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**DECLARATION OF COVENANTS, CONDITIONS,
AND RESTRICTIONS
FOR
HILLTOP VIEW ESTATES AT PERSIMMON**

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**DECLARATION OF COVENANTS, CONDITIONS,
AND RESTRICTIONS
FOR
HILLTOP VIEW ESTATES AT PERSIMMON**

THIS DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR HILLTOP VIEW ESTATES AT PERSIMMON ("Declaration") is made by Sheldon Development, Inc., an Oregon corporation ("Declarant").

RECITALS

Declarant is the owner of all the real property and improvements thereon located in Multnomah County, Oregon, legally described as follows:

Lots, inclusive, and Tracts as shown on the plat map filed for record on 10/28/16, book 1308, pages 71, 72, 73, in the plat records of Multnomah County, Oregon.

(the "Property").

Declarant intends to develop Hilltop View Estates at Permission ("Hilltop") as a Class II planned community. To establish Hilltop as a planned community, Declarant desires to impose these mutually beneficial covenants, conditions, restrictions, easements, assessments, and liens on the Property, under a comprehensive general plan of improvement and development for the benefit of all Lots and Common Area in Hilltop.

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

The Declarant will convey Tract A and Tract B, and to the Hilltop View Estates at Permission Home Owners Association ("Association") along with any reversionary interest in Tract C. Upon conveyance of Tract A, Tract B, and Tract C, to the Association, the Association will assume the maintenance obligation of Tract A, Tract B, and Tract C, respectively, for the benefit of the Owners and assess the Owners of Lots 1-31 equally for the expenses.

NOW THEREFORE, Declarant declares that the Property will be held, transferred, sold, conveyed, and occupied subject to the Oregon Planned Community Act as may be amended from time to time (ORS 94.550-94.783, except ORS 94.595 and ORS 94.604) and subject to the following covenants, conditions, restrictions, easements, charges, and liens, which will run with the land, which will be binding on all parties having or acquiring any right, title, or interest in the Property or any part thereof, and which will inure to the benefit of the Association and of each Owner.

Article 1 DEFINITIONS

- 1.1 *Architectural Review Committee* or *ARC* refers to the committee constituted and acting under Article 6 of this Declaration.
- 1.2 *Articles* means the Articles of Incorporation for the nonprofit corporation, Hilltop View Estates at Permission Home Owners Association, as filed with the Oregon Secretary of State.
- 1.3 *Association* means and refers to Hilltop View Estates at Permission Home Owners Association, an Oregon nonprofit corporation, and its successors and assigns.
- 1.4 *Lots of Hilltop* means Lots 1-31 of the Property and Tract as designated on the Subdivision Plat of Hilltop View Estates at Permission.
- 1.5 *Board* means the Board of Directors of the Association.
- 1.6 *Bylaws* means and refers to the Bylaws of the Association, which will be recorded in the real property records of Multnomah County, Oregon.
- 1.7 *Common Area* means and refers to Tract A, Tract B, and Tract C shown on the recorded Subdivision Plat of the Property, including any improvements located thereon, which areas and improvements are intended to be devoted to the common use and enjoyment of the members and which land has been conveyed to the Association. Tract "A" and Tract "B" are Open Spaces owned by the Association. The Association must maintain the landscaping in and surrounding Tract A and Tract B, with the cost of such maintenance assessed equally to Lots 1-31 and the Owners of such Lots. Tract C is a public sewer, public storm drain and public access easement, and any cost of such maintenance for landscaping to be performed by the Association shall be assessed equally to Lots 1-31 and the Owners of such Lots.
- 1.8 [Reserved for Expansion]
- 1.9 *Declaration* means the covenants, conditions, restrictions, and all other provisions set forth in this Declaration.
- 1.10 *Declarant* means and refers to Sheldon Development Inc., an Oregon corporation and its successors or assigns, or any successor or assign to all or the remainder of its interest in the Property.
- 1.11 *General Plan of Development* means Declarant's general plan of development of the Property, as approved by appropriate governmental agencies, as may be amended from time to time.
- 1.12 *Home* means and refers to any portion of a structure situated on a Lot and designed and intended for use and occupancy as a residence by a single family or household.
- 1.13 *Lot* means and refers to each and any of Lots 1-31 (or collectively, the "Lots"); provided, however, that *Lot* does not include Tract A, Tract B or Tract C.
- 1.14 [Reserved for Expansion]
- 1.15 *Members* means and refers to the Owners of Lots in Hilltop View Estates at Permission.
- 1.16 *Occupant* means and refers to the occupant of a Home, whether such person is an Owner, a lessee, or any other person authorized by the Owner to occupy the Home.
- 1.17 *Owner* means and refers to the record owner, whether one or more persons or entities, of the fee-simple title to any Lot, or a purchaser in possession of a Lot under a land sale contract. The foregoing does not include persons or entities who hold an interest in any Lot merely as security for the performance of an obligation.

1.18 *Plat* means and refers to the Subdivision Plat of Hilltop View Estates at Permission recorded in the plat records of Multnomah County, Oregon, at book 1308, pages ~~7, 12, 13~~, on 10/28/2016.

1.19 [Reserved for Expansion]

1.20 *Property* has the meaning attributed to the term in the recitals of this Declaration.

1.21 *Reserve Account(s)* means and refers to an account set up by the Board to hold funds for construction, improvements, or maintenance of the Common Area.

1.22 *Rules and Regulations* means and refers to the documents containing rules, regulations, and policies adopted by the Board or the Architectural Review Committee, as may be amended from time to time.

1.23 *Tracts* means Tract A, Tract B, and Tract C and refers to Tracts as shown on the Plat.

Article 2

PROPERTY SUBJECT TO THIS DECLARATION

2.1 **Development.** The development of Hilltop consists of the Property, which will be held, transferred, sold, conveyed, and occupied subject to this Declaration. Declarant does not intend to build any Common Area improvements in Hilltop other than on Tract A, Tract B, and Tract C.

