and all other relevant matters so as to prevent a boundary dispute between the present and future Owners. The Owners shall record the agreement in the land records of Yamhill County and share the recording cost. No adjacent Lot Owner shall unreasonably withhold consent from such an agreement.

4.14 Service Facilities. Service facilities (fuel tanks, heat pumps excluding garbage cans etc.) shall be screened such that the elements screened 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 ALRC.

4.15 Antennas and Satellite Dishes. Except as otherwise provided by law, 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. Provided, however, with prior written consent from the ALRC, Owners may place exterior satellite dishes or antennas with a surface diameter of one meter or less on their Lot. If acceptable quality signals can be received by placing antennas inside a Home without unreasonable delay or unreasonable cost increase, then outdoor installation may be prohibited. The Board of Directors may adopt reasonable rules and regulations governing the installation, safety, placement, and screening of such antennas, satellite dishes, and other transmission devices so long as such rules and regulations do not unreasonably delay or increase the cost of installation, maintenance or use, or that preclude a signal of acceptable quality.

4.16 Grades, Slopes and Drainage. There shall be no interference with the established drainage patterns or systems over or through any Lot within Rolling Hills so as to affect any other Lot or any real property outside Rolling Hills unless adequate alternative provision is made for proper drainage and is approved by the ALRC. The term "established drainage" shall mean the drainage swales, conduits, inlets and outlets designed and constructed for the Project.

4.17 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 either (a) restore the damaged improvements or (b) remove all damaged improvements, including foundations, and leave the Lot in a clean and safe condition. Any restoration proceeding under (a) above must be performed so that the improvements are in substantially the same condition in which they existed prior to the damage, unless the provisions of Article 6 are complied with by the Owner. The Owner must commence such work within sixty (60) days after the damage occurs and must complete the work within six (6) months thereafter.

4.18 Right of Maintenance and Entry by Association. If an Owner fails to perform maintenance and/or repair which he is obligated to perform pursuant to this Declaration, and if the Board determines, after notice and a hearing (given pursuant to the provisions of the Bylaws), that such maintenance and/or repair is necessary to preserve the attractiveness, quality,
nature and/or value of Rolling Hills, the Board may cause such maintenance and/or repair in connection therewith to be performed and may enter any such Lot whenever entry is necessary in connection with the performance of any maintenance or construction which the Board is authorized to undertake. Entry shall be made with as little inconvenience to an Owner as practicable and only after advance written notice of not less than forty-eight (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 and collected and enforced with any other assessments authorized hereunder.

4.19 Association Rules and Regulations. The Board of Directors 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 Commonly Maintained Property as it may deem necessary or appropriate in order to assure the peaceful and orderly use and enjoyment of the Development. 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 of Directors promptly to each Owner and shall be binding upon all Owners and occupants of all Lots upon the date of delivery or actual notice thereof. The method of adoption of such rules shall be provided in the Bylaws of the Association.

4.20 Temporary Structures. No structure of a temporary character, trailer, tent, basement, shack, garage, barn or other outbuildings shall be used as a residence, either temporarily or permanently. No owner shall construct or allow such structure to remain on its Lot without the prior, written approval of the ALRC.

4.21 Trees. No tree may be planted on any Lot without approval of the ALRC. The Owners of Lots abutting public streets shall within 60 days of completion of any structure on the Lot plant and maintain in good condition one or more "street trees" within 10' of the back of the sidewalk as required by the ALRC. The canopies of all existing and proposed trees above sidewalks shall be no less than seven (7) feet in height above the sidewalk surface. The Owners' continuing obligation includes but is not limited to trimming, vegetative debris removal, and replacement as required by the ALRC.

4.22 Surveyor Pins. Owners shall not disturb, remove, tamper with, or alter in any way the surveyor's pins. If any Owner or its guests or agents disturbs a surveyor's pin, it shall promptly, and in no case later than 60 days after the disturbance, notify its neighbors and at its own, sole expense, have a licensed surveyor replace the pin with a new one set in exact location of the original pin.

ARTICLE 5
COMMONLY MAINTAINED PROPERTY

5.1 Use of Commonly Maintained Property. The Commonly Maintained Property shall be used only to facilitate the storm water disposal system.
5.2 **Maintenance of Commonly Maintained Property.** The Association shall be responsible for maintenance, repair, replacement, and upkeep of the Commonly Maintained Property. The Association shall keep the Commonly Maintained Property in good condition and repair.

5.3 **Alterations to Commonly Maintained Property.** Only the Association shall construct, reconstruct, or alter any improvement situated upon the Commonly Maintained Property. A proposal for any construction of or alteration, maintenance or repair to an improvement may be made at any meeting. The Board, subject to the limitations contained in the Bylaws may adopt a proposal. Any changes proposed must be within the regulations enforced by the Oregon Division of State Lands and or its successors or any other governing agency.

