DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR SHADDEN CLAIM SUBDIVISION

RECITALS

A. VJ-2 Development Inc. (hereinafter referred to as the Developer) desires to establish certain covenants, conditions, and restrictions to impose against Shadden Claim Subdivision (hereinafter referred to as the Property) which the Developer is improving in the City of McMinnville, County of Yamhill, and State of Oregon.

B. The Property will be improved in "phases" to consist of a mixed use of residential, commercial, and multi-family buildings. The Developer shall have sole discretion to determine which parcel(s) and the size of such parcel(s) that will be improved for the various mixed uses referenced above and for any other uses which are allowed by the laws, rules, and regulations of appropriate governmental agencies.

C. The following covenants, conditions, and restrictions shall apply to all phases of improvement of the Property except as specifically modified by the Developer during the construction of each future phase of the Property or as provided otherwise in this declaration to be so modified.

D. Various parcels of land within the Property may be dedicated and conveyed to the City of McMinnville as parks. The Developer shall execute such instrument as the City may require to dedicate and convey such land to the City. All parks dedicated to the City of McMinnville shall remain subject to this Declaration to the extent necessary to effectuate the performance of a maintenance agreement with the City of McMinnville. The standard of maintenance of all parks shall never be less than City standards. All parks shall be open for use to the general public in accordance with the rules and regulations of the City.

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

DEFINITIONS

1. "Association" shall mean and refer to the Shadden Claim Subdivision Homeowners Association, its successors and assigns.
2. "City" shall mean and refer to the City of McMinnville, Oregon in which the Property is located.

3. "Owner" shall mean and refer to the owner, whether one or more persons or entities, of any Lot within the Property, including contract purchasers, but does not include a person holding only a security interest in a Lot for the performance of an obligation.

4. "Property" shall mean and refer to any and all real property developed as a part of Shadden Claim Subdivision and any and all improvements thereon and additions thereto as may hereafter be brought within the jurisdiction of this Declaration.

5. "Common Areas" shall mean and refer to any parks, commons, streets, footways, buildings, walls, roofs, personal properties, and any and all other land and structures maintained by the Association for the common benefit of all owners of lots within the property, their guests, and other residents of dwellings within the property. All parks within the property shall be dedicated and conveyed to the City. The Developer shall execute such instrument as the City may require to dedicate and convey such land to the City. All parks shall be open for use to the general public in accordance with the rules and regulations of the City.

6. "Lot" shall mean and refer to any unit of land shown upon any recorded plat map of the Property. Common Areas are not included within the meaning of this definition of "Lot".

7. "Common Expenses" shall mean and refer to any expenses of administration, maintenance, repair or replacement of the common areas, expenses agreed upon as common by the owners, and expenses declared common by this declaration or the bylaws of this Association.

8. "Developer" shall mean and refer to VJ-2 Development Inc or its successors and assigns of any and all rights under this Declaration.

9. "Declaration" shall mean and refer to this master declaration plus any and all future amendments and supplements thereto. Future amendments and supplements to this master declaration may be utilized for the purpose of subjecting additional land to the burden of this master declaration.

10. "Improvements" shall mean and refer to any man-made changes in 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, wall, signs, addition, alteration, screen enclosure, sewer, drain, disposal, lake, waterway, road, paving,
utilities, grading, landscaping, and exterior illumination and shall not be limited to any changes in any exterior color or shape and any new interior construction or exterior improvements.

ARTICLE I
LOT OWNERS ASSOCIATION

Section 1. Duties and Powers of Association. The duties and powers of the Association shall be as defined and limited by its articles of incorporation and bylaws. In addition to the foregoing, the Association shall be responsible for maintaining Common Areas in the manner necessary to provide for the preservation and enhancement of the property values of the Property and any part thereof. This shall include, but not be limited to, maintaining, painting or staining, and generally keeping in good order and repair the exterior and interior of any Common Area improvement; and, the trimming and maintaining of Common Area grounds, shrubbery, trees and other landscaping in neat and proper condition consistent with good horticultural practices.

Section 2. Board of Directors. The Board of Directors of the Association shall consist of at least three persons, all of whom shall be members of the Association. The Board of Directors shall be elected and shall hold office in accordance with the articles of incorporation and bylaws of the Association, and their power and authority shall be as therein defined, or in the absence of definition, as provided under applicable statutes relating to the government of non-profit corporations.

Section 3. Membership. Every owner of a Lot which is subject to assessment shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

Section 4. Voting Rights. The Association shall have two (2) classes of voting membership:

Class A: Class A members shall be all owners of Lots within the Property. Each Class A member shall have one vote per lot owned except as to condominium developments and apartment developments.

With respect to condominium developments, the owner of record of each individual condominium unit shall have one vote for each such unit owned. For example, one condominium building may consist of twelve (12) individual condominium units. Each of the twelve (12) units would be considered an "individual condominium unit", and therefore would be entitled to one (1) vote, for the purpose of this provision. Nothing in this provision is intended to provide

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persons renting or leasing individual condominium units the status of Association members or the right to vote on Association matters nor can such rights be assigned by owners.

With respect to apartment developments, the owner of record of each individual apartment unit shall have one vote for every two such units owned. For example, one apartment building may consist of twelve (12) individual apartment units. Each of the twelve (12) units would be considered an "individual apartment unit" for the purpose of this provision. The owner(s) of this apartment building would be entitled to a total of six (6) votes, for the purpose of this provision. Nothing in this provision is intended to provide persons renting or leasing individual apartment units the status of Association members or the right to vote on Association matters.

When more than one person holds ownership interest in any lot, condominium, or apartment development, whether the owner is a corporation, association, partnership, or husband and wife, all such persons/entities shall exercise their vote as a unit. However, if a voting dispute arises between the multi-person owners of a lot, the multi-person owners shall not be entitled to a vote unless the dispute be resolved as they among themselves shall decide. Such disputes shall not prohibit nor delay the Association's vote on any matter up for vote among the membership. The disputants shall not have any right or recourse to contest any decisions made or actions taken by the Association in accordance with the desires of members voting on any matter while the multi-person owners are disputing with each other.

Class B: The Class B member shall be the Developer. The Class B member shall be entitled to two (2) times the votes of each lot or individual unit owned by a Class A member for the Lots or condominium/apartment units within the Property.

The Class B membership shall cease and become converted to a Class A membership when one-hundred percent (100%) of the Lots in the development have been sold.

Section 5. Control of Association. Until the Developer conveys Lots representing one-hundred percent (100%) of the Class A votes in the Property, the Developer shall have control of the Association. Such control to be exercised by Developer shall include the right to appoint or remove members of the Board of Directors. Nothing in this provision is intended to preclude the Developer and Class A owners of Lots within the Property from consummating an agreement that will result in the Developer relinquishing control of the Association prior to the conveying of Lots representing one-hundred percent (100%) of the Class A votes in the Property.

Section 6. Lot Owners Committee/Assumption of Control of Association. An advisory
committee of Class A lot owners shall be formed not later than one (1) year after the Developer has conveyed Lots representing fifty percent (50%) of the Class A votes in the Property. The Developer shall call a meeting of Class A owners for the purpose of selecting said committee. The committee shall consist of at least three members. The owners, other than the Developer, shall select two members of the committee. The Developer shall select one member. The committee shall have reasonable access to all information and documents which the Developer is required to turn over to the committee. Not later than one hundred and twenty (120) days after Lots representing one-hundred percent (100%) of the Class A votes have been conveyed, the Developer shall notify the committee that Lots representing one-hundred percent (100%) of the Class A votes have been conveyed. The committee shall, within fifteen (15) days of the date of notice, assume full administrative responsibility for the Association.

Section 7. Purpose of Assessments. The assessments levied by the Association shall be used primarily to maintain the Common Areas. The Board of Directors of the Association may also assess such charges for insurance premiums and miscellaneous expenses of the Association as it deems appropriate and necessary for the normal operation and administration of the Association. The members of the Association may, by a vote of seventy-five percent (75%) or more of the Class A members, agree to use the existing assessments or to levy new assessments for other purposes.

Section 8. Effect of Nonpayment of Assessments/Remedies of the Association. Any assessment not paid within thirty (30) days after the due date (monthly, quarterly, or annually) shall bear interest from such due date at the rate of twelve percent (12%) per annum or such other rate as may be approved by resolution of the Board of Directors of the Association. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the Lot in accordance with the provisions of ORS 87.352 through 87.490, inclusive, and 87.910 and 87.920, now or as hereafter amended. No owner may waive or otherwise escape liability for the assessments provided for herein by misuse of Common Areas or abandonment of the Lot(s) owned.

Section 9. Leases. Each Owner shall have the right to lease his/her Lot and the improvements thereon. Any such lease shall be in writing and shall provide that its terms shall be subject in all respects to the provisions of this Declaration and that any failure by the Lessee to comply with the provisions of said Declaration shall constitute a default under such lease. For purposes of this provision, the term "lease" includes, but is not limited to, a month to month rental agreement.

ARTICLE II
Building Restrictions

Section 1. Dwelling. No dwelling shall be placed on any residential zoned lot in the
Property other than one detached single family residence which shall not exceed two (2) stories in height, nor have a maximum height that exceeds thirty-five (35) feet above the top of the foundation unless specifically allowed otherwise by zoning regulations and approved by the Architectural Control Committee. All dwellings constructed on lots 23 through 31, inclusive, shall not exceed one story in height. The main dwelling must be completely constructed within one (1) year from the date of purchase of the Lot from the Developer, unless approved otherwise by the Developer. Failure to construct the dwelling within said timeline, unless approved otherwise by the Developer, will result in a three hundred dollar ($300.00) per month lien being placed against the Lot for each month or part thereof in violation of this provision. Such proceeds shall be paid to the Developer.

Section 2. Dwelling Size. Unless specifically approved otherwise by the Architectural Control Committee, the following shall apply: (a) the living area (exclusive of porches and garages) for dwellings constructed in Phase I of the Property shall be not less than sixteen hundred (1600) square feet for lots 1 through 34, inclusive; (b) the living area for dwellings constructed on Lots 35 through 61, inclusive, in Phase I of the Property shall be not less than twelve hundred (1200) square feet.

Section 3. Setback Requirements. The minimum setback requirements for all dwellings in the Property shall be in accordance with the setback requirements of the City or other controlling governmental agency except that the minimum interior sideyard setback for all dwellings on Lots 1 through 35 shall be ten (10) feet and the minimum interior sideyard setback for all other lots shall be seven and one-half (7 1/2) feet unless a greater minimum setback is required by the Developer; and the minimum exterior sideyard setback for all dwellings on Lots 62, 63, 64, 65, 66, 96, 108, 109, 110, 112, 113, 134, 136, and 140 shall be fifteen (15) feet, and the minimum exterior sideyard setback for all other lots is twenty (20) feet.

Section 4. Building Materials. All building materials to be incorporated into and visible as a part of the external structure of any building or other structure in the development shall be regulated and approved by the Architectural Control Committee.

- Roofing Material. All roofing materials shall be medium or better wood shake/shingle, tile, or 30 year architectural composition. Roofing material other than wood shake/shingle, tile, or 30 year architectural composition may be used if approved, in writing, by the Architectural Control Committee.

- Siding Material. All siding material shall be natural wood, brick, stone, or hardiplank. If other man-made materials are used the following shall apply:
  (a) The material must be approved by the Architectural Control Committee.
  (b) No metal clips, metal joints, or other easily visible fasteners may be used.
  (c) The material must be nailed on sixteen (16) inch centers.

