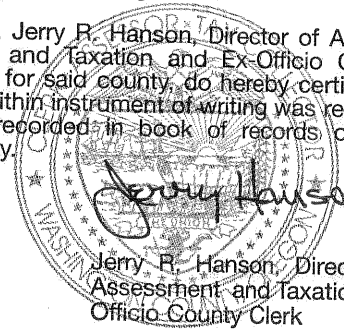


I, Jerry R. Hanson, Director of Assessment and Taxation and Ex-Officio County Clerk for said county, do hereby certify that the within instrument of writing was received and recorded in book of records of said county.



Jerry R. Hanson, Director of Assessment and Taxation, Ex-Officio County Clerk

Doc : 2001111698.1  
Rect: 291061 212.00  
10/31/2001 09:20:58am

WASHINGTON COUNTY 2001-111698



190  
6  
11

5 After Recording Return To:  
Scholls Meadows Homeowners' Association  
12836 SW Kameron Lane  
Tigard, OR 97023

**AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS  
AND RESTRICTIONS FOR SCHOLLS MEADOWS**

1-38

1. DEFINITIONS.....6

1.1 Articles.....6

1.2 Assessment.....6

1.3 Architectural Review Committee.....6

1.4 Association.....6

1.5 Board.....6

1.6 Building Lot.....6

1.7 Building Structure.....7

1.8 Bylaws.....7

1.9 Common Areas.....7

1.10 Declarant.....7

1.11 FHA/VA.....7

1.12 Improvement.....7

1.13 Landscaped Areas.....8

1.14 Limited Assessment.....8

1.15 Limited Common Areas.....8

1.16 Outdoor Living Area.....8

1.17 Outdoor Living Area Access Ways.....8

1.18 Owner.....8

1.19 Parkway Strip.....8

1.20 Plat.....8

1.21 Private Utilities.....9

1.22 Project Assessment.....9

1.23 Property.....9

1.24 Regular Assessment.....9

1.25 Reserve Fund Assessment.....9

1.26 Special Assessment.....9

1.27 Transitional Advisory Committee.....9

2. DECLARATION.....10

2.1 Property Covered.....10

2.2 Purpose.....10

2.3 Declaration.....10

2.4 Development in Phases.....10

3. THE ASSOCIATION.....10

3.1 Organization.....10

3.2 Membership.....10

3.3 Voting Rights.....10

3.4 Powers and Obligations.....11

3.5 Liability.....11

3.6	<u>Association Rules and Regulations</u> .....	11
3.7	<u>Special Duties of the Association</u> .....	12
3.8	<u>Maintenance of Private Utilities</u> .....	14
4.	<u>ASSESSMENTS</u> .....	14
4.1	<u>Creation of Lien and Personal Obligation of Assessments</u> .....	14
4.2	<u>Regular Assessments</u> .....	14
4.3	<u>Limited Assessments</u> .....	15
4.4	<u>Special Assessments</u> .....	16
4.5	<u>Project Assessments</u> .....	16
4.6	<u>Reserve Funds</u> .....	16
4.7	<u>Statement of Account</u> .....	17
5.	<u>ARCHITECTURAL REVIEW COMMITTEE</u> .....	17
5.1	<u>Architectural Review</u> .....	17
5.2	<u>Procedure</u> .....	17
5.3	<u>Committee Decision</u> .....	18
5.4	<u>Committee Discretion</u> .....	18
5.5	<u>Membership; Appointment and Removal</u> .....	18
5.6	<u>Majority Action</u> .....	18
5.7	<u>Liability</u> .....	19
5.8	<u>Nonwaiver</u> .....	19
5.9	<u>Appeal</u> .....	19
5.10	<u>Effective Period of Consent</u> .....	19
5.11	<u>Estoppel Certificate</u> .....	19
5.12	<u>Construction by K&amp;F Homes, LLC</u> .....	20
6.	<u>PROPERTY RIGHTS AND EASEMENTS</u> .....	20
6.1	<u>Owners' Use and Occupancy</u> .....	20
6.2	<u>Outdoor Living Area Access Ways</u> .....	20
6.3	<u>Owners' Easements of Enjoyment</u> .....	20
6.4	<u>Title to Common Areas</u> .....	20
6.5	<u>Extent of Owners' Rights</u> .....	21
6.6	<u>Encroachments</u> .....	22
6.7	<u>Maintenance Easement</u> .....	22
6.8	<u>Easements and Setbacks</u> .....	22
7.	<u>ADDITIONAL RESTRICTIONS AND DUTIES</u> .....	23
7.1	<u>Structures Permitted</u> .....	23
7.2	<u>Residential Use</u> .....	23
7.3	<u>Offensive or Unlawful Activities</u> .....	23
7.4	<u>Use of Outdoor Living Areas</u> .....	24
7.5	<u>Parking</u> .....	24
7.6	<u>Vehicles in Disrepair</u> .....	24

7.7	<u>Signs</u> .....	24
7.8	<u>Rubbish and Trash</u> .....	25
7.9	<u>Temporary Structures</u> .....	25
7.10	<u>Service Yards</u> .....	25
7.11	<u>Antennas and Satellite Disks</u> .....	25
7.12	<u>Interior Walls</u> .....	25
7.13	<u>Rental of Dwelling Units</u> .....	25
7.14	<u>Fences and Hedges</u> . All fencing, and plans in connection therewith, shall be approved by the Architectural Review Committee prior to installation and shall be a maximum of six feet in height. ....	26
7.15	<u>Exterior Lighting or Noise-making Devices</u> .....	26
7.16	<u>Skateboards and Roller Blades Prohibited</u> .....	<b>Error! Bookmark not defined.</b>
7.17	<u>Grades, Slopes and Drainage</u> .....	26
7.18	<u>Animals</u> .....	26
7.19	<u>Stormwater Systems</u> .....	27
7.20	<u>Landscaping</u> .....	27
7.21	<u>Temporary Structures</u> .....	27
7.22	<u>Utilities</u> .....	27
7.23	<u>Exterior Materials</u> .....	27
8.	<u>ENFORCEMENT</u> .....	29
8.1	<u>Generally</u> .....	29
8.2	<u>Nonqualifying Improvements and Violation of General Protective Covenants</u> .....	29
8.3	<u>Right of Cure and Entry by Association</u> .....	30
8.4	<u>Default in Payment of Assessments; Enforcement of Lien</u> .....	30
8.5	<u>Notification of First Mortgagee</u> .....	31
8.6	<u>Subordination of Lien to Mortgages</u> .....	31
8.7	<u>Interest, Expenses and Attorneys' Fees</u> .....	31
8.8	<u>Nonexclusiveness and Accumulation of Remedies</u> .....	32
9.	<u>CASUALTY AND CONDEMNATION</u> .....	32
9.1	<u>Casualty</u> .....	32
9.2	<u>Total Condemnation</u> .....	32
9.3	<u>Partial Condemnation</u> .....	33
10.	<u>MISCELLANEOUS</u> .....	33
10.1	<u>Term</u> .....	33
10.2	<u>Amendment and Repeal</u> .....	33
10.3	<u>Regulatory Amendments</u> .....	33
10.4	<u>Notices</u> .....	34
10.5	<u>Right of Enforcement</u> .....	34
10.6	<u>Remedies Cumulative</u> .....	34

10.7	<u>Joint Owners</u> .....	34
10.8	<u>Lessees and Other Invitees</u> .....	34
10.9	<u>Non-Waiver</u> .....	35
10.10	<u>Restrictions Construed Together</u> .....	35
10.11	<u>Restrictions Severable</u> .....	35
10.12	<u>Singular Includes Plural</u> .....	35
10.13	<u>Captions</u> .....	35
10.14	<u>Conflicts</u> .....	35
10.15	ARBITRATION (This provision affects only lots 47 through 96.).....	36

**AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR SCHOLLS MEADOWS**

THIS AMENDED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR SCHOLLS MEADOWS (this "Declaration") is made and entered into effective this \_\_\_\_ day of \_\_\_\_\_, 2001, by Scholls Meadows Homeowners Association, an Oregon non profit corporation ("Declarant").

1. DEFINITIONS

The following terms shall have the following meanings when used in this Declaration:

1.1 Articles.

"Articles" shall mean the Articles of Incorporation of the Association, as amended from time to time.

1.2 Assessment.

"Assessment" shall mean any assessment levied against one or more Owners by the Association for payment of expenses relating to the Property and shall include Regular, Special, Limited, Project, and Reserve Fund Assessments, as those terms are defined herein.

1.3 Architectural Review Committee.

"Architectural Review Committee" or "Committee" shall mean the architectural review committee appointed pursuant Article 5 below.

1.4 Association.

"Association" shall mean the non-profit corporation formed to serve as the association of Owners as provided in this Declaration and such corporation's successors and assigns.

1.5 Board.

"Board" shall mean the duly-elected Board of Directors of the Association.

1.6 Building Lot.

"Building Lot" shall mean a platted or partitioned lot or tract within the Property improved or scheduled to be improved with a dwelling unit forming a part of a Building Structure, and shall not include any tract or lot marked on any plat of any portion of the Property as common or open space, streets, alleys, or dedicated areas.

1.7 Building Structure.

"Building Structure" shall mean a building structure which is comprised of one or more contiguous dwelling units constructed and located on Building Lots, including, without limitation, garage structures located on the Building Lots, whether attached to or detached from the Building Structure.

1.8 Bylaws.

"Bylaws" shall mean the Bylaws of the Association, as amended from time to time.

