

AFTER RECORDING RETURN TO:

Pacific Seawatch Homeowners' Association, Inc.
PO Box 189
Pacific City, OR 97135-0189

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I hereby certify that the within
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State of Oregon.



Tassi O'Neil, Tillamook County Clerk

PACIFIC SEAWATCH HOMEOWNERS' ASSOCIATION, INC.

Declaration of Covenants, Conditions and Restrictions



By Nestucca Ridge Development, Inc.

Pacific Seawatch Homeowners'
Association, Inc.
PO Box 189
Pacific City, OR 97135-0189
www.pacificseawatch.com

**Pacific Seawatch
Declaration of Covenants, Conditions and Restrictions**

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PACIFIC SEAWATCH

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

Forward

Pacific Seawatch is a premier residential development of spectacular view properties that gains inherent value through a consistency of the highest quality designs while maintaining a high degree of design flexibility for individual Owners. Stylistic continuity within a planned community achieves an aesthetic value that benefits each property as well as the entire community.

Pacific Seawatch will reflect a modern interpretation of the “Bungalow” style of the Arts and Crafts movement of early 20th century America. Characterized by its thoughtful use of natural materials indigenous to the northwest, this style evokes a warm, rich, homey character. The ability of this style to maintain a quaint character over a wide spectrum of building sizes accommodates virtually any homeowner’s design program.

This Declaration of Covenants, Conditions and Restrictions (“*CCRs*”) and the Architectural Guidelines for the subdivision are enforceable rules designed to ensure the aesthetic and quality requirements of the community. Owners will submit proposed lot development plans to an Architectural Review Committee for approval. The review process will insure implementation of the Bungalow concept for the community. The Guidelines and committee review are not intended to be prescriptive but rather affords Owners and their designers latitude in creativity within the framework of the vision for the Pacific Seawatch community as a whole.

To The Public

THIS DECLARATION is made on the date hereinafter set forth by Nestucca Ridge Development, Inc., an Oregon corporation, (“*Declarant*”). Declarant owns or will acquire that certain real property, as more particularly described on *Exhibit A*, attached hereto and incorporated herein (the “*Property*”).

DECLARANT desires to create on the Property a planned community to be known as Pacific Seawatch and to subject the planned community to certain protective covenants, conditions, restrictions and easements for the benefit of present and future Owners. Declarant is reserving the right, but not the obligation, to annex additional property to the Subdivision and to subject the annexed property to the terms and provisions of this Declaration. Declarant intends to develop the Property in phases. The Subdivision shall be a “*Class I Planned Community*” as that terminology is defined in Section 94.550 of the Oregon Revised Statute. The Subdivision is subject to Section 94.550 to 94.783 of the Oregon Revised Statutes.

THIS DECLARATION establishes certain covenants, conditions, restrictions and easements governing development to insure that the Subdivision will be a high quality "Bungalow" style development of the Property in harmony with the topography and natural beauty of the area.

DECLARANT deems it desirable to create a homeowners' association, as a non-profit corporation, to which will be delegated and assigned the powers of owning, maintaining and administering the common property and facilities of the Subdivision and administering and enforcing the covenants and restrictions of this Declaration as well as rules regarding use of property within the Subdivision.

NOW, THEREFORE, Declarant hereby declares that the Subdivision shall be held, conveyed and occupied subject to the protective covenants, conditions, restrictions and easements set forth in this Declaration. These CCRs and easements shall run with the land, shall be binding upon all persons and shall inure to the benefit of and be limitations upon all future Owners as that term is defined in Article I.

Article I

Definitions

Whenever used in this Declaration, the following terms shall have the following meanings:

1.1 "Articles" shall mean the Articles of Incorporation of Pacific Seawatch Homeowners' Association, Inc., as filed with the Oregon Corporation Division.

1.2 "Association" means a nonprofit corporation as described in Article XI of these CCRs, and its successors and assigns. The Association acts by and through its Board of Directors in accordance with the Bylaws of the Association and applicable Oregon law.

1.3 "Board of Directors" means the Board of Directors of the Association. All references in these CCRs to the authority or responsibility of the Association constitute references to the authority and responsibility of the Board of Directors, as the context requires, *unless* it is stated that a vote of the members of the Association is necessary, subject, however, to the requirements of the Bylaws of the Association and applicable Oregon law.

1.4 "CCRs" means this Declaration of Covenants, Conditions and Restrictions and all covenants, conditions, restrictions, easements and encumbrances set forth herein as the same may be amended from time to time.

1.5 "Commercial Area" shall mean any area designated as such in the Subdivision. There is no Commercial Area in the initial phase of the Subdivision.

1.6 “Common Areas” means such portion of the Property or Subdivision designated as ‘Common Area’ in these *CCRs*, designated as ‘Common Area’ or as a ‘Tract’ in the recorded plat, or so designated in any additional plat or declaration annexing property to the Subdivision, and has the meaning set forth in Section 94.550 of the Oregon Revised Statutes.

1.7 “Declarant” shall mean and refer to Nestucca Ridge Development, Inc., an Oregon corporation, its directors, officers and employees, successors and assigns. Declarant may exercise all statutory rights and all rights set forth in these *CCRs*, including the special rights stated in Article XI of these *CCRs*, until the Declarant has delegated, assigned and/or relinquished such rights to the Association.

1.8 “Design Committee” means the committee described in Article IX of these *CCRs*.

1.9 “Guest” or “Invitee” shall mean any person other than an Owner who is authorized to occupy a Lot or Townhouse in the subdivision with the direct or implied consent of an Owner and includes a lessee or tenant of an Owner.

1.10 “Lot” or “Townhouse” shall mean each lot or townhouse identified in any recorded plat or plan, including any improvement thereon. A townhouse is indicated by its common walls with adjacent townhouses.

1.11 “Maintenance Fund” means the fund comprising all money collected as maintenance assessments, together with all other monies added to the maintenance fund pursuant to the provisions hereof.

1.12 “Owner” shall mean the record Owner, whether one or more persons or entities, of fee simple title to any Lot or Townhouse, including persons or entities buying on contract, but excluding those holding merely a security interest for the performance of an obligation or occupying a Lot or Townhouse as a Guest or Invitee.

1.13 “Private Way” means any street in the Subdivision, as more particularly described in Article III of these *CCRs*.

1.14 “Reserve Fund” means the separate fund or funds collected for the purposes described in Section 94.595 of the Oregon Revised Statutes.

1.15 “Resident” means any person who is a Lot or Townhouse Owner together with members of that person’s immediate family or any of the Owner’s Guests and Invitees.

1.16 “Rules and Regulations” means any rules and regulations duly adopted by the Association.

1.17 “Sold” or “Purchased” means that legal title has been conveyed or that a contract of sale has been executed under which the purchaser has obtained the right to obtain legal title to and possession of a Lot or a Townhouse.

1.18 The “**Subdivision**” consists of the Lots, the Townhouses, the Common Area the Private Ways and all property used in conjunction therewith identified on the Pacific Seawatch Subdivision Plat filed in the real property records of Tillamook County, Oregon, on April 21, 2006, as more particularly described on *Exhibit B*, together with any future plats filed with respect to the Property. The “Subdivision” also means the future phases within the Property which are to be developed in accordance with the *CCRs* and any property annexed to the Pacific Seawatch Subdivision in accordance with these *CCRs* or subjected to these *CCRs* by way of amended or supplemental *CCRs*.

Article II

Property Subject to These Covenants, Conditions and Restrictions

2.1 Subject Property. Declarant hereby declares that the Subdivision is owned and shall be, conveyed, encumbered, used, occupied and improved subject to these *CCRs*.

2.2 Common Areas. All Common Areas existing on the date of the recording of these *CCRs* shall remain Common Areas. All Common Areas shall be open area, may be planted with grass and shrubbery, and shall be available to Owners, Residents, their Guests and Invitees for general recreational purposes. There is no limitation on the right of the Declarant or Association to create or annex Common Areas to the Subdivision. Notwithstanding the foregoing, the Declarant, and only the Declarant, may construct certain improvements on Tracts, as more particularly identified on the recorded plat.

2.3 Phases of Development. The Declarant will develop the Property in phases. The initial phase will be Lots 1 through 32 and Tract B on the Subdivision plat. The other phases are identified on *Exhibit A* to these *CCRs*. Subject to the restriction set forth in Section 94.600(4) of the Oregon Revised Statutes, the supplemental declaration may establish additional easements, restrictions, covenants and conditions applicable to the annexed property.

2.4 Annexation Procedure. The annexation of property not included in the Subdivision shall be accomplished as follows:

2.4.1 The Declarant or the Association may annex the property described in paragraph 2.4.2 by recording a supplemental declaration. The supplemental declaration shall describe the annexed property as part of the Subdivision and is held, conveyed, encumbered, used and improved subject to these *CCRs*. Subject to the restriction set forth in Section 94.600(4) of the Oregon Revised Statutes, the supplemental declaration may establish additional easements, restrictions, covenants and conditions applicable to the annexed property.