- Use of T-111. No T-111 or other vertical plywood type siding shall be allowed on any dwelling or any other structure in the Property without the express
written approval of the Architectural Control Committee.

- Paint Colors. All exterior paint and trim colors for all dwellings and other structures in the Property must be approved by the Architectural Control Committee. The Architectural Control Committee shall have thirty (30) days following the receipt of a color sample of all exterior finishes, including trim colors, to grant or refuse approval.

Section 5. Roof Pitch. The minimum roof pitch for all dwellings and other structures in the Property shall be six-twelve (6/12), unless expressly approved, in writing, otherwise by the Architectural Control Committee.

Section 6. Exterior Style. It is the intent and desire of the Developer to establish an aesthetically pleasing community of structures which include exterior styles of earlier period homes - such as colonial, victorian, and cape cod - to avoid the "tract home" appearance in the Property. To this end the Architectural Control Committee shall review the exterior style of all structures proposed for construction on each lot in the Property. Generally, no two or more dwellings with the same exterior style will be allowed to be built within close proximity to each other. This provision is not intended to nor does it prohibit construction of clusters of similar style units such as duplexes, apartments, commercial structures, and zero lot-line housing. The Architectural Control Committee is to be notified, in writing, whenever a dwelling with the same exterior style as another dwelling in the Property is being considered for construction. The Architectural Control Committee shall have the sole right and discretion to determine where and/or whether such structure can be constructed and maintain the desired appearance within the Property.

Section 7. Builder Approval. All builders desiring to construct structures within the Property must be approved by the Architectural Control Committee prior to the beginning of the construction of any structure.

Section 8. Fences. All fences in the subdivision shall not exceed six (6) feet in height except as required otherwise by governmental rules, regulations, and laws. The location, material, design, and color of any fence constructed in the development must be approved by the Architectural Control Committee. Fences along the exterior side yard must be approved by the City of McMinnville, Oregon, Planning Department.

Section 9. Detached Improvements. Any detached structure, such as dog houses, tool sheds, outdoor barbecue structures, or other outdoor furnishing such as swings, hot tubs, or picnic tables shall be maintained in good repair and shall be neatly placed on the property so as not to be an eyesore to the neighborhood. Hot tubs and pools shall be reasonably screened from public and neighboring view. All detached structures must be compatible in style and scale with other structures on the lot and in the development. Any detached structures greater than 100 square feet in size must comply with the set-back
requirements outlined in Section 3 above.

Section 10. Garages/Carports. Nothing contained in the Declaration is intended to prohibit the construction of detached garages or carports in lieu of the standard two car attached garage. The approval or disapproval of the construction of a detached garage or carport shall be the sole right of the Architectural Control Committee.

Section 11. Building Plans/Specifications. Whether or not provision thereof is specifically stated in any conveyance of any lot, the owner or occupant of each lot in the development by acceptance of title or taking possession thereof, agrees that no improvements shall be placed upon such lot until the building plans, specifications, design, landscaping, and plot plan have been approved, in writing, by the Architectural Control Committee. Each structure of any kind shall be placed on the property only in accordance with the building plans, specifications, and plot plan so approved. This provision applies to all structures - commercial, multi-family and residential.

Section 12. Landscaping. Landscaping plans and designs must be submitted to the Architectural Control Committee for approval at the same time that building plans are submitted for approval. All landscaping shall be done within thirty (30) days of the completion of construction of the main dwelling or as soon as possible thereafter if a delay is necessary due to weather conditions. At least two shade trees that are a minimum of two (2) inch caliper and twelve (12) or more feet in height shall be planted in the back yard of each Lot. Nothing in this provision is intended to preclude the Architectural Control Committee from requiring a Lot owner to plant more than the minimum number - two (2) - of trees on any Lot. No trees may be removed from any lot prior to receiving a permit from the City, Yamhill County, or other controlling governmental agency. Any trees, shrubs or hedges removed for any reason, other than those removed as necessary to build a structure, shall be replaced within six (6) months of such removal. Under no circumstance shall any Lot contain less than the minimum number of trees initially required by the Architectural Control Committee as set forth in this provision unless specifically approved otherwise, in writing, by the Architectural Control Committee.

Landscaping for the purpose of this provision shall mean installing a lawn, either turf or grass seed, planting trees, shrubs and flowers, and other means of beautifying the yard that are not in conflict with other provisions of the covenants, conditions, and restrictions for the development. Landscaping design plans must be submitted to the Architectural Control Committee for approval within forty-five (45) days of the start of construction of the main dwelling.

No hedges shall be planted or placed on any property in the development without the approval of the Architectural Control Committee. No hedge allowed to be planted or placed on any property in the development shall exceed six (6) feet in height. Any hedges...
planted in the front yard shall not exceed four (4) feet in height.

Vacant lots must be graded and leveled and have a lawn, either turf or grass seed, and the minimum number of trees installed within ninety (90) days of purchase, weather permitting. Such lots shall be kept free of trash and debris at all times. No materials or equipment of any kind shall be stored on such lots at any time. The lawn shall be mowed and maintained in harmony with the remainder of the development. The maximum height for grass on a vacant lot shall be four (4) inches. Builders who have bought numerous lots in the development and who are systematically constructing dwellings on such lots shall be exempted from compliance with this provision so long as they have received such exemption approval from the Architectural Control Committee. The Architectural Control Committee may rescind its approval of exemption for a builder at any time that the Architectural Control Committee determines that the builder is not constructing dwellings on the vacant lots at an acceptable level.

Section 13. Lot owner(s) shall be responsible for maintaining, painting/staining and generally keeping in good order and repair the exterior of any improvement on any Lot(s) owned. The Owner(s) shall also be responsible for maintaining the landscaping of such Lot(s). Lawns, shrubbery, plantings, trees and other landscaping on the grounds shall be kept in a neat and proper condition consistent with good horticultural practices. It is the intention of this provision that Lot owners shall be responsible and liable for maintaining improvements and landscaping on any Lot(s) owned in such a manner as to provide for the preservation and enhancement of the property values of the Property and any part thereof. If an Owner fails to maintain his/her Lot(s) and improvements in accordance with the intent and purpose of this provision, the Developer and/or the Association, its agents or employees, may enter upon the Lot(s) and perform the required maintenance after giving the Owner fourteen (14) days written notice to cure the problem. Such written notice shall be sent by certified mail and the beginning of the fourteen day period shall be deemed to be the date of the posting of the written notice.

If the Developer or the Association is required to perform the necessary maintenance/repair, the Developer or the Association shall have the right to specifically assess the Owner(s) for such maintenance/repair and a lien may be created against the property, if the Owner(s) fail to pay the costs, to include, but not be limited to, interest charges and attorney fees within thirty (30) days of the date of the written notice. The Developer and Association shall have an easement over and across each and every Lot for this purpose. The Developer's right to assess fees and access property in this regard shall cease after one hundred percent (100%) of the Lots in the Property have been sold. Nothing in this provision is intended to preclude the Association from employing the Developer at any time to perform any and all maintenance work required under the terms of this provision.

Section 14. Architectural Control Committee. The Architectural Control Committee shall
have the sole right and responsibility for approving or disapproving any and all of the items set forth in Article I, Sections 1 through 12, inclusive. The purpose of the Architectural Control Committee is to insure the harmonious development of all Lots. The Developer, or his designee, shall be responsible for determining the size of the Committee and the person(s) appointed to carry out the responsibilities of the Committee. In regards to the approval process, the following shall apply:

(a) No structures or landscaping shall be constructed or altered at any time until the owner(s) of the Lot has/have submitted to the Architectural Control Committee a complete set of construction plans and specifications, satisfactory to the Committee, showing, where appropriate: (1) the dimensions of the improvements; (2) the exterior design/alteration of structures; (3) the location of the improvement on the site; (4) the location of the driveway; (5) the dimensions and location of any detached structures; (6) samples of building materials and paint colors; (7) landscape design/alteration; and (8) any other items/information the Committee deem necessary to insure that all improvements on the Property will be in harmony with the overall development.

(b) Approval of the plans may be withheld if the Committee determines that there is any item that is not in compliance with the intent and purposes of the covenants, conditions, and restrictions for the development. Refusal or approval of all plans, specifications, and so forth, may be based on any grounds, including aesthetic grounds, which in the sole discretion of the Architectural Control Committee shall seem sufficient for such refusal or approval.

(c) The Architectural Control Committee shall, within thirty (30) days of the receipt of a written request, and all documents/information as set forth in (a) above, from an owner for approval of the placement or alteration of improvements on a building lot, provide said owner with a written notice of approval or disapproval of the submitted plans and specifications. If the Committee does not respond to the owner within the timelines set forth above, then the plans and specifications submitted shall be deemed to be approved. However, the owner shall be responsible for assuring that said plans and specifications meet the minimum covenants, conditions, and restrictions for the subdivision and shall remain subject to and responsible for compliance with all such covenants, conditions, and restrictions.

(d) The Architectural Control Committee shall remain under the direction and control of the Developer until one hundred percent (100%) of the Lots in the Property have been sold and fully developed unless the Developer, by a separate writing, specifically transfers his rights to direct and control the Architectural Control Committee to the Association. Such writing shall be recorded. The decisions of the Architectural Control Committee regarding building restrictions
shall be final and shall not be appealable.

ARTICLE II
General Provisions

Section 1. Streets, Alleys and Front Driveway Use. No boats, trailers, recreational vehicles, equipment, campers, firewood, or any other materials or items shall be parked or stored in alleys or from the front edge of the house forward to, and including, the street. No vehicles or equipment of any kind shall be parked on any portion of the building lot, alley, or street while such vehicle/equipment is in a state of disrepair or while being repaired. No large commercial vehicle such as logging trucks, dump trucks, oversized vans, and so forth, shall be parked on the building lot, alley, or street except for the purpose of normal business deliveries or related activities.

Section 2. Storage of Campers, Recreational Vehicles, or Other Equipment. Boats, trailers, recreational vehicles, and any other equipment or materials as set forth in Article II, Section 1 above, must be stored in an enclosed garage or storage building or enclosed behind a fence that is constructed in such a manner that the subject items are reasonably obstructed from view. The height of such fence shall be a minimum of six (6) feet. All parking pads for recreational vehicles, boats, and so forth must be concrete constructed.

Section 3. Outside Receptors. Radio or television antennae, or other outside receptors, except small satellite dishes that do not exceed two (2) feet in diameter and two (2) feet in height, shall not be permitted in the development. Any allowed satellite dishes that are installed shall not be so placed on the property that it is exposed to the front view of the dwelling or create a nuisance for other residents of the development.

Section 4. Flagpoles. Flagpoles may be erected for short periods of time, such time not to exceed seven (7) days, in the observance of holidays or other special occasions where the exhibition of the flag is appropriate.

Section 5. Outside Lighting. No high output lighting, including but not limited to mercury vapor and halide lights, shall be installed without prior approval of the Architectural Control Committee.