1.9 Common Areas.

"Common Areas" shall mean Tracts A, B, E, F, and G inclusive, as shown on the Plat. Tracts C and D have been transferred to Sierra Pacific Development (the original declarant's Assignee). These two tracts are now not a part of this subdivision and are not owned by the Association.

Tract A shall be a "Mitigation" tract as required by conditions of approval for Scholls Meadows development, Washington County Case File 96-214-S/P/HRV dated June 18, 1996 and shall be preserved in accordance with the approved Replanting Plan as required by the Clean Water Services and Washington County, said replanting plan hereby referenced and included herein as if set forth herein in its entirety.

1.10 Declarant.

"Declarant" shall mean the Scholls Meadows Homeowners Association and its successors and assigns if such successor or assign should acquire: (i) all or a material portion of Declarant's interest in the Property or (ii) all or a material portion of Declarant's rights under this Declaration, in either case as determined by Declarant and only pursuant to a recorded instrument expressly evidencing the acquisition of such interest or right executed by Declarant. Any person or entity who acquires all or a material portion of Declarant's rights or interests under this Declaration shall be known as the "Successor Declarant" with respect to the rights or interests acquired. Conveyance of a Building Lot to a third-party purchaser shall not have the effect of transferring or conveying any Declarant interest or rights.

1.11 FHA/VA.

"FHA/VA" shall mean the Federal Housing Administration, including its Department of Housing and Urban Development "HUD", and/or the Veterans Administration.

1.12 Improvement.

"Improvement" shall mean every structure or improvement of any kind, including but not limited to a building, fence, wall, driveway, storage shelter, patio, deck, or other product of construction efforts on or in respect to a Building Lot.

1.13 Landscaped Areas.

"Landscaped Areas" shall mean all portions of a Building Lot other than those portions occupied by a Building Structure or designated as an Outdoor Living Area or containing paved driveways or walkways. Landscaped Areas generally mean the front yards of Building Lots.

1.14 Limited Assessment.

"Limited Assessment" shall mean an Assessment by the Association against some, but less than all, of the Owners for common expenses arising out of or related to a particular project or effort undertaken by the Association that benefits (or primarily benefits) some, but less than all, of the Owners. Limited Assessment is further described in Section 4.3.

1.15 Limited Common Areas.

NA

1.16 Outdoor Living Area.

"Outdoor Living Area" shall mean a Lot which is located immediately adjacent to a Building Structure and which is enclosed or set off in any manner to create a private outdoor area within that Lot. Outdoor Living Areas generally mean the back yards of Lots. Each Owner of a Lot is to establish his or her Outdoor Living Area in the manner and by the time set forth in Section 7.20.

1.17 Outdoor Living Area Access Ways.

NA

1.18 Owner.

"Owner" shall mean any person or entity, including the Declarant, at any time owning a Building Lot, including any vendee under a recorded land sale contract to whom possession has passed, but does not include a tenant or holder of a leasehold interest or a person holding only a security interest in a Building Lot, including any vendor under a recorded land sale contract or memorandum of land sale contract who has surrendered possession.

1.19 Parkway Strip.

"Parkway Strip" shall mean that strip of real property located in the public right of way bounded by the curb of the public street and extending over and across a portion of the Building Lots, together with all Improvements thereon, such as landscaping therein, including, without limitation, trees, shrubs, grass, and sod; fencing, walls, sidewalks and signage; and irrigation systems.

1.20 Plat.

"Plat" shall mean that certain Plat of Scholls Meadows consisting of three sheets, recorded in the Plat Records Washington County, Oregon on April 28, 1997 in Book 110, Pages



44 through 46, Document No. 97039560 and Scholls Meadows No. 2, consisting of two sheets, recorded in the Plat Records Washington County, Oregon on October 20, 2000 in Book 133, Pages 39 through 40, Document No. 2000085575.

1.21 Private Utilities.

"Private Utilities" shall mean utilities (such as gas, water, storm water, sewer, electricity, cable, and telecommunication lines) that are not public utilities and that run under or on or over and across the Building Lots and serve a dwelling unit located on a Building Lot.

1.22 Project Assessment.

"Project Assessment" shall mean an Assessment levied against an Owner by the Association for costs and expenses incurred by the Association for corrective action performed pursuant to this Declaration that is required as a result of the willful or negligent actions or omissions of such Owner or such Owner's tenants, guests, contractors, or invitees.

1.23 Property.

"Property" shall mean the real property in Washington County, Oregon legally described on the attached Exhibit A.

1.24 Regular Assessment.

"Regular Assessment" shall mean an Assessment by the Association against all Owners to provide for the payment of all estimated normal operating expenses of the Association for the performance of the Association's duties as provided in this Declaration.

1.25 Reserve Fund Assessment.

"Reserve Fund Assessment" shall have the meaning given to such term in Section 4.6.1.

1.26 Special Assessment.

"Special Assessment" shall mean an Assessment against all Owners in the event that the Regular Assessment for any particular year is or will become inadequate to meet the expenses of the Association.

1.27 Transitional Advisory Committee.

"Transitional Advisory Committee" is an unnecessary function as there is a Homeowner's Association in place.

2. DECLARATION

2.1 Property Covered.

The property that is covered by and is hereby made subject to this Declaration is the Property.

2.2 Purpose.

The purpose of this Declaration is to provide for maintenance, repair, and replacement of the Common Areas and to set forth other terms and conditions governing the use and enjoyment of the Property. This Declaration supercedes all prior Declarations and Amendments.

2.3 Declaration.

Declarant hereby declares that the Property and all lots, parcels and portions thereof are hereby made subject to all of the conditions, covenants, restrictions, and provisions contained in this Declaration.

2.4 Development in Phases.

K&F Homes, LLC may, in its sole discretion, develop the Scholls Meadows No. 2 Property in Phases.

3. THE ASSOCIATION

3.1 Organization.

The Homeowners Association for Scholls Meadows has been formed.

3.2 Membership.

Every Owner of one or more Building Lots shall thereafter during the entire period of such Owner's ownership of one or more Building Lots, be a member of the Association. Such membership shall commence, exist and continue simply by virtue of such ownership, shall expire automatically upon termination of such ownership, and need not be confirmed or evidenced by any certificate or acceptance of membership.

3.3 Voting Rights.

Voting rights within the Association shall be allocated as follows:

3.3.1 Building Lots. Except as provided in Section 3.3.2, Building Lots shall be allocated one vote per Building Lot.

### 3.4 Powers and Obligations.

The Association shall have, exercise and perform all of the following powers, duties and obligations:

3.4.1 Declaration. The powers, duties and obligations granted to the Association by this Declaration, including, without limitation, the authority to levy assessments against Owners for the reasonable costs of maintenance by the Association and its responsibilities, as provided in this Declaration, as well as the operating costs of the Architectural Review Committee.

3.4.2 Statutory Powers. The powers and obligations of a nonprofit corporation pursuant to the Oregon Nonprofit Corporation Act and of a homeowners association of a planned community pursuant to the Oregon Planned Community Act, as either or both may be amended from time to time, except as otherwise provided by this Declaration or Bylaws.

3.4.3 General. Any additional or different powers, duties and obligations necessary or desirable for the purpose of carrying out the functions of the Association pursuant to this Declaration or otherwise promoting the general benefit of the Owners within the Property. The powers and obligations of the Association may from time to time be amended, repealed, enlarged or restricted by changes in this Declaration made in accordance with the provisions herein, accompanied by changes in the Articles or Bylaws made in accordance with such instruments and with the Oregon Nonprofit Corporation Act.

### 3.5 Liability.

3.5.1 Neither the Association nor any officer or member of the Board shall be liable to any Owner for any damage, loss or prejudice suffered or claimed on account of any action or failure to act by the Association, any of its officers or any member of the Board, provided only that the officer or Board member has acted in good faith in accordance with the actual knowledge possessed by him or her.

### 3.6 Association Rules and Regulations.

The Association from time to time may adopt, modify, or revoke such rules and regulations governing the conduct of persons and the operation and use of Building Lots, and the Common Areas, and any other portion of the Property as it may deem necessary or appropriate in order to assure the peaceful and orderly use and enjoyment of the Property; provided that such adoption, modification, or revocation shall not be effective without the prior written consent of Declarant for so long as Declarant owns any Building Lot. A copy of the rules and regulations, upon adoption, and a copy of each amendment, modification or revocation thereof, shall be delivered by the Board promptly to each Owner and shall be binding upon all Owners and occupants of all Building Lots upon the date of delivery. The method of adoption of such rules shall be as provided in the Bylaws.

### 3.7 Special Duties of the Association.

Without limiting the generality of the general powers and duties of the Association set forth in Section 3, the Association shall have the power and obligation to conduct and perform the following duties, the costs of which shall be borne as provided in Article 4:

#### 3.7.1 Maintenance of Common Areas.

(a) By the Association. The Association shall be responsible for maintenance and repair of the Common Areas to the extent not maintained by government authorities (including all Improvements on or under the Common Areas, except for Private Utilities, if any, located in the Building Lots subject to the terms conditions of this Section 3.7. Maintenance of the Common Area shall include, among other things, maintaining, repairing, and replacing grass, sod, trees, shrubs, and bushes in a neat, clean, and attractive condition. Maintenance of the Common Area shall also include, among other things, maintaining, repairing, and replacing any keystone retaining wall, sprinkler system and monuments.