2.2 **Right to Annex Additional Property or to Withdraw Property.** Declarant reserves the right to annex additional property to or to withdraw property from the Association.

Article 3

OWNERSHIP AND EASEMENTS

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

3.2 **Ownership of Lots.** Title to each Lot in Hilltop will be conveyed in fee to an Owner. If more than one person or entity owns an undivided interest in the same Lot, such persons or entities will constitute one Owner.

3.3 **Ownership of Common Area.** Title to any Common Area will be conveyed to the Association not later than the date of the Turnover Meeting (defined in Article 8).

3.4 Easements. Individual deeds to Lots may, but are not required to, set forth the easements specified in this Article.

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

3.4.2 Easements for Common Area. Every Owner has a nonexclusive right and easement of use and enjoyment in and to the Common Area, which is appurtenant to and passes with the title to every Lot. The easement is subject to ORS 94.665, as may be amended from time to time.

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

3.4.4 Additional Utility and Storm Water Easements; Public Walkway Easements. Notwithstanding anything expressed or implied to the contrary, this Declaration is subject to all easements granted by Declarant for the installation and maintenance of utilities and drainage facilities necessary for the development of Hilltop. Lots 1-9 and Lots 19-31 are subject to a 15.00 wide and/or varying with Private Storm Easement as shown on the Plat. All Lots are subject to a 6.00-foot wide general utility easement. No structure, planting, or other material that may damage or interfere with the installation or maintenance of utilities, that may change the direction of flow of drainage channels in the easements, or that may obstruct or retard the flow of water through drainage channels in the easement areas may be placed or permitted to remain within any easement area.

3.4.5 Declarant's and Association's Easements. Declarant grants to the Association and its duly authorized agents and representatives such easements over the Lots and Common Area as are necessary to perform the duties and obligations of the Association, as set forth in this Declaration, the Bylaws, and the Articles, as the same may be amended. Association shall further grant to Declarant, its successors and assigns, such easement over the Common Areas as are requested by Declarant from time-to-time, which right to Declarant shall survive the Declarant turnover as set forth in Article 8.

3.4.6 [Reserved for Expansion]

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

3.4.8 Perimeter Easements Benefiting Owners. Every Owner has an easement over that perimeter portion of other Lots that is included within the building setbacks set by applicable ordinances as may be reasonably necessary to reach the Owner's Lot for purposes of exterior

maintenance and repair of the Owner's Home and for maintaining the landscaping on the Owner's Lot.

3.4.9 [Reserved for Expansion]

3.5 Declarant's Right to Dedicate Common Area and Grant Easements; Board's Authority after Title Transferred to Association. Declarant reserves the right and power to dedicate, convey, or dedicate and convey any portion or all of Tract A, Tract B, and Tract C to any governmental body or agency. Declarant further reserves the right and power to grant an easement over Tract A, Tract B, and Tract C to any governmental body or agency or any public or private utility company or provider. Declarant's rights and power under this section 3.5 will expire when Tracts A, Tract B, and Tract C are conveyed to the Association. Thereafter, subject to the rights of Declarant pursuant to section 3.4.5, the Board will have the same powers reserved to Declarant and may exercise such powers upon a two-thirds vote of the Board members at any duly called and held Board meeting. None of the rights under this section 3.5 will deprive the Owners of the Lots from using Tract A for pedestrian ingress and egress to their respective lot, or the Owners of the Lots from using Tract B for pedestrian ingress and egress to their respective lot.

**Article 4
LOTS AND HOMES**

4.1 Residential Use. Lots may be used only for residential purposes. Except with the Board's consent, no trade, craft, business, profession, commercial activity, or similar activity of any kind may be conducted on any Lot, and no goods, equipment, vehicles, materials, or supplies used in connection with any trade, service, or business may be kept or stored on any Lot. Nothing in this section 4.1 will be deemed to prohibit (a) activities relating to the sale of residences, (b) the right of Declarant or any contractor or homebuilder to construct residences on any Lot, to store construction materials and equipment on such Lots in the normal course of construction, and to use any residence as a sales office or model home for purposes of sales in Hilltop, or (c) the right of the Owner of a Lot to maintain the Owner's personal business or professional library, keep the Owner's personal business or professional records or accounts, handle the Owner's personal business or professional telephone calls, or confer with business or professional associates, clients, or customers in the Owner's residence. The Board will not approve commercial activities otherwise prohibited by this section 4.1 unless the Board determines that only normal residential activities would be observable outside of the residence and that the activities would not be in violation of applicable local government ordinances.

4.2 Landscaping. Each Owner other than Declarant must obtain the ARC's prior approval of all landscaping plans before commencing installation of any landscaping. Landscaping for the Lot must commence within 120 days after final building inspection by the local government jurisdiction, and must be completed within 365 days after the inspection. The ARC may extend the period to commence and/or complete landscaping for the Lot. This section 4.2 applies to Lots with finished Homes being held for sale as well as to other Lots. The water charge for irrigation will be borne by the Association if connected to the common water system and borne by the individual Owners if the water system is connected to the individual home around which landscaping is installed. Owners must irrigate their entire yards to keep lawns green and other landscaping fresh. The Association may irrigate from hose bibs connected to individual Homes of Owners who fail to properly irrigate their yards. If plantings on any Lot

have died or are dying because the Owner of the Lot neglected to properly care for and irrigate the plants, or because of other harm to the plants caused by the Owner, the Association will replace the plantings and may assess the Owner for the cost as a Reimbursement Assessment (defined in section 10.5.5), which may be collected and enforced as any other assessments imposed under the Declaration and Bylaws. The definition of front yard shall be determined by the ARC and the definition may vary as applied to each Lot.