Section 6. Nuisance. No noxious or offensive trade or any other such activity shall be engaged in upon any building lot or within any building in the development. Nor shall anything be done or maintained thereon which may be or may become an annoyance or nuisance to the development or detract from its value and appeal as a high-class quality development. "Nuisance" for the purpose of this provision shall include, but not be limited to, the following: (a) failure to maintain landscaping in a well-groomed, well-kept manner, that is, failing to mow the lawn and weed flower-beds at reasonable intervals, failing to keep an adequate amount of grass on the lawn, failure to keep lawns, streets and alleys free...
of debris and trash, allowing vegetation to become overgrown, and so forth; and (b)
failure to perform adequate maintenance on the exterior of buildings thereby causing an
unsightly structure to exist in the development.

Section 7. Animals. No animals of any kind shall be kept in the development except
household animals which are not bred or kept for any commercial purposes. No
unreasonable number of such household pets shall be allowed. No household pet, such as
a continually barking dog, shall be allowed to interfere with the quiet enjoyment of the
neighbors. No household pet shall be allowed run at large within the development.

Section 8. Trash or Refuse. No garbage or trash will be allowed to accumulate on any
property in the development.

Section 9. Mobile Homes, Temporary Structures. No mobile or manufactured homes or
temporary structures, except portable toilet and other temporary structures needed during
the time of construction of buildings or other allowed structures, shall be allowed in the
development.

Section 10. Signs. No signs of any kind shall be displayed to the public view on any
residential/duplex building or building lot except for not more than two (2) standard size
real estate signs advertising the property for sale or rent. This restriction shall not prohibit
the temporary placement of "political" signs on any lot by the owner or tenant, or the
placement of a professional sign by the Developer or builders during
development/construction.

Section 11. Foundations. No slab foundations will be allowed for any duplex or single
family residential dwellings.

Section 12. Planting Strips, Parks, and Common Areas. Each Lot owner shall be
responsible for maintaining and irrigating the planting strip along the street(s) on all sides
of his/her Lot except along Baker Creek Road and any other planting strip the
Homeowner Association is assigned responsibility for maintaining. Maintenance and
irrigation of planter strips shall be in accordance with the standards required by the
Developer/Homeowner Association. Lot owners shall not be allowed to alter the original
landscaping of planter strips done or approved by the Developer/Homeowner Association.

Section 13. Golf Course. Lot owners, renters, lessees, guests of the aforementioned
parties and all other persons visiting any parts of the Property hereby agree to hold the
Developer and/or the Association harmless for any damage and/or injury to person or
property caused by users of Michellebrook Golf Course.

Section 14. Governmental rules, regulations, and laws. All improvements and use of

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Property in the subdivision must comply with all applicable governmental rules, regulations, and laws notwithstanding any and all provisions of the covenants, conditions, and restrictions for Shadden Claim Subdivision.

ARTICLE III
Covenants, Conditions, and Restrictions

Section 1. Duration. The covenants, conditions, and restrictions contained herein shall run with the land for the benefit of each owner and shall pass with each parcel of the development and shall bind the respective successor(s) in interest of the present owner. These covenants, conditions, and restrictions shall remain in full force and effect for a period of thirty (30) years from the date of the recording of these covenants, conditions, and restrictions, at which time they shall be deemed automatically renewed unless the majority of the then owners of record of property in the development elect to eliminate or modify said covenants, conditions, and restrictions.

Section 2. Remedies for Violations. In the event of a violation or breach of any of the development's covenants, conditions, and restrictions, any person claiming by, through, or under the Developer, or by virtue of any judicial proceedings, the Developer and owners of property in the development, or any of them severally, shall have the right to proceed at law or in equity to compel a compliance with the terms hereof or to prevent the violation or breach of any of them. In addition to the foregoing right, the Committee shall have the right, whenever there shall have been built on any lot any structure which is in violation of these covenants, conditions, and restrictions, to enter upon the property where such violation exists and summarily abate or remove the same at the expense of the owner. Any such entry and abatement or removal shall not be deemed a trespass. The failure promptly to enforce any or the covenants, conditions, and restrictions herein shall not bar their future enforcement.

Section 3. Invalidation. The invalidation of any one or more of the covenants, conditions, and restrictions contained herein by any court of competent jurisdiction shall in no way affect any of the other covenants, conditions, and restrictions, which shall remain in full force and effect.

Section 4. Amendments. The covenants, conditions, and restrictions contained herein may be amended at any time after the Developer has completed one-hundred percent (100%) of the development of the property involved in this development. Such amendments must be executed by an instrument signed by not less than ninety percent (90%) of the owners of property in the development. Easements herein granted and reserved shall not be amended except by instrument signed and acknowledged by one-hundred percent (100%) of the owners of property, including the Developer so long as the Developer owns any property or hold a security interest in any property, in the development.
Section 5. Attorney Fees and Court Costs. In case any legal action is instituted to enforce any of the covenants, conditions, and restrictions contained herein, the losing party agrees to pay such sum as the final ruling court of competent jurisdiction adjudges reasonable as attorney fees and court costs for all litigation involved in the action, including all appeal processes.

IN WITNESS WHEREOF, the undersigned being the Declarant herein, has hereunto set its hand and seal this 2nd day of October, 1996.

VJ-2 Development Incorporated
an Oregon Corporation
By: [Signature]
Its: [Title]

STATE OF OREGON )
County of Yamhill ) ss.

On this 2nd day of October, 1996, before me duly sworn, did say that he is a [Title] of VJ-2 Development Inc., the within named corporation and that the instrument was signed in behalf of the corporation and acknowledge the instrument to be the free act and deed of the corporation.

[Signature]
Notary Public of Oregon
My Commission Expires: 06-21-98

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AMENDED DECLARATION OF COVENANTS, CONDITIONS AND 
RESTRICTIONS FOR SHADDEN CLAIM SUBDIVISION

This "Amended Declaration of Covenants, Conditions and Restrictions for Shadden Claim Subdivision" supersedes the declaration filed on October 29, 1996, and recorded on the same date in Yamhill County as Instrument Number 199617799.

This amended declaration also includes the coverage and governance of Shadden Claim 1st Addition - Lots 62 through 70, inclusive.

RECITALS

A. VJ-2 Development Inc. (hereinafter referred to as the Developer) desires to establish certain covenants, conditions, and restrictions to impose against Shadden Claim Subdivision (hereinafter referred to as the Property) which the Developer is improving in the City of McMinnville, County of Yamhill, and State of Oregon.

B. The Property will be improved in "phases" to consist of a mixed use of residential, commercial, and multi-family buildings. The Developer shall have sole discretion to determine which parcel(s) and the size of such parcel(s) that will be improved for the various mixed uses referenced above and for any other uses which are allowed by the laws, rules, and regulations of appropriate governmental agencies.

C. The following covenants, conditions, and restrictions shall apply to all phases of improvement of the Property except as specifically modified by the Developer during the construction of each future phase of the Property or as provided otherwise in this declaration to be so modified.

D. Various parcels of land within the Property may be dedicated and conveyed to the City of McMinnville as parks. The Developer shall execute such instrument as the City may require to dedicate and convey such land to the City. All parks dedicated to the City of McMinnville shall remain subject to this Declaration to the extent necessary to effectuate the performance of a maintenance agreement with the City of McMinnville. The standard of maintenance of all parks shall never be less than City standards. All parks shall be open for use to the general public in accordance with the rules and regulations of the City.

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

1. "Association" shall mean and refer to the Shadden Claim Subdivision Homeowners Association, its successors and assigns.

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

3. "Owner" shall mean and refer to the owner, whether one or more persons or entities, of any Lot within the Property, including contract purchasers, but does not include a person holding only a security interest in a Lot for the performance of an obligation.

4. "Property" shall mean and refer to any and all real property developed as a part of Shadden Claim Subdivision and any and all improvements thereto and additions thereto as may hereafter be brought within the jurisdiction of this Declaration.

5. "Common Areas" shall mean and refer to any parks, commons, streets, footways, buildings, walls, roofs, personal properties, and any and all other land and structures maintained by the Association for the common benefit of all owners of lots within the property, their guests, and other residents of dwellings within the property. All parks within the property shall be dedicated and conveyed to the City. The Developer shall execute such instrument as the City may require to dedicate and convey such land to the City. All parks shall be open for use to the general public in accordance with the rules and regulations of the City.

6. "Lot" shall mean and refer to any unit of land shown upon any recorded plat map of the Property. Common Areas are not included within the meaning of this definition of "Lot".

7. "Common Expenses" shall mean and refer to any expenses of administration, maintenance, repair or replacement of the common areas, expenses agreed upon as common by the owners, and expenses declared common by this declaration or the bylaws of this Association.

8. "Developer" shall mean and refer to VJ-2 Development Inc. or its successors and assigns of any and all rights under this Declaration.

9. "Declaration" shall mean and refer to this master declaration plus any and all future amendments and supplements thereto. Future amendments and supplements to this master declaration may be utilized for the purpose of subjecting additional land to the burden of this master declaration.

10. "Improvements" shall mean and refer to any man-made changes in 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, wall, signs, addition, alteration, screen enclosure, sewer, drain, disposal, lake, waterway, road, paving, utilities, grading, landscaping, and exterior illumination and shall not be limited to any changes in any exterior color or shape and any new interior construction or exterior improvements.

ARTICLE I
LOT OWNERS ASSOCIATION

Section 1. Duties and Powers of Association. The duties and powers of the Association shall be as defined and limited by its articles of incorporation and bylaws. In addition to the foregoing, the Association shall be responsible for maintaining Common Areas in the manner necessary to provide for the preservation and enhancement of the property values of the Property and any part thereof. This shall include, but not be limited to, maintaining, painting or staining, and generally keeping in good order and repair the exterior and interior of any Common Area improvement; and, the trimming and maintaining of Common Area grounds, shrubbery, trees and other landscaping in neat and proper condition consistent with good horticultural practices.

Section 2. Board of Directors. The Board of Directors of the Association shall consist of at least three persons, all of whom shall be members of the Association. The Board of Directors shall be elected and shall hold office in accordance with the articles of incorporation and bylaws of the Association, and their power and authority shall be as therein defined, or in the absence of definition, as provided under applicable statutes relating to the government of non-profit corporations.

Section 3. Membership. Every owner of a Lot which is subject to assessment shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

Section 4. Voting Rights. The Association shall have two (2) classes of voting membership:

Class A: Class A members shall be all owners of Lots within the Property. Each Class A member shall have one vote per lot owned except as to condominium developments and apartment developments.

With respect to condominium developments, the owner of record of each individual condominium unit shall have one vote for each such unit owned. For example, one condominium building may consist of twelve (12) individual condominium units. Each of the twelve (12) units would be considered an "individual condominium unit", and therefor would be entitled to one (1) vote, for the purpose of this provision. Nothing in this provision is intended to provide persons renting or leasing individual condominium units the status of Association membership.
members or the right to vote on Association matters nor can such rights be assigned by owners.

With respect to apartment developments, the owner of record of each individual apartment unit shall have one vote for every two such units owned. For example, one apartment building may consist of twelve (12) individual apartment units. Each of the twelve (12) units would be considered an “individual apartment unit” for the purpose of this provision. The owner(s) of this apartment building would be entitled to a total of six (6) votes for the purpose of this provision. Nothing in this provision is intended to provide persons renting or leasing individual apartment units the status of Association members or the right to vote on Association matters.

When more than one person holds ownership interest in any lot, condominium, or apartment development, whether the owner is a corporation, association, partnership, or husband and wife, all such persons/entities shall exercise their vote as a unit. However, if a voting dispute arises between the multi-person owners of a lot, the multi-person owners shall not be entitled to a vote unless the dispute be resolved as they among themselves shall decide. Such disputes shall not prohibit nor delay the Association’s vote on any matter up for vote among the membership. The disputants shall not have any right or recourse to contest any decisions made or actions taken by the Association in accordance with the desires of members voting on any matter while the multi-person owners are disputing with each other.