(b) By the Owners. The maintenance responsibilities described in Section 3.7 specifically do not include the following duties, which are the sole responsibility of each Owner of a Building Lot with respect to Improvements located on that Owner's Building Lot (or, with respect to sidewalks, immediately adjacent to that Owner's Building Lot): maintaining, repairing, replacing, restoring, or cleaning of: Building Lot Improvements including, without limitation: decks and patios located within the Outdoor Living Areas; exterior items of hardware (including replacing and repairing exterior doors); roofs, exterior siding, exterior window casements, sashes and frames, if any; window screens, storm windows, storm doors, or screen doors, sidewalks and walkways, driveways; fencing, (including any fence abutting an Outdoor Living Area Access Way). Exterior maintenance of duplex lots shall be subject to an exterior maintenance agreement. If the fencing is on the lot line between two Building Lots, then the Owners of the Building Lots on either side of such fencing shall have the joint and equal obligations of maintenance, repair, and replacement of such fencing; electrical and mechanical doorbells, lights, and knockers; air conditioning and heating equipment and devices; skylights (if any), and exercising all due care in doing so and being solely responsible for any damage or liability arising there from; and other matters not set forth in Section 3.7.2(a). The Owners of Building Lots shall also be responsible for maintaining, repairing, and replacing the interiors of their respective dwelling units within the Building Structures, including without limitation, maintaining, repairing, and replacing electrical wiring and fixtures, plumbing pipes and conduits, all fixtures and appliances (whether built-in or free-standing), air conditioning, heating, sewage disposal, and interior fire protection systems and all amenities and hardware located within the interiors of the Building Structures. Each Owner of a Building Lot shall also be responsible for removal of snow and ice from that Owner's Building Lot. The Owners of Building Lots shall also be responsible for maintenance, repair, and replacement of Private Utilities as set forth in Section 3.8 below. Each Owner of a Building Lot shall be responsible for repaving, maintaining, repairing, and replacing the Driveway serving his or her Building Lot.

#### 3.7.2 Insurance.

(a) By the Association. The Association shall obtain, and maintain in effect, from reputable insurance companies authorized to do business in the State of Oregon,

public liability and property damage insurance with respect to the Common Areas in such amounts and in such forms as the Board deems advisable to provide adequate protection for bodily injury, including deaths of persons, and property damage, whether caused by the negligence of the Association or otherwise; provided, however, that such policy(ies) shall not be for an amount of less than \$1,000,000.00 per person, per occurrence, and that such policy(ies) shall provide that the coverage there under cannot be canceled or substantially modified without at least 10 days' written notice to the Association. Additionally, the Association shall obtain, and maintain in effect, from such companies fire and extended coverage casualty insurance (including coverage for damage resulting from vandalism and malicious mischief) with respect to each Common Areas (including any insurable Improvements on the Common Areas) in an amount equal to 100% of the replacement cost thereof. The casualty coverage may be obtained on a "blanket" basis. The Association may obtain such other and further policies of insurance, as it deems advisable. The casualty insurance to be obtained by the Association pursuant to this Section 3.7.2(a) shall include the following terms, if these are reasonably available:

- (i) A waiver of subrogation by the insurer as to any claims against the Board, any Owner, or any guest of an Owner;
- (ii) A waiver by the insurer of its right to repair and reconstruct instead of paying cash;
- (iii) A provision that no policy may be canceled, invalidated, or suspended because of any action of an Owner;
- (iv) A provision that no policy may be canceled, invalidated, or suspended because of the conduct of any director, officer, or employee of the Association unless the insurer gives the Association a prior written demand that the Association correct the defect and allows the Association a reasonable time to make the correction; and
- (v) A provision that any "other insurance" clause in any policy shall exclude from its coverage all owners' policies.

(b) By the Owners. Each Owner of a Building Lot shall obtain, and maintain in effect, from reputable insurance companies authorized to do business in the State of Oregon, public liability and property damage insurance with respect to such Building Lot in an amount of not less than \$100,000.00 per person, per occurrence. Additionally, each Owner shall obtain, and maintain in effect, from such companies fire and extended coverage casualty insurance (including coverage for damage resulting from vandalism and malicious mischief) with respect to all insurable Improvements located on such Building Lot, in an amount equal to 100% of the replacement cost thereof. EACH OWNER SHALL ALSO BE RESPONSIBLE FOR OBTAINING FIRE AND EXTENDED COVERAGE CASUALTY INSURANCE WITH RESPECT TO THAT OWNER'S PERSONAL PROPERTY. No Owner shall be obligated to obtain any of the insurance coverages described in Section 3.7.2(a), nor shall any insurance coverage obtained by an Owner (or such Owner's mortgagee) be brought into contribution with insurance obtained by the Association.

3.8 Maintenance of Private Utilities.

Private Utilities shall be located in or under each of the Building Lots. Each Owner of a Building Lot shall be solely responsible for the maintenance, repair, and replacement of the Private Utilities serving each Owner's dwelling unit and the expense therefore. Installation, maintenance, repair, and replacement of the Private Utilities shall be performed with a minimum amount of interference to the Building Lots and a minimum amount of disruption to the other Owners. In the event a Building Lot or Improvement thereon or other utilities are damaged in connection with maintenance, repair, or replacement of the Private Utilities, then the Owner of the Building Lot responsible for such damage shall, at such Owner's sole expense, repair the damage as soon as possible, but in no event later than two (2) days after the damage occurred. Nothing in this Section shall affect or diminish any obligation of utility companies to maintain, repair, and replace any of the Private Utilities.

4. ASSESSMENTS

4.1 Creation of Lien and Personal Obligation of Assessments.

Declarant, for each Building Lot owned by it within the Property, does hereby covenant, and each Owner of any Building Lot by acceptance of a conveyance thereof, whether or not so expressed in any such conveyance, shall be deemed to covenant, to pay to the Association all assessments or other charges as may be fixed, established and collected from time to time in the manner provided in this Declaration or the Bylaws. Such assessments and charges, together with any interest, expenses or attorneys' fees imposed pursuant to Section 8.7, shall be a charge on the land and shall be a continuing lien upon the Building Lot against which each such assessment or charge is made. Such assessments, charges and other costs shall also be the personal obligation of the person who was the Owner of such Lot at the time when the assessment or charge fell due. Such liens and personal obligations shall be enforced in the manner set forth in Article 8 below. No Owner may avoid such personal obligation by abandonment of Owner's Building Lot.

4.2 Regular Assessments.

4.2.1 Commencement. No Building Lot shall be subject to Regular Assessments until after it has been conveyed from Declarant to an unaffiliated third-party purchaser. Regular Assessments against any one Building Lot shall commence on the first day of the month immediately following the date on which that Building Lot is first conveyed from Declarant to an unaffiliated third-party purchaser.

4.2.2 Amount of Annual Regular Assessment. The total annual Regular Assessment against all Building Lots shall be based upon an annual budget prepared by the Board with respect to projected expenses of the Association and may (but shall not necessarily) include, without limitation, the following:

(a) maintenance, repair, replacement, and operation (including irrigation) of the Common Areas.

(b) premiums for all insurance policies that the Association is required or permitted to maintain pursuant to this Declaration and Bylaws;

(c) professional management fees and expenses, employee salaries, and legal and accounting costs;

(d) any deficits remaining from the previous fiscal year of the Association;

(e) reasonable reserve funds of the Association established at the discretion of the Board;

(f) costs related to the preparation, review, and update of the reserve study described in Section 4.6.2; and

(g) such other and further costs, expenses, obligations, and liabilities as the Board, in its discretion, may incur for the management, operation, and maintenance of the Property and the Association in accordance with this Declaration.

(h) until changed the annual assessment shall be one hundred fifty dollars (\$150.00), the amount charged pursuant to the prior Declaration.

4.2.3 Allocation of Assessments. All Regular Assessments shall be spread equally over the Building Lots then subject to assessment such that the Regular Assessment for one Building Lot then subject to assessment shall equal the dollar amount calculated by dividing the total sum of the Regular Assessments allocated to Building Lots then subject to assessment by the total number of Building Lots then subject to assessment.

4.2.4 Notice of Regular Assessments and Time for Payment Thereof. Regular Assessments shall be made on a yearly basis or at such other intervals (such as quarterly or semi-annually) as the Board may determine from time to time. Subject to amendment by the Board, the Association shall give written notice to each Owner as to the amount of the Regular Assessment with respect to each Building Lot on or before December 15 for each year for the calendar year commencing January 1 of the next year. The Regular Assessment shall be due and payable, as the Board shall determine. Until changed by the Board the procedure for payment of regular assessments shall be as it was pursuant to the prior Declaration.

#### 4.3 Limited Assessments.

##### 4.3.1 Generally.

In addition to the other Assessments set forth herein, the Association shall have the authority to levy Limited Assessments to satisfy the common expenses of a particular project or efforts undertaken by the Association that benefits (or primarily benefits) some, but less than all, of the Building Lots. The Limited Assessment shall be levied against the Owners of those Building Lots who benefit (or primarily benefit) from the project or efforts undertaken by the Association.

#### 4.4 Special Assessments.

In addition to the Regular Assessments and Limited Assessments (and reserve and other assessments) authorized hereby, the Board shall have the authority to levy Special Assessments to satisfy any actual or projected deficiency between the expenses of the Association and the amounts realized through Regular Assessments and Limited Assessments; Special Assessments shall be spread equally over the Building Lots in the same manner as Regular Assessments.

#### 4.5 Project Assessments.

The Association may levy against any Owner a Project Assessment equal to the costs and expenses incurred by the Association, including legal fees, for corrective action performed pursuant to this Declaration, which is required as a result of the willful or negligent actions or omissions of such Owner or such Owner's tenants, guests, contractors, or invitees.