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 Section 10.5, the Board may levy a special assessment to fund any construction, alteration, repair or maintenance of the Commonly Maintained Property 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 any Lot other than the Commonly Maintained Property shall be maintained and cared for by the Owner of each Lot in a manner consistent with the standards of design and quality as originally established by Declarant or the ALRC. The Association shall be responsible for all landscaping located on the Commonly Maintained Property, including regular maintenance, irrigation, fertilization, and weed abatement. Any weeds or diseased or dead lawn, tree, ground cover or shrubs shall be removed and replaced. All lawn areas shall be neatly mowed and trees and shrubs shall be neatly trimmed.

5.6 **Damage or Destruction of Commonly Maintained Property.** In the event any Commonly Maintained Property is damaged or destroyed by an Owner or any of his guests, Occupants, tenants, licensees, agents or members of his family in a manner that would subject such Owner to liability for such damage under Oregon law, such Owner does hereby authorize 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 of Directors. The reasonable cost necessary for such repairs shall become a special assessment upon the Lot and against the Owner who caused or is responsible for such damage.

**ARTICLE 6**

**ALARCHITECTURAL AND LANDSCAPE REVIEW COMMITTEE**

6.1 **Architectural and Landscape Review Committee.** It is the intent and purpose of this Declaration to assure new improvements meet the standards of existing improvements, new improvements' harmonize with the existing improvements, existing improvements are
preserved and enhanced, and the Owners enjoy their improvements to the fullest extent possible.

The ALRC shall regulate the external design, appearance, location, and maintenance of all the Development and of all improvements thereon. The ALRC shall adopt general rules to implement the purposes and interpret the covenants of this Declaration.

No improvement shall be commenced, erected, completed, excavated, placed, altered, planted, or allowed to grow on any Lot until the plans and specifications showing the nature, shape, heights, materials, colors, and proposed location of the improvement have been submitted to and approved in writing by the ALRC. The ALRC may require plans and specifications sufficiently accurate and detailed so as to clearly inform it of all the relevant aspects of the proposed improvement.

“Improvements” shall include all modifications to the land including but not limited to structures. “Structures” includes but is not limited to buildings, fences, walls, and any modifications or additions thereto.

“Improvements” shall also include changes to the form of the land including but not limited to excavating or building up the earth.

“Improvements” shall also include any plant or vegetation; however, with the exception of specific provisions below, the ALRC’s jurisdiction is limited to plants and vegetation greater than eight (8) feet tall or wide either at the time of planting or maturation. Size at maturation shall be what is likely or expected for the plant in the local climate and conditions. The ALRC shall have jurisdiction over any plant that is illegal to grow or possess or is listed as a noxious weed by governmental entity having jurisdiction.

Improvements on a Lot not visible from any other Property are exempt from the ALRC’s jurisdiction as long as they do not substantially affect any other Property, impair any other Owner’s peaceful enjoyment of her Lot, or substantially diminish the value of any other Owner’s Lot.

The ALRC is not responsible for determining compliance with structural and building codes, solar ordinances, zoning codes, noxious or nuisance plant lists, or other governmental regulations, all of which are the responsibility of the applicant. The procedure and specific requirements for review and approval of construction may be set forth in design guidelines adopted from time to time by the ALRC.

6.2 **ALRC Appointment and Removal.** Declarant shall constitute the ALRC or shall appoint one or more individuals to act as the ALRC until the time that Declarant turns over control of the Association. Thereafter, the ALRC shall consist of the Board and any Member willing to serve on the ALRC. The Board may delegate the duties of the ALRC to a committee appointed by the Board composed of not less than three (3) Owners after notice to all Owners.

6.3 **Quorum; Majority Action.** Except as otherwise provided in this Declaration, a majority of the members of the ALRC shall constitute a quorum for the transaction of business, and the acts of the majority of the members shall be the acts of the ALRC. The ALRC may render its decision only after giving notice of the application and an opportunity to be heard to all affected Owners and then only by written instrument setting forth the action taken by the members consenting thereto to the applicant and all affected Owners.

6.4 **Duties.** The ALRC shall consider and act upon the proposals and/or plans submitted pursuant to this Article. The ALRC, from time to time and at its sole discretion, may
adopt architectural and landscape rules, regulations and guidelines ("Architectural and Landscape Standards"). The Standards shall interpret and implement the provisions of this Declaration for ALRC review and provide guidelines for architectural and landscape design, placement, exterior finishes, materials, and similar features which may be used in Rolling Hills; provided, however that the Standards shall not be in derogation of the minimum standards established by this Declaration.