4.3 Maintenance of Lots and Homes. Each Owner must maintain the Owner's Lot and all improvements thereon in a clean and attractive condition, in good repair, and in such fashion as not to create a fire hazard. To the extent not the responsibility of the Association for Commonly Maintained Property, such maintenance includes, without limitation, maintenance of windows, doors, garage doors, walks, patios, chimneys, and other exterior improvements and glass surfaces. All repainting or re-staining and exterior remodeling will be subject to prior review and approval by the ARC. Each Owner must repair damage caused to the Owner's Lot or improvements located thereon by fire, flood, storm, earthquake, riot, vandalism, or other causes within a reasonable period. Insurance purchased by the Association may be used to effect such repairs, subject to the Association's Board of Directors' right to adjust the losses with the Association's insurance carrier.

4.4 Rental of Homes. An Owner may rent or lease the Owner's Home or a portion thereof, provided that the following conditions are met:

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

4.4.2 Minimum Rental Period. The period of the rental or lease is not less than 30 days;

4.4.3 Tenant Must Be Given Documents. The Owner gives each tenant a copy of the Declaration, Bylaws, and Rules and Regulations.

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

4.6 Nuisance. No noxious, harmful, or offensive activities may be carried out on any Lot or Common Area. Nor may anything be done or placed on any Lot or Common Area that interferes with or jeopardizes the enjoyment of, or that is a source of annoyance to, the Owner or other Occupants.

4.7 Swimming Pool. No Owner may erect, construct, or permit any above-ground pool to be established on a Lot or on the Common Area at any time. Subject to written approval of the ARC and applicable city, county and state regulations, an Owner may install an in-ground pool on a Lot.

4.8 Parking and Vehicles in Disrepair. (1) No Owner may permit any recreational vehicle (RV), off-road vehicle, trailer, fifth wheel, boat, or commercial vehicle to remain parked on the Common Area or on any street on or adjacent to the Property at any time and may not permit them on a Lot for a period in excess of 48 hours; and (2) No Owner may permit any vehicle that is in a state of disrepair or that is not currently licensed to be abandoned or to remain parked on the Common Area or on any street on or adjacent to the Property at any time and may not permit them on a Lot for a period in excess of 48 hours. A vehicle will be deemed in a "state of disrepair" when the Board reasonably determines that its presence offends the occupants of the neighborhood. If an Owner fails to remove such a vehicle within five days following the date on which the Association mails or delivers to the Owner a notice directing the removal, the Association may have the vehicle removed from the Property and charge the expense of the removal to the Owner as a Reimbursement Assessment, which may be collected and enforced as any other assessments imposed under the Declaration and Bylaws.

4.9 Signs. No signs may be erected or maintained on any Lot, except that not more than one "For Sale" or "For Rent" sign placed by the Owner or by a licensed real estate agent, not exceeding 24 inches high and 36 inches long, may be temporarily displayed on any Lot. The restrictions contained in this section 4.9 do not prohibit the temporary placement of "political" signs on any Lot by the Owner or Occupant. However, political signs must be removed within three days after the election day pertaining to the subject of the sign. Real estate signs must be removed within three days after the sale closing date.

4.10 Rubbish and Trash. No Lot or part of the Common Area may be used as a dumping ground for trash or rubbish of any kind. All garbage and other waste must be kept in appropriate containers for proper disposal and must be kept out of public view. Yard rakings, dirt, and other material resulting from landscaping work may not be dumped onto streets, the Common Area, or any other Lots. If an Owner fails to remove any trash, rubbish, garbage, yard rakings, or any similar materials from any Lot, any streets, or the Common Area where deposited by the Owner or the Occupants of the Owner's Lot after notice has been given by the Board to the Owner, the Association may have the materials removed and charge the expense of the removal to the Owner. Such a charge will constitute a Reimbursement Assessment, which may be collected and enforced as any other assessments imposed under the Declaration and Bylaws.

4.11 Fences and Hedges. No fences or boundary hedges may be installed or replaced without prior written approval of the ARC. All such fences and hedges must have convenient access ways to allow the Association to carry out its exterior maintenance and landscaping responsibilities for Commonly Maintained Property.

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

4.13 Antennas and Satellite Dishes. Except as otherwise provided by law or this section, no exterior antennas, satellite dishes, microwave, aerial, tower, or other devices for the transmission or reception of television, radio, or other forms of sound or electromagnetic radiation may be erected, constructed, or placed on any Lot. With prior written consent from the ARC, exterior satellite dishes or antennas with a surface diameter of one meter or less and antennas designed to receive television broadcast signals only may be placed on any Lot if they are not visible from the street and are screened from neighboring Lots. The Board or ARC may

adopt reasonable rules and regulations governing the installation, safety, placement, and screening of such antennas, satellite dishes, and other transmission devices. Such rules may not unreasonably delay or increase the cost of installation, maintenance, or use or preclude reception of a signal of acceptable quality. (The ARC, in its sole discretion, may determine what constitutes a signal of acceptable quality.) Such rules may prohibit installation of exterior satellite dishes or antennas if signals of acceptable quality can be received by placing antennas inside a Home without causing an unreasonable delay or cost increase. The foregoing restriction and the authority of the ARC in this matter are subject to any regulations issued by the Federal Communications Commission or any other applicable governmental authority.

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

4.15 Basketball Hoops. No Owner may install a permanent basketball hoop on any Lot without the ARC's prior approval. The ARC may, in its discretion, prohibit such basketball hoops or impose permitted hours of use for such basketball hoops. Basketball hoops are prohibited in the Common Area and on any Lot if the area of play is intended to be the street or any Common Area.

4.16 Grades, Slopes, and Drainage. There may be no interference with the established drainage patterns or systems over or through any Lot that affects any other Lot or Common Area or any real property outside the Property unless adequate alternative provision is made for proper drainage and is approved by the ARC before any such work. The term *established drainage* means the drainage swales, conduits, inlets, and outlets designed and constructed for Declarant.

4.17 Tree-Cutting Restrictions. No tree the diameter of which is six inches or more may be removed from any Lot without the prior approval of the ARC unless it is diseased, poses an immediate danger to persons or property, or is within 10 feet of an existing or proposed building or five feet of a paved surface. However, the ARC has unfettered authority, but not the obligation, to cause the Association to trim or top trees, shrubs, or hedges located on any Lot that is creating a nuisance, is damaging, or is a threat to Commonly Maintained Property or that increases the cost of insurance for the Association.