#### 4.6 Reserve Funds.

4.6.1 Reserve Fund for Replacing Certain Improvements. Declarant shall establish a reserve fund in the name of the Association for replacement, in whole or in part, of any Improvements located in, on, or under the Common Areas for which the Association is responsible pursuant to this Declaration, that will normally require replacement in more than three (3) and fewer than thirty (30) years. Assessments for the reserve fund under this Section shall begin accruing from the date the reserve fund is established by the board. Reserve Fund Assessments shall be spread equally over all Building Lots. The books and records of the Association shall reflect the amount owing from the Declarant for all reserve assessments. For purposes of funding the reserve fund, the Association shall impose an Assessment to be called the "Reserve Fund Assessment" against each Building Lot, which assessment shall be spread equally over the Building Lots. The reserve fund shall be kept separate from other funds and may be used only for maintenance, repair, and replacement of Common Area Improvements. However, the Board may borrow funds from the reserve account to meet high seasonal demands on the regular operating funds or to meet other temporary expenses. Funds borrowed to meet temporary expenses under this Section shall be repaid from Regular or Special Assessments. The Association shall administer the reserve fund and shall adjust at least annually the amount of the periodic payments into it to reflect changes in current replacement costs over time. Following the second year after the turnover meeting, future Reserve Fund Assessments may be reduced, eliminated, or increased by an affirmative vote of Owners of at least 75 percent of the voting power of the Association. Any funds established for any of the purposes mentioned in this Section shall be deemed to be a reserve fund notwithstanding that it may not be so designated by the Board of Directors. The amount of the reserve fund shall constitute an asset of the Association and shall not be refunded or distributed to any Owner.

4.6.2 Reserve Study. The Board of Directors shall annually conduct a reserve study, or review and update an existing study, of the components, which qualify for reserve funds to determine the requirements of the reserve fund described in Section 4.6.1 above. The reserve study shall include (a) identification of all items for which reserves are required to be established; (b) the estimated remaining useful life of each item as of the date of the reserve study; (c) the



estimated cost of maintenance, repair, or replacement of each item at the end of its useful life; and (d) a 30-year plan with regular and adequate contributions, adjusted by estimated inflation and interest earned on the reserve fund, to meet the maintenance, repair, and replacement schedule. K&F Homes, LLC will arrange and pay for the initial reserve study required by this section.

4.7 Statement of Account.

Upon payment of a reasonable fee, which shall be established by the Board, and upon written request of any Owner or any mortgagee, prospective mortgagee, or prospective purchaser of a Building Lot, the Association shall issue a written statement setting forth the amount of the unpaid Assessments, if any, with respect to such Building Lot, and the amount of the current monthly Assessments and the dates that such Assessments become or became due, which statement shall be conclusive upon the Association in favor of persons who rely thereon in good faith. Unless such request for a statement of account shall be complied with within twenty (20) days, all unpaid Assessments, which become due prior to the date of making such request shall be subordinate to the lien of a mortgagee, which acquired its interest subsequent to requesting such statement. If a prospective purchaser makes such request, the lien for such unpaid Assessments shall be released as to the prospective purchaser but the owner/prospective seller shall remain obligated for the amount of said lien automatically if: (i) the statement is not furnished within the 20-day period provided herein, (ii) an additional written request is made by such purchaser and is not complied with within 10 days, and (iii) the purchaser subsequently acquires the Building Lot, but the owner/prospective seller shall remain obligated for the amount of said lien.

5. ARCHITECTURAL REVIEW COMMITTEE

5.1 Architectural Review.

No Improvement, except landscaping on Outdoor Living Areas shall be commenced, erected, placed, altered or maintained on any Building Lot until the design plans and specifications (including, without limitation, site plans, building plans (including elevations), grading plans, landscape plans, lighting plans, and color and/or material samples), showing the nature, shape, heights, materials, colors and proposed location of the Improvement have been submitted to and approved in writing by the Architectural Review Committee. Improvements shall be consistent with the Design Guidelines, if any, established by the Architectural Review Committee, as amended from time to time. It is the intent and purpose of this Declaration to achieve a high standard of quality of workmanship and materials and to assure harmony of external design with existing Improvements and location with respect to topography and finished grade elevations.

5.2 Procedure.

In all cases, which require Architectural Review Committee approval or consent pursuant to this Declaration, the provisions of this Article 5 shall apply. The procedure and specific requirements for Architectural Review Committee approval or consent may be set forth in Design Guidelines adopted from time to time by the Architectural Review Committee. The Architectural Review Committee may charge a reasonable fee to cover the cost of processing an application for its approval.

### 5.3 Committee Decision.

The Architectural Review Committee shall use all reasonable efforts to render its decision on an application for approval of the design of an Improvement or any other proposal submitted to it for approval or consent within 15 working days after it has received a complete written application therefore. A complete application shall specify the approval or consent requested and be accompanied by all material reasonably required or desired by it to make an informed decision on such application. If the Architectural Review Committee fails to render approval or disapproval of such application within 30 working days after the Architectural Review Committee has received a complete application, or if no suit to enforce the terms of this Declaration has been commenced within one year after completion of construction of the Improvement, approval will not be required and the related provisions of this Declaration shall be deemed to have been fully complied with. "Working days" as used in this Section shall mean Monday through Friday, except for generally recognized holidays.

### 5.4 Committee Discretion.

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

### 5.5 Membership; Appointment and Removal.

The Architectural Review Committee shall consist of as many persons, but not less than three, as are presently serving. The Association shall keep on file at its principal office a list of the names and addresses of the members of the Architectural Review Committee. The Board of Directors of the Association has the right to appoint or remove members of the Architectural Review Committee. If the Board of Directors has assumed the responsibility for appointment of the members of the Architectural Review Committee and fails to make such appointments, the Board of Directors shall serve as the Architectural Review Committee.

### 5.6 Majority Action.

Except as otherwise provided herein, a majority of the members of the Architectural Review Committee shall have the power to act on behalf of the Architectural Review Committee, without the necessity of a meeting and without the necessity of consulting or notifying the remaining members of the Architectural Review Committee. The Architectural Review Committee may render its decision only by written instrument setting forth the action taken by the members consenting thereto. No determination or consent of the Architectural Review Committee shall mean or be construed to mean that the matter subject to the determination has been or will be approved by, or is consistent with, the rules, regulations, or

requirements of, a governmental body or regulatory agency and each Owner shall be responsible, at its own expense, for complying with such rules, regulations, or requirements.

5.7 Liability.

The scope of the Architectural Review Committee's review is not intended to include any review or analysis of structural, geophysical, engineering or other similar considerations. Neither the Architectural Review Committee nor any member thereof shall be liable to any Owner, occupant, builder, or developer for any damage, loss or prejudice suffered or claimed on account of any action or failure to act of the Architectural Review Committee or a member thereof, provided only that the member has, in accordance with the actual knowledge possessed by the Architectural Review Committee or by such member, acted in good faith.

5.8 Nonwaiver.

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

5.9 Appeal.

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

5.10 Effective Period of Consent.

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

5.11 Estoppel Certificate.

Within 15 working days after written request therefore is delivered to the Architectural Review Committee by any Owner, and upon payment to the Architectural Review Committee of a reasonable fee, if any, fixed by the Architectural Review Committee to cover costs, the Architectural Review Committee shall provide such Owner with an estoppel certificate executed by a member of the Architectural Review Committee and acknowledged, certifying with respect to any Building Lot owned by the Owner, that as of the date thereof, either: (a) all Improvements made or done upon or within such Building Lot by the Owner comply with this Declaration, or (b) such Improvements do not so comply. If the estoppel certificate states that the Improvements do not comply, such certificate shall also identify the noncomplying Improvements and set forth with particularity the nature of such noncompliance. Any purchaser from the Owner,

and any mortgagee or other encumbrances, shall be entitled to rely on such certificate with respect to the matters set forth therein, such matters being conclusive as between Declarant, the Architectural Review Committee, the Association and all Owners, and such purchaser or mortgagee.

5.12 Construction by K&F Homes, LLC.

Improvements constructed by K&F Homes, LLC on any property owned by K&F Homes, LLC have been approved by the Architectural Review Committee as per the plans submitted to the Architectural Review Committee. Any future material future changes must be submitted to the Architectural Review Committee.

6. PROPERTY RIGHTS AND EASEMENTS

6.1 Owners' Use and Occupancy.

Except as otherwise expressly provided in this Declaration or in the plat in which a Building Lot was platted or partitioned, the Owner of a Building Lot shall be entitled to the exclusive use and benefit of such Building Lot (but an Owner's rights with respect to the Landscaped Areas, Outdoor Living Area, and the exterior of that portion of the building structure on such Owner's Building Lot is subject to the rights of the Association under this Declaration). Declarant, the Architectural Review Committee and any representative of the Association authorized by the Association may at any reasonable time, and from time to time at reasonable intervals, enter upon any Building Lot for the purpose of determining whether or not the use of and/or Improvements on such Building Lot are then in compliance with this Declaration. No such entry shall be deemed to constitute a trespass, conversion, or otherwise create any right of action in the Owner of such Building Lot. Declarant or the Association may grant or assign easements over or with respect to any Building Lot to municipalities or other utilities performing utility services and to communications companies.

6.2 Outdoor Living Area Access Ways.

NA

6.3 Owners' Easements of Enjoyment.

Subject to the provisions of this Declaration, every owner and Owners' invitees shall have a right and easement of enjoyment in and to the Common Areas, which easement shall be appurtenant to and shall pass with the title to every Building Lot. Use of the Common Area shall not result in unreasonable disturbance of occupants to the dwelling units within the Building Lots and shall be subject to such rules and regulations as may be adopted by the Board from time.