Class B: The Class B member shall be the Developer. The Class B member shall be entitled to two (2) times the votes for each lot or individual unit owned by a Class A member for the Lots or condominium/apartment units within the Property.

The Class B membership shall cease and become converted to a Class A membership when one-hundred percent (100%) of the Lots in the development have been sold.

Section 5. Control of Association. Until the Developer conveys Lots representing one-hundred percent (100%) of the Class A votes in the Property, the Developer shall have control of the Association. Such control to be exercised by Developer shall include the right to appoint or remove members of the Board of Directors. Nothing in this provision is intended to preclude the Developer and Class A owners of Lots within the Property from consummating an agreement that will result in the Developer relinquishing control of the Association prior to the conveying of Lots representing one-hundred percent (100%) of the Class A votes in the Property.

Section 6. Lot Owners Committee/Assumption of Control of Association. An advisory committee of Class A lot owners shall be formed not later than one (1) year after the Developer has conveyed Lots representing fifty percent (50%) of the Class A votes in the Property. The Developer shall call a meeting of Class A owners for the purpose of selecting said committee. The committee shall consist of at least three members. The

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owners, other than the Developer, shall select two members of the committee. The Developer shall select one member. The committee shall have reasonable access to all information and documents which the Developer is required to turn over to the committee. Not later than one hundred and twenty (120) days after Lots representing one-hundred percent (100%) of the Class A votes have been conveyed, the Developer shall notify the committee that Lots representing one-hundred percent (100%) of the Class A votes have been conveyed. The committee shall, within fifteen (15) days of the date of notice, assume full administrative responsibility for the Association.

Section 7. Purpose of Assessments. The assessments levied by the Association shall be used primarily to maintain the Common Areas. The Board of Directors of the Association may also assess such charges for insurance premiums and miscellaneous expenses of the Association as it deems appropriate and necessary for the normal operation and administration of the Association. The members of the Association may, by a vote of seventy-five percent (75%) or more of the Class A members, agree to use the existing assessments or to levy new assessments for other purposes.

Section 8. Effect of Nonpayment of Assessments/Remedies of the Association. Any assessment not paid within thirty (30) days after the due date (monthly, quarterly, or annually) shall bear interest from such due date at the rate of twelve percent (12%) per annum or such other rate as may be approved by resolution of the Board of Directors of the Association. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the Lot in accordance with the provisions of ORS 87.352 through 87.490, inclusive, and 87.910 and 87.920, now or as hereafter amended. No owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of Common Areas or abandonment of the Lot(s) owned.

Section 9. Leases. Each Owner shall have the right to lease his/her Lot and the improvements thereon. Any such lease shall be in writing and shall provide that its terms shall be subject in all respects to the provisions of this Declaration and that any failure by the Lessee to comply with the provisions of said Declaration shall constitute a default under such lease. For purposes of this provision, the term "lease" includes, but is not limited to, a month to month rental agreement.

ARTICLE II
Building Restrictions

Section 1. Dwelling. No dwelling shall be placed on any residential zoned lot in the Property other than one detached single family residence which shall not exceed two (2) stories in height or have a maximum height that exceeds thirty-five (35) feet above the top of the foundation unless specifically allowed otherwise by zoning regulations and approved by the Architectural Control Committee. All dwellings constructed on lots 23 through 31, inclusive, shall not exceed one story in height. The main dwelling must be completely constructed within one (1) year from the date of purchase of the Lot from the Developer, unless approved otherwise by the Developer. Failure to construct the dwelling
within said timeline, unless approved otherwise by the Developer, will result in a three hundred dollar ($300.00) per month lien being placed against the Lot for each month or part thereof in violation of this provision. Such proceeds shall be paid to the Developer.

Section 2. Dwelling Size. Unless specifically approved otherwise by the Architectural Control Committee, the following shall apply: (a) the living area (exclusive of porches and garages) for dwellings constructed in Phase I of the Property shall be not less than sixteen hundred (1600) square feet for lots 1 through 34, inclusive; (b) the living area for dwellings constructed on Lots 35 through 61, inclusive, in Phase I of the Property shall be not less than twelve hundred (1200) square feet.

Section 3. Setback Requirements. The minimum setback requirements for all dwellings in the Property shall be in accordance with the setback requirements of the City or other controlling governmental agency except that the minimum interior side-yard setback for all dwellings on Lots 1 through 35 shall be ten (10) feet and the minimum interior side-yard setback for all other lots shall be seven and one-half (7 1/2) feet unless a greater minimum setback is required by the Developer; and the minimum exterior side-yard setback for all dwellings on Lots 62, 63, 68, 96, 108, 109, 120, 134, 136, and 140 shall be fifteen (15) feet, and the minimum exterior side-yard setback for all other Lots is twenty (20) feet.

Section 4. Building Materials. All building materials to be incorporated into and visible as a part of the external structure of any building or other structure in the development shall be regulated and approved by the Architectural Control Committee.
- Roofing Material. All roofing materials shall be medium or better wood shingle, tile, or 30 year architectural composition. Roofing material other than wood shingle/tile, or 30 year architectural composition may be used if approved, in writing, by the Architectural Control Committee.
- Siding Material. All siding material shall be natural wood, brick, stone, or hardy planks. If other man-made materials are used the following shall apply:
  (a) The material must be approved by the Architectural Control Committee.
  (b) No metal clips, metal joints, or other easily visible fasteners may be used.
  (c) The material must be nailed on sixteen (16) inch centers.
- Use of T-111. No T-111 or other vertical plywood type siding shall be allowed on any dwelling or any other structure in the Property without the express written approval of the Architectural Control Committee.
- Paint Colors. All exterior paint and trim colors for all dwellings and other structures in the Property must be approved by the Architectural Control Committee. The Architectural Control Committee shall have thirty (30) days following the receipt of a color sample of all exterior finishes, including trim colors, to grant or refuse approval.
Section 5. Roof Pitch. The minimum roof pitch for all dwellings and other structures in the Property shall be six-twelve (6/12), unless expressly approved in writing, otherwise by the Architectural Control Committee.

Section 6. Exterior Style. It is the intent and desire of the Developer to establish an aesthetically pleasing community of structures which include exterior styles of earlier period homes - such as colonial, Victorian, and cape cod - to avoid the "tract home" appearance in the Property. To this end the Architectural Control Committee shall review the exterior style of all structures proposed for construction on each lot in the Property. Generally, no two or more dwellings with the same exterior style will be allowed to be built within close proximity to each other. This provision is not intended to nor does it prohibit construction of clusters of similar style units such as duplexes, apartments, commercial structures, and zero lot-line housing. The Architectural Control Committee is to be notified, in writing, whenever a dwelling with the same exterior style as another dwelling in the Property is being considered for construction. The Architectural Control Committee shall have the sole right and discretion to determine where and/or whether such structure can be constructed and maintain the desired appearance within the Property.

Section 7. Builder Approval. All builders desiring to construct structures within the Property must be approved by the Architectural Control Committee prior to the beginning of the construction of any structure.

Section 8. Fences. All fences in the subdivision shall not exceed six (6) feet in height except as required otherwise by governmental rules, regulations, and laws. The location, material, design, and color of any fence constructed in the development must be approved by the Architectural Control Committee. Fences along the exterior side yard must be approved by the City of McMinnville, Oregon, Planning Department.

Section 9. Detached Improvements. Any detached structure, such as dog houses, tool sheds, outdoor barbecue structures, or other outdoor furnishings such as swings, hot tubs, or picnic tables shall be maintained in good repair and shall be neatly placed on the property so as not to be an eyesore to the neighborhood. Hot tubs and pools shall be reasonably screened from public and neighboring view. All detached structures must be compatible in style and scale with other structures on the lot and in the development. Any detached structures greater than 100 square feet in size must comply with the set-back requirements outlined in Section 3 above.

Section 10. Garages/Carports. Nothing contained in the Declaration is intended to prohibit the construction of detached garages or carports in lieu of the standard two car attached garage. The approval of disapproval of the construction of a detached garage or carport shall be the sole right of the Architectural Control Committee.

Section 11. Building Plans/Specifications. Whether or not provision thereof is specifically stated in any conveyance of any lot, the owner or occupant of each lot in the Declaration of Covenants, Conditions and Restrictions
development by acceptance of title or taking possession thereof, agrees that no improvements shall be placed upon such lot until the building plans, specifications, design, landscaping, and plot plan have been approved, in writing, by the Architectural Control Committee. Each structure of any kind shall be placed on the property only in accordance with the building plans, specifications, and plot plan so approved. This provision applies to all structures - commercial, multi-family and residential.

Section 12. Landscaping. Landscaping plans and designs must be submitted to the Architectural Control Committee for approval at the same time that building plans are submitted for approval. All landscaping shall be done within thirty (30) days of the completion of construction of the main dwelling or as soon as possible thereafter if a delay is necessary due to weather conditions. At least two shade trees that are a minimum of two (2) inch caliper and twelve (12) or more feet in height shall be planted in the back yard of each Lot. Nothing in this provision is intended to preclude the Architectural Control Committee from requiring a Lot owner to plant more than the minimum number - two (2) - of trees on any Lot. No trees may be removed from any Lot prior to receiving a permit from the City, Yarmil County, or other controlling governmental agency. Any trees, shrubs or hedges removed for any reason, other than those removed as necessary to build a structure, shall be replaced within six (6) months of such removal. Under no circumstance shall any Lot contain less than the minimum number of trees initially required by the Architectural Control Committee as set forth in this provision unless specifically approved otherwise, in writing, by the Architectural Control Committee.

Landscaping for the purpose of this provision shall mean installing a lawn, either turf or grass seed, planting trees, shrubs and flowers, and other means of beautifying the yard that are not in conflict with other provisions of the covenants, conditions, and restrictions for the development.

No hedges shall be planted or placed on any property in the development without the approval of the Architectural Control Committee. No hedge allowed to be planted or placed on any property in the development shall exceed six (6) feet in height. Any hedges planted in the front yard shall not exceed four (4) feet in height.

Vacant lots must be graded and leveled and have a lawn, either turf or grass seed, and the minimum number of trees installed within ninety (90) days of purchase, weather permitting. Such lots shall be kept free of trash and debris at all times. No materials or equipment of any kind shall be stored on such lots at any time. The lawn shall be mowed and maintained in harmony with the remainder of the development. The maximum height for grass on a vacant lot shall be four (4) inches. Builders who have bought numerous lots in the development and who are systematically constructing dwellings on such lots shall be exempted from compliance with this provision so long as they have received such exemption approval from the Architectural Control Committee. The Architectural Control Committee may rescind its approval of exemption for a builder at any time that the Architectural Control Committee determines that the builder is not constructing dwellings on the vacant lots at an acceptable level.