4.18 Damage or Destruction to Home or Lot. If all or any portion of a Lot or Home is damaged by fire or other casualty, the Owner must either (a) restore the damaged improvements or (b) remove all damaged improvements, including foundations, and leave the Lot in a clean and safe condition. Any restoration proceeding under (a) in this section 4.18 must be performed so that the improvements are in substantially the same condition that they were in before the damage, unless the Owner complies with the provisions of Article 6. The Owner must commence such work within 60 days after the damage occurs and must complete the work within six months thereafter. The Association and Owners whose Homes are in the same building must cooperate in respect to repair, reconstruction, and application of available insurance proceeds.

4.19 Right of Maintenance and Entry by Association. If an Owner fails to perform maintenance, repair, or both that the Owner is obligated to perform under this Declaration, and if the Board determines, after notice, that the maintenance, repair, or both is necessary to preserve the attractiveness, quality, nature, value, or any combination thereof of the Property, the Board may cause the maintenance, repair, or both to be performed and may enter any Lot whenever entry is necessary in connection with the performance thereof. An Owner may request, and the

Board will conduct, a hearing on the matter. The Owner's request must be in writing delivered within five days after receipt of the notice, and the hearing must be conducted within not less than five days nor more than 20 days after the request for a hearing is received. Entry must be made with as little inconvenience to an Owner as practicable and only after advance written notice of not less than 48 hours, except in emergency situations. The costs of such maintenance, repair, or both are chargeable to the Owner of the Lot as a Reimbursement Assessment, which may be collected and enforced as any other assessments authorized hereunder.

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

4.21 Ordinances and Regulations. The standards and restrictions set forth in this Article 4 are the minimum required. To the extent that local governmental ordinances and regulations are more restrictive or provide for a higher or different standard, the local governmental ordinances and regulations will prevail.

4.22 Temporary Structures. No structure of a temporary character or any trailer, basement, tent, shack, garage, barn, or other outbuilding may be used on any Lot as a residence, either temporarily or permanently.

4.23 Declarant Exemptions. Declarant is exempt from the application of section 4.9.

Article 5 COMMON AREA

5.1 Use of Common Area. Use of the Common Area is subject to the provisions of the Declaration, Bylaws, Articles, and the Rules and Regulations adopted by the Board. There must be no obstruction of any part of the Common Area. Nothing may be stored or kept in the Common Area without the prior written consent of the Board. No alterations or additions to the Common Area will be permitted without the prior written consent of the Board. The Common Area owned by the Association consists solely of Tract A, Tract B, and Tract C.

There must be no parking, loading, or unloading of any kind or of any type of vehicle on the Common Area for any length of time. The Association may post and maintain "No Parking" signs on the Common Area.

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

5.3 Alterations to Common Area. Common Area are to be landscaped only and improved with only grass, plants, trees, bushes, shrubs, and other plantings. Only the Association may construct an improvement located on the Common Area or public entity to

which the right to construct an improvement has been granted. If to be constructed by the Association, a proposal for any construction, alteration, maintenance, or repair of any such improvement may be made at any Board meeting. The Board may adopt a proposal, subject to the limitations contained in the Bylaws, this Declaration; however, no improvements may be made to the Common Area except the construction, repair, and reconstruction of the private streets, utility installations, landscaping, curbs, and sidewalks.

5.4 Funding. Expenditures for replacement or major repairs to an existing improvement for which a reserve has been collected will be made from the Reserve Account. Regular maintenance, repair, and operating expenses will be funded by annual assessments as provided in section 10.4. As provided in section 10.5, the Board may levy a special assessment to fund any construction, alteration, repair, or maintenance of an improvement (or any other portions of the Common Area) for which no reserve has been collected or for which the Reserve Account is insufficient to cover the cost of the proposed construction, alteration, repair, or maintenance.

5.5 Landscaping. All landscaping on any Lot or on the Common Area must be maintained and cared for in a manner that is consistent with Declarant's or the ARC's original approval of the landscaping. Weeds and diseased or dead lawn, trees, groundcover, or shrubs must be removed and replaced. Lawns must be neatly mowed, and trees and shrubs must be neatly trimmed. The Association must maintain all landscaping located between the sidewalk and the Common Area.

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

5.7 Damage or Destruction of Common Area. If all or any portion of the Common Area is damaged or destroyed by an Owner or any of the Owner's guests, Occupants, tenants, licensees, agents, or members of the Owner's family in a manner that would subject the Owner to liability for the damage under Oregon law, the Owner hereby authorizes the Association to repair the damage. The Association must repair the damage and restore the area in workmanlike manner as originally constituted or as may be modified or altered subsequently by the Association in the discretion of the Board. Reasonable costs incurred in connection with effecting the repairs will become a special assessment on the Lot and against the Owner who caused or is responsible for the damage.

5.8 Power of Association to Sell, Dedicate, or Transfer Common Area. As provided in ORS 94.665, the Association may sell, dedicate, transfer, grant a security interest in, or grant an easement for installation and maintenance of utilities or for similar purposes with respect to, any portion of the Common Area. Except for grants of easements for utility-related purposes, no such sale, dedication, transfer, or grant of a security interest will be effective unless approved by 80 percent of the votes of both Class A and Class B members [and by the U.S. Department of Housing and Urban Development or the U.S. Department of Veterans Affairs, whichever is applicable, as long as there is Class B membership]. If there is only one class of votes, such sale, dedication, transfer, or grant of a security interest (other than a grant of an easement for utility-related purposes) must be approved by 80 percent of the votes held by Owners other than Declarant.