2.4.2 The Declarant shall have and exercise its rights under these *CCRs* as to the development and administration of future phases and annexed property, just as if such property were part of the Subdivision at the time of the recording of these *CCRs*. Declarant envisions that the property which may be annexed is identified on *Exhibit C* attached hereto and incorporated herein. Subdivision development on annexed property will generally adhere to the concept

embodied in these *CCRs* in order to create a first class subdivision of single family residences, combined with open spaces and respectful of environmental considerations. Different architectural guidelines may be implemented as to annexed property if Declarant determines that a departure from the “Bungalow” concept is warranted.

2.4.3 The voting rights described in Article III of these *CCRs* and in the Bylaws shall apply to all annexed property just as if such property were part of the Subdivision at the time of recording these *CCRs*.

2.4.4 The budget, assessments, maintenance reserve and other funds, required by these *CCRs*, may be determined based on the requirements of each phase and increased or decreased, as the case may be, as each phase is developed. The requirement in Article VII of these *CCRs* that there be a vote of the Association in order for the Association’s budget to increase by more than fifteen percent does not apply to the initial automatic, budget increase which would result from annexation.

2.5 Waiver. By acceptance of a deed to a Lot or Townhouse in the Subdivision or the purchase by contract of a Lot or Townhouse, the Owner thereby waives all rights to object, vote against or otherwise protest, the nature of the development or uses of the Property, included annexed property, provided that the development or uses have (i) been approved by the appropriate governmental agencies and (ii) are in accordance with all applicable laws, regulations, ordinances and these *CCRs* as they may be supplemented.

Article III

Land Classifications Within Pacific Seawatch

3.1 Waivers of Partition. Except as otherwise provided herein, there shall be no partition, division, redivision or subdivision of Common Areas, Private Ways, or of property designated for common use pending the Declarant’s transfer of such property to the Association.

3.2 Common Areas.

3.2.1 Subject to the requirements of these *CCRs*, the Bylaws and Rules and Regulations adopted by the Association, each Owner shall have a non-exclusive easement of use and enjoyment in Common Areas which shall be appurtenant to and pass with each Lot and Townhouse. Residents may use Common Areas in accordance with these *CCRs* and the Rules and Regulations but do not have any easement or other rights therein. Common Areas shall not be divided into parcels for residential use. The use easement is not assignable. Common Areas shall be reserved in perpetuity for use by the Owners.

3.2.2 The Declarant may retain legal title to the Common Areas until such time as, in the opinion of the Declarant, the Association is able to maintain the Common Areas, but in any event, the Declarant shall convey title to the Common Areas to the Association before the

final Lot or Townhouse located within the Property, including annexed property, is conveyed to an Owner other than Declarant.

3.2.3 The easement of use and enjoyment in Common Areas shall be subject to the following:

(a) An easement for installation and maintenance of power, water and other utility and communication lines installed by Declarant, or by other lawful authority;

(b) An easement for vehicular and pedestrian ingress and egress;

(c) An easement for construction, maintenance, repair and use of Common Areas;

(d) For so long as the Declarant owns any of the Property, an easement to Declarant to carry out sales and related activities; and

(e) The right of the Declarant and Association to establish rules and to change assessments and fees with respect to the Common Areas.

3.2.4 An Owner shall not grant a security interest in any Common Area.

3.2.5 Subject to the rights of the Declarant and the Owners set forth in these *CCRs*, the Association shall be responsible for the exclusive management and control of the Common Areas and shall keep the same in good, clean, and attractive condition, order and repair, including, but not limited to, the removal of snow, trash and debris.

3.2.6 The Association shall have the right to suspend the right of an Owner, Resident, Guest and/or Invitee to use Common Areas and recreational facilities for so long as any assessment against such Owner's Lot or Townhouse remains unpaid beginning thirty days after the conclusion of all appeal periods or, in the event of an appeal, thirty days after the appeal is concluded. The Association shall also have the right to suspend the right of an Owner or occupant to use any Common Area or recreational facility for a period not to exceed sixty days for any other infraction of these *CCRs*, Bylaws or the Rules and Regulations, or until the violation has been remedied, provided, however, that no such suspension deprives an Owner of access to his or her Lot or Townhouse.

3.2.7 In the event a Common Area is damaged or destroyed by an Owner, Resident, Guest or Invitee in a manner that would subject such Owner to liability for such damage under Oregon law, the Association is authorized to repair such damage. The Association's repair work shall be in a good and workmanlike manner. The reasonable cost necessary for such repairs shall become a special assessment against the Owner, and upon the Lot or Townhouse of the Owner, to whom the damage is attributable due to the acts of the Owner and/or the Owner's Guests and Invitees.

3.3 Limited Common Areas. Limited Common Areas are areas so designated on the plat or in these *CCRs*. Limited Common Area may be used only by an Owner, or an Owner's Guest and Invitees, benefited by the Limited Common Area so designated. The costs of maintaining all Limited Common Areas shall be assessed solely to those Owners which have a right to use the Limited Common Area.

3.4 Commercial Areas. Commercial Areas are areas designed for office, retail or other non-residential uses consistent with these *CCRs*. By accepting a deed or lease to a Commercial Area, the grantee is deemed to have covenanted to use and permit use of the commercial area in accordance with these *CCRs* and the Rules and Regulations.

3.5 Private Ways. All streets within the Subdivision constitute Private Ways, subject to the requirements of these *CCRs*, the Bylaws and the Rules and Regulations. Each Owner shall have a non-exclusive easement to use Private Ways for the purpose of pedestrian or vehicular traffic thereon by appropriate means. Each Owner may permit the Owner's Residents, Guests and Invitees to use the Private Ways for the purpose of pedestrian or vehicular traffic but such Residents, Guests and Invitees shall have no easement rights. The easement so created shall be appurtenant to and assignable with the Lot or Townhouse with respect to which it is granted, but shall not otherwise be assignable. Police, fire and other public officials, employees of utility companies and such other persons as the Association believes should have access for the benefit of Owners, shall have free access on, over and to the Private Ways. The Declarant may use Private Ways for its own purposes and for the purposes of location of utilities thereon. The Declarant or the Board of Directors may dedicate Private Ways to the public.

3.6 Recreation Building. The Declarant agrees to build a Recreation Building in the Subdivision. The Recreation Building shall be for the general use of the Owners and shall be subject to the Rules and Regulations. The Association shall be responsible for the maintenance and repair of the Recreation Building and a portion of the assessments for the Common Area reserve account shall be dedicated to the purpose of maintenance and repair of the Recreation Building. The construction of the Recreation Building shall comply generally with these *CCRs* but the Architectural Guidelines do not apply to the Recreation Building and approval by the Design Committee of the plans for the Recreation Building is not required.

3.7 Model Home. The Declarant intends to build a model home for commercial marketing purposes on Lot 27 of the Subdivision. The Declarant shall be responsible for the maintenance and repair the Model Home. The Declarant may hold the Model Home open to the public and charge an admission fee with respect thereto.

3.8 Multi-Family Housing. "Multi-Family Housing" refers to a single structure on a Lot, which contains more than one residential unit on a Lot. Future phases and annexed property may include Multi-Family Housing. Supplemental *CCRs* filed at the initiation of the development of future phases and of annexed property, as well as supplemental architectural guidelines, will set forth standards applicable to Multi-Family Housing.

Article IV

Easements

4.1 Easements. All conveyances of Lots and Townhouses by the Declarant and all persons claiming by, through or under the Declarant, shall be subject to all easements identified on the plat recorded in the Tillamook County public records, including those identified on recorded plats pertaining to annexed property and those easements are incorporated herein.

4.2 Entrance Sign. Lot ____ shall be subject to an easement for the construction of a sign identifying the development. Maintenance of the sign shall be an expense of the Association. The Association and its agents shall have an easement on and over said lot for the purpose of construction and maintenance of the sign.

4.3 Access Easement. The Declarant reserves the right to use Lot 5 for an access way to the Property in the event of annexation of the adjacent property to the Subdivision.

Article V

Property Uses Within The Subdivision

The Property is subject to the following use restrictions:

5.1 Governmental Restrictions. All uses, occupancy, construction and other activities conducted within the Property shall conform with and be subject to applicable zoning, use restrictions, setback requirements, construction and building codes of all local, state and federal public authorities.

5.2 Division. No Owner shall have the right to divide, or to cause to be divided, any Lot or Townhouse. Any Owner, upon compliance with the requirements of all applicable zoning, building and land use laws, regulations and ordinances, these *CCRs*, all Architectural Guidelines and all Rules and Regulations may construct (reconstruct or replace) one single family residence on a Lot.

5.3 Use. All Lots and Townhouses shall be used for residential, recreation and vacation purposes only. No commercial, retail or industrial use is permitted on any Lot. Notwithstanding the foregoing, subject to compliance with these *CCRs*, applicable laws and any Rules or Regulations, an Owner may rent his or her Lot or Townhouse on a nightly, monthly or other basis and/or have a "home office", even though such activities would be considered a commercial use. This Section 5.3 does not apply to the Recreation Building described in Section 3.6 or to the Model Home described in Section 3.7.