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Section 13. Lot owner(s) shall be responsible for maintaining, painting/staining and generally keeping in good order and repair the exterior of any improvement on any Lot(s) owned. The Owner(s) shall also be responsible for maintaining the landscaping of such Lot(s). Lawns, shrubbery, plantings, trees and other landscaping on the grounds shall be kept in a neat and proper condition consistent with good horticultural practices. It is the intention of this provision that Lot owners shall be responsible and liable for maintaining improvements and landscaping on any Lot(s) owned in such a manner as to provide for the preservation and enhancement of the property values of the Property and any part thereof. If an Owner fails to maintain his/her Lot(s) and improvements in accordance with the intent and purpose of this provision, the Developer and/or the Association, its agents or employees, may enter upon the Lot(s) and perform the required maintenance after giving the Owner fourteen (14) days written notice to cure the problem. Such written notice shall be sent by certified mail and the beginning of the fourteen day period shall be deemed to be the date of the posting of the written notice.

If the Developer or the Association is required to perform the necessary maintenance/repair, the Developer or the Association shall have the right to specifically assess the Owner(s) for such maintenance/repair and a lien may be created against the property, if the Owner(s) fail to pay the costs, to include, but not be limited to, interest charges and attorney fees within thirty (30) days of the date of the written notice. The Developer and Association shall have an easement over and across each and every Lot for this purpose. The Developer's right to assess fees and access property in this regard shall cease after one hundred percent (100%) of the Lots in the Property have been sold. Nothing in this provision is intended to preclude the Association from employing the Developer at any time to perform any and all maintenance work required under the terms of this provision.

Section 14. Architectural Control Committee. The Architectural Control Committee shall have the sole right and responsibility for approving or disapproving any and all of the items set forth in Article I, Sections 1 through 13, inclusive. The purpose of the Architectural Control Committee is to insure the harmonious development of all Lots. The Developer, or his/her designee, shall be responsible for determining the size of the Committee and the person(s) appointed to carry out the responsibilities of the Committee. In regards to the approval process, the following shall apply:

(a) No structures or landscaping shall be constructed or altered at any time until the owner(s) of the Lot has/have submitted to the Architectural Control Committee a complete set of construction plans and specifications, satisfactory to the Committee, showing, where appropriate: (1) the dimensions of the improvements; (2) the exterior design alteration of structures; (3) the location of the improvement on the site; (4) the location of the driveway; (5) the dimensions and location of any detached structures; (6) samples of building materials and paint colors; (7) landscape design alteration; and (8) any other items/information
the Committee deem necessary to ensure that all improvements on the Property will be in harmony with the overall development.

(b) Approval of the plans may be withheld if the Committee determines that there is any item that is not in compliance with the intent and purposes of the covenants, conditions, and restrictions for the Development. Refusal or approval of all plans, specifications, and so forth, may be based on any grounds, including aesthetic grounds, which in the sole discretion of the Architectural Control Committee shall seem sufficient for such refusal or approval.

(c) The Architectural Control Committee shall, within thirty (30) days of the receipt of a written request, and all documents/information as set forth in (a) above, from an owner for approval of the placement or alteration of improvements on a Lot, provide said owner with a written notice of approval or disapproval of the submitted plans and specifications. If the Committee does not respond to the owner within the timelines set forth above, then the plans and specifications submitted shall be deemed to be approved. However, the owner shall be responsible for assuring that said plans and specifications meet the minimum covenants, conditions, and restrictions for the subdivision and shall remain subject to and responsible for compliance with all such covenants, conditions, and restrictions.

(d) The Architectural Control Committee shall remain under the direction and control of the Developer until one hundred percent (100%) of the Lots in the Property have been sold and fully developed unless the Developer, by a separate writing, specifically transfers his/her rights to direct and control the Architectural Control Committee to the Association. Such writing shall be recorded. The decisions of the Architectural Control Committee regarding building restrictions shall be final and shall not be appealable.

ARTICLE II
General Provisions

Section I. Streets, Alleys and Front Driveway Use. No boats, trailers, recreational vehicles, equipment, campers, firewood, or any other materials or items shall be parked or stored in alleys or from the front edge of the house forward to, and including, the street. No vehicles or equipment of any kind shall be parked on any portion of the building lot, alley, or street while such vehicle/equipment is in a state of disrepair or while being repaired. No large commercial vehicle such as logging trucks, dump trucks, oversized vans, and so forth, shall be parked on the building lot, alley, or street except for the purpose of normal business deliveries or related activities. Nothing in this provision is intended to preclude the parking of small vehicles - cars, regular pick-up trucks, minivans, and sport utility vehicles - used for daily transportation in driveways.
Section 2. Storage of Campers, Recreational Vehicles, or Other Equipment. Boats, trailers, recreational vehicles, and any other equipment or materials as set forth in Article II, Section 1 above, must be stored in an enclosed garage or storage building or enclosed behind a fence that is constructed in such a manner that the subject items are reasonably obstructed from view. The height of such fence shall be a minimum of six (6) feet. All parking pads for recreational vehicles, boats, and so forth must be concrete constructed.

Section 3. Outside Receptors. Radio or television antennae, or other outside receptors, except small satellite dishes that do not exceed two (2) feet in diameter and two (2) feet in height, shall not be permitted in the development. Any allowed satellite dishes that are installed shall not be so placed on the property that it is exposed to the front view of the dwelling or create a nuisance for other residents of the development.

Section 4. Flagpoles. Flagpoles may be erected for short periods of time, such time not to exceed seven (7) days, in the observance of holidays or other special occasions where the exhibition of the flag is appropriate.

Section 5. Outside Lighting. No high output lighting, including but not limited to mercury vapor and halide lights, shall be installed without prior approval of the Architectural Control Committee.

Section 6. Nuisance. No noxious or offensive trade or any other such activity shall be engaged in upon any building lot or within any building in the development. Nor shall anything be done or maintained thereon which may be or may become an annoyance or nuisance to the development or detract from its value and appeal as a high-class quality development. "Nuisance" for the purpose of this provision shall include, but not be limited to, the following: (a) failure to maintain landscaping in a well-groomed, well-kept manner, that is, failure to mow the lawn and weed flower-beds at reasonable intervals, failing to keep an adequate amount of grass on the lawn, failure to keep lawns, streets and alleys free of debris and trash, allowing vegetation to become overgrown, and so forth; and (b) failure to perform adequate maintenance on the exterior of buildings thereby causing an unsightly structure to exist in the development.

Section 7. Animals. No animals of any kind shall be kept in the development except household animals which are not bred or kept for any commercial purposes. No unreasonable number of such household pets shall be allowed. No household pet, such as a continually barking dog, shall be allowed to interfere with the quiet enjoyment of the neighbors. No household pet shall be allowed run at large within the development.

Section 8. Trash or Refuse. No garbage or trash will be allowed to accumulate on any property in the development.

Section 9. Mobile Homes, Temporary Structures. No mobile or manufactured homes or temporary structures, except portable toilet and other temporary structures needed during

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the time of construction of buildings or other allowed structures, shall be allowed in the development.

Section 10. Signs. No signs of any kind shall be displayed to the public view on any residential/duplex building or building lot except for not more than two (2) standard size real estate signs advertising the property for sale or rent. This restriction shall not prohibit the temporary placement of "political" signs on any lot by the owner or tenant, or the placement of a professional sign by the Developer or builders during development/construction.

Section 11. Foundations. No slab foundations will be allowed for any duplex or single family residential dwellings.

Section 12. Planting Strips, Parks, and Common Areas. Each lot owner shall be responsible for maintaining and irrigating the planting strip along the street(s) on all sides of his/her lot except along Baker Creek Road and any other planting strip the Homeowner Association is assigned responsibility for maintaining. Maintenance and irrigation of planter strips shall be in accordance with the standards required by the Developer/Homeowner Association. Lot owners shall not be allowed to alter the original landscaping of planter strips done or approved by the Developer/Homeowner Association.

Section 13. Golf Course. Lot owners, renters, lessees, guests of the aforementioned parties and all other persons visiting any parts of the Property hereby agree to hold the Developer and/or the Association harmless for any damage and/or injury to person or property caused by users of Michelbook Golf Course.

Section 14. Governmental rules, regulations, and laws. All improvements and use of Property in the subdivision must comply with all applicable governmental rules, regulations, and laws notwithstanding any and all provisions of the covenants, conditions, and restrictions for Shadden Claim Subdivision.

ARTICLE III
Covenants, Conditions, and Restrictions

Section 1. Duration. The covenants, conditions, and restrictions contained herein shall run with the land for the benefit of each owner and shall pass with each parcel of the development and shall bind the respective successor(s) in interest of the present owner. These covenants, conditions, and restrictions shall remain in full force and effect for a period of thirty (30) years from the date of the recording of these covenants, conditions, and restrictions, at which time they shall be deemed automatically renewed unless the majority of the then owners of record of property in the development elect to eliminate or modify said covenants, conditions, and restrictions.
Section 2. Remedies for Violations. In the event of a violation or breach of any of the development's covenants, conditions, and restrictions, any person claiming by, through, or under the Developer, or by virtue of any judicial proceedings, the Developer and owners of property in the development, or any of them severally, shall have the right to proceed at law or in equity to compel a compliance with the terms hereof or to prevent the violation or breach of any of them. In addition to the foregoing right, the Committee shall have the right, whenever there shall have been built on any lot any structure which is in violation of these covenants, conditions, and restrictions, to enter upon the property where such violation exists and summarily abate or remove the same at the expense of the owner. Any such entry and abatement or removal shall not be deemed a trespass. The failure promptly to enforce any or the covenants, conditions, and restrictions herein shall not bar their future enforcement.

Section 3. Invalidation. The invalidation of any one or more of the covenants, conditions, and restrictions contained herein by any court of competent jurisdiction shall in no way affect any of the other covenants, conditions, and restrictions, which shall remain in full force and effect.

Section 4. Amendments. The covenants, conditions, and restrictions contained herein may be amended at any time after the Developer has completed one-hundred percent (100%) of the development of the property involved in this development. Such amendments must be executed by an instrument signed by not less than ninety percent (90%) of the owners of property in the development. Easements herein granted and reserved shall not be amended except by instrument signed and acknowledged by one-hundred percent (100%) of the owners of property, including the Developer so long as the Developer owns any property or hold a security interest in any property, in the development.

Section 5. Attorney Fees and Court Costs. In case any legal action is instituted to enforce any of the covenants, conditions, and restrictions contained herein, the losing party agrees to pay such sum as the final ruling court of competent jurisdiction adjudges reasonable as attorney fees and court costs for all litigation involved in the action, including all appeal processes for both parties to the litigation.
IN WITNESS WHEREOF, the undersigned being the Declarant herein, has hereunto set its hand and seal this 12th day of January, 1999.

VIJ-2 Development Incorporated
an Oregon Corporation
By: [Signature]
Its: [Signature]

STATE OF OREGON

) ss.

County of Yamhill

On this 12th day of January, 1999, before me duly sworn, did say that he is an Officer of VIJ-2 Development Inc., the within named corporation and that the instrument was signed in behalf of the corporation and acknowledge the instrument to be the free act and deed of the corporation.

[Signature]
Notary Public of Oregon
My Commission Expires: 11-5-2001

Declaration of Covenants, Conditions and Restrictions
AMENDED DECLARATION OF COVENANTS, CONDITIONS AND
RESTRICTIONS FOR SHADDEN CLAIM SUBDIVISION

This "Amended Declaration of Covenants, Conditions and Restrictions for Shadden Claim Subdivision" supersedes the declaration filed on May 12, 1999, and recorded on the same date in Yamhill County as Instrument Number 199909984.

This amended declaration includes the coverage and governance of Shadden Claim, Shadden Claim 1st Addition, and Shadden Claim Second Addition - lots 1 through 105 - inclusive.