Article 6 ARCHITECTURAL REVIEW COMMITTEE

6.1 Architectural Review. No improvement may be commenced, erected, placed, or altered on any Lot until the construction plans and specifications showing the nature, shape, heights, materials, colors, and proposed location of the improvement have been submitted to and approved in writing by the ARC. This Article's purpose is to ensure quality of workmanship and materials and harmony between exterior design and the existing improvements and landscaping and between location and topography and finished-grade elevations. The ARC is not responsible for determining compliance with structural and building codes, solar ordinances, zoning codes, or other governmental regulations, all of which are the applicant's responsibility. The procedure and specific requirements for review and approval of construction must be set forth in design guidelines and standards adopted from time to time by the ARC. The provisions of this Article 6 apply in all instances in which this Declaration requires the ARC's consent.

6.2 Appointment and Removal. Declarant reserves the right to appoint all members of the ARC and all replacements thereto until Hilltop is 100 percent built out. The ARC will consist of no fewer than three members and no more than five members. Each ARC member will serve for one year. After build-out, Declarant will assign to the Board the right to appoint and remove members of the ARC. The Board may appoint itself as the ARC or any of its members to the ARC. If an ARC has not been appointed, the Board will serve as the ARC.

6.3 Majority Action. Except as otherwise provided in this Declaration, a majority of the members of the ARC have the power to act on behalf of the ARC, without the necessity of a meeting and without the necessity of consulting the remaining member or members of the ARC. The ARC may render its decision only by written instrument setting forth the action taken by the members consenting thereto.

6.4 Duties. The ARC must consider and act on the proposals, plans, or proposals and plans submitted under this Article 6. The ARC, from time to time and in its sole discretion, may adopt architectural rules, regulations, and guidelines ("Architectural Standards"). The Architectural Standards will interpret and implement the provisions of this Declaration for architectural review and guidelines for architectural design, placement of buildings, color schemes, exterior finishes and materials, and similar features that may be used in Hilltop; however, the Architectural Standards will not be in derogation of the minimum standards established by this Declaration.

6.5 Decision. The ARC must render its written decision approving or denying each construction application submitted to it within 15 business days (not including Saturdays, Sundays, and legal holidays) after its receipt of all materials required with respect to the application. If the ARC fails to render its written decision within 30 days of its receipt of all required materials or request an extension, the application will be deemed approved. The ARC is entitled to request one or more extensions of time, not to exceed 45 days. In the event of any extension requests, if the ARC does not render a written decision within 15 days after the expiration of the extension(s), the application will be deemed approved. However, the applicant may agree to further extensions to allow the applicant to complete or supplement the application.

6.6 Discretion. The ARC, in its sole discretion, may withhold consent to any proposed work if the ARC finds that the proposed work would be inappropriate for the particular Lot or incompatible with the design standards that the ARC intends for the Property, as long as

the ARC complies with ORS 94.762 regarding electric vehicle charging stations. The ARC may consider siting, shape, size, color, design, height, solar access, or other effects on the enjoyment of other Lots or the Common Area, and any other factors that it reasonably believes to be relevant in determining whether to consent to any proposed work.

6.7 Nonwaiver. Consent by the ARC to any matter proposed to it or within its jurisdiction will not constitute precedent or waiver impairing its right to withhold approval of any similar matter thereafter proposed or submitted to it for consent.

6.8 Appeal. After Declarant has assigned the right to appoint ARC members to the Board under section 6.2, any Owner adversely impacted by ARC action may appeal the action to the Board. The appealing Owner must submit to the Board a written notice of appeal, setting forth specific objections or mitigating circumstances justifying the appeal, within 10 days after the ARC's action. The Board must issue a final, conclusive decision within 45 days after receipt of the notice, and the decision will be final and binding on the appealing Owner and the ARC. However, the Board must make reasonable efforts to reach a decision within 20 days. If the Board is serving as the ARC, then the appeal will be deemed a request for reconsideration.

6.9 Effective Period of Consent. The ARC's consent to any proposed work will automatically expire three months after issuance unless construction of the project has been commenced or the Owner has applied for and received an extension of time from the ARC.

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

6.11 Noncompliance. If the ARC determines that an Owner has not constructed an improvement consistent with the specifications of an ARC approval or has constructed an improvement without obtaining ARC approval, sends a notice of noncompliance to the Owner, and the Owner fails to commence diligently remedying the noncompliance in accordance with the notice, then, effective at 5:00 p.m. on the third day after issuance of the notice, the ARC must provide notice of a hearing to consider the Owner's continuing noncompliance. The hearing must be set not more than 30 days from the date on which the notice of noncompliance was issued. At the hearing, if the ARC finds that there is no valid reason for the continuing noncompliance, the ARC must determine the estimated costs of achieving compliance and may issue a fine against the noncomplying Owner for that amount. The ARC also must require the Owner to remedy the noncompliance within 10 days after the date of the ARC's determination. If the Owner does not comply with the ARC's ruling within the 10-day period or any extension thereof granted by the ARC, at its sole discretion, the ARC may remove the noncomplying improvement, remedy the noncompliance, record a notice of noncompliance in the county deed records, or take any combination of those actions. The costs of any such action will be assessed against the Owner as a Reimbursement Assessment either before or after any remedial action is taken.

6.12 Liability. Neither the ARC nor any member thereof will be liable to any Owner, Occupant, or builder for any damage, loss, or prejudice suffered or claimed on account of any action or failure to act of the ARC or a member thereof, as long as the ARC or the member has, in accordance with its or his or her actual knowledge, acted in good faith.

6.13 Estoppel Certificate. Within 15 working days after the ARC's receipt of a written request from an Owner and the ARC's receipt of payment of a reasonable fee fixed by

the ARC to cover costs, the ARC must provide the Owner with a certificate executed by the chairperson or other authorized member of the ARC certifying with respect to any Lot owned by the Owner that, as of the date thereof either (a) all improvements made or done on the Lot comply with this Declaration, or (b) the improvements do not so comply, in which event, the certificate must also identify the noncomplying improvements and set forth with particularity the nature of the noncompliance. The Owner and the Owner's heirs, devisees, successors, and assigns will be entitled to rely on the certificate with respect to the matters set forth therein. The certificate will be conclusive as among Declarant, the ARC, the Association, all Owners, and all persons deriving any interest through any of them.