5.4 Rentals. All leases and rental agreements shall be in writing and are deemed to include all provisions of the *CCRs*, the Articles, Bylaws and Rules and Regulations. All leases

and rental agreements shall state that any failure by the tenant to comply with the terms of the agreement shall constitute a violation of the *CCRs*, the Articles, Bylaws or Rules and Regulations such that the rental agreement shall be terminated and the tenant evicted. The tenant's use and enjoyment of Common Area shall be subject to suspension for any of the causes set forth elsewhere in these *CCRs* or for a violation of the Rules and Regulations. As to any Lot or Townhouse available to be rented, it shall be the Owner's responsibility to provide the Association with the name and contact information of a person always available to address matters pertaining to the rental activity.

5.5 Home Office. A home office in a house or Townhouse may be used only as permitted by this Section 5.5. The intent of this Section 5.5 is to allow an Owner to attend to the work of Owner's business or profession from within the confines of Owner's residence, provided that doing so is indiscernible from outside the residence or Townhouse and has no affect whatsoever on the peace and tranquility of the residential Subdivision. Even though an Owner may have a home office (i) that office shall be limited to a single room in the house or Townhouse (ii) only the Owner may conduct business (iii) no signage or other advertising of any nature may identify the Owner or the Owner's business or profession in conjunction with the Lot or Townhouse (iv) no customer, client or patron of the Owner's business may visit the Owner at the Lot or Townhouse for business purposes and (v) no product may be shipped to, from or stored at the Lot or Townhouse.

5.6 Maintenance of Private Areas. Each Owner shall be responsible for maintaining the private areas of the Owner's Lot or Townhouse in a manner which keeps it free of rubbish and debris, brush and dried grass and other material likely to create a nuisance or fire hazard. No person shall litter or dispose of trash or rubbish anywhere within the Property except in appropriate trash receptacle or designated areas.

5.7 Noise. No excessive noise shall be generated by vehicles, persons, appliances, tools or pets. Each Owner shall be responsible for compliance with this covenant with respect to Owner's own behavior and that of the Owner's Guests and Invitees.

5.8 Firearms. No firearms, air pistols, archery, slingshots, fireworks or any other weapons or projectiles shall be used or discharged anywhere within the Subdivision, except in such areas as may be designated in writing by the Board of Directors with appropriate controls and constraints imposed in connection therewith.

5.9 Trees.

5.9.1 All trees within the Subdivision, except those governed by paragraphs 5.9.2 and 5.9.3, must conform to the height requirements set forth in *Exhibit D*. It shall be the responsibility of the Owner of the Lot, at the Owner's own expense, to maintain trees on the Owner's Lot within those height restrictions. If an Owner fails to comply with this paragraph 5.9.1, the Association may enter the Owners property and trim the tree(s) to meet the height restrictions and charge the expense of doing so to the Owner.

5.9.2 Architectural Guidelines will identify certain trees as Subdivision 'hallmark' trees. The hallmark trees cannot be removed, trimmed, damaged or otherwise disturbed in any way without the prior written approval of the Board of Directors, and then only in strict conformity with the instructions and conditions established by the Board of Directors. The Board of Directors may, in its sole discretion, deny permission to remove or trim a hallmark tree.

5.9.3 A tree in the Subdivision with a diameter of greater than six inches may not be removed or trimmed without the prior written permission of the Board of Directors. The decision of the Board of Directors, as to such trees, will be based on the effect of removal and trimming on the Subdivision environment.

5.10 Parking. No on street parking is allowed in the Subdivision except in certain areas as designated in the Rules and Regulations and for certain temporary purposes as allowed by the Rules and Regulations.

Article VI

Subdivision Rules and Regulations

6.1 Rules and Regulations.

6.1.1 The Association may adopt, amend or repeal rules and provide for the manner in which Lots, Townhouses, Commercial Areas and Common Areas (including recreational facilities) shall be used (the "Rules and Regulations").

6.1.2 In addition to the property use restrictions identified in Article V, the Rules and Regulations may regard, by way of illustration and not limitation:

- (a) Parking and vehicle use;
- (b) Motor home usage;
- (c) Garage usage;
- (d) Pet controls;
- (e) Lot maintenance and horticulture matters;
- (f) Fires and smoking;
- (g) Commercial use of a Lot or Townhouse;
- (h) Solicitation; and
- (i) Other matters to ensure compliance with these *CCRs*.

6.2 Enforcement. These *CCRs* and the Rules and Regulations shall be enforced in an impartial and uniform manner. The Association's failure to enforce any *CCR* or Rule or Regulation shall not constitute a waiver of the Association's right to subsequently do so. The Association may impose penalties for the violation of these *CCRs* and of the Rules and Regulations subject to the following conditions:

6.2.1 A fine schedule shall be adopted by the Board of Directors.

6.2.2 Should a fine or fee not be paid by the person on whom it is imposed, it shall be paid by the Owner who allowed the person upon whom the fine was imposed to be a Guest and Invitee.

6.2.3 The Association may provide that a person who has violated these *CCRs*, the Bylaws or Rules and Regulations shall be deprived of his right to use the Common Areas and recreational facilities for a period not to exceed sixty days on account of any one violation or until such time as the violation has been remedied to the satisfaction of the Association.

6.3 Right of Notice, Opportunity to be Heard in Connection with Fines. No person shall be subject to a fine or penalty for violation of these *CCRs* or the Rules and Regulations without prior written notice of the alleged offense and an opportunity to be heard. Any person upon whom a notice of fine or penalty has been imposed who deems that such a fine or penalty was unfairly imposed, either because he or she did not violate a rule, regulation or provision as charged or because the fine or penalty imposed is unduly severe, may appeal from the imposition of the fine or penalty by filing a written statement to that effect with the Board of Directors. The appeal must be made within fourteen days after notice of the fine or penalty has been served. All appeals shall be determined by the Board of Directors and its determination shall be final and binding.

6.4 Payment of Fines. All fines shall be paid into the Maintenance Fund. If a fine is unpaid after the fourteen day period in which to request a hearing has expired or is unpaid fourteen days after the hearing decision, the Association is authorized to file a lien against any Lot or Townhouse owned by the person against whom the fine is imposed.

6.5 Damages. Any activity prohibited by the provisions of *CCRs* may be enjoined by appropriate equitable proceedings and the person or entity guilty of such prohibited activity shall also be liable for damages therefore or arising therefrom.

Article VII

Assessments, Maintenance Fund and Reserve Fund

7.1 Purpose of Assessments. Assessments levied pursuant to these *CCRs* shall be used (i) to promote the requirements of these *CCRs* (ii) for the recreation, safety and welfare of the Owners (iii) for the maintenance and improvement of the Subdivision (iv) to pay insurance premiums (v) to fund reserves for those items for which the Association has maintenance

responsibility and (vi) to pay operating expenses such as landscaping, maintenance, water, sewer and garbage collection, management services, legal and accounting services and the like of the Association. Neither the Association, nor any assessment, shall be used to engage in lobbying or to exert political influence.

7.2 Method of Assessment. The Board of Directors shall determine and levy an assessment annually. The assessment to each Owner shall be sufficient to meet the obligations imposed by these *CCRs* and the Rules and Regulations. An assessment must be fixed at a uniform rate for all Lots and a uniform rate for all Townhouses. All assessments shall be held in the name of the Association. The Board of Directors may provide for collection of assessments annually or in monthly or quarterly installments, and may require that upon default in the payment of any installment, the entire unpaid balance of the annual assessment may be accelerated at the option of the Board of Directors and be declared due and payable in full, together with interest, attorneys fees and costs.

7.3 Commencement of Assessment. The Association shall determine the initial assessment amount with respect to the Lots and Townhouses and collection shall commence at the time the Association declares, but in no event later than the first day of the month following the conveyance of a Lot to an Owner other than the Declarant.

7.4 Declarant's Contribution. Declarant shall pay the assessment for each Lot or Townhouse owned by Declarant until the Lot or Townhouse is first sold but may defer payment of the assessment(s) due as to any Lot or Townhouse until the Lot or Townhouse is sold. At the time of the closing of the sale, Declarant shall pay its share of the amount of the annual assessment prorated through the date of sale.

7.5 Initial Assessment of Annexed Property. Upon the annexation of additional property, the Board of Directors shall promptly prepare a new budget reflecting the additional property subject to assessment and shall recompute any previously established annual assessment amount giving consideration to the additional amounts to be collected and additional costs to be incurred because of the annexed property.

7.6 Continuing Assessment. On or before January 31st of each year, the Association shall notify each Owner of the annual amount of the assessment to be imposed for the ensuing year. The assessment shall include an amount for the maintenance fund and for the reserve accounts described in this Article VII and may include an amount for the other assessments provided for herein, subject to the following requirements:

7.6.1 The maximum amount of any assessment increase over the assessment for the previous year, which may be imposed without a vote of the Association, shall be fifteen percent.

7.6.2 In the event that the Association deems an annual assessment increase of more than fifteen percent to be necessary, the increase must first be approved by a vote of more than fifty percent of the votes cast by written ballot directed to all Owners.