RECITALS

A. VJ-2 Development Inc. (hereinafter referred to as the Developer) desires to establish certain covenants, conditions, and restrictions to impose against Shadden Claim Subdivision (hereinafter referred to as the Property) which the Developer is improving in the City of McMinville, County of Yamhill, and State of Oregon.

B. The Property will be improved in "phases" to consist of a mixed use of residential, commercial, and multi-family buildings. The Developer shall have sole discretion to determine which parcel(s) and the size of such parcel(s) that will be improved for the various mixed uses referenced above and for any other uses which are allowed by the laws, rules, and regulations of appropriate governmental agencies.

C. The following covenants, conditions, and restrictions shall apply to all phases of improvement of the Property except as specifically modified by the Developer during the construction of each future phase of the Property or as provided otherwise in this declaration to be so modified.

D. Various parcels of land within the Property may be dedicated and conveyed to the City of McMinville as parks. The Developer shall execute such instrument as the City may require to dedicate and convey such land to the City. All parks dedicated to the City of McMinville shall remain subject to this Declaration to the extent necessary to effectuate the performance of a maintenance agreement with the City of McMinville. The standard of maintenance of all parks shall never be less than City standards. All parks shall be open for use to the general public in accordance with the rules and regulations of the City.

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

1 Declaration of Covenants, Conditions and Restrictions
DEFINITIONS

1. "Association" shall mean and refer to the Shadden Claim Subdivision Homeowners Association, its successors and assigns.

2. "City" shall mean and refer to the City of McMinville, Oregon in which the Property is located.

3. "Owner" shall mean and refer to the owner, whether one or more persons or entities, of any Lot within the Property, including contract purchasers, but does not include a person holding only a security interest in a Lot for the performance of an obligation.

4. "Property" shall mean and refer to any and all real property developed as a part of Shadden Claim Subdivision and any and all improvements thereon and additions thereto as may hereafter be brought within the jurisdiction of this Declaration.

5. "Common Areas" shall mean and refer to any parks, commons, streets, footways, buildings, walls, roofs, personal properties, and any and all other land and structures maintained by the Association for the common benefit of all owners of lots within the property, their guests, and other residents of dwellings within the property. All parks within the property shall be dedicated and conveyed to the City. The Developer shall execute such instrument as the City may require to dedicate and convey such land to the City. All parks shall be open for use to the general public in accordance with the rules and regulations of the City.

6. "Lot" shall mean and refer to any unit of land shown upon any recorded plat map of the Property. Common Areas are not included within the meaning of this definition of "Lot".

7. "Common Expenses" shall mean and refer to any expenses of administration, maintenance, repair or replacement of the common areas, expenses agreed upon as common by the owners, and expenses declared common by this declaration or the bylaws of this Association.

8. "Developer" shall mean and refer to VJ-2 Development Inc. or its successors and assigns of any and all rights under this Declaration.

9. "Declaration" shall mean and refer to this master declaration plus any and all future amendments and supplements thereto. Future amendments and supplements to this master declaration may be utilized for the purpose of subjecting additional land to the burden of this master declaration.
10. "Improvements" shall mean and refer to any man-made changes in 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, wall, signs, addition, alteration, screen enclosure, sewer, drain, disposal, lake, waterway, road, paving, utilities, grading, landscaping, and exterior illumination and shall not be limited to any changes in any exterior color or shape and any new interior construction or exterior improvements.

ARTICLE I
LOT OWNERS ASSOCIATION

Section 1. Duties and Powers of Association. The duties and powers of the Association shall be as defined and limited by its articles of incorporation and bylaws. In addition to the foregoing, the Association shall be responsible for maintaining Common Areas in the manner necessary to provide for the preservation and enhancement of the property values of the Property and any part thereof. This shall include, but not be limited to, maintaining, painting or staining, and generally keeping in good order and repair the exterior and interior of any Common Area improvement; and, the trimming and maintaining of Common Area grounds, shrubbery, trees and other landscaping in neat and proper condition consistent with good horticultural practices.

Section 2. Board of Directors. The Board of Directors of the Association shall consist of at least three persons, all of whom shall be members of the Association. The Board of Directors shall be elected and shall hold office in accordance with the articles of incorporation and bylaws of the Association, and their power and authority shall be as therein defined, or in the absence of definition, as provided under applicable statutes relating to the government of non-profit corporations.

Section 3. Membership. Every owner of a Lot which is subject to assessment shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

Section 4. Voting Rights. The Association shall have two (2) classes of voting membership:

Class A: Class A members shall be all owners of Lots within the Property. Each Class A member shall have one vote per lot owned except as to condominium developments and apartment developments.

With respect to condominium developments, the owner of record of each individual condominium unit shall have one vote for each such unit owned. For example, one condominium building may consist of twelve (12) individual condominium units. Each of the twelve (12) units would be considered an "individual condominium unit", and therefore would be entitled to one (1) vote, for
the purpose of this provision. Nothing in this provision is intended to provide persons renting or leasing individual condominium units the status of Association members or the right to vote on Association matters nor can such rights be assigned by owners.

With respect to apartment developments, the owner of record of each individual apartment unit shall have one vote for every two such units owned. For example, one apartment building may consist of twelve (12) individual apartment units. Each of the twelve (12) units would be considered an "individual apartment unit" for the purpose of this provision. The owner(s) of this apartment building would be entitled to a total of six (6) votes for the purpose of this provision. Nothing in this provision is intended to provide persons renting or leasing individual apartment units the status of Association members or the right to vote on Association matters.

When more than one person holds ownership interest in any lot, condominium, or apartment development, whether the owner is a corporation, association, partnership, or husband and wife, all such persons/entities shall exercise their vote as a unit. However, if a voting dispute arises between the multi-person owners of a lot, the multi-person owners shall not be entitled to a vote unless the dispute be resolved as they among themselves shall decide. Such disputes shall not prohibit nor delay the Association's vote on any matter up for vote among the membership. The disputants shall not have any right or recourse to contest any decisions made or actions taken by the Association in accordance with the desires of members voting on any matter while the multi-person owners are disputing with each other.

Class B: The Class B member shall be the Developer. The Class B member shall be entitled to two (2) times the votes for each lot or individual unit owned by a Class A member for the Lots or condominium/apartment units within the Property.

The Class B membership shall cease and become converted to a Class A membership when one-hundred percent (100%) of the Lots in the development have been sold.

Section 5. Control of Association. Until the Developer conveys Lots representing one-hundred percent (100%) of the Class A votes in the Property, the Developer shall have control of the Association. Such control to be exercised by Developer shall include the right to appoint or remove members of the Board of Directors. Nothing in this provision is intended to preclude the Developer and Class A owners of Lots within the Property from consummating an agreement that will result in the Developer relinquishing control of the Association prior to the conveying of Lots representing one-hundred percent (100%) of the Class A votes in the Property.

Section 6. Lot Owners Committee/ Assumption of Control of Association. An advisory committee of Class A lot owners shall be formed not later than one (1) year after the Developer has conveyed Lots representing fifty percent (50%) of the Class A votes in the
Property. The Developer shall call a meeting of Class A owners for the purpose of selecting said committee. The committee shall consist of at least three members. The owners, other than the Developer, shall select two members of the committee. The Developer shall select one member. The committee shall have reasonable access to all information and documents which the Developer is required to turn over to the committee. Not later than one hundred and twenty (120) days after Lots representing one-hundred percent (100%) of the Class A votes have been conveyed, the Developer shall notify the committee that Lots representing one-hundred percent (100%) of the Class A votes have been conveyed. The committee shall, within fifteen (15) days of the date of notice, assume full administrative responsibility for the Association.

Section 7. Purpose of Assessments. The assessments levied by the Association shall be used primarily to maintain the Common Areas. The Board of Directors of the Association may also assess such charges for insurance premiums and miscellaneous expenses of the Association as it deems appropriate and necessary for the normal operation and administration of the Association. The members of the Association may, by a vote of seventy-five percent (75%) or more of the Class A members, agree to use the existing assessments or to levy new assessments for other purposes.

Section 8. Effect of Nonpayment of Assessments/Remedies of the Association. Any assessment not paid within thirty (30) days after the due date (monthly, quarterly, or annually) shall bear interest from such due date at the rate of twelve percent (12%) per annum or such other rate as may be approved by resolution of the Board of Directors of the Association. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the Lot in accordance with the provisions of ORS 87.352 through 87.490, inclusive, and 87.910 and 87.920, now or as hereafter amended. No owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of Common Areas or abandonment of the Lot(s) owned.

Section 9. Leases. Each Owner shall have the right to lease his/her Lot and the improvements thereon. Any such lease shall be in writing and shall provide that its terms shall be subject in all respects to the provisions of this Declaration and that any failure by the Lessee to comply with the provisions of said Declaration shall constitute a default under such lease. For purposes of this provision, the term "lease" includes, but is not limited to, a month to month rental agreement.

ARTICLE II
Building Restrictions

Section 1. Dwelling. No dwelling shall be placed on any residential zoned lot in the Property other than one detached single family residence which shall not exceed two (2) stories in height nor have a maximum height that exceeds thirty-five (35) feet above the top of the foundation unless specifically allowed otherwise by zoning regulations and approved by the Architectural Control Committee. All dwellings constructed on lots 23 through 31, inclusive, shall not exceed one story in height. The main dwelling must be
completely constructed within one (1) year from the date of purchase of the Lot from the Developer, unless approved otherwise by the Developer. Failure to construct the dwelling within said timeline, unless approved otherwise by the Developer, will result in a three hundred dollar ($300.00) per month lien being placed against the Lot for each month or part thereof in violation of this provision. Such proceeds shall be paid to the Developer.

Section 2. Dwelling Size. Unless specifically approved otherwise by the Architectural Control Committee, the following shall apply: (a) the living area (exclusive of porches and garages) for dwellings constructed on lots 1 through 34, inclusive, shall be not less than sixteen hundred (1600) square feet; (b) the living area for dwellings constructed on lots 35 through 105, inclusive, in shall be not less than twelve hundred (1200) square feet.

Section 3. Setback Requirements. The minimum setback requirements for all dwellings in the Property shall be in accordance with the setback requirements of the City or other controlling governmental agency except that the minimum interior side-yard setback for all dwellings on Lots 1 through 35 shall be ten (10) feet and the minimum interior side-yard setback for all other lots shall be seven and one-half (7 1/2) feet unless a greater minimum setback is required by the Developer; and the minimum exterior side-yard setback for all dwellings on Lots 62, 63, 68, 96, 108, 109, 120, 134, 136, and 140 shall be fifteen (15) feet, and the minimum exterior side-yard setback for all other Lots is twenty (20) feet.

Section 4. Building Materials. All building materials to be incorporated into and visible as a part of the external structure of any building or other structure in the development shall be regulated and approved by the Architectural Control Committee.

- Roofing Material. All roofing materials shall be medium or better wood shake/shingle, tile, or 30 year architectural composition. Roofing material other than wood shake/shingle, tile, or 30 year architectural composition may be used if approved, in writing, by the Architectural Control Committee.

- Siding Material. All siding material shall be natural wood, brick, stone, or hardy plank. If other man-made materials are used the following shall apply:
  (a) The material must be approved by the Architectural Control Committee.
  (b) No metal clips, metal joints, or other easily visible fasteners may be used.

- Use of T-111. No T-111 or other vertical plywood type siding shall not be allowed on any dwelling or any other structure in the Property without the express written approval of the Architectural Control Committee.