6.4 Title to Common Areas.

Fee title to the Common Areas shall be conveyed to the Association by Declarant, free and clear of monetary liens and monetary encumbrances at any time, in the discretion of Declarant, prior to the date of the sale of the first lot in Scholls Meadows Number 2. And prior to the time HUD insures the first mortgage in the Planned Unit Development.

6.5 Extent of Owners' Rights.

The rights and easements of enjoyment in the Common Areas created hereby shall be subject to the following and all other provisions of this Declaration.

6.5.1 Association's and Owners' Easements. Declarant grants to the Association for the benefit of the Association and all Owners of Lots within the Property the following easements over, under and upon the Common Area.

(a) An easement for installation and maintenance of power, gas, electric, water, and other utility and communication lines and services installed by Declarant or with the approval of the Board and any such easement shown on any plat of the Property.

(b) An easement for construction, maintenance, repair and use of the Common Area and any common facilities thereon, including without limitation the common property.

6.5.2 K&F Homes, LLC's Easements. The Association reserves for the benefit of K&F Homes, LLC an easement over, under and across, lots 47 through 96 and Tracts E, F, and G in order to carry out development, construction, sales and rental activities necessary or convenient for the development of the Property or the sale or rental of Building Lots (or dwelling units on the Building Lots) and for such other purposes as may be necessary or convenient for discharging K&F Homes, LLC's obligations or for exercising any of K&F Homes, LLC's rights hereunder. There is hereby reserved by Association for the benefit of K&F Homes, LLC, its employees, agents, representatives and assigns, an easement for access, construction, placement, maintenance and improvement of utilities and drainage over, under and across any lots 47 through 96 and tracts E, F, & G, together with easements in roadways and utility lines specified or established within the Property, along with the right to connect thereto. K&F Homes, LLC has the obligation to repair any damage to tracts E, F, and G. K&F Homes, LLC may also park a construction office trailer on site during construction and storage containers for the storage of on site material and equipment. These easements will terminate one (1) year after the sale of the last K&F Homes, LLC Building Lot.

6.5.3 Utility and Other Municipal Easements. Declarant or the Association may (and, to the extent required by law, shall) grant or assign easements to municipalities or other utilities performing utility services and to communication companies, and the Association may grant free access thereon to police, fire and other public officials and to employees of utility companies and communications companies serving the Property.

Tract A shall be subject to easements for access to allow Clean Water Services of Washington County to maintain the water quality facility located in said Tract A.

Tract E and F is subject to a parking easement over its entirety for the benefit of lots 1 through 96. Tract E and F are also subject to an emergency vehicle access easement, utility easements, and a public pedestrian and bicycle easement over its entirety

6.5.4 Use of the Common Area. Except as otherwise provided in this Declaration, the Common Property shall be reserved for the use and enjoyment of all Owners and no private use may be made of the Common Area. The Board shall have authority to abate any trespass or encroachment upon the Common Area at any time, by any reasonable means and with or without having to bring legal proceedings

6.5.3 Alienation of the Common Area. The Association may not by act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the Common Area owned directly or indirectly by the Association for the benefit of the Building Lots unless the holders of at least 80 percent of the Owners of Building Lots not owned by Declarant at the time of vote, have given their prior written approval. This provision shall not apply to a grant of the easements described in Section 6.5.1, 6.5.2, or 6.5.3. A sale, transfer or encumbrance of the Common Area or any portion of the Common Area in accordance with this Section may provide that the Common Area so conveyed shall be released from any restriction imposed on such Common Area by this Declaration. No such sale, transfer or encumbrance may, however, deprive any Building Lot of such Building Lot's right of access or support without the written consent of the Owner of such Building Lot.

6.5.4 Delegation of Use. Any Owner may delegate, in accordance with the Bylaws, Owner's right of enjoyment of the Common Area to the members of Owner's family and to Owner's tenants, in each case, who reside on the Building Lot.

6.6 Encroachments.

6.6.1 If an encroachment results from construction, reconstruction, repair, shifting, settlement or movement of any portion of the Property, an easement for the encroachment shall exist to the extent that any Building Lot encroaches on any other Building Lot or Common Areas. An easement shall continue for the purpose of maintaining the encroachment so long as the encroachment exists. Nothing in this Section shall relieve an Owner of liability in case of an Owner's willful misconduct or shall relieve Declarant or any other person of liability for failure to adhere to any plat of any portion of the Property.

6.7 Maintenance Easement.

An easement is hereby reserved in favor of the Association and its successors, assigns, contractors, agents, and employees, over, across, and under five feet from each boundary line of each Building Lot, and over all of the Common Areas and any other areas of the Property necessary or appropriate for purposes of accomplishing the maintenance, repair, and replacement of Improvements on Common Areas.

6.8 Easements and Setbacks

Easements as shown on the subdivision plat shall be preserved by the respective lot owners. Site improvements shall not be placed so as to interfere with the maintenance of any easement. The owner of any lot which has an easement shall maintain the easement are at his or her expense. Except for improvements for which the Association or a public authority or utility is responsible. All setbacks must at a minimum meet the ordinances,

rules and regulations of Washington County, Oregon as varied by action of Washington County.

7. ADDITIONAL RESTRICTIONS AND DUTIES

7.1 Structures Permitted.

Except to the extent expressly provided or contemplated in this Declaration, no Improvements shall be erected or permitted to remain on any Building Lot except Improvements designed for residential living and Improvements normally accessory thereto.

7.2 Residential Use.

Building Lots shall only be used for residential purposes. Except with the consent of the Board, and as allowed by applicable ordinances, agreements, or land use approvals, no trade, craft, business, profession, commercial or similar activity of any kind shall be conducted on any Building Lot, nor shall any goods, equipment, vehicles, materials or supplies used in connection with any trade, service or business be kept or stored on any Building Lot. Nothing in this paragraph shall be deemed to prohibit: (i) activities relating to the rental or sale of Building Structures, (ii) the right of Declarant or any contractor or homebuilder to construct Building Structures on any Building Lot, to store construction materials and equipment on such Building Lots in the normal course of construction, and to use any Building Structure as a sales or rental office or model home for purposes of sales or rental in the Property, and (iii) the right of an Owner to maintain Owner's professional personal library, keep Owner's personal business or professional records or accounts, handle Owner's personal business or professional telephone calls or confer with business or professional associates, clients or customers, in Owner's Building Structure. The Board shall not approve commercial activities otherwise prohibited by this Section unless the Board determines that only normal residential activities would be observable outside of the Building Structure and that the activities would not be in violation of applicable ordinances nor create additional or disruptive traffic or the need for additional parking. The maximum height shall be three stories.

7.2 a Dwelling Size

The ground floor area of a one-story dwelling exclusive of open porches and garages, shall not be less than 1200 square feet. In the case of a two-story or multi-level home, the total square footage shall be not less than 1400 square feet exclusive of open porches and garages. Lots 47, 48, 49 and 50 shall not be less than 1300 square feet exclusive of open porches and garages. The Architectural Review Committee must approve in writing any exception to these standards.

7.3 Offensive or Unlawful Activities.

No noxious or offensive activities shall be carried on upon any Building Lot or Common Areas, nor shall anything be done or placed on any Building Lot or Common Areas which interferes with or jeopardizes the enjoyment of other Building Lots, or which is a source of annoyance to residents. No unlawful use shall be made of a Building Lot or any part thereof, and all laws, zoning ordinances, and regulations of all governmental bodies having jurisdiction thereof shall be observed. Without limiting the generality of the foregoing, no heat pump or other

heating, ventilating, or air conditioning equipment, the operation of which produces noise at a level higher than 80 decibels, shall be allowed on or in any Building Lot or Building Structure.

7.4 Use of Outdoor Living Areas.

Outdoor Living Areas shall be used exclusively for patios, decks, and private planting and landscaping areas.

7.5 Parking.

Parking of boats, trailers, motor homes, trucks (except pickups of 1 1/2 ton weight or less), unmounted truck campers, or other recreational vehicles or similar equipment and vehicles shall not be allowed on any part of the Property or on public streets adjacent thereto, excepting only within areas designated for such purposes by the Board in accordance with the terms of this Declaration or within the confines of an enclosed garage or screened area, the plans of which comply with applicable ordinances, agreements, or land use approvals and have been reviewed and approved by the Architectural Review Committee prior to construction, and no portion of the same may project beyond the screened area.

7.6 Vehicles in Disrepair.

No Owner shall permit any vehicle, which is in a state of disrepair to be abandoned or to remain parked upon any Building Lot for a period in excess of 48 hours. A vehicle shall be deemed in a "state of disrepair" when the Board reasonably determines that its presence offends the occupants of the neighborhood. Should any Owner fail to remove such vehicle within five days following the date on which notice is mailed to such Owner by the Association, the Association may have the vehicle removed from the Property and charge the expense of such removal to the Owner.

7.7 Signs.

No signs shall be erected or maintained on any Building Lot except signs which are approved as to appearance and location by the Architectural Review Committee, provided that No Parking signs described in Section 6.9 are approved. The restrictions contained in this paragraph shall not apply to:

7.7.1 Political Signs. The temporary placement of "political" signs on any Building Lot by the Owner thereof;

7.7.2 K&F Homes, LLC's Sales Office and Model Home Signs. Placement in reasonable areas by K&F Homes, LLC, or its agents, on K&F Homes, LLC's land or one or more signs identifying the name of K&F Homes, LLC, and/or the location of a sales office or model home; or

7.7.3 Construction, Sales or Leasing. Placement by an Owner or K&F Homes, LLC, and Owner's or K&F Homes, LLC's agent(s)' signs customarily used in connection with the construction, sales, or leasing of houses.