6.5 **ALRC Decision.** The ALRC shall render its approval or denial decision with respect to the construction proposal within ten (10) working days after it has received all material required by it with respect to the application. All decisions shall be in writing. In the event the ALRC fails to render its written decision within thirty (30) days of receiving all material required by it or if an affected Owner appeals the ALRC’s approval within ten (10) days of receiving a copy of the written decision, the Owner making the application or appeal shall follow the same procedure in an application or in an appeal to the Association with copies to all Members, and the Association shall consider the proposal. If both the ALRC and the Association fail to render a decision, the application shall be deemed approved on the sixtieth (60th) day following the application to the Association.

6.6 **ALRC Discretion.** The ALRC may, at its sole discretion, deny any proposed improvement if the ALRC finds the improvement would be inappropriate for the particular Lot or incompatible with the Standards the ALRC has adopted for Rolling Hills. In the case of ALRC denial, an applicant may appeal to the Association. In the case of ALRC approval, an affected Owner may appeal the decision to the Association in writing with copies to all Members, and it shall consider the appeal. The ALRC shall not have the discretion to bar factory-built homes ("manufactured or modular housing") by virtue of that fact alone; however, the ALRC may require them to have similar exterior elements (for example, lap siding on all sides, a roof pitch of no less than 5:12, one-foot wide eaves on all sides, and architectural/textured roofing).

6.7 **Nonwaiver.** Consent by the ALRC to any matter proposed to it or within its jurisdiction shall not be deemed to constitute precedent or waiver impairing its right to withhold approval as to any similar matter thereafter proposed or submitted to it for consent.

6.8 **Effective Period of Consent.** The ALRC’s consent to any proposed work shall automatically be revoked three (3) months after issuance unless construction of the work has been commenced or the Owner has applied for and received an extension from the ALRC.

6.9 **Determination of Compliance.** The ALRC may inspect, from time to time, all work performed and determine whether it is in substantial compliance with the approval granted. If the ALRC finds that the work was not performed in substantial conformance with the approval granted, or if the ALRC finds that the approval required was not obtained, the ALRC shall notify the Owner in writing of the noncompliance. The notice shall specify the particulars of noncompliance and shall require the Owner to remedy the noncompliance.

6.10 **Noncompliance.** If the ALRC determines that an Owner has constructed an improvement inconsistent with the specifications of an ALRC approval, and if the Owner fails to
diligently commence to remedy such noncompliance in accordance with the provisions of the notice of noncompliance, then at the expiration of the third (3rd) day from the date of such notification, the ALRC shall provide notice of a hearing to consider the Owner's continuing noncompliance. The hearing shall be set not more than thirty (30) days from the date of notice of noncompliance. At the hearing, if the ALRC finds that there is no valid reason for the continuing noncompliance, the ALRC shall determine the estimated costs of correcting it. The ALRC shall then require the Owner to remedy or remove the same within a period of not more than ten (10) days from the date of the ALRC's determination. If the Owner does not comply with the ALRC's ruling within such period or within any extension of such period as the ALRC, at its discretion, may grant, the ALRC may remove the noncomplying improvement, remedy the noncompliance or fine the owner for the noncompliance. The costs of such action or fine shall be assessed against the Owner as a special assessment either before or after any remedied action is taken.

6.11 **Liability.** Neither the ALRC nor any member thereof shall be liable to any Owner, Occupant, or builder for any damage, loss or prejudice suffered or claimed on account of any action or failure to act of the ALRC or a member thereof, provided only that the member has, in accordance with the actual knowledge possessed by him, acted in good faith.

6.12 **Estoppel Certificate.** Within fifteen (15) working days after written request is delivered to the ALRC by an Owner, and upon payment to the ALRC of a reasonable fee fixed by the ALRC to cover costs, the ALRC shall provide such Owner with a certificate executed by the Chairman or other authorized member of the ALRC certifying with respect to any Lot owned by the Owner, that as of the date thereof either: (a) all improvements made or done upon or within such Lot by the Owner comply with this Declaration, or (b) such improvements do not so comply, in which event, the certificate shall also identify the noncomplying improvements and set forth with particularity the nature of such noncompliance. The Owner, his heirs, devises, successors and assigns shall be entitled to rely on the certificate with respect to the matters set forth therein. The certificate shall be conclusive as between the Declarant, the ALRC, the Association and all Owners, and such persons deriving any interest through any of them.

**ARTICLE 7**

**MEMBERSHIP IN THE ASSOCIATION**

7.1 **Members.** Each Owner shall be a mandatory 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 automatically transfers membership in the Association. Without any other act or acknowledgement, 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.

7.2 **Proxy.** Each Owner may cast his vote by absentee ballot or pursuant to a proxy executed by the Owner. An Owner may not revoke a proxy given pursuant to this section 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 not dated or purports to be revocable without notice. A proxy shall terminate one (1) year after its date, unless the proxy specifies a shorter term.