7.6.3 Each Owner of Commercial Area shall pay an assessment equal to the assessment for a Lot in the Subdivision.

7.7 Maintenance Fund. The maintenance assessment described in Section 7.1 required to be assessed by Section 7.2 is for the following purposes:

7.7.1 Payment of the cost of maintaining Private Ways (including street lights, entrance and other signs), Common Areas, recreation or service areas, the Recreation Building and other facilities for use by all Owners;

7.7.2 Payment of taxes and assessments levied against Common Areas, recreational facilities and the improvements thereon;

7.7.3 Payment of the cost of providing utility and/or public services as may be required to be provided from time to time;

7.7.4 Payment of the cost of insurance, including insurance protecting the Design Committee and the Association against liability arising out of their performance of functions and activities;

7.7.5 Payment of fees of the members of the Design Committee and expenses incurred by the Design Committee;

7.7.6 Payment for services obtained by the Board of Directors for the benefit of the Owners;

7.7.7 Payment of costs incurred in collection of assessments; and

7.7.8 Payment of any cost or expense reasonably incurred by the Association in carrying out any function for which it has responsibility under these *CCRs* including legal costs and accounting costs.

No part of the Maintenance Fund shall inure to the benefit of the Declarant. Notwithstanding anything to the contrary contained herein, the Association may make expenditures up to but not exceeding \$20,000.00 in one calendar year from the Maintenance Fund for capital improvements without the vote of the Owners required by Section 7.13.

7.8 Common Area Reserve. The assessment as to each Lot and Townhouse shall include an amount allocated to a reserve account established in accordance with Section 94.595 of the Oregon Revised Statutes for the purpose of funding replacements of those elements of the Common Area that will normally require replacement, in whole or in part, in more than three and less than thirty years. This portion of the assessment shall take into account the estimated remaining life of the items for which the reserve is created and the replacement cost of such items. The reserve account may be used only for the purposes for which it is established and

shall be kept separate from other funds subject, however, to Section 94.595(5)(b) and (7) of the Oregon Revised Statutes.

7.9 Townhouse Reserve. The Assessment as to each Townhouse shall include an amount allocated to a reserve account established for the purpose of funding replacement of those exterior portions of the Townhouse which will require painting, staining, roofing or replacing in more than three and less than thirty years. This portion of the assessment shall take into account the estimated remaining life of the items for which the reserves are established and the replacement cost of such items. This reserve account may be used only for the purposes for which it is established and is to be kept separate from other funds.

7.10 Damage To Common Area. In the event any Common Area is damaged by an Owner or any of his or her Guests, Residents, Invitees, licensees, agents or members of his or her family in a manner that would subject such Owner to liability for such damage under applicable Oregon law, such Owner does hereby authorize the Association to repair such damage; the Association shall repair damage in a good and workmanlike manner as originally constituted or as the area may be modified or altered subsequently by the Association in the discretion of the Association. The owner shall be liable for the reasonable cost necessary for such repairs.

7.11 Special Assessments. Notwithstanding anything to the contrary herein, the Board of Directors shall have the power to levy a special assessment(s) as follows:

7.11.1 Against all Owners, upon a majority vote of the Board of Directors, to obtain funds to correct a budget deficit;

7.11.2 Upon a majority vote of the Board of Directors, to make repairs or renovations to Common Areas and/or to those portions of the Townhouses for which the Association has the responsibility of maintenance and replacement if sufficient funds are not available from the maintenance account or reserve account due to conditions or occurrences not contemplated at the time of approval of the annual budget;

7.11.3 To collect amounts due to the Association from an Owner for the Owner's breach of obligations under these *CCRs*, Bylaws or the Rules and Regulations;

7.11.4 When any Owner requests or requires some special service not offered to all Owners, the Board of Directors may perform that service and charge the cost exclusively to the Owner requesting or requiring the service as a special assessment; and

7.11.5 To collect amounts due from an Owner under these *CCRs*, the Rules and Regulations or otherwise.

7.12 Capital Improvement Assessments. The Association, by and through its Directors, may elect to purchase, construct or otherwise acquire additional equipment, facilities or other capital improvements for general use and benefit of all Owners, and for that purpose may impose a special assessment called a "Capital Improvement Assessment." Any such

assessment shall be applied uniformly to all Owners. Any action by the Association pursuant to this Section shall be effective only if approved by a vote of not less than seventy-five percent of the votes cast by written ballot directed to all Owners.

7.13 Special Purpose Assessment. In the event that the Association deems it to be to the advantage of the Owners to impose a special purpose assessment to provide funds for construction or subdivision related activity not specifically identified herein, it may impose a Special Purpose Assessment provided that the amount of the assessment is approved by a vote of not less than seventy-five percent of the votes cast by written ballot directed to all Owners. A Special Purpose Assessment shall be applied uniformly to all Owners.

7.14 Default in Payment of Assessments, Charges and Fines. All unpaid fines, charges or assessments of whatever nature, together with interest thereon shall be a separate, distinct and personal debt and obligation of the Owner against whom the assessment, fine or charge is levied or imposed. If an Owner fails to pay any such assessment, charge or fine when due, a late payment charge may be imposed in an amount to be set by the Association. The Association shall be entitled to collect from the Owner all attorney fees and costs incurred in attempting to collect any debt to the Association, whether or not suit or action is initiated.

7.15 Lien. The amount of any unpaid delinquent assessments, charges or fines, together with interest, costs and attorneys' fees shall become a lien upon the Lot(s) or Townhouse(s) owned by the person from whom the assessment, charge or fine is due, upon the filing of a notice of lien in the records of Tillamook County, Oregon. Any proceeding to foreclose any such lien shall be brought in the manner provided for foreclosure under Chapter 94 of the Oregon Revised Statutes.

7.16 Remedies. In addition to any other remedies provided by law, the Association may bring an action at law against any Owner or other person or entity obligated to pay the same or may foreclose a lien upon the Owner's Lot or Townhouses. No such action or a judgment entered therein shall be a waiver of the lien of the Association. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of the Owner's Lot or Townhouse.

7.17 Judgment. An action to recover a money judgment for unpaid assessments, fines, charges, late fees, interest or attorney fees may be maintained without foreclosing or waiving the lien securing the claim therefore. A money judgment once obtained shall not merge into the lien.

7.18 Annual Accounting. Within ninety days following the end of each calendar year, the Association shall render an accounting which shall set forth the amount and source of all income received during the previous calendar year, together with a statement of the assets and liabilities of the Association, and all disbursements therefrom, which records shall be open to inspection by any Owner. The accounting shall be prepared by a certified public accountant of good reputation, in accordance with accepted review standards and generally accepted accounting principals.

7.19 Indemnity. No member of the Board of Directors, or any other officer of the Association, or of any committee of the Association, shall be personally liable to any Owner, or to any other party, including the Association, for any damage, loss or prejudice suffered or claimed on account of any act, omission, error or negligence of the Association, provided that such person has, upon the basis of such information as may be possessed by him or her, acted in good faith. In the event any action is brought against any such person or entity, the Association shall indemnify such person or entity for all reasonable costs, including attorney's fees, incurred in the defense of such action, including any settlement thereof.

Article VIII

Construction Requirements

8.1 Improvements on Lots. Except as otherwise provided in these *CCRs*, no improvement, building or other structure of any type shall be erected, altered, placed or permitted to remain on any Lot, unless construction of that improvement, building or other structure has been approved in advance by the Design Committee established under the authority of the Board of Directors. All construction shall be in accordance with the requirements of these *CCRs*, the Architectural Guidelines and Rules and Regulations.

8.2 Completion. Any residential improvement on a Lot in the Subdivision shall be completed within twelve months from the beginning of construction. In the event of undue hardship due to weather or any other unanticipated and unavoidable occurrence, that period may be extended upon the written approval of the Design Committee.

8.3 Common Property. No Owner shall construct or place any structure, material, planting, equipment or any object of any kind on any portion of the Common Areas, unless granted written permission to do so by the Board of Directors, and then only in strict compliance with such authorization.

8.4 Association Responsibilities. The Association shall accomplish all exterior maintenance, repair and replacement of the Townhouses, including roof maintenance, repair, replacement, painting or staining of siding, rain gutters, chimneys and landscaping, but excluding doors and door frames, windows and window frames and skylights and skylight frames.

8.5 Owner Responsibilities. Except for the Association's responsibilities under Section 8.4 as to Townhouses, each Owner shall perform all maintenance and repairs as to the exterior and the interior of all improvements on such Owner's Lot, and shall perform all planting, pruning, mowing and cleaning of all lawns and landscaping on such Owner's Lot.

8.6 Exterior Materials. Exterior materials must comply with these *CCRs* and the Architectural Guidelines and approved by the Design Committee. Approved siding material shall include cedar shingles, cedar shakes, cedar lap siding, tongue and groove vertical wood siding, and clear redwood siding. No plywood, T 1-11 or compressed wood products will be allowed. No metal or vinyl siding will be used in the Subdivision. Exterior trim and any other

visible exterior features must be approved by the Design Committee in accord with the Architectural Guidelines.

8.7 Exterior Finish. All exterior finishes in the Subdivision shall be installed and maintained to blend with the Subdivision's natural surroundings, existing structures and landscape. No white or bright or harsh stains or paint shall be used except with the approval of the Design Committee. Fences, doors, railings, decks, gutters and garages shall comply with the requirements of the Architectural Guidelines and Rules and Regulations.