- Paint Colors. All exterior paint and trim colors for all dwellings and other structures in the Property must be approved by the Architectural Control Committee. The Architectural Control Committee shall have thirty (30) days following the receipt of a color sample of all exterior finishes, including trim colors, to grant or refuse approval.
Section 5. Roof Pitch. The minimum roof pitch for all dwellings and other structures in the Property shall be six-twelve (6/12), unless expressly approved, in writing, otherwise by the Architectural Control Committee.

Section 6. Exterior Style. It is the intent and desire of the Developer to establish an aesthetically pleasing community of structures which include exterior styles of earlier period homes - such as colonial, Victorian, and cape cod - to avoid the "tract home" appearance in the Property. To this end the Architectural Control Committee shall review the exterior style of all structures proposed for construction on each lot in the Property. Generally, no two or more dwellings with the same exterior style will be allowed to be built within close proximity to each other. This provision is not intended to nor does it prohibit construction of clusters of similar style units such as duplexes, apartments, commercial structures, and zero lot-line housing. The Architectural Control Committee is to be notified, in writing, whenever a dwelling with the same exterior style as another dwelling in the Property is being considered for construction. The Architectural Control Committee shall have the sole right and discretion to determine where and/or whether such structure can be constructed and maintain the desired appearance within the Property.

Section 7. Builder Approval. All builders desiring to construct structures within the Property must be approved by the Architectural Control Committee prior to the beginning of the construction of any structure.

Section 8. Fences. All fences in the subdivision shall not exceed six (6) feet in height except as required otherwise by governmental rules, regulations, and laws. The location, material, design, and color of any fence constructed in the development must be approved by the Architectural Control Committee. Fences along the exterior side yard must be approved by the City of McMinnville, Oregon, Planning Department.

Section 9. Detached Improvements. Any detached structure, such as dog houses, tool sheds, outdoor barbecue structures, or other outdoor furnishing such as swings, hot tubs, or picnic tables shall be maintained in good repair and shall be neatly placed on the property so as not to be an eyesore to the neighborhood. Hot tubs and pools shall be reasonably screened from public and neighboring view. All detached structures must be compatible in style and scale with other structures on the lot and in the development.

Section 10. Garages/Carports. Nothing contained in the Declaration is intended to prohibit the construction of detached garages or carports in lieu of the standard two car attached garage. The approval or disapproval of the construction of a detached garage or carport shall be the sole right of the Architectural Control Committee.

Section 11. Building Plans/Specifications. Whether or not provision thereof is specifically stated in any conveyance of any lot, the owner or occupant of each lot in the development by acceptance of title or taking possession thereof, agrees that no improvements shall be placed upon such lot until the building plans, specifications,
design, landscaping, and plot plan have been approved, in writing, by the Architectural Control Committee. Each structure of any kind shall be placed on the property only in accordance with the building plans, specifications, and plot plan so approved. This provision applies to all structures - commercial, multi-family and residential.

Section 12. Landscaping. Landscaping plans and designs must be submitted to the Architectural Control Committee for approval at the same time that building plans are submitted for approval. All landscaping shall be done within thirty (30) days of the completion of construction of the main dwelling or as soon as possible thereafter if a delay is necessary due to weather conditions. At least two shade trees that are a minimum of two (2) inch caliper and twelve (12) or more feet in height shall be planted on each Lot. Nothing in this provision is intended to preclude the Architectural Control Committee from requiring a Lot owner to plant more than the minimum number - two (2) - of trees on any Lot. No trees may be removed from any lot prior to receiving a permit from the City, Yamhill County, or other controlling governmental agency. Any trees, shrubs or hedges removed for any reason, other than those removed as necessary to build a structure, shall be replaced within six (6) months of such removal unless approved otherwise by the Architectural Control Committee. Under no circumstance shall any Lot contain less than the minimum number of trees initially required by the Architectural Control Committee as set forth in this provision unless specifically approved otherwise, in writing, by the Architectural Control Committee.

Landscaping for the purpose of this provision shall mean installing a lawn, either turf or grass seed, planting trees, shrubs and flowers, and other means of beautifying the yard that are not in conflict with other provisions of the covenants, conditions, and restrictions for the development.

No hedges shall be planted or placed on any property in the development without the approval of the Architectural Control Committee. No hedge allowed to be planted or placed on any property in the development shall exceed six (6) feet in height. Any hedges planted in the front yard shall not exceed four (4) feet in height.

Vacant lots must be graded and leveled and have a lawn, either turf or grass seed, and the minimum number of trees installed within ninety (90) days of purchase, weather permitting. Such lots shall be kept free of trash and debris at all times. No materials or equipment of any kind shall be stored on such lots at any time. The lawn shall be mowed and maintained in harmony with the remainder of the development. The maximum height for grass on a vacant lot shall be four (4) inches. Builders who have bought numerous lots in the development and who are systematically constructing dwellings on such lots shall be exempted from compliance with this provision so long as they have received such exemption approval from the Architectural Control Committee. The Architectural Control Committee may rescind its approval of exemption for a builder at any time that the Architectural Control Committee determines that the builder is not constructing dwellings on the vacant lots at an acceptable level.
Section 13. Lot owner(s) shall be responsible for maintaining, painting/staining and generally keeping in good order and repair the exterior of any improvement on any Lot(s) owned. The Owner(s) shall also be responsible for maintaining the landscaping of such Lot(s). Lawns, shrubbery, plantings, trees and other landscaping on the grounds shall be kept in a neat and proper condition consistent with good horticultural practices. It is the intention of this provision that Lot owners shall be responsible and liable for maintaining improvements and landscaping on any Lot(s) owned in such a manner as to provide for the preservation and enhancement of the property values of the Property and any part thereof. If an Owner fails to maintain his/her Lot(s) and improvements in accordance with the intent and purpose of this provision, the Developer and/or the Association, its agents or employees, may enter upon the Lot(s) and perform the required maintenance after giving the Owner fourteen (14) days written notice to cure the problem. Such written notice shall be sent by certified mail and the beginning of the fourteen day period shall be deemed to be the date of the posting of the written notice.

If the Developer or the Association is required to perform the necessary maintenance/repair, the Developer or the Association shall have the right to specifically assess the Owner(s) for such maintenance/repair and a lien may be created against the property, if the Owner(s) fail to pay the costs, to include, but not be limited to, interest charges and attorney fees within thirty (30) days of the date of the written notice. The Developer and Association shall have an easement over and across each and every Lot for this purpose. The Developer's right to assess fees and access property in this regard shall cease after one hundred percent (100%) of the Lots in the Property have been sold. Nothing in this provision is intended to preclude the Association from employing the Developer at any time to perform any and all maintenance work required under the terms of this provision.

Section 14. Architectural Control Committee. The Architectural Control Committee shall have the sole right and responsibility for approving or disapproving any and all of the items set forth in Article I, Sections 1 through 13, inclusive. The purpose of the Architectural Control Committee is to insure the harmonious development of all Lots. The Developer, or his/her designee, shall be responsible for determining the size of the Committee and the person(s) appointed to carry out the responsibilities of the Committee. In regards to the approval process, the following shall apply:

(a) No structures or landscaping shall be constructed or altered at any time until the owner(s) of the Lot has/have submitted to the Architectural Control Committee a complete set of construction plans and specifications, satisfactory to the Committee, showing, where appropriate: (1) the dimensions of the improvements; (2) the exterior design/alteration of structures; (3) the location of the improvement on the site; (4) the location of the driveway; (5) the dimensions and location of any detached structures; (6) samples of building materials and paint colors; (7) landscape design/alteration; and (8) any other items/information
the Committee deem necessary to insure that all improvements on the Property will be in harmony with the overall development.

(b) Approval of the plans may be withheld if the Committee determines that there is any item that is not in compliance with the intent and purposes of the covenants, conditions, and restrictions for the Development. Refusal or approval of all plans, specifications, and so forth, may be based on any grounds, including aesthetic grounds, which in the sole discretion of the Architectural Control Committee shall seem sufficient for such refusal or approval.

(c) The Architectural Control Committee shall, within thirty (30) days of the receipt of a written request, and all documents/information as set forth in (a) above, from an owner for approval of the placement or alteration of improvements on a Lot, provide said owner with a written notice of approval or disapproval of the submitted plans and specifications. If the Committee does not respond to the owner within the timelines set forth above, then the plans and specifications submitted shall be deemed to be approved. However, the owner shall be responsible for assuring that said plans and specifications meet the minimum covenants, conditions, and restrictions for the subdivision and shall remain subject to and responsible for compliance with all such covenants, conditions, and restrictions.

(d) The Architectural Control Committee shall remain under the direction and control of the Developer until one hundred percent (100%) of the Lots in the Property have been sold and fully developed unless the Developer, by a separate writing, specifically transfers his/her rights to direct and control the Architectural Control Committee to the Association. Such writing shall be recorded. The decisions of the Architectural Control Committee regarding building restrictions shall be final and shall not be appealable.

ARTICLE II
General Provisions

Section 1. Streets, Alleys and Front Driveway Use. No boats, trailers, recreational vehicles, equipment, campers, firewood, or any other materials or items shall be parked or stored in alleys or from the front edge of the house forward to, and including, the street. No vehicles or equipment of any kind shall be parked on any portion of the building lot, alley, or street while such vehicle/equipment is in a state of disrepair or while being repaired. No large commercial vehicle such as logging trucks, dump trucks, oversized vans, and so forth, shall be parked on the building lot, alley, or street except for the purpose of normal business deliveries or related activities. Nothing in this provision is intended to preclude the parking of small vehicles - cars, regular pick-up trucks, minivans, and sports utility vehicles - used for daily transportation in driveways.
Section 2. Storage of Campers, Recreational Vehicles, or Other Equipment. Boats, trailers, recreational vehicles, and any other equipment or materials as set forth in Article II, Section 1 above, must be stored in an enclosed garage or storage building or enclosed behind a fence that is constructed in such a manner that the subject items are reasonably obstructed from view. The height of such fence shall be a minimum of six (6) feet. All parking pads for recreational vehicles, boats, and so forth must be concrete constructed.

Section 3. Outside Receptors. Radio or television antennae, or other outside receptors, except small satellite dishes that do not exceed two (2) feet in diameter and two (2) feet in height, shall not be permitted in the development. Any allowed satellite dishes that are installed shall not be so placed on the property that it is exposed to the front view of the dwelling or create a nuisance for other residents of the development.

Section 4. Flagpoles. Flagpoles may be erected for short periods of time, such time not to exceed seven (7) days, in the observance of holidays or other special occasions where the exhibition of the flag is appropriate.

Section 5. Outside Lighting. No high output lighting, including but not limited to mercury vapor and halide lights, shall be installed without prior approval of the Architectural Control Committee.

Section 6. Nuisance. No noxious or offensive trade or any other such activity shall be engaged in upon any building lot or within any building in the development. Nor shall anything be done or maintained thereon which may be or may become an annoyance or nuisance to the development or detract from its value and appeal as a high-class quality development. "Nuisance" for the purpose of this provision shall include, but not be limited to, the following: (a) failure to maintain landscaping in a well-groomed, well-kept manner, that is, failing to mow the lawn and weed flower-beds at reasonable intervals, failing to keep an adequate amount of grass on the lawn, failure to keep lawns, streets and alleys free of debris and trash, allowing vegetation to become overgrown, and so forth; and (b) failure to perform adequate maintenance on the exterior of buildings thereby causing an unsightly structure to exist in the development.