7.3 **Voting Rights.** The Association shall have two (2) classes of voting members:

7.3.1 **Class A.** Class A members shall be all Owners of Lots other than the Declarant, and each Class A member shall be entitled to one (1) vote for each Lot owned with respect to all matters upon which Owners are entitled to vote.

7.3.2 **Class B.** The Class B member shall be Declarant, its successors and assigns. The Class B member shall have three (3) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership upon the earlier of:

(a) When 35 of the Lots in Rolling Hills have been sold and conveyed to Owners other than Declarant ("Termination Date"); or

(b) At such earlier time as Declarant may elect in writing to terminate Class B membership.

(c) Five (5) years after the date this Declaration is recorded.

Thereafter, each Owner, including the Declarant, shall be entitled to one (1) vote for each Lot owned with respect to all matters upon which Owners are entitled to vote, and the total number of votes shall be equal to the total number of Lots.

When more than one (1) person or entity owns a Lot, the vote for such Lot may be cast as they shall determine, but in no event will fractional voting be allowed. Fractional or split votes shall be disregarded, except for purposes of determining a quorum. The total number of votes as of the Termination Date and thereafter shall be equal to the total number of Lots annexed to the Property and subjected to this Declaration as of the Termination Date.

7.4 **Procedure.** All meetings of the Association, the Board of Directors, the ALRC, and Association committees shall be conducted with such rules of order as may from time to time be adopted by the Board of Directors. Notwithstanding which rule of order is adopted, the chairman 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.

**ARTICLE 8**

**DECLARANT CONTROL**

8.1 **Interim Board and Officers.** The Declarant hereby reserves administrative control of the Association. The Declarant, in its sole discretion, shall have the right to appoint and remove members of the Interim Board of Directors, which shall manage the affairs of the
Association and which shall be invested with all powers and rights of the Board of Directors. The Interim Board shall consist of from one to three members.

8.2 **Turnover Meeting.** The Declarant shall call a meeting for the purpose of turning over administrative control of the Association from the Declarant to the Class A members within ninety (90) days of the earlier of:

8.2.1 **Sale of All Lots.** The date that all Lots have been conveyed to persons other than the Declarant;

8.2.2 **Optional Turnover.** At such earlier time as Declarant elected in writing to terminate Class B membership; or

8.2.3 **Five Years.** Five (5) years after this Declaration is recorded.

The Declarant shall give notice of the meeting to each Owner as provided in the Bylaws. If the Declarant does not call the meeting required under this Section, any Owner may do so.

**ARTICLE 9**

**DECLARANT'S SPECIAL RIGHTS**

9.1 **General.** Declarant is undertaking the work of developing Lots and other improvements within Rolling Hills. 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 Commonly Maintained Property and each Lot on the Property, the Declarant shall have the special rights set forth in this Article 9.

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

9.3 **Declarant Easements.** The Declarant has reserved easements over the Property as more fully described in Section 3.3.3 hereof.
ARTICLE 10
FUNDS AND ASSESSMENTS

IMPORTANT NOTICE: READ CAREFULLY

THIS DECLARATION CREATES ONGOING LOTOWNER OBLIGATIONS FOR
PAYMENT OF PERIODIC HOMEOWNER ASSESSMENTS AND CHARGES, FOR THE
MAINTENANCE, REPAIR, AND REPLACEMENT OF COMMONLY MAINTAINED
PROPERTY, WHICH IF UNPAID, MAY BECOME AN ENFORCEABLE LIEN AGAINST
YOUR LOT IN ROLLING HILLS.

10.1 Purpose of Assessments. The assessments levied by the Association shall be
used exclusively to promote the recreation, health, safety, and welfare of the Owner and
Occupants of Rolling Hills and for the improvement, operation and maintenance of the
Commonly Maintained Property.

10.2 Covenants to Pay. Declarant and each Owner covenants and agrees to pay the
Association the assessments and any additional charges levied pursuant to this Article 10.

10.2.1 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 for the
operation, care and maintenance of Rolling Hills as provided in this Declaration. Upon the sale
or transfer of any Lot, the Owner's interest in the funds shall be deemed automatically transferred
to the successor in interest of such Owner.

10.2.2 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.

10.3 Basis of Assessment/Commencement of Assessments. Assessments are to be
levied against all Lots whether or not such Lots have been improved with a substantially
completed Home. Assessments for all Lots shall begin one hundred eighty (180) days after the
plat is recorded as set forth in Section 10.4.