6.14 Fees. The ARC may charge applicants a reasonable application fee and additional costs incurred or expected to be incurred by the ARC to retain architects, attorneys, engineers, and other consultants to advise the ARC concerning any aspect of the applications or compliance with any appropriate architectural criteria or standards, including, without limitation, those pertinent to house siting and height. The fees will be collectible as assessments under Article 10.

6.15 Declarant and Successor & Successor Owners of Lot 26 Exempt from ARC. The Declarant and its successor to all of the unsold Lots and any successor owner of Lot 26 are exempt from the requirement to submit to and have plans approved by the ARC. Successor owner of Lot 26 are shall remain exempt from the ARC until such time as the existing residential structure on Lot 26 is torn down, destroyed, or condemned. However, the Declarant and its successor, and successor owners of Lot 26, are not exempt from the provisions of Article 4 of this Declaration, except as set forth in section 4.23.

Article 7 MEMBERSHIP IN THE ASSOCIATION

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

7.2 Proxy. Each Owner may cast the Owner's vote in person, by written ballot, by electronic ballot if the Board of Directors so elects, or by a proxy executed by the Owner. An Owner may not revoke a proxy given under this section 7.2 except by actual notice of revocation to the person presiding over a meeting of the Association. A proxy will not be valid if it is undated or purports to be revocable without notice. A proxy will terminate one year after its date, unless the proxy specifies a shorter term.

7.3 Voting Rights. The Association has two classes of voting members:

7.3.1 Class A. Class A members include all Owners of Lots other than Declarant, and each Class A member is entitled to one vote for each Lot owned with respect to all matters on which Owners are entitled to vote.

7.3.2 Class B. The Class B member is the Declarant, its successors, and its assigns. The Class B member has four (4) votes for each Lot owned. The Class B membership will cease and be converted to Class A membership upon the earlier of the following dates (the "Termination Date"):

(a) The date on which 75 percent of the total number of Lots in Hilltop have been sold and conveyed to Owners other than Declarant; or

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

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

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

7.4 Procedure. All meetings of the Association, the Board, the ARC, and Association committees will be conducted with such rules of order as may from time to time be adopted by the Board. Unless other rules of order are adopted by a resolution of the Board, Robert's Rules of Order published by the Robert's Rules Association will apply. Notwithstanding which rules of order are adopted, the President will be entitled to vote on all matters, not merely to break a tie vote. A tie vote does not constitute a majority or approval of any motion or resolution.

Article 8 DECLARANT CONTROL

8.1 Interim Board and Officers. Declarant hereby reserves administrative control of the Association. Declarant, in its sole discretion, has the right to appoint and remove members of an interim board (the "Interim Board"), which will manage the affairs of the Association and be invested with all powers and rights of the Board until the Turnover Meeting (as hereinafter defined). The Interim Board will consist of one to three members. Notwithstanding the provision of this section 8.1, at the Turnover Meeting, at least one Director will be elected by Owners other than Declarant, even if Declarant otherwise has voting power to elect all three Directors.

8.2 [Reserved for Expansion]

8.3 Turnover Meeting. Declarant must call a meeting for the purposes of turning over administrative control of the Association from Declarant to the Class A members within 90 days of the earlier of the following dates:

8.3.1 Earliest Date. The date on which Lots representing 75 percent of the total number of votes of all Lots in Hilltop have been sold and conveyed to persons other than Declarant; or

8.3.2 Optional Turnover. The date on which Declarant has elected in writing to terminate Class B membership.

Declarant must give notice of the Turnover Meeting to each Owner as provided in the Bylaws. If Declarant does not call the Turnover Meeting required under this section 8.3, any Owner may do so.

Article 9 DECLARANT'S SPECIAL RIGHTS

9.1 General. Declarant is undertaking the work of developing Lots and other improvements within Hilltop. The completion of the development work and the marketing and sale of the Lots is essential to the establishment and welfare of the Property as a residential community. Until the Homes on all Lots on the Property have been constructed, fully completed, and sold, with respect to the Common Area and each Lot on the Property, Declarant has the special rights set forth in this Article 9.

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

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

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

Article 10 FUNDS AND ASSESSMENTS

10.1 Purpose of Assessments; Expenses. The assessments levied by the Association will be used exclusively to promote the recreation, health, safety, aesthetics, and welfare of the Owners and Occupants of Hilltop for the improvement, operation, and maintenance of the Common Area, for the administration and operation of the Association, and for property and liability insurance.

10.2 Covenants to Pay. Declarant and each Owner covenant and agree to pay the Association the assessments and any additional charges levied under this Declaration or the Bylaws. All assessments for operating expenses, repairs and replacement, and reserves will be allocated among the Lots and their Owners as set forth in section 10.4.2.

10.2.1 Funds Held in Trust. The assessments collected by the Association will be held by the Association for and on behalf of each Owner and may be used solely as set forth in section 10.1. Upon the sale or transfer of any Lot, the Owner's interest in such funds will be deemed automatically transferred to the successor in interest to the Owner.

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

10.2.3 Right to Profits. Association profits, if any, will be the property of the Association and will be contributed to the Current Operating Account.

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

10.4 Annual Assessments. Annual assessments for each fiscal year will be established when the Board approves the budget for that fiscal year. The initial annual assessment will be

determined by Declarant and will be prorated on a monthly basis at the time of the closing of the first sale from Declarant. For proration purposes, any portion of a month will count as a full month. Annual assessments will be payable on a periodic basis, not more frequently than monthly, as determined by the Board. The fiscal year will be the calendar year unless another year is adopted by vote of the Association members.