7.8 Rubbish and Trash.

No Building Lot or Common Area shall be used as a dumping ground for trash or rubbish of any kind. All garbage and other waste shall be kept in appropriate sanitary containers for proper disposal and out of public view. If any default under this Section exists for a period longer than ten (10) days after written notice of such default is mailed to the responsible Owner by the Association, the Association shall have, in addition to any other rights under this Declaration, or at law or in equity, the particular remedies specified in Section 8.

7.9 Temporary Structures.

No structure of a temporary character, trailer, basement, tent, shack, garage, barn or other outbuilding shall be used on any Building Lot at any time as a residence, either temporarily or permanently.

7.10 Service Yards.

Service yards (garbage, fuel tanks, clotheslines, etc.) shall be completely screened such that the elements screened are not visible at any time from the street.

7.11 Antennas and Satellite Disks.

No Owner may erect or maintain a television or radio receiving or transmitting antenna, satellite dish or similar implement or apparatus, or solar collector panels, equipment or clothes lines upon any Building Lot unless such apparatus is erected and maintained in such a way that it is screened from public view along the public street right-of-way directly in front (and to the side, in the case of a corner Building Lot) of the house erected on such Building Lot, and no such apparatus shall be erected without the prior written consent of the Architectural Review Committee. The Architectural Review Committee, as designated in this Declaration, shall have the absolute authority to determine whether an accessory is adequately screened from public view. The authority of the Architectural Review Committee in this matter shall be subject to any regulations issued by the Federal Communications Commission or any other applicable governmental authority.

7.12 Interior Walls.

Each Owner shall ensure that the wall(s) separating such Owner's dwelling unit from other dwelling units within the same Building Structure are not punctured or otherwise breached by such Owner or Owner's lessees, invitees, contractors, or family members.

7.13 Rental of Dwelling Units.

An Owner may rent or lease such Owner's dwelling unit or a portion thereof, provided that the following conditions are met:

7.13.1 Written Rental Agreements Required. The Owner and the tenant enter into a written rental or lease agreement specifying that (i) the tenant shall be subject to all provisions of this Declaration, the Bylaws and the Association rules and regulations, and (ii) a failure to

comply with any provision of this Declaration, the Bylaws and the Association rules and regulations shall constitute a default under the rental or lease agreement;

7.13.2 Minimum Rental Period. The period of the rental or lease is not less than thirty (30) days;

7.13.3 Tenant Must Be Given Documents. The Owner gives each tenant a copy of this Declaration, the Bylaws and the Association rules and regulations.

7.13.4 Landlord. The Owner shall be liable for the tenant's failure to comply with this Declaration or Association rules and regulations to the same extent as the tenant.

7.14 Fences and Hedges. All fencing, and plans in connection therewith, shall be approved by the Architectural Review Committee prior to installation and shall be a maximum of six feet in height.

7.15 Exterior Lighting or Noise-making Devices.

Except with the consent of the Architectural Review Committee, no exterior light or noise-making devices, other than security and fire alarms, shall be installed or maintained on any Building Lot. The Architectural Review Committee may require shielding to reduce glare on or onto other Building Lots.

7.16 Pedestrian Access Protected.

No skateboards, roller blades /skates, bicycles, riding toys, sports and recreational equipment or similar items shall be permitted to limit or endanger pedestrian access or use of any portion of the Property, including, without limitation, any street or sidewalk or any other portion of the Common Property. When not in actual use, all such equipment or structures shall be stored out of sight on the Owner's lot. Recreational equipment or similar items shall not be placed or used in a manner or in location that endangers the user, pedestrians or motorists.

7.17 Grades, Slopes and Drainage.

There shall be no interference with the established drainage patterns or systems over or through any Building Lot so as to affect any other Building Lot or any real property outside the Property unless adequate alternative provision is made for proper drainage and is approved by the Architectural Review Committee. The term "established drainage" shall mean the drainage swales, conduits, inlets and outlets designed and constructed for the Property.

7.18 Animals.

No animals, including poultry, shall be raised or kept on any Building Lot, except that a total of four (4) dogs, cats or other household pets may be kept, provided they are not raised or kept for commercial purposes and are not permitted to cause damage, discomfort, or unreasonable noise to neighbors and neighboring Building Lots. Owners whose pets cause inconvenience to other Owners shall take all steps necessary to prevent recurrence thereof, and Owners whose pets damage other Owner's Building Lots or personal property shall reimburse

such other Owners for reasonable costs actually incurred by them in repairing such damage. Owners shall ensure that their dogs are leashed when on the Property and outside of the Owner's Building Lot. An Owner may be required to remove a pet upon receipt of a third written notice from the Board of any violation of a rule, regulation, or restriction governing pets within the Property.

7.19 Storm water Systems.

No Owner shall dump or pour liquids or materials down the catch basins of any stormwater system within the Property. Such storm water systems are to be used strictly for drainage of storm water.

7.20 Landscaping.

K&F Homes, LLC shall landscape all Landscaped Areas in Scholls Meadows #2. Lot owners in Scholls Meadows #2 shall be responsible for installing landscaping in all Outdoor Living Areas. All front, rear and side yard landscaping must be completed pursuant to a landscaping plan approved by the Architectural Control Committee. The landscaping on all front yards and on corner lots side yards must be installed upon substantial completion of the residence. All remaining landscaping must be completed within 6 months of occupancy of the dwelling. In the event of undue hardship due to weather conditions, this provision may be extended for a reasonable time, but only after written application is made to the Architectural Control Committee and the Committee's approval is obtained. Landscaping plans which include fencing shall follow the fencing design adopted by and available from the Architectural Review Committee. The plans shall also incorporate plant materials designed to buffer or soften said fencing from exposure to any street or common area.

7.21 Temporary Structures

No structure of a temporary character, trailer, motor home, basement, tent, shack, garage, barn or other outbuilding shall be permitted on the property in Scholls Meadows or used on any lot at any time as a residence. Infrequent recreational camping by lot family members or camping for brief periods necessitated by remodeling or a disaster to the Residence shall not require Architectural Control Committee approval.

7.22 Utilities

No outdoor overhead wire or service drop for the distribution of electric energy or for telecommunication purposes, nor any pole, tower, or other structure supporting said overhead wire shall be erected, placed or maintained within this subdivision. All owners of lots within this subdivision, their heirs successors and assigns shall use underground wires to connect their premises and the structures built thereon to the underground electric, T.V. cable, or telephone utility facilities provided.

7.23 Exterior Materials

Exterior material must be approved for use by the Architectural Control Committee and in accordance with any provisions contained in a purchase agreement for any lot

within this subdivision. Roofing may be composition in a color approved by the Architectural Control Committee. Exterior siding of T-111 or other pressed wood sheet siding may be allowed as a single or double wall construction technique provided it is approved in advance by the Architectural Control Committee. Approval for use of said T-111 or other pressed wood sheet siding is dependent solely upon the subjective judgment of the Architectural Control Committee. Approval for use of said T-111 or other pressed wood sheet siding on the structure(s) on one lot or in one circumstance shall not create a precedent for its use or approval on any other lot or lots. T-111 and sheet siding shall not be allowed on any elevation facing a public or private street. Windows shall be wood, vinyl clad wood or vinyl with site lines equivalent to wood. In appropriate circumstances the Architectural Control Committee may approve other materials if necessary to facilitate design, provided they are in keeping with the character of Scholls Meadows.

#### 7.24 Exterior Finish

The exterior finish of all construction on any lot shall be designed, built and maintained in such a manner as to blend in with existing structures and landscaping within this subdivision. Exterior colors must be approved by the Architectural Control Committee. Exterior trim, fences, doors, railings, decks, eaves, gutters, exhaust pipes and exterior finish on garages and other accessory buildings shall be designed, built and maintained to be compatible with the exterior of the structures they adjoin.

#### 7.25 Mail and Paper Delivery Boxes

Mail boxes and newspaper receptacles placed in front of any lot shall be included in a single structure of a design approved by the Architectural control Committee unless otherwise dictated by the U.S. Postal Service.

#### 7.26 Swimming Pools

The location of a swimming pool on any lot must be approved by the Architectural Control Committee. Adequate and Committee approved safety fencing must be installed and properly maintained around swimming pools.

#### 7.27 Damage to Roads or Curbs During Construction

Any damage to roads, sidewalks, or curbs which occurs during the course of construction of any kind on a lot shall be the responsibility of that lot owner. Repair of such damage, if not undertaken by the lot owner within 30 days of notice to correct may, at their option, be undertaken by the Declarant or the Association if it has been activated. The cost of such repair shall be billed to and borne by the lot owner and shall be payable within 30 days after it becomes due. Failure to pay for any repair billed shall cause the lot owner to be liable for interest at the rate of 15% per annum and costs of collection including attorneys fees and such unpaid amounts shall become a lien on the lot owned by the lot owner.

## 7.28 Sidewalks and Driveways

The owner(s) of each lot shall be responsible for the installation and maintenance of a five (5) foot wide concrete sidewalk along the frontage of each lot and along the side yard on corner lots consistent with Declarant's plan for design and location. All driveways shall extend from the edge of the finished surface of streets in to the surface of the garage floor and shall be constructed of concrete an/or materials acceptable to the Committee such as brick or cobblestones. No asphalt driveways will be permitted.

## 7.29 Lighting

Any exterior area lighting should be diffused and installed as down light. House street numbers shall be visible at night, six inches in height, and made of brass, chrome, copper, bronze or other metal of similar qualities.