10.4 Initial Assessment/Annual Assessments. The initial assessment with respect to
each Lot shall be $8 per month or $24 per quarter per Lot. The initial assessment shall
commence ninety (90) days after the recording of the subdivision plat. Thereafter, annual
assessments for each fiscal year shall be established when the Board approves the budget for that
fiscal year. Annual assessments shall be levied on a fiscal year basis. The fiscal year shall be
the calendar year unless another year is adopted by vote of the Association members. Unless
otherwise specified by the Board, annual assessments shall be due and payable in quarterly
installments on the first day of each quarter during the term of this Declaration. The Board may
give discounts for Owners who pay the entire annual assessment before it is due in a single
payment by a date set by the Board.
10.4.1 Budgeting. Regardless of the number of Members or the amount of assets of the Association, 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 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 the Commonly Maintained Property; 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 Commonly Maintained Property. 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. Within thirty (30) days after adopting the budget, the Board shall provide a summary of the budget to all Owners. The board shall deliver written notice of the amount of the annual assessments to be levied against the Owner's Lot, not less than thirty (30) days and not more than ninety (90) days prior to the beginning of the fiscal year. After a new Phase has been annexed, the Board shall approve a new budget for the remainder of the current fiscal year for use upon commencement of annual assessments against Lots in the new Phase.

10.4.2. Allocation of Assessments. The total amount in the budget shall be charged equally against all Lots as Annual Assessments.

10.4.3. 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.

10.4.4 Common Profits. All common profits derived from the Commonly Maintained Property shall be income of the Association.

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

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

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

10.5.3 Repairs. To make repairs or renovations to the 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
10.5.4 **Reimbursement Assessments.** The Association shall levy a reimbursement assessment against any Owner and his Lot if a failure to comply with the Declaration, Bylaws or any Rules and Regulations has (a) necessitated an expenditure of monies by the Association to bring the Owner into compliance or (b) resulted in the imposition of a fine or penalty. A reimbursement assessment shall be due and payable to the Association when levied. The Association shall not levy a reimbursement assessment until opportunity for a hearing has been given.

10.6 **Accounts.**

10.6.1 **Types of Accounts.** Assessments collected by the Association shall be deposited into at least two (2) 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 (2) Directors or one (1) Director and an officer of the Association who is not a Director.

10.6.2 **Reserve Account.** The Association shall pay out of the Reserve Account only those costs that are attributable to the maintenance, repair or replacement of capital improvements for which reserves have been collected and held. No funds collected for the Reserve Account may be used for ordinary current maintenance and operation purposes.

10.6.3 **Current Operating Account.** All other costs may be paid from the Current Operating Account.

10.7 **Default in Payment of Assessments, Enforcement of Liens.**

10.7.1 **Personal Obligation.** All assessments properly imposed under this Declaration or the Bylaws shall be the joint and several personal obligations of all Owners of the Lot to which such assessment pertains. In a voluntary conveyance (that is, one other than through foreclosure or a deed in lieu of foreclosure) the grantees shall be jointly and severally liable with the grantor(s) 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.

10.7.2 **Association Lien.** At any time any assessment (of any type provided for by this Declaration or the Bylaws) or installment thereof is delinquent, the Association, by and through its Board or any management agent, may file a notice of lien in the deed records of Yamhill County, Oregon, against the Lot in respect to which the delinquency pertains. Once filed, such lien shall accumulate all future assessments or installments, interest, late fees, penalties, fines, attorneys’ fees (whether or not suit or action is instituted) and other appropriate costs properly chargeable to an Owner by the Association, until such amounts are fully paid.
Said lien may be foreclosed at any time, but not later than six (6) years after the latest lienable charge has been imposed. 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 previously to the Association's notice of lien and any mortgage or deed of trust granted to an institutional lender which is recorded previously to the Association's notice of lien.

10.7.3 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 Board or the ALRC. The adoption of such impositions shall be communicated to all Owners in writing not less than thirty (30) days before the effective date by a notice mailed to the assessment billing addresses of such Owners. Such impositions shall be considered assessments which are lienable and collectible in the same manner as any other assessments. Provided, however, 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 his Lot until such Owner is given an opportunity for a hearing as elsewhere provided herein.

10.7.4 Acceleration of Assessments. In the event an Owner is delinquent in payment of any assessment or installment on any assessment, the Association, upon not less than ten (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.

10.7.5 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 his Lot or shall be entitled to the appointment of a Receiver. Any default by the Owner in any provisions of the Declaration or Bylaws shall be deemed to be a default by the Owner of any mortgage to which the Owner is a party or to which the Lot is subject.

ARTICLE 11
WEBB'S ADDITION DECLARATION

Lots 1 through 43 are part of a larger subdivision known as Webb's Addition. As such, the relevant portions of the Webb's Addition Declaration of Conditions, Covenants and Restrictions, dated October 14, 1994 and recorded in the Yamhill County records on October 17, 1994 in Film Volume 317, Page 825 in the Deed and Mortgage Records, are provided below for the convenience of the Owners.