10.4.1 Budgeting. Each year the Board will prepare, approve, and make available to each Member a pro forma operating statement (budget) containing (a) estimated revenue and expenses on an accrual basis; (b) the amount of the total cash reserves of the Association currently available for replacement or major repair of the Common Area and for contingencies; (c) an itemized estimate for the remaining life of improvements, and the methods of funding to defray repair, replacement, or additions to major components of improvements, as provided in section 10.6.2; and (d) a general statement setting forth the procedures used by the Board in the calculation and establishment of reserves to defray the costs of repair, replacement, or additions to major components of the Common Area. Notwithstanding that budgeting will be done on an accrual basis, the Association's books will be kept on a cash basis and the Association will be a cash basis taxpayer, unless applicable governmental regulations require otherwise. For the first fiscal year, the budget must be approved by the Board no later than the date on which annual assessments are scheduled to commence. Thereafter, the Board must annually prepare and approve the budget and distribute a copy or summary thereof to each Member, together with written notice of the amount of the annual assessments to be levied against each Owner's Lot, within 30 days after adoption of the budget.

10.4.2 Allocation of Assessments. Except for Reimbursement Assessments, the total amount in the budget will be charged equally against all Lots as annual assessments.

10.4.3 Nonwaiver of Assessments. If before the expiration of any fiscal year the Association fails to fix annual assessments for the next fiscal year, the annual assessments established for the preceding year will continue until a new annual assessment is fixed.

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

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

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

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

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

10.5.5 Reimbursement Assessments. The Association must levy an assessment against any Owner and the Owner's Lot if a failure to comply with this Declaration, Bylaws, Architectural Standards, or any Rules and Regulations has (a) necessitated an expenditure of monies by the Association to effect compliance or (b) resulted in the imposition of a fine or penalty against the Owner or the Owner's Lot (a "Reimbursement Assessment"). A Reimbursement Assessment is due and payable to the Association when levied. A Reimbursement Assessment may not be levied by the Association except on at least 10 days' written notice to the Owner being assessed. If, within the 10-day period, the Owner makes a

written request to the Board for a hearing, a hearing must be held. Upon request for a hearing, the Board must conduct it not less than 10, nor more than 30 days, after the request by the Owner, and must make its decision within not more than 30 days after the hearing is held. If a notice has been previously given, and the hearing has already been held or waived (in writing or by the Owner's failure to appear) for the violation resulting in the Reimbursement Assessment, no additional notice and hearing is required before levying the Reimbursement Assessment.

10.6 Accounts.

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

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

10.6.2.1 Calculation of Reserve Assessment; Reserve Study. The Board of Directors of the Association must annually conduct a reserve study, or review and update an existing study, of the Common Area to determine the Reserve Account requirements. A Reserve Account must be established for those items of the Common Area all or part of which will normally require replacement in more than one and less than 30 years; for exterior painting, as applicable; and for the maintenance, repair, or replacement of other items as may be required under the Declaration or Bylaws or that the Board of Directors, in its discretion, may deem appropriate. The Reserve Account need not include items that could reasonably be funded from operating assessments. The reserve study must include (a) identification of all items for which reserves are required to be established; (b) the estimated remaining useful life of each item as of the date of the reserve study; (c) the estimated cost of maintenance, repair, or replacement of each item at the end of its useful life; and (d) a 30-year plan with regular and adequate contributions, adjusted by estimated inflation and interest earned on reserves, to meet the maintenance, repair, and replacement schedule.

The Reserve Account assessment must be allocated according to section 10.4.2.

10.6.2.2 Loan from Reserve Account. After the Turnover Meeting described in section 8.3, the Board may borrow funds from the Reserve Account to meet high seasonal demands on the Association's regular operating fund or to meet unexpected increases in expenses. Funds borrowed must be repaid later from assessments if the Board has adopted a resolution, which may be an annual continuing resolution, authorizing the borrowing of funds.

Not later than the adoption of the budget for the following year, the Board must adopt by resolution a written payment plan providing for repayment within a reasonable period.

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

10.6.2.4 Investment of Reserve Account. Nothing in this section 10.6 prohibits the prudent investment of Reserve Account funds, subject to any constraints imposed by the Oregon Planned Community Act, the Board, the Bylaws, or the Rules and Regulations.

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

10.6.3 Current Operating Account. All costs other than those to be paid from the Reserve Account under section 10.6.2 may be paid from the Current Operating Account.

10.7 Default in Payment of Assessments; Enforcement of Liens.

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

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

10.7.3 Interest, Fines, Late Fees, and Penalties. The Board, in its reasonable discretion, may from time to time adopt resolutions to set the rate of interest and to impose late fees, fines, and penalties on delinquent assessments or for violations of the provisions of this Declaration, the Bylaws, Architectural Standards, and the Rules and Regulations adopted by the Board or the ARC. The adoption of such impositions must be communicated to all Owners in writing not less than 30 days before the effective date by a notice mailed to the assessment billing address of each Owner. The impositions will be considered assessments that are lienable and collectible in the same manner as any other assessments; however, fines or penalties for violation of this Declaration, the Bylaws, or the Rules and Regulations, other than late fees, fines, or interest arising from an Owner's failure to pay regular, special, or reimbursement

assessments may not be imposed against an Owner or the Owner's Lot until the Owner is given an opportunity for a hearing as elsewhere provided herein.

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

10.7.5 Association's Right to Rents; Receiver. In any foreclosure suit by the Association with respect to a lien described in section 10.7.2, the Association is entitled to collect reasonable rent from the defaulting Owner for the use of the Owner's Lot and is entitled to the appointment of a receiver.

Article 11 GENERAL PROVISIONS

11.1 Records. The Board must preserve and maintain minutes of the meetings of the Association, the Board, and any committees. The Board must also keep detailed and accurate financial records, including individual assessment accounts of Owners, the balance sheet, and income and expense statements. Individual assessment accounts must designate the name and address of the Owner or Owners of the Lot, the amount of each assessment as it becomes due, the amounts paid on the account, and the balance due on the assessments. The minutes of the Association, the Board, and Board committees, and the Association's financial records must be maintained in the State of Oregon and reasonably available for review and copying by the Owners. A reasonable charge may be imposed by the Association for providing copies.