Section 7. Animals. No animals of any kind shall be kept in the development except household animals which are not bred or kept for any commercial purposes. No unreasonable number of such household pets shall be allowed. No household pet, such as a continually barking dog, shall be allowed to interfere with the quiet enjoyment of the neighbors. No household pet shall be allowed run at large within the development.

Section 8. Trash or Refuse. No garbage or trash will be allowed to accumulate on any property in the development.

Section 9. Mobile Homes, Temporary Structures. No mobile or manufactured homes or temporary structures, except portable toilet and other temporary structures needed during
the time of construction of buildings or other allowed structures, shall be allowed in the development.

Section 10. Signs. No signs of any kind shall be displayed to the public view on any residential/duplex building or building lot except for not more than two (2) standard size real estate signs advertising the property for sale or rent. This restriction shall not prohibit the temporary placement of "political" signs on any lot by the owner or tenant, or the placement of a professional sign by the Developer or builders during development/construction.

Section 11. Foundations. No slab foundations will be allowed for any duplex or single family residential dwellings.

Section 12. Planting Strips, Parks, and Common Areas. Each Lot owner shall be responsible for maintaining (to include replacing trees within the planter strip) and irrigating the planting strip along the street(s) on all sides of his/her home except for those areas noted as the Homeowner Association’s responsibility below. Maintenance and irrigation of planter strips shall be in accordance with the standards required by the Developer/Homeowner Association. Lot owners shall not be allowed to alter the original landscaping of planter strips done or approved by the Developer/Homeowner Association unless approved otherwise by the Architectural Control Committee.

The Homeowner Association shall be responsible for maintaining the planter strip along Baker Creek Road and all park areas within the Shadden Claim development.

Section 13. Golf Course. Lot owners, renters, lessees, guests of the aforementioned parties and all other persons visiting any parts of the Property hereby agree to hold the Developer and/or the Association harmless for any damage and/or injury to person or property caused by users of Michelbook Golf Course.

Section 14. Governmental rules, regulations, and laws. All improvements and use of Property in the subdivision must comply with all applicable governmental rules, regulations, and laws notwithstanding any and all provisions of the covenants, conditions, and restrictions for Shadden Claim Subdivision.

ARTICLE III
Covenants, Conditions, and Restrictions

Section 1. Duration. The covenants, conditions, and restrictions contained herein shall run with the land for the benefit of each owner and shall pass with each parcel of the development and shall bind the respective successor(s) in interest of the present owner. These covenants, conditions, and restrictions shall remain in full force and effect for a period of thirty (30) years from the date of the recording of these covenants, conditions, and restrictions, at which time they shall be deemed automatically renewed unless the
majority of the then owners of record of property in the development elect to eliminate or modify said covenants, conditions, and restrictions.

Section 2. Remedies for Violations. In the event of a violation or breach of any of the development's covenants, conditions, and restrictions, any person claiming by, through, or under the Developer, or by virtue of any judicial proceedings, the Developer and owners of property in the development, or any of them severally, shall have the right to proceed at law or in equity to compel a compliance with the terms hereof or to prevent the violation or breach of any of them. In addition to the foregoing right, the Committee shall have the right, whenever there shall have been built on any lot any structure which is in violation of these covenants, conditions, and restrictions, to enter upon the property where such violation exists and summarily abate or remove the same at the expense of the owner. Any such entry and abatement or removal shall not be deemed a trespass. The failure promptly to enforce any or the covenants, conditions, and restrictions herein shall not bar their future enforcement.

Section 3. Invalidation. The invalidation of any one or more of the covenants, conditions, and restrictions contained herein by any court of competent jurisdiction shall in no way affect any of the other covenants, conditions, and restrictions, which shall remain in full force and effect.

Section 4. Amendments. The covenants, conditions, and restrictions contained herein may be amended at any time after the Developer has completed one-hundred percent (100%) of the development of the property involved in this development. Such amendments must be executed by an instrument signed by not less than ninety percent (90%) of the owners of property in the development. Easements herein granted and reserved shall not be amended except by instrument signed and acknowledged by one-hundred percent (100%) of the owners of property, including the Developer so long as the Developer owns any property or hold a security interest in any property, in the development.

Section 5. Attorney Fees and Court Costs. In case any legal action is instituted to enforce any of the covenants, conditions, and restrictions contained herein, the losing party shall pay such sum as a court of competent jurisdiction adjudges reasonable attorney fees and court costs for all parties involved in the litigation, including the costs for all appeal processes.
IN WITNESS THEREOF, the undersigned being the Declarant herein, has hereunto set its hand and seal this 13th day of January, 2000.

VJ-2 Development Incorporated
an Oregon Corporation
By: [Signature]
Its: [Signature]

STATE OF OREGON

County of Yamhill

On this 13th day of January, 2000, before me duly sworn, did say that he is an owner of VJ-2 Development Inc., the within named corporation and that the instrument was signed in behalf of the corporation and acknowledge the instrument to be the free act and deed of the corporation.

[Signature]
Notary Public of Oregon
SHADDEN CLAIM
AN R-1 PD SUBDIVISION, CITY OF McMinnville ORDINANCE NO. 4593
IN THE N.W. 1/4 OF SECTION 17 AND THE N.E. 1/4 OF SECTION 18,
TOWNSHIP 4 SOUTH, RANGE 4 WEST, W.M., IN THE CITY OF
McMinnville, Yamhill County, Oregon

SURVEYOR'S CERTIFICATE:
I, Clarence E. Barker, a Registered Professional Land Surveyor in the State of Oregon, hereby declare and say that during the month of August, 1996 I did accurately survey, subdivide and plat into lots, the lots, and parts of lots, described as follows:

Beginning at the initial point of subdivision which is a 5 ft. by 50 ft. metal rod post with a yellow plastic cap stamped "Baker PLS 634" set on the North line of said block 9, 0.00 feet from the NE corner of said block 9; thence South 89°07'11" East 10.56 feet and South 08°00'00" East 40.22 feet from the Northeast corner of Section 17, Township 4 South, Range 4 West, W.M., in the City of McMinnville, Yamhill County, Oregon; thence South 00°00'00" East along the West line of said block 9 and the south boundary thereof, a distance of 736.00 feet; thence South 89°32'00" West 161.00 feet; thence North 00°00'00" West 33.00 feet; thence South 89°32'00" West 195.00 feet; thence North 00°00'00" West 18.00 feet; thence South 89°32'00" West 101.00 feet; thence North 00°00'00" East 6.00 feet; thence South 89°32'00" West 152.00 feet; thence North 00°00'00" West 100.00 feet; thence South 00°00'00" West 6.00 feet; thence South 89°32'00" East 150.00 feet; thence North 00°00'00" West 84.56 feet; thence northwesterly along the arc of a 289.00 feet radius curve to the left (the chord of which bears North 47°10'55" East 26.76 feet) a distance of 29.32 feet; thence North 84°47'31" West 10.52 feet; thence North 5°32'00" East 40.40 feet; thence northerly along the arc of a 300.00 feet radius curve to the left (the chord of which bears North 47°10'55" East 19.75 feet) a distance of 23.51 feet; thence North 00°00'00" West 281.51 feet; thence northerly along the arc of a 59.00 feet radius curve to the left (the chord of which bears North 47°10'55" West 26.76 feet) a distance of 29.32 feet; thence North 5°32'00" East 50.00 feet; thence South 84°47'31" West 27.81 feet; thence South 00°00'00" West 130.66 feet to a point on the southerly right-of-way line of Baker Creek Road; thence South 84°47'31" East along said right-of-way line, a distance of 954.26 feet to the Northwest corner of block Nine of said MICHELSON'S FOURTH ADDITION; thence South 00°00'00" East along the West line of said block Nine, a distance of 10.00 feet to the point of beginning and containing 16.04 acres of land, more or less.

I, Clarence E. Barker, further declare and say that the attached map is a true and correct representation of the lots and parts of lots as stated on the ground with appropriate monuments, as identified in the legend or with found monuments, as shown on the attached map, at all times, the intersections of lines of curvature and points of tangents, the contours of all streets and roads and all points on the exterior boundary line with changes of direction.

As per O.R.S. 92.010 (2), the monumentation of the centerline monument at Baker Creek Road and Shaddon Drive has been completed within 90 calendar days following completion of the paving improvements or one year following the original plat recordation, whichever occurs first in accordance with O.R.S. 92.009.

APPROVED:

Robert Johnston
County Commissioner
Date: 10/24/96

Janet E. Schmidt
County Commissioner
Date: 11/29/96

Linda A. Stegmann
County Auditor
Date: 11/29/96

ARTIST:

Linda E. Heck
County Clerk
Date: 10/29/96

THE WITHIN PLAT IS HEREBY APPROVED:

City of McMinnville
Planning Commission Chairman
Date: Oct. 21, 1996

City of McMinnville Surveyor
Date: Oct. 21, 1996

DECLARATION:

KNOW ALL MEN BY THESE PRESENTS that we VI-2 Development, Inc., an Oregon Corporation are the owners of the lands, in fee, and we are developers of the lands represented on the attached map and more particularly described in this Surveyor's Certificate and have caused said lands to be surveyed, divided, and plat into lots, street right of ways and easements as shown and noted on the attached map, in accordance with the provisions of the respective O.R.S. and the standards of the City of McMinnville, to be designated "SHADDEN CLAIM". We the undersigned do hereby dedicate for the public use forever all street right of ways, and easements for the purposes shown and noted on the attached map.

VI-2 Development, Inc.
Walter Daniel Rees, President

ACKNOWLEDGMENT

STATE OF OREGON

COUNTY OF MARION

On this 10th day of October, 1996, before me, a Notary Public, for the State of Oregon, did personally know the above named persons in the capacity shown in the above Declaration and who is personally known to me to be the identical person described in and who executed the above Declaration freely and voluntarily. Subscribed and sworn to, before me, a Notary Public in and for said State of Oregon.

[signature]

County Commissioner

COUNTY COMMISSIONER

A subdivision plat recorded as a true and correct copy in the records of the County Recorder of Yamhill County, Oregon, and is recorded as Instrument No. 19960387 in Vol 9, Page 351-354 of the Real Estate Records. The Plat, as described in Instrument No. 19960387, is recorded in the Real Estate Records in Volume 9, Page 351-354 of the Real Estate Records of Yamhill County, Oregon.

INTERIOR CORNER MONUMENTATION:
In accordance with O.R.S. 92.010, the centerline monument at Baker Creek Road and Shaddon Drive has been correctly set. An affixed has been preserved regarding the setting of said monument and it is recorded in the Yamhill County Deed Records.

Yamhill County Surveyor

Plat recorded in O.R.S. 92.010. Taxes have been paid and bond posted to date of recording.

Yamhill County Tax Collector

Date: Oct. 29, 1996

PLAT RESTRICTIONS:

Yamhill County, Oregon

In accordance with O.R.S. 92.010, the centerline monument at Baker Creek Road and Shaddon Drive has been correctly set. An affixed has been preserved regarding the setting of said monument and it is recorded in the Yamhill County Deed Records.

Yamhill County Surveyor

Plat recorded in O.R.S. 92.010. Taxes have been paid and bond posted to date of recording.

Yamhill County Tax Collector

Date: Oct. 29, 1996

SHEET 4 OF 4