11.1 Buildings and Structures. No mobile homes or manufactured homes shall be placed on any lot. No building or structure shall be constructed, altered or enlarged except for single family dwellings (or duplex if permitted by the City Building Code) and accessory buildings consisting of garages, carports, private greenhouses, swimming pools, incidental to,
and necessary for, residential use. All dwelling units shall have a double-car garage having 440 square feet or more. All dwellings shall be of frame construction. No structures shall be used for commercial purposes. Within one year of occupancy of the dwelling, landscaping around the dwelling shall be installed and maintained.

11.2 Height of Structures. All structures shall not exceed 35 feet in height from ground level from the highest point adjacent to the structure.

11.3 Utilities. All wire connected utilities and service drops shall be underground. Satellite dishes must be screened from view from adjoining properties and the public street and located so as to be non-obtrusive to the greatest extent possible consistent with reasonable use.

11.4 Nuisances. No activity shall be carried on upon the property which is noxious, offensive or illegal to the extent that such activity would affect the habitability and value of adjoining property.

11.5 Animals. Pets may be kept on the property, however, they must be contained by adequate fencing, limited in number so as not to become a nuisance to adjoining properties and maintained in a sanitary manner.

11.6 Occupancy-Completion. No dwelling shall be occupied on a permanent or temporary basis prior to full completion of the exterior of the structure. No structure of temporary character including trailers, tents, shacks, garages, barns, campers or other building shall be used for residential purposes either temporarily or permanently with the exception of temporary occupancy during the actual construction of the dwelling which shall not exceed a period of one year.

11.7 Vehicles. All vehicles, except those only temporarily on the property, shall be parked within structures or otherwise fully screened from view from adjoining properties. Recreational vehicles, boats and non-operational vehicles shall not be visible from the public street or adjoining properties.

ARTICLE 12
FIRE SUPPRESSION WATER FLOW STANDARDS

12.1 Notice of Condition of Approval. Notice is hereby provided that the property described in this declaration may not be in compliance with the condition of approval regarding fire suppression standards imposed by the State and City fire codes. Before acquiring title to any Lot in Rolling Hills the potential purchaser should check with the City of Carlton Planning Department to verify that automatic sprinklers within each home will satisfy the State and City fire codes until such time as the fire hydrants within Rolling Hills have adequate water flows to meet the minimum flow requirements.

12.2 Maintenance and Repair. The automatic sprinkler systems installed within each home shall be subject to periodic inspection as required by State and City fire codes. Sprinkler
systems shall be properly maintained at all times, and shall be repaired in accordance with the inspection reports, and upon discovery of disrepair or malfunction.

12.3 **Waiver and Release.** By purchasing a Lot in Rolling Hills pursuant to the construction covenant in Section 4.2.7 and the notice provided in Section 12.1 above, Owner waives any claim and releases from liability the Declarant, the Association, the City and their agents and representatives arising out of or otherwise with respect to the condition of approval regarding fire hydrant water flows and sprinkler requirements.

ARTICLE 13
GENERAL PROVISIONS

13.1 **Records.** The Board of Directors shall preserve and maintain minutes of the meetings of the Association, the Board and any committees. The Board of Directors shall also 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 upon the account, and the balance due on the assessments. The minutes of the Association, the Board and committees, and the Association's financial records shall be reasonably available for review and copying by the Owners. A reasonable charge may be imposed by the Association for providing copies.

13.2 **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 he 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 attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by said person in connection with such suit, action or proceeding if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interest of the Association, and, with respect to any criminal action or proceedings, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or with a plea of nolo contendere or its equivalent, shall not of itself create a presumption that a person did not act in good faith and in a manner which he reasonably believed to be in, or not opposed to, the best interest of the Association, and, with respect to any criminal action or proceedings, had reasonable cause to believe his conduct was unlawful. Payment under this clause may be made during the pendency of such claim, action, suit or 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 benefited from the acts which created said liability.
13.3 Enforcement/Attorneys' Fees. The Association and the Owners within the Property or any mortgagee on any 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. In the event suit or action is commenced to enforce the terms and provisions of this Declaration, the prevailing party shall be entitled to its attorney fees and costs in such suit or action to be fixed by the trial court, and in the event of an appeal, the cost of the appeal, together with reasonable attorney fees, to be set by the appellate court. In addition thereto, the Association shall be entitled to its reasonable attorney fees incurred in any enforcement activity taken to collect delinquent assessments, whether or not suit or action is filed.

13.4 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.

13.5 Duration. The covenants, conditions and restrictions of this Declaration shall run with and bind the land for a term of thirty-five (35) years from the date of this Declaration being recorded, after which time they shall be automatically extended for successive periods of ten (10) years, unless rescinded by a vote of at least seventy-five percent (75%) of the Owners and seventy-five percent (75%) of the first mortgagees. Provided however, amendments which do not constitute rescission of the planned community may be adopted as provided in Section 11.6. Additionally, any such rescission, which affects the Commonly Maintained Property, shall require the prior written consent of the City of Carlton. Provided, however, 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 twenty-one (21) years after the death of the last survivor of the now living descendants of former President George Bush.