8.8 Roofs.

8.8.1 Roofing materials will be restricted to wood shake, wood shingle, metal shingle or designer type composition roofing in such colors as may be approved by the Design Committee and shall comply with the requirements of the Architectural Guidelines.

8.8.2 Roofs and dormers shall be gabled and sloped in accordance with the Architectural Guidelines. Primary gabled roofs shall provide overhanging eaves that extend a minimum of three feet beyond the building wall. Rakes must extend a minimum of two feet. Secondary dormer and shed roofs shall have a minimum of thirty inch eaves and eighteen inch rakes. Roof ridge vents and gable end vents are permitted, with gabled end vents constructed of wood and integrated into the residence's façade character. "Mushroom" type roof venting is permitted on a non-street side of roofs and is required to match color of roofing. Flat roofs are prohibited. Roof overhangs shall express the structure of the rafters and rakes. Soffits in roof overhangs shall not be permitted.

8.9 Landscaping. All landscaping must be substantially completed within the growing season following the occupancy of the residence. In the event of undue hardship, this period may be extended by the Board of Directors. Natural vegetation will be approved, as listed in the Architectural Guidelines. The Owner shall allow the Declarant or Association to make restoration of adversely affected area if the Owner fails to do so, all at the Owner's expense.

8.10 Chimneys, Solar Collectors. Metal and wood chimneys and solar collectors must be approved by the Design Committee and must be compatible with the roof line and pitch of the residence. The type, heights, location and orientation of chimneys and solar collectors must be approved by the Design Committee. The Design Committee's approval will be limited to the most minimal improvement necessary in this regard.

8.11 Height Restrictions. In order to protect views, building heights are restricted. The height restrictions for each Lot in Phase 1 of the Subdivision are set forth on *Exhibit D*, attached hereto and incorporated herein by this reference. Height restrictions may be modified by the Design Committee provided that the modification is in conformity with the purpose of preserving views. The Declarant intends to obtain a variance from county ordinance in order to permit heights to be measured from a benchmark tied to the mean sea level. Acceptance of a deed to a Lot or Townhouse in the Subdivision or a purchase by contract of a Lot or Townhouse

in the Subdivision constitutes the Owner's waiver of all rights to object, vote against or otherwise protest any height variance sought by the Declarant from Tillamook County.

8.12 New Technology. New materials may be developed from time to time which warrant a change in the foregoing specifications. Upon request, the Design Committee may approve the use of a new material but only upon a substantial showing that the material is consistent with the visual and aesthetic integrity of the Property and the stated development goals.

Article IX

Design Committee

9.1 Functions of Design Committee. The initial Design Committee shall be appointed by the Declarant. The Design Committee shall exercise the functions for which it is given responsibility in these *CCRs* and the Bylaws. Except as otherwise provided in these *CCRs*, the Design Committee will be responsible for the approval of plans and specifications for any improvement within the Subdivision, subject to these *CCRs*, the Rules and Regulations and Architectural Guidelines. The Board of Directors may collect such fees from each Owner, in conjunction with Design Committee review, to pay the administrative costs associated with such review, including paying the committee members a fee for their services.

9.2 Documents. All plans and other documents submitted to the Design Committee for approval, including amendments thereto required by the Design Committee, shall be prepared by a licensed architect or designer.

9.3 Members; Term and Removal. The Design Committee shall consist of as many persons, not less than three, as the Board of Directors may from time to time appoint. The appointment of architects to the Design Committee shall be preferred to persons with other professional backgrounds. The Board of Directors may remove any member of the Design Committee from office and appoint new or additional members at any time. The Association shall keep on file at its principal office a list of the names and address of the members of the Design Committee. Members of the Design Committee may be paid a reasonable fee for their services.

9.4 Architectural Guidelines. The Board of Directors shall, by majority vote, adopt Architectural Guidelines which set forth in reasonable detail construction requirements to accomplish development in accordance with these *CCRs*. The Design Committee shall in the first instance, consider and act upon all matters regarding compliance with the Architectural Guidelines. The Architectural Guidelines shall be kept on file at the principal office of the Association and available to any Owner. If at any time the Design Committee shall fail to function for any reason, the Board of Directors shall have the right to serve and act in place and instead of the Design Committee.

9.5 Governance of Architectural Guidelines. The Architectural Guidelines shall describe the plan approval process and may address the following aspects of construction within the Subdivision:

9.5.1 The Architectural Guidelines may provide that only contractors and subcontractors approved by the Design Committee may construct an improvement and, if so, include the standards for approval.

9.5.2 “Lot Development” guidelines shall be consistent with these *CCRs* and may address, by way of illustration and not limitation, the following aspects of construction:

- (a) The streetscape character, including the need to avoid representative construction;
- (b) Lot organization and coverage;
- (c) Fencing;
- (d) Retaining and garden walls;
- (e) Accessory devices;
- (f) Lighting; and
- (g) Landscaping, including pools and ponds.

9.5.3 “Architectural Detail” guidelines shall be consistent with these *CCRs* and may address, by way of illustration and not limitation, the following aspects of construction:

- (a) The conformity of the improvement to the Subdivision style concept explained in the introduction to these *CCRs*;
- (b) The nature and quality of building materials;
- (c) Roof requirements;
- (d) Foundation requirements;
- (e) Door, window, trim and related detail requirements;
- (f) Color; and
- (g) Garages, porches, and permitted accessory structures.

9.6 Violation of CCRs or Architectural Guidelines by Non-Qualifying Improvements. In the event any Owner constructs, or permits to be constructed, an improvement which is contrary to the provisions of these *CCRs* or the Architectural Guidelines, or an Owner maintains or permits any improvement, condition or other thing on his or her Lot or Townhouse contrary to the provisions of these *CCRs* or the Architectural Guidelines, the Board of Directors may, thirty days after giving the Owner written notice of the violation and the Owner's failure within thirty days to correct the violation:

9.6.1 Enter upon the Owner's property and remove the cause of the violation, or alter, repair or make change to the item which in violation to make it conform to applicable requirements, provided, however, that if the Owner objects to such entry, no such entry shall occur without prior resort to appropriate judicial process;

9.6.2 Issue a "STOP WORK" order in accordance with procedures established by the Design Committee; and/or

9.6.3 Impose a fine in accordance with a schedule of fines established by the Association or the Design Committee.

9.7 Violation of the CCRs or the Architectural Guidelines Relative to Landscaping. In the event that any Owner fails to comply with the provisions of these *CCRs* or the Architectural Guidelines relative to landscaping, the Board of Directors may, thirty days after giving the Owner written notice of the violation and the Owner's failure within thirty days to correct the violation, (i) enter upon the offending property and correct the deficiency, provided, however, that if the Owner objects to such entry, no such entry shall occur without prior resort to appropriate judicial process, or (ii) impose a fine in accordance with the schedule of fines.

9.8 Fees and Charges. The Association shall charge the Owner and the Owner shall pay the entire cost involved in restoration by the Association undertaken to ensure compliance with the provisions of the *CCRs* and the Architectural Guidelines. The Owner shall also be subject to such fines and other penalties or corrective orders as established by the Association or the Design Committee.

9.9 Non-Waiver. Consent by the Design 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.

9.10 Estoppel Certificate. Within thirty days after written demand therefor by an Owner, the Design Committee shall execute and deliver to the Owner requesting the same an estoppel certificate certifying with respect to the property of such Owner that as of the date of the certificate either (i) all improvements and other work within or upon said property comply with these *CCRs*, the Architectural Guidelines and all Rules and Regulations, or (ii) that such improvements and work do not so comply for reasons specified in the certificate. Any purchaser or mortgagee may rely on such certificate with respect to the matters set forth therein, such matters being conclusive binding upon the Association.

9.11 Liabilities. Neither the Design Committee, nor any member thereof, shall be liable to any Owner, the Association, or any party who has submitted an application to the Design Committee, for any damage, loss or prejudice suffered or claimed on account of any action or failure to act of the Design Committee, or any member thereof, provided only that the Design Committee, in accordance with actual knowledge possessed by it, has acted in good faith.

9.12 Decision Final. Unless a decision of the Design Committee is appealed in accordance with Section 9.13, the decision of the Design Committee is final and binding on the Owner.

9.13 Appeal and Review. In the event that an Owner disagrees with a decision of the Design Committee, the Owner may appeal the Design Committee's decision to the Board of Directors. In order to have the Design Committee's decision reviewed by the Board of Directors, the Owner must submit to the Board of Directors a written request for review within fourteen days of the date of the decision of the Design Committee. The request for review shall state in reasonable detail the basis of the Owner's disagreement with the Committee's decision. Upon the timely receipt for review, the Board of Directors shall:

9.13.1 Determine whether the decision of the Design Committee being appealed involves a subject clearly addressed in these *CCRs* or the Architecture Guidelines and, if so, the Board of Directors may affirm or reverse the Design Committee's decision without any further proceedings involving the Owner. The Board of Directors shall issue a written decision within fourteen days of the date of receipt of the Owner's appeal.