## 8. ENFORCEMENT

### 8.1 Generally.

In the event any Owner shall violate any provision of this Declaration, the Bylaws, or any rules or regulations adopted by the Association governing the use of Building Lots or the Common Area or other areas, then the Association, acting through the Board, may notify the Owner in writing that the violations exist and that such Owner is responsible for them, and may, after affording the Owner reasonable notice and opportunity to be heard, do any or all of the following: (i) suspend the Owner's voting rights for the period that the violations remain unabated, (ii) impose reasonable fines upon the Owner, in the manner and amount the Board deems appropriate in relation to the violation, which fines shall be paid into the reserve fund account, or (iii) bring suit or action against such Owner to enforce this Declaration. Nothing in this Section, however, shall give the Association the right to deprive any Owner of access to and from such Owner's Building Lot.

### 8.2 Nonqualifying Improvements and Violation of General Protective Covenants.

In the event any Owner constructs or permits to be constructed on such Owner's Building Lot an Improvement contrary to the provisions of this Declaration, or causes or permits any Improvement, activity, condition or nuisance contrary to the provisions of this Declaration to remain uncorrected or unabated on such Owner's Building Lot, then the Association, acting through the Board, may notify the Owner in writing of any such specific violations of this Declaration and may require the Owner to remedy or abate the same in order to bring the Owner's Building Lot, the Improvements thereon and the Owner's use thereof into conformance with this Declaration. If the Owner is unable or unwilling to comply with the Association's specific directives for remedy or abatement, or the Owner and the Association cannot agree on a mutually acceptable solution within the framework and intent of this Declaration, after the Owner has been afforded notice and opportunity to be heard, within sixty (60) days, then the Association, acting through the Board, shall have, in addition to any other rights or remedies provided in this Declaration, at law or in equity, the right to do any or all of the following:

8.2.1 Fines. Impose reasonable fines against such Owner in the manner and amount the Board deems appropriate in relation to the violation, but to be imposed reasonably and consistently on each Owner according to such standards and such advance notices as the Board may adopt from time to time;

8.2.2 Remove Cause of Violation. Enter the offending Building Lot (which entry shall not subject the Association, the directors of the Association or any agent or representative thereof to liability for trespass, conversion or any other claim for damages) and remove the cause of such violation, or alter, repair or change the item which is in violation of the Declaration in such a manner as to make it conform thereto, in which case the Association may assess such Owner for the entire cost of the work done, which amount shall be payable to the reserve account, provided that no items of construction shall be altered or demolished in the absence of judicial proceedings; and/or

8.2.3 Suit or Action. Bring suit or action against the Owner on behalf of the Association and other Owners to enforce this Declaration.

### 8.3 Right of Cure and Entry by Association.

If an Owner fails to perform maintenance and/or repair that such Owner is obligated to perform pursuant to this Declaration, and if the Board determines, after notice, that such maintenance and/or repair is necessary to preserve the attractiveness, quality, nature and/or value of the Property, the Board may cause such maintenance and/or repair to be performed and may enter any such Building Lot whenever entry is necessary in connection with the performance thereof. An Owner may request, and the Board shall conduct, a hearing on the matter. The Owner's request shall be in writing delivered within five (5) days after receipt of the notice, and the hearing shall be conducted within not less than five (5) days nor more than twenty (20) days after the request for a hearing is received. Entry shall be made with as little inconvenience to an Owner as practicable and only after advance written notice of not less than forty-eight (48) hours, except in emergency situations. The costs of such maintenance and/or repair shall be chargeable to the Owner of the Building Lot, which may be collected and enforced as a Limited Assessment.

### 8.4 Default in Payment of Assessments; Enforcement of Lien.

If an Assessment or other charge levied under this Declaration is not paid within thirty (30) days after its due date, such Assessment or charge shall become delinquent and shall bear interest from the due date until paid at the rate set forth below and, in addition, the Association may exercise any or all of the following remedies:

8.4.1 Suspension of Rights; Acceleration. The Association may suspend such Owner's voting rights until such amounts, plus other charges under this Declaration, are paid in full and may declare all remaining periodic installments of any Assessment or any other amounts owed by such Owner to the Association immediately due and payable. In no event, however, shall the Association deprive any Owner of access to and from such Owner's Building Lot.

8.4.2 Lien. In addition to the personal obligation of all applicable owners jointly and severally. The Association shall have a lien against each Building Lot for any Assessment levied against such Building Lot and any fines or other charges imposed under this Declaration or

the Bylaws against the Owner of the Building Lot from the date on which the Assessment, fine or charge is due. The provisions regarding the attachment, notice, recordation and duration of liens established on real property under ORS 87.352 to 87.382 as amended or replaced shall apply to the Association's lien. The lien shall be foreclosed in accordance with the provisions regarding the foreclosure of liens under ORS Chapter 88. The Association, through its duly authorized agents, may bid on the Building Lot at such foreclosure sale, and may acquire and hold, lease, mortgage and convey the Lot. If any Assessment is payable in installments, the full amount of the Assessment is a lien from the date the first installment of the Assessment becomes due.

8.4.3 Suit or Action. The Association may bring an action to recover a money judgment for unpaid Assessments, fines and charges under this Declaration without foreclosing or waiving the lien described in Section 8.4.2. Recovery on any such action, however, shall operate to satisfy the lien, or the portion thereof, for which recovery is made.

8.4.4 Other Remedies. The Association shall have any other remedy available to it by law or in equity.

8.5 Notification of First Mortgagee.

The Board shall notify any recorded first mortgagee of any Building Lot of any default in performance of the terms of this Declaration by the Building Lot Owner, which is not cured within sixty (60) days of the Board giving written notice of default.

8.6 Subordination of Lien to Mortgages.

The lien for the assessments or charges provided for in this Declaration shall be subordinate to the lien of any mortgage or deed of trust on such Building Lot which was made in good faith and for value and which was recorded prior to the recordation of the notice of lien. Sale or transfer of any Building Lot shall not affect the assessment lien. Any such sale or transfer, however, shall not release the Building Lot from liability for any assessments or charges thereafter becoming due or from the lien of such subsequent assessments or charges.

8.7 Interest, Expenses and Attorneys' Fees.

Any amount not paid to the Association when due in accordance with this Declaration shall bear interest from the due date until paid at a rate of eighteen percent (18%) per annum (or the highest lawful rate, if lower), or at such other rate as may be established by the Board, but in any event not to exceed the lawful rate of interest under the laws of the State of Oregon. In addition to and not in lieu of such interest, a late charge may be charged for each delinquent assessment in an amount established from time to time by resolution of the Board not to exceed 30% of such assessment. In the event the Association shall file a notice of lien, the lien amount shall also include the recording fees associated with filing the notice, and a fee for preparing the notice of lien established from time to time by resolution of the Board. In the event the Association shall bring any suit or action to enforce this Declaration, or to collect any money due hereunder or to foreclose a lien, the Owner-defendant shall pay to the Association all costs and expenses incurred by the Association in connection with such suit or action, including a foreclosure title report, and the prevailing party in such suit or action shall recover such amount as

any federal, state or bankruptcy court may determine to be reasonable as attorneys' fees at trial and upon any appeal or petition for review thereof.

8.8 Nonexclusiveness and Accumulation of Remedies.

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

9. CASUALTY AND CONDEMNATION

9.1 Casualty.

The Owner shall be responsible for repairing, reconstructing, and rebuilding all damage to or destruction of the structural components of the Building Structures. Common Areas, subject to the provisions of this Section 9 and of Section 4.5. If casualty is caused as a result of actions specified under Section 4.5, the applicable Owner shall be responsible for correcting such casualty. The Association or Owner respectfully shall rebuild and/or restore the damaged or destroyed portions of the structural components of the Building Structures and the Common Areas to substantially the same condition in which these existed prior to such damage or destruction, unless Owners of at least 75% of the Building Lots and at least 75% of first mortgagees of Building Lots agree that the damaged or destroyed portions shall not be rebuilt and/or restored. Rebuilding and/or restoration shall begin within sixty (60) days following the damage or destruction or as soon as reasonably practicable thereafter. If the proceeds of the insurance policies held by the Association are insufficient to fund the full cost of rebuilding and/or restoration, the difference between the amount of such proceeds and such cost shall be charged to all Owners by means of a Special Assessment. If the required number of Owners and first mortgagees of Building Lots agree that the damaged or destroyed portions of the Common Areas shall not be rebuilt and/or restored, the proceeds of the insurance policies held by the Association shall be distributed on an equitable basis among the Owners of the affected Building Lots in such manner as the Board shall determine. The Association shall represent the Owners in any proceeding, negotiation, settlement, or agreement relating to the payment of proceeds under any insurance policies held by the Association.

9.2 Total Condemnation.

In the event of condemnation of the whole of the Property, the compensation to be paid to Owners of Building Lots shall be negotiated and finalized, including, if required, by representation in any proceeding, by the Association, subject to ratification of such compensation by the Owners of at least 75 percent of the Building Lots at a special meeting called for that purpose, whether or not proceedings are necessary, and compensation, less expenses involved, if any, in obtaining the compensation shall be paid to the Association and then distributed among the Owners in equitable proportions and payable to any mortgagee to the extent required to obtain



a discharge of mortgage. Notwithstanding the award for the condemnation of the whole Property, the rights of each Owner shall be separate to negotiate and finalize such Owner's personal compensation for Improvements made to the Building Lots, cost of moving, and other similar items personal to each Owner.