13.6 Amendment. Except as otherwise provided in 11.5 and the restrictions set forth elsewhere herein, this Declaration may be amended at any time by an instrument approved by not less than seventy-five percent (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 Non-Profit Corporation Act. Provided further, no amendment affecting the general plan of development or any other right of the Declarant herein contained may be effected without the express written consent of the Declarant or its successors and assigns.

13.7 Release of Right of Control. The Declarant may give up its right of control in writing at any time by notice to the Association.
13.8 **Unilateral Amendment by Declarant.** In addition to all other special rights of the Declarant provided in this Declaration, the 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. Prior to the Turnover Meeting, no such amendment shall require notice to or approval by any Class A member.

13.9 **Resolution of Document Conflicts.** In the event of a conflict among any of the provisions in the documents governing Rolling Hills, 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, the undersigned being Developer herein, has executed this instrument this 25th day of April, 2006.

YAMHILL COMMUNITY DEVELOPMENT CORPORATION

By: 
Its: EXECUTIVE DIRECTOR

STATE OF OREGON )
) ss.
County of Yamhill )

Personally appeared Terry Larrabee, who, on the 25th day of April, 2006, being duly sworn, did say that he/she is the Exec. Director of Yamhill Community Development Corporation, an Oregon nonprofit corporation, and that the foregoing instrument was signed in behalf of said corporation by authority of its board of directors; and they acknowledged said instrument to be its voluntary act and deed.

Roshana Shockey
NOTARY PUBLIC FOR OREGON
DECLARATION OF CONDITIONS, COVENANTS AND RESTRICTIONS

DATE: October 4/ 1, 1994

DECLARANT: The Robert Evans Company, an Oregon Corporation, and Kent Aldrich

PROPERTY: Webb's Addition to the City of Carlton, Yamhill County, Oregon described on the attached Exhibit A.

RECITALS:

1. Declarant is the owner of the Property.

2. Declarant desires to impose various conditions, covenants and restrictions to run with the land for the purpose of making the property more attractive and desirable for residential use and to maintain the property values of the Property.

3. Declarant declares that the following conditions, covenants and restrictions shall apply to the Property and shall be covenants running with the land and shall be binding upon the property, and the owners thereof, in accordance with the terms of this Declaration.

CONDITIONS, COVENANTS AND RESTRICTIONS:

Section 1. Buildings and Structures. No mobile homes or manufactured homes shall be placed on any lot. No building or structure shall be constructed, altered or enlarged except for single family dwellings (or duplex if permitted by the City Zoning Code) and accessory buildings consisting of garages, car ports, private green houses, swimming pools, incidental to, and necessary for, residential use. All dwelling units shall have a double car garage having 440 square feet or more. All dwellings shall be of frame construction. No structures shall be used for commercial purposes. Within one year of occupancy of the dwelling, landscaping around the dwelling shall be installed and maintained.

Section 2. Height of Structures. All structures shall not exceed 35 feet in height from ground level from the highest point adjacent to the structure.

AFTER RECORDING, RETURN TO:
Frost & Kohl
P.O. Box 586
Hillsboro, OR 97123

PAGE 1 - DECLARATION OF CONDITIONS, COVENANTS AND RESTRICTIONS
Section 3. Utilities. All wire connected utilities and service drops shall be underground. Satellite dishes must be screened from view from adjoining properties and the public street and located so as to be nonobtrusive to the greatest extent possible consistent with reasonable use.

Section 4. Nuisances. No activity shall be carried on upon the property which is noxious, offensive or illegal to the extent that such activity would affect the habitability and value of adjoining property.

Section 5. Animals. Pets may be kept on the property; however, they must be contained by adequate fencing, limited in number so as not to become a nuisance to adjoining properties and maintained in a sanitary manner.

Section 6. Occupancy - Completion. No dwelling shall be occupied on a permanent or temporary basis prior to full completion of the exterior of the structure. No structure of temporary character including trailers, tents, shacks, garages, barns, campers or other buildings shall be used for residential purposes either temporarily or permanently with the exception of temporary occupancy during the actual construction of the dwelling which shall not exceed a period of one year.

Section 7. Vehicles. All vehicles, except those only temporarily on the property, shall be parked within structures or otherwise fully screened from view from adjoining properties. Recreational vehicles, boats and nonoperational vehicles shall not be visible from the public street or adjoining properties.

Section 8. Street Trees. Street tree locations are identified on the attached Exhibit A. The owners of lots with street tree locations shall plant American Sweet Gum (L. styracifius) trees at least two caliper inches in diameter where indicated on the Plat as soon as reasonably possible after occupying the residence. If a tree location is in conflict with a required driveway location the tree may be omitted. The owners of such lots shall have the obligation to maintain the trees and replace them if necessary.