9.13.2 In the event the Board of Directors does not make a decision pursuant to paragraph 9.13.1, then the Board of Directors shall notify the Owner of the time for a hearing on the Owner's appeal. At the hearing, the Owner may present argument and evidence in support of his or her own appeal. The manner of presentation of argument and evidence shall be as determined by the Board of Directors. The Board of Directors shall issue a written decision within fourteen after the date of the hearing.

9.14 Related Remedy. Nothing in this Article IX affects the right of the Board of Directors to impose a fine or other sanction on an Owner for a failure to comply with these *CCRs*, the Architectural Guidelines or the Rules and Regulations, or prevent an Owner from exercising the Owner's appeal rights with respect to a fine or other sanctions.

Article X

The Association

10.1 Membership.

10.1.1 Each Owner, as defined in Article I of these *CCRs*, shall automatically be a member of the Association ("Member").

10.1.2 An Owner's right to membership, and status as a Member, shall terminate upon termination of his or her status as an Owner. No Owner may avoid the obligations of membership during the period when he or she is an Owner by non-use of property within the Subdivision or by any act of abandonment or renunciation of said property by Owner.

10.1.3 Unless an Owner's rights are abridged by action of the Association, taken in accordance with these *CCRs*, the Bylaws, or any applicable Rules and Regulation, each Member shall be entitled to the use and enjoyment of their Lot or Townhouse, the Common Areas and Private Ways, including facilities owned by the Association, and also including structures and personal property incident thereto owned and maintained by the Association, subject to the terms and provisions of the *CCRs*, these Bylaws and any applicable Rules and Regulations.

10.2 Powers and Responsibilities of the Association. The Association shall have the powers and responsibilities set forth in the Oregon Revised Statutes, its Articles and Bylaws and these *CCRs*, including by way of illustration and not limitation, the following:

10.2.1 Maintenance of all Private Ways, Common Areas, recreation facilities and areas and the improvements thereon;

10.2.2 Construction of certain improvements as permitted by these *CCRs* for the benefit of the Owners;

10.2.3 The responsibility for the enforcement of these *CCRs*;

10.2.4 The responsibility for the promulgation and enforcement of Rules and Regulations, enforcement of the Architectural Guidelines and of the decisions of the Design Committee;

10.2.5 The responsibility for payment of all taxes and assessments imposed on Common Areas or private ways;

10.2.6 The responsibility for obtaining all appropriate insurance owned by the Association;

10.2.7 The responsibility to make certain that the annual budget for operating and reserve funds is accomplished;

10.2.8 The responsibility for collection of assessments, fees and other charges; and;

10.2.9 The right to contract with any person or entity for the maintenance of Private Ways, Common Areas, the Recreation Building and administrative services connected therewith.

10.3 Limitation of Liability. The Board of Directors shall not be liable for failure to carry out or perform any duty or responsibility required by it to be performed pursuant to these *CCRs* where such performance is made impossible or unfeasible by lack of sufficient funds. Where such insufficiency exists, the Board of Directors shall have discretion to determine for which authorized purposes Association funds shall be spent, including the power to determine how much shall be held in reserve. No officer or Director shall be liable to any Owner on account of any action or failure to act of the Director or officer, provided, however, that the action has been taken in good faith.

10.4 Voting. The Association shall have two classes of members:

10.4.1 All Owners, with the exception of the Declarant, shall be Class A Members. Class A Members shall be entitled to one vote for each Lot or Townhouse in the Subdivision in which they hold the interest required for membership in the Association. When more than one person holds such interest or interests, all such persons shall be Class A Members, and the vote for the Lot or Townhouse jointly owned may be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot or Townhouse in the Subdivision.

10.4.2 The Declarant, its successors and assigns, shall be Class B Members of the Association. A Class B Owner shall be entitled to three votes for each Lot or Townhouse in the Subdivision in which they hold the interest required for membership in the Association, provided that Declarant's Class B Membership shall be converted to a Class A Membership upon the earliest of (i) forty years after the date these *CCRs* are recorded or (ii) upon recording by Declarant of a written statement that all sales activity within the Subdivision has ceased.

10.4.3 All voting rights and procedures shall be as provided in the Bylaws.

10.5 Incorporation.

10.5.1 The Association shall be incorporated under the nonprofit corporation laws of the State of Oregon and the requirements of Chapter 94 of the Oregon Revised Statutes.

10.5.2 The Articles of the Association shall provide for its perpetual existence, but in the event the Association shall at any time be dissolved, whether inadvertently or deliberately, it shall immediately be succeeded by an unincorporated association of the same name. In that event, all of the powers and obligations of the incorporated association existing immediately prior to its dissolution shall thereupon automatically vest in the successor unincorporated association which vesting shall thereafter be confirmed and evidenced by appropriate conveyances and assignments by the incorporated association.

10.5.3 The Articles shall provide that the Association shall exercise and perform all of the powers, obligations and duties delegated to it pursuant to Oregon law and these *CCRs* and any additional or different powers and obligations necessary or desirable for the purpose of

carrying out the functions of the Association to promote the general benefit of Owners. Neither the Association nor any officer or Director thereof shall be liable to any Owner, to the Declarant or to others for any damage, loss or prejudice suffered or claimed on account of any action or failure to act by the Association, provided only that the Association, in accordance with actual knowledge possessed by it, has acted in good faith.

The Association's Bylaws adopted under Section 94.625 of the Oregon Revised Statutes shall be recorded in Tillamook County, Oregon.

Article XI

Special Declarant's Rights and Turnover

11.1 Preservation of Rights. Pursuant to the terms and provisions of Section 94.600 of the Oregon Revised Statutes, Declarant hereby reserves the following special rights:

11.1.1 Declarant reserves complete administrative control of the Association in the place and stead of the Board of Directors, with all power and authority which the Board of Directors enjoys under Oregon law, the Bylaws and these *CCRs*, for a period of fifteen years from the recording of these *CCRs*, or until all residential development within the Property, including annexed property, had been completed, unless Declarant sooner accomplishes turnover.

11.1.2 Any or all of the special rights and obligations of Declarant set forth in this Declaration may be transferred to other persons or entities without the consent of any mortgagee or Owner, provided that the transfer shall not reduce an obligation nor enlarge a right beyond that contained in these *CCRs*. No such transfer shall be effective unless it is in a written instrument signed by Declarant and duly recorded in the official records of Tillamook County.

11.1.3 So long as construction and initial sales of Lots and Townhouses shall continue, Declarant may maintain and carry on upon portions of the Property, including annexed property, such activities, as in the sole opinion of Declarant may be reasonably required, convenient or incidental to the construction or sale of such Lots and/or Townhouses, including, but not limited to, business offices, signs, model units and sales offices. Declarant shall have easements for access to and use of all Subdivisions. Declarant's unilateral right to use the Common Area for purposes stated in this paragraph 11.1.3 shall not be exclusive and shall not unreasonably interfere with use of such Common Area by Owners.

11.1.4 No person shall record any declaration of *CCRs*, or declaration of condominium or similar instrument affecting any portion of the Property, including annexed property, without Declarant's review and written consent. Any attempted recordation without such consent shall result in such instrument being void and of no force and effect unless subsequently approved by recorded consent signed by Declarant. Declarant shall have the power and authority to annex property pursuant to Section 2.4, subject to the terms and provisions of paragraph 11.1.5.

11.1.5 This Article may not be amended without the written consent of Declarant. The rights contained in this Article XI shall terminate upon the earliest of (i) forty years after the date this Declaration is recorded or (ii) upon recording by Declarant of a written statement that all sales activity has ceased.

11.2 Transitional Advisory Committee. The Declarant shall call a meeting of Members for the purpose of selecting a Transitional Advisory Committee (the "Transitional Committee) to provide for the transition of administrative control from the Declarant to the Members not later than sixty days after the Declarant has conveyed fifty percent of the Lots and Townhouses then existing in the Subdivision to Owners other than the Declarant. The Transitional Committee shall have access to the information, documents and records which the Declarant must turn over to the Owners under the Oregon Planned Community Act.

11.2.1 The Transitional Committee shall consist of three Members. The Class A Members shall, by majority vote, elect no more than two Members, and the Declarant shall elect one Member.

11.2.2 The Declarant shall give notice of the meeting required under this Section 11.2. The notice shall state the purpose of the meeting and the time and place where it is to be held. If such meeting is not called by the Declarant within the time specified, the meeting may be called and notice given by a Member. If the Members, other than the Declarant, do not select members for the committee, the Declarant shall have no further responsibility to form the committee.

11.3 Turnover Meeting. The Declarant or Transitional Committee shall call a Turnover Meeting for the purpose of turning over administrative control of the Association from the Declarant to the Members within one hundred twenty days after that date fifteen years from the date this Declaration is filed in the real property records of Tillamook County, Oregon (the "Turnover Meeting").

11.3.1 The Declarant shall give notice of the Turnover Meeting to each Member. If the Declarant does not call the meeting required under this Section 11.3, any Member may do so. At the Turnover Meeting the Declarant shall relinquish control of the administration of the Association and the Members shall assume control of the administration of the Association.