11.2 Indemnification of Directors, Officers, Employees, and Agents. The Association must indemnify any Director, officer, employee, or agent who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative (other than an action by the Association) by reason of the fact that the person is or was a Director, officer, employee, or agent of the Association or is or was serving at the request of the Association as a Director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, against expenses (including attorney fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by the person in connection with the suit, action, or proceeding if the person acted in good faith and in a manner that the person reasonably believed to be in, or not opposed to, the best interest of the Association, and, with respect to any criminal action or proceedings, had no reasonable cause to believe that the person's conduct was unlawful. The termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or plea of nolo contendere or its equivalent, will not of itself create a presumption that a person did not act in good faith and in a manner that the person reasonably believed to be in, or not opposed to, the best interest of the Association, and, with respect to any criminal action or proceedings, had reasonable cause to believe that the person's conduct was unlawful. Payment under this clause may be made during the pendency of the claim, action, suit, or proceeding as and when incurred, subject only to the right of the Association to reimbursement of the payment from the person, should it be proven at a later time that the person had no right to the payments. All persons who are ultimately held liable for their actions on behalf of the Association as a Director, officer, employee, or agent will have a right of contribution over and against all other Directors, officers,

employees, or agents and members of the Association who participated with or benefited from the acts that created the liability.

11.3 Enforcement; Attorney Fees. The Association, the Owners, and any mortgagee holding an interest on a Lot have the right to enforce all of the covenants, conditions, restrictions, reservations, easements, liens, and charges now or hereinafter imposed by any of the provisions of this Declaration as may appertain specifically to such parties or Owners by any proceeding at law or in equity. Failure by either the Association or by any Owner or mortgagee to enforce any covenant, condition, or restriction herein contained will in no event be deemed a waiver of their right to do so thereafter. If suit or action is commenced to enforce the terms and provisions of this Declaration (including without limitations, suit or action for the collection of assessments), the prevailing party will be entitled to its actual administrative costs incurred because of a matter or event that is the subject of the suit or action, attorney fees and costs in the suit or action to be fixed by the trial court, and in the event of an appeal, the cost of the appeal, together with reasonable attorney fees, to be set by the appellate court. In addition thereto, the Association will be entitled to its reasonable attorney fees and costs incurred in any enforcement activity or to collect delinquent assessments, together with the Association's actual administrative costs, whether or not suit or action is filed.

11.4 Severability. Invalidation of any one of these covenants, conditions, or restrictions by judgment or court order will not affect the other provisions hereof and the same will remain in full force and effect.

11.5 Duration. The covenants, conditions, and restrictions of this Declaration run with and bind the land for a term of 35 years from the date of this Declaration being recorded, after which time they will be automatically extended for successive periods of 10 years, unless rescinded by a vote of at least 75 percent of the Owners and 90 percent of the first mortgagees; however, amendments that do not constitute rescission of the planned community may be adopted as provided in section 11.6.

11.6 Amendment. Except as otherwise provided in section 11.5 or ORS 94.590, and the restrictions set forth elsewhere herein, this Declaration may be amended at any time by an instrument approved by not less than 75 percent of the total votes allocated to the Lots, without regard to the enhanced voting rights of the Class B Member. Any amendment must be executed, recorded, and certified as provided by law; however, no amendment of this Declaration will effect an amendment of the Bylaws or Articles without compliance with the provisions of those documents and the Oregon Nonprofit Corporation Act, and no amendment affecting the general plan of development or any other right of Declarant herein contained may be effected without the express written consent of Declarant or its successors and assigns, including, without limitation, amendment of this section 11.6. Furthermore, as long as there is Class B membership, any amendment to these Bylaws must be approved by the U.S. Department of Housing and Urban Development or the U.S. Department of Veterans Affairs, whichever is applicable.

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

11.8 Unilateral Amendment by Declarant.

11.8.1 In addition to all other special rights of Declarant provided in this Declaration, Declarant may amend this Declaration in order to comply with the requirements of the Federal Housing Administration of the United States, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Home Loan Mortgage Corporation, any department, bureau, board, commission, or agency of the United States or the State of Oregon, or

any other state in which the Lots are marketed and sold, or any corporation wholly owned, directly or indirectly, by the United States or the State of Oregon, or such other state, the approval of which entity is required in order for it to insure, guarantee, or provide financing in connection with development of the Property and sale of Lots. Before the Turnover Meeting, no such amendment will require notice to or approval by any Class A member.

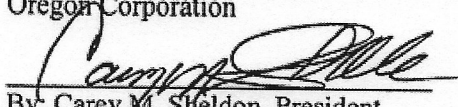
11.8.2 In addition to all other special rights of Declarant provided in this Declaration, prior to the Turnover Meeting, and without regard to the voting requirements established and required in Section 11.6, Declarant may amend this Declaration, in Declarant's sole discretion, upon a determination by Declarant that amendment to this Declaration is in furtherance and necessary to complete the development work, the marketing and sale of the Lots, or the promotion and protection of the welfare of the Property as a residential community. No such amendment by Declarant will require notice to or approval by any Class A member.

11.9 **Resolution of Document Conflicts.** In the event of a conflict among any of the provisions in the documents governing Hilltop, the conflict must be resolved by looking to the following documents in the order shown below:

1. Declaration;
2. Articles;
3. Bylaws;
4. Rules and Regulations (once adopted).

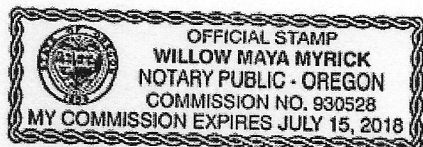
IN WITNESS WHEREOF, Declarant has executed this instrument this 27th day of Oct., 2016.

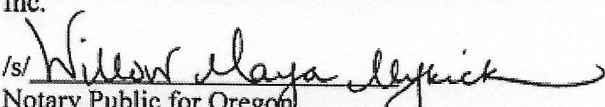
SHELDON DEVELOPMENT INC., an
Oregon Corporation


By: Carey M. Sheldon, President

STATE OF OREGON)
County of Clackamas) ss.

This instrument was acknowledged before me on October, 2016, by Carey M. Sheldon, President of Sheldon Development Inc.



/s/ 
Notary Public for Oregon
My commission expires: 15 July 2018