Section 9. Term. The initial term of these Conditions, Covenants and Restrictions shall be twenty (20) years from the date of this Declaration and shall automatically renew for three successive ten (10) year terms unless any such renewal is vacated by a vote of two-thirds (2/3) of the owners of the Property subject to this Declaration. The election to vacate the automatic renewal or renewals shall be done in writing in a form sufficient for recording in the records of Washington County, Oregon and recorded prior to the date of renewal.

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Section 10. Amendment - Termination. During the initial twenty (20) year term, this Declaration can be terminated or amended only by the vote of all of the owners of the property subject to the Declaration in a written form consistent with the requirements of Section 9 above. After the initial term of this Declaration, it may be amended by a vote of two-thirds (2/3) of the property owners in the form specified in Section 10.

Section 11. Enforcement. This Declaration may be enforced by proceedings at law by owners of other properties subject to this Declaration. The relief sought may be to restrain or enjoin violation or require compliance with the Declaration, for damages or any other relief authorized by law.

Section 12. Severability. Any provision of this Declaration found to be invalid under law shall become unenforceable but such finding shall not affect the other provisions of this Declaration which shall remain in full force and effect.

THE ROBERT EVANS COMPANY

By Robert Evans, President

KENT ALDRICH

STATE OF OREGON
County of Washington

Personally appeared before me this 14th day of October, 1994, the above named Kent Aldrich and acknowledged the foregoing instrument to be his voluntary act and deed.

OFFICIAL SEAL

HOLLY J. HAMILTON
NOTARY PUBLIC - OREGON
COMMISSION NO. 036656
MY COMMISSION EXPIRES JUNE 13, 1998

Notary Public for Oregon
My Commission Expires July 13, 1998
STATE OF OREGON ) ss.
County of Washington)

Personally appeared before me this 14th day of October, 1994, the above named Robert Evans who, being duly sworn, stated that he is the President of The Robert Evans Company, an Oregon corporation, and that the foregoing instrument was signed on behalf of said corporation by authority of its board of directors; and acknowledged said instrument to be its voluntary act and deed.

[Seal]

Holly J. Hamilton
Notary Public for Oregon
My Commission Expires: July 13, 1996

PAGE 4 - DECLARATION OF CONDITIONS, COVENANTS AND RESTRICTIONS
WEBB'S ADDITION TO THE CITY OF CARLTON, YAMHILL COUNTY, OREGON

Dots (*) show street tree locations

EXHIBIT A
Easement Notes

Easement #1 - 15' wide storm drain easement for the benefit of Lots 28, 29, 30 & 31
Easement #2 - 15' wide storm drain easement for the benefit of Lots 24, 25, 26 & 27
Easement #3 - 15' wide access & utilities easement in Lot 5 for the benefit of Lot 6
Easement #4 - 15' wide access & utilities easement in Lot 6 for the benefit of Lot 7
Easement #5 - 15' wide access & utilities easement in Lot 7 for the benefit of Lot 8
Easement #6 - 15' wide access & utilities easement in Lot 8 for the benefit of Lot 9
Easement #7 - 15' wide storm drain easement for the benefit of Lots 34 & 35
Easement #8 - Public storm drain easement, width varies.

The maintenance of the easement is the responsibility of the Homeowners Association.

DECLARATION

KNOW ALL MEN BY THESE PRESENTS, that the YAMHILL COMMUNITY DEVELOPMENT CORPORATION is the owner of the lands represented on the attached map and more particularly described in the Surveyor's Certificate and has caused said lands to be subdivided into lots as shown and hereby dedicates all easements to the public for road purposes forever and does grant all easements for the purposes as shown.

Acknowledgement

STATE OF OREGON

COUNTY OF Yamhill

On this day the above described parcel of real property was dedicated to the Homeowners Association.

M. TERESA SMITH, Board President
YAMHILL COMMUNITY DEVELOPMENT CORPORATION

Notary Public - Oregon (print name)
Commission Number: 3238442
My Commission Expires: March 14, 2007

Sheet 3 of 4

5361
ROLLING HILLS
Location in NW 1/4 Section 22, NE 1/4 Section 21, T. 3 S., R. 4 W., WM.,
William Patton Donation Land Claim #53, City of Carlton, Yamhill County, OR
Date: March 23, 2006

Yamhill County Approvals

Deputy
Yamhill County Surveyor

Date

Mayor
Yamhill County Tax Collector

Pursuant to O.R.S. 92.095.
Taxes have been paid or bond
posted to this
Date: 6-30-2006

Yamhill County Tax Collector

City of Carlton Approvals

Mark A. Miller
City of Carlton Planning Commission Chair
Date

City of Carlton Mayor
Date

This is a true and exact copy of the original plat of
ROLLING HILLS

Sheet 4 of 4