11.3.2 The Members shall elect a Board of Directors in accordance with the provisions of Article V of the Bylaws. At the Turnover Meeting, at least one Director shall be elected by Members other than the Declarant, even if the Declarant otherwise has voting power to elect all Directors. Additionally, the Declarant shall deliver to the Association those items specified in under applicable Oregon law to be turned over by the Declarant at a Turnover Meeting.

Article XII

General Provisions

12.1 Amendment.

12.1.1 Subject to the restriction set forth in Section 94.600(4) of the Oregon Revised Statutes, the Declarant may, until such date as the Lots and Townhouses representing not less than seventy-five percent of the total votes in the Subdivision, including future phases and annexed property, have been conveyed to persons other than Declarant, amend these *CCRs* without a vote of the Owners.

12.1.2 Except as provided herein, the provisions hereof may be amended by an instrument in writing signed and acknowledged by a majority of the members of the Board of Directors, certifying under penalty of perjury that the amendment set forth therein was duly adopted with the written consent of not less than seventy-five percent of the total votes in the Subdivision. Any amendment or revision of these *CCRs* shall become effective only upon the filing in the records of deeds of Tillamook County, Oregon, of such certificate, setting forth in full the amendment, amendments, additional provision or repeal approved as provided in this Section 12.1.

12.2 Expenses and Attorney Fees. In the event that the Association shall bring any suit or action to enforce any provision herein contained in these *CCRs* or in any Rules or Regulations, to collect any money due to it hereunder or to foreclose a lien, the defendant in such suit or action shall pay to the Association all costs and expenses which the Association shall incur in connection with such suit or action, including a foreclosure title report, in such amount as the court may determine to be reasonable as attorney fees therein, including attorney fees incurred in connection with any appeal or decision of the trial court or an appellate court.

12.3 Nonexclusiveness; Remedies. Election by the Association to pursue any remedy provided for the violation of any provision of these *CCRs* shall not prevent concurrent or subsequent exercise of another remedy permitted thereunder or permitted by law.

12.4 Right of Entry. The Association, or its duly designated agent, may at any reasonable time, and from time to time at reasonable intervals, enter upon any property within the Subdivision for the purpose of determining whether or not the use of such property, or any improvement thereon, is then in compliance with these *CCRs*. No such entry shall be deemed to constitute a trespass or otherwise create any right of action in the Owner or occupant of such Property.

12.5 Interest. Any amount not paid to the Association when due shall bear interest at the rate of twelve percent per annum.

12.6 Construction, Severability; Numbers; Captions. This Declaration and amendments and supplements to it shall be construed as an entire document to accomplish the purpose stated in the introductory paragraphs. Nevertheless, each provision of such documents shall be deemed independent and severable, and the invalidity or partial invalidity of any provision shall not affect the validity or enforceability of the remaining part of that or any other provision. As used herein the singular shall include the plural, and the plural be singular, as the context requires. Statutory references include the same statute as it may be renumbered.

12.7 Original Subdivision Development Work. Nothing herein shall be deemed to limit or restrict the right of the Declarant or its designated successors, their contractors, employees, materialmen, or assigns from entering all or any portion of the Subdivision for the purpose of conducting therein such work of subdivision improvement, construction and development as the Declarant deems necessary or desirable. The Declarant shall have a non-exclusive easement for use of the Private Ways for ingress and egress on those portions of the real property owned by the Declarant and/or the Association to perform work or construction thereon and for other work or activity associated with the ownership of said property.

12.8 Resolution of Document Conflicts. In the event of any conflict between the Articles, Bylaws, Architectural Guidelines and/or Rules and Regulations, such conflict shall be resolved by looking to the following documents in the following order: (i) these *CCRs*; (ii) the Articles; (iii) the Bylaws; (iv) the Architectural Guidelines; and the (v) Rules and Regulations.

12.9 Notices. Any notice permitted or required by these *CCRs* may be delivered either personally or by mail. Delivery by mail shall be by certified or registered mail, postage prepaid and addressed as follows:

If to Declarant: Nestucca Ridge Development, Inc.
 PO Box 189
 Pacific City, OR 97135-0189

If to an Owner: At the address given by the Owner at the time of the
 Owner's purchase.

The address of any person may be changed at any time by notice in writing delivered as provided herein.

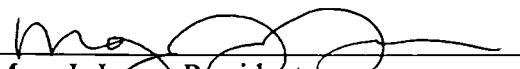
12.10 Duration. The covenants and restrictions in these *CCRs* shall run with and bind the land for a term of forty years from the date these *CCRs* is recorded, after which time they shall be automatically extended for successive periods of ten years, unless rescinded by a vote of at least ninety percent of the Owners and ninety percent of the first mortgage holders. Any such rescission which affects the Common Area shall require the prior written consent of Tillamook County, Oregon.

12.11 Exhibits. The following exhibits are attached to these CCRs and incorporated as a part hereof:

<i>Exhibit A</i>	Legal Description
<i>Exhibit B</i>	Plat of Subdivision Phase 1
<i>Exhibit C</i>	Map of Potential Annexable Property
<i>Exhibit D</i>	Phase 1 Height Restrictions

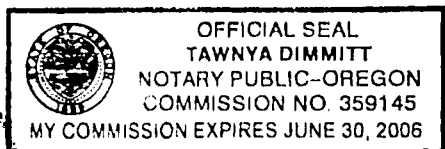
IN WITNESS WHEREOF, Nestucca Ridge Development, Inc. has caused these CCRs to be executed this 24th day of April, 2006.

Nestucca Ridge Development, Inc.

By: 
Mary J. Jones, President

STATE OF OREGON, County of Tillamook) ss.

PERSONALLY APPEARED Mary J. Jones, who, being duly sworn, did say that she is the President of Nestucca Ridge Development, Inc., an Oregon corporation, and said instrument was signed on behalf of said corporation by authority of its board of directors; and acknowledged said instrument to be its voluntary act and deed this 24th day of April, 2006.



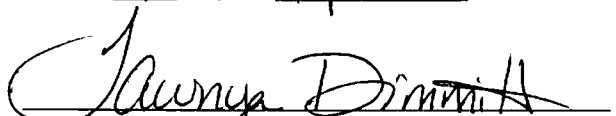
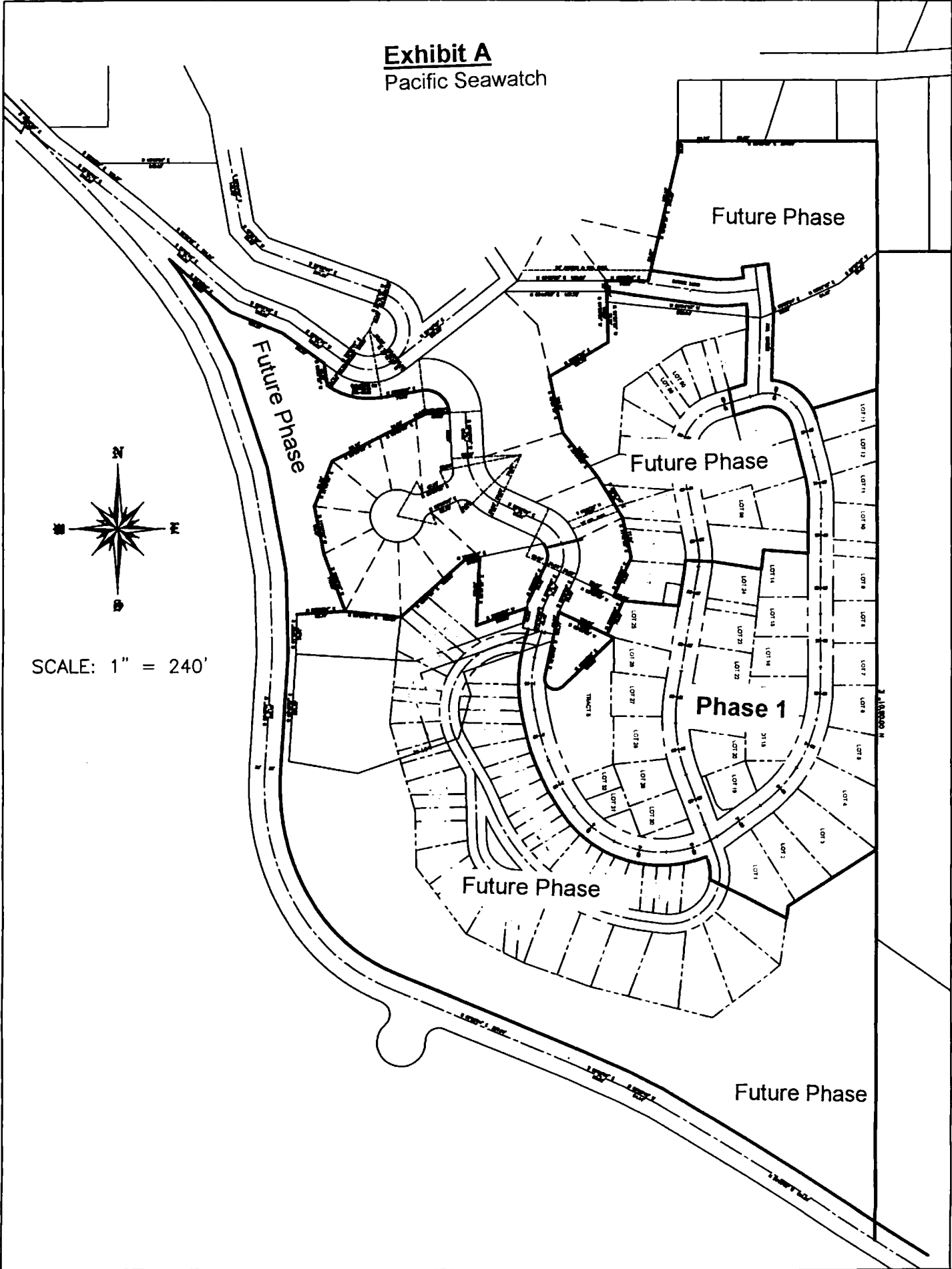