9.3 Partial Condemnation.

In the event of a partial condemnation of the Property which includes some Building Lots, each Owner whose Building Lots is condemned shall deal with the condemning authority with regard to compensation therefore, and the compensation for such Building Lots shall be paid to such Owner (or the mortgagee of that Owner's Building Lot). The Association shall negotiate compensation relating to the Common Areas. The cost, if any, of restoring the balance of the Property so that it may be used shall be determined by the Association and the Association shall negotiate with the condemning authority with regard to compensation for this expenditure. Any moneys received by the Association for any such reconstruction shall be held in trust by the Association for the purpose of such reconstruction.

10. MISCELLANEOUS

10.1 Term.

The covenants, conditions and restrictions of this Declaration shall run until December 31, 2031, unless amended as herein provided. After December 31, 2031, such covenants, conditions and restrictions shall be automatically extended for successive periods of ten (10) years each, unless amended or extinguished by a written instrument executed by members holding at least 75% of the voting power of the Association, which is recorded in the deed records of Washington County.

10.2 Amendment and Repeal.

10.2.1 This Declaration, or any provision hereof, as from time to time in effect with respect to all or any part of the Property, may be amended or repealed by the vote or written consent of the Owners holding not less than 75% of the voting power of the Association.

10.2.2 Any such amendment or repeal shall become effective only upon recordation in the deed records of Washington County of a certificate of the president or secretary of the Association setting forth in full the amendment, amendments or repeal so approved and certifying that said amendment, amendments or repeal have been approved in the manner required by this Declaration.

10.2.3 In no event shall an amendment under this Section change the boundaries of any Building Lot or any uses to which any Building Lot is restricted unless the Owners of the affected Building Lots unanimously consent to the amendment.

10.3 Regulatory Amendments.

Notwithstanding the provisions of Section 10.2, the Association and lot owners shall have the right to amend this Declaration or the Bylaws in order to comply with the

requirements of any applicable statute, ordinance, regulation or guideline of the Federal Housing Administration, the Veterans Administration, the Farmers Home Administration of the United States, the Federal National Mortgage Association, the Government National Mortgage Association, Fannie Mae, any department, bureau, board, commission or agency of the United States or the State of Oregon or Washington County or local agencies, or any corporation wholly owned, directly or indirectly, by the United States or the State of Oregon that insures, guarantees or provides financing for a planned community or lots in a planned community or to comply with the Oregon Planned Community Act.

#### 10.4 Notices.

Any notices permitted or required to be delivered as provided herein shall be in writing and may be delivered either personally or by mail. If delivery is made by mail, it shall be deemed to have been delivered 72 hours after a copy of the same has been deposited in the United States mail, postage prepaid, addressed to any person at the address given by such person to the Association for the purpose of service of such notice, or to the residence of such person if no address has been given to the Association. Such address may be changed from time to time by notice in writing to the Association.

#### 10.5 Right of Enforcement.

Except as otherwise provided herein, any Owner of any Building Lot covered by this Declaration shall have the right to enforce any or all of the provisions hereof against any property covered by this Declaration and the Owners thereof.

#### 10.6 Remedies Cumulative.

Each remedy provided herein is cumulative and not exclusive.

#### 10.7 Joint Owners.

In any case in which two or more persons share the ownership of any Building Lot, regardless of the form of ownership, the responsibility of such persons to comply with this Declaration shall be a joint and several responsibility and the act or consent of any one or more of such persons shall constitute the act or consent of the entire ownership interest; provided, however, that in the event such persons disagree among themselves as to the manner in which any vote or right of consent held by them shall be exercised with respect to a pending matter, any such person may deliver written notice of such disagreement to the Association, and the vote or right of consent involved shall then be disregarded completely in determining the proportion of votes or consents given with respect to such matter.

#### 10.8 Lessees and Other Invitees.

Lessees, invitees, contractors, family members and other persons entering the Property under rights derived from an Owner shall comply with all of the provisions of this Declaration restricting or regulating the Owner's use, improvement or enjoyment of such Owner's Building Lot and other areas within the Property. The Owner shall be responsible for obtaining such compliance and shall be liable for any failure of compliance by such persons in the same

manner and to the same extent as if the failure had been committed by the Owner. Nothing in this Section shall diminish or limit the special Declarant rights of Declarant.

10.9 Non-Waiver.

The failure to enforce any of the provisions herein at any time shall not constitute a waiver of the rights to enforce any such provision or any other provision of said restrictions.

10.10 Restrictions Construed Together.

All of the provisions hereof shall be liberally construed together to promote and effectuate the general plan and scheme of the Property.

10.11 Restrictions Severable.

Each of the provisions hereof shall be deemed independent and severable, and the invalidity or partial invalidity of any provision or portion thereof shall not affect the validity or enforceability of any other provision.

10.12 Singular Includes Plural.

Unless the context requires a contrary construction, the singular shall include the plural and the plural the singular; and the masculine, feminine or neuter shall each include the masculine, feminine and neuter.

10.13 Captions.

All captions and titles used in this Declaration are intended solely for convenience of reference and shall not affect that which is set forth in any of the provisions hereof.

10.14 Conflicts.

The following documents shall be construed liberally to avoid conflicts, but in the event of an irreconcilable conflict between the provisions of the following documents, any such conflicts shall be resolved in the listed order of precedence: first, this Declaration; second, the Articles; third, the Bylaws; and fourth, rules and regulations promulgated by the Association. In addition, there exists that certain Exterior Maintenance Agreement and Easement to Perform Maintenance for recorded in the Official Records of Washington County, Oregon on March 7, 2001 under Document No. 2001018495.1 (the "Exterior Maintenance Agreement"). In the event of a conflict between the provisions of the Declaration and the provisions of the Exterior Maintenance Agreement, the provisions of this Declaration shall control and prevail in every such instance.

10.15 ARBITRATION (This provision affects only lots 47 through 96.)

ANY DISPUTES BETWEEN K&F HOMES LLC, OR ANY OWNER (INCLUDING BUT NOT LIMITED TO CLAIMS ARISING OUT OF ALLEGED CONSTRUCTION DEFECTS, WARRANTY CLAIMS OR CLAIMS OF FRAUD OR NEGLIGENCE RELATING TO CONSTRUCTION DEFECTS) WILL BE SUBJECT TO BINDING ARBITRATION RATHER THAN A LAWSUIT.

THE ARBITRATOR WILL BE CHOSEN AS FOLLOWS:

- a) IN THE EVENT THE RESIDENTIAL WARRANTY CORPORATION (RWC) IS PARTICIPATING, AS PER RWC RULES.
- b) IN THE EVENT RWC IS NOT PARTICIPATING:
  - a. AS AGREED TO BY THE PARTIES
  - b. IF NOT AGREED TO, BY THE ARBITRATION SERVICE OF PORTLAND
  - c. IN THE EVENT THE ARBITRATOR AS PER THE ARBITRATION SERVICE OF PORTLAND IS NOT AVAILABLE, AN ARBITRATOR SELECTED BY THE PRESIDING JUDGE OF THE WASHINGTON COUNTY CIRCUIT COURT.

THE OWNERS' ASSOCIATION AGREES THAT IF IT HAS ANY RIGHTS AGAINST K&F HOMES, LLC WHICH ARE DERIVED FROM A HOMEOWNER'S RIGHTS RELATING TO A PURCHASE OF A LOT BY A HOMEOWNER FROM K&F HOMES, LLC OR ASSIGNS, THEN IT WILL BE BOUND TO THE ARBITRATION PROVISION SET FORTH HEREIN REGARDING THOSE RIGHTS.

EACH PARTY WILL BEAR THEIR OWN COSTS AND ATTORNEY FEES.

THIS AGREEMENT IS INTENDED TO RUN WITH THE LAND AND SHALL BE BINDING AS TO FUTURE OWNERS OF LOTS IN THIS SUBDIVISION.

THIS PROVISION SHALL NOT AFFECT ANY DISPUTES BETWEEN THE HOMEOWNERS ASSOCIATION AND ANY LOT OWNER OR K&F HOMES, LLC REGARDING COMPLIANCE WITH THE PROVISIONS OF THIS AGREEMENT OR THE HOMEOWNERS ASSOCIATION FORECLOSING ANY LIEN.

IN WITNESS WHEREOF, the undersigned, as Declarant, has executed this Declaration as of the date first set forth above.

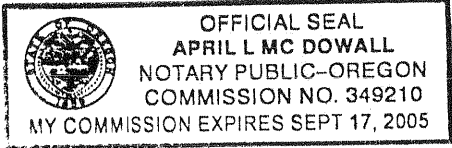
THE SCHOLLS MEADOWS HOMEOWNERS ASSOCIATION, an Oregon Non Profit Corporation

By: [Signature]  
Its: GARY PETERSON, President

STATE OF OREGON            )  
  ) ss.  
County of Washington    )

The foregoing instrument was acknowledged before me on this 17<sup>th</sup> day of ~~September~~ October, 2001, by Gary Peterson, as the President of the Scholls Meadows Homeowners' Association, an Oregon nonprofit corporation.

[Signature: April L. McDowall]  
Notary Public for Oregon  
My Commission Expires: 9/17/05



## **EXHIBIT A**

### **The Property**

All of that real property in Washington County, Oregon, legally described on that certain Plat of Scholls Meadows, consisting of three sheets, recorded in the Plat Records of Washington County, Oregon in Book 110, Pages 44 through 46, recorded on the 28th day of April, 1997, and All of that real property in Washington County, Oregon, legally described on that certain Plat of Scholls Meadows No. 2, consisting of two sheets, recorded in the Plat Records of Washington County, Oregon in Book 133, Pages 39 through 40, recorded on the 20th day of October 2000.