NOTARY PUBLIC FOR OREGON
My Commission Expires: June 30, 2006

Exhibit A
Pacific Seawatch



Future Phase

Future Phase

Future Phase

Phase 1

Future Phase

Future Phase



SCALE: 1" = 240'

10711
10712
10711
10710
10709
10708
10707
10706
10705
10704
10703
10702
10701

TRACT 8
10724
10723
10722
10721
10720
10719
10718
10717
10716
10715
10714
10713
10712
10711
10710
10709
10708
10707
10706
10705
10704
10703
10702
10701

OWNER: ENGINEERS BOLDWIN, LLC
 P.O. BOX 189
 PACIFIC CITY, OREGON 97136

SURVEY AND PLAT BY: KELLON LAND SURVEYING LLP
 36170 BROOKTON ROAD, SUITE B
 P.O. BOX 336
 PACIFIC CITY, OREGON 97136

REGISTERED PROFESSIONAL LAND SURVEYOR

DATE: FEBRUARY 1, 2008

OREGON PROFESSIONAL LAND SURVEYOR
 February 1, 2008
 DOUGLAS H. WELLS
 KELLON SURVEYOR

SCALE: 1" = 60'

LEGEND:
 * - FOUND MONUMENT - AS NOTED
 X - SET 5/8"x30" I.R. w/P.C. MARKED:
 O - POST MONUMENTATION CORNERS
 (XXXX) - RECORD DATA - AS NOTED
 NO () - MEASURED VALUES
 I.R. - IRON ROD
 Y.P.C. - YELLOW PLASTIC CAP



PACIFIC SEAWATCH PHASE I

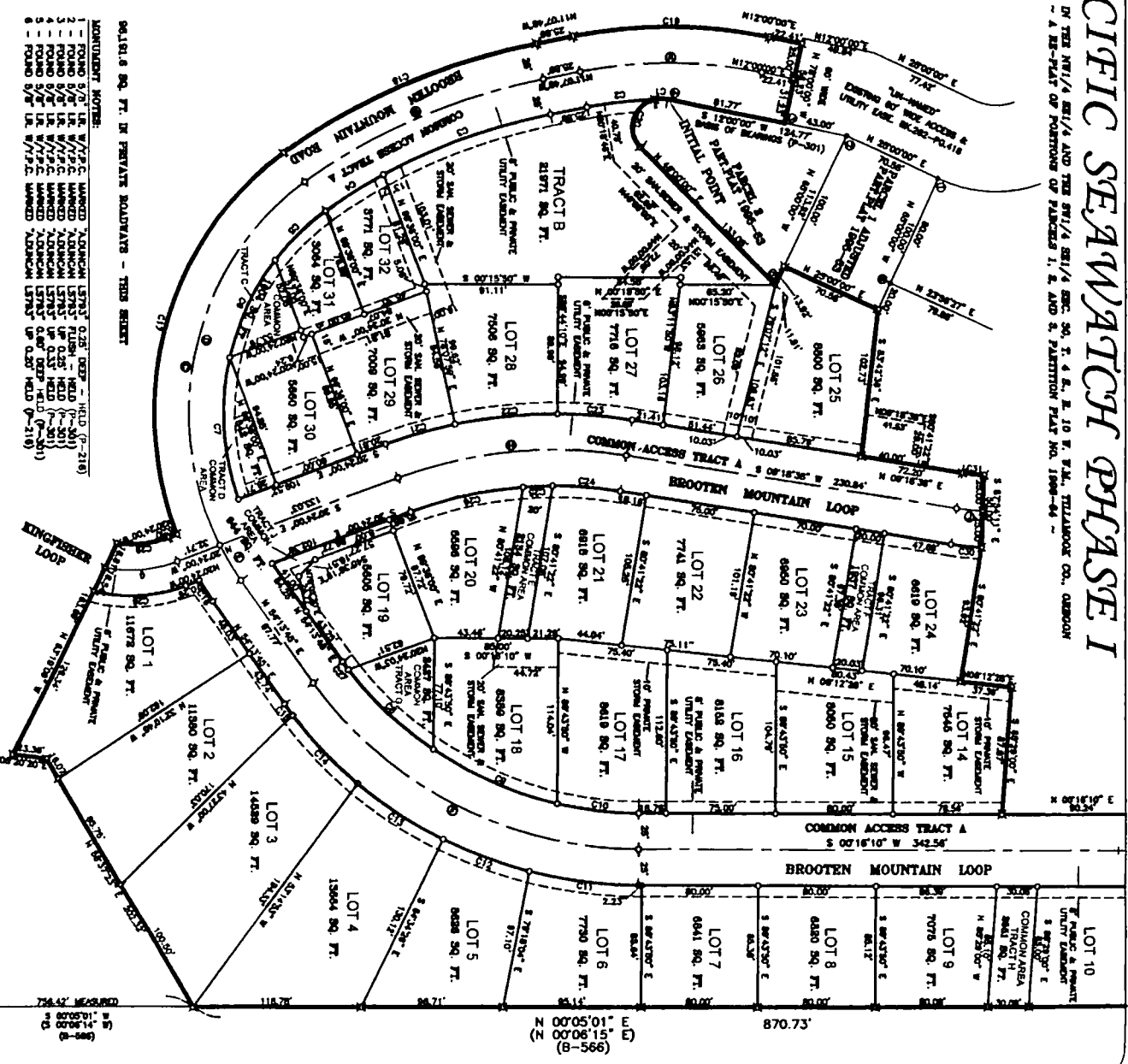
LOCATION: IN THE NE 1/4, SE 1/4 AND THE SW 1/4, SE 1/4, SEC. 30, T. 4, E. 10 W. 31N, TILLAMOOK CO., OREGON
 - A RE-PLAT OF PORTIONS OF PARCELS 1, 2, AND 3, PARTITION PLAT NO. 1588-04 -

PROPERTY LINE CURVE DATA.

CURVE	POINTS	ARC LENGTH	CHORD LENGTH	CHORD BEHAVIOR	POINT ANGLE
C1	20.00	8.71	8.71	N 0° 0' 0" E	90.00
C2	14.17	14.17	14.17	N 0° 0' 0" E	90.00
C3	47.90	47.90	47.90	N 0° 0' 0" E	90.00
C4	27.82	27.82	27.82	N 0° 0' 0" E	90.00
C5	13.25	13.25	13.25	N 0° 0' 0" E	90.00
C6	13.25	13.25	13.25	N 0° 0' 0" E	90.00
C7	13.25	13.25	13.25	N 0° 0' 0" E	90.00
C8	13.25	13.25	13.25	N 0° 0' 0" E	90.00
C9	13.25	13.25	13.25	N 0° 0' 0" E	90.00
C10	13.25	13.25	13.25	N 0° 0' 0" E	90.00
C11	13.25	13.25	13.25	N 0° 0' 0" E	90.00
C12	13.25	13.25	13.25	N 0° 0' 0" E	90.00
C13	13.25	13.25	13.25	N 0° 0' 0" E	90.00
C14	13.25	13.25	13.25	N 0° 0' 0" E	90.00
C15	13.25	13.25	13.25	N 0° 0' 0" E	90.00
C16	13.25	13.25	13.25	N 0° 0' 0" E	90.00
C17	13.25	13.25	13.25	N 0° 0' 0" E	90.00
C18	13.25	13.25	13.25	N 0° 0' 0" E	90.00
C19	13.25	13.25	13.25	N 0° 0' 0" E	90.00
C20	13.25	13.25	13.25	N 0° 0' 0" E	90.00
C21	13.25	13.25	13.25	N 0° 0' 0" E	90.00
C22	13.25	13.25	13.25	N 0° 0' 0" E	90.00
C23	13.25	13.25	13.25	N 0° 0' 0" E	90.00
C24	13.25	13.25	13.25	N 0° 0' 0" E	90.00
C25	13.25	13.25	13.25	N 0° 0' 0" E	90.00
C26	13.25	13.25	13.25	N 0° 0' 0" E	90.00
C27	13.25	13.25	13.25	N 0° 0' 0" E	90.00
C28	13.25	13.25	13.25	N 0° 0' 0" E	90.00
C29	13.25	13.25	13.25	N 0° 0' 0" E	90.00
C30	13.25	13.25	13.25	N 0° 0' 0" E	90.00
C31	13.25	13.25	13.25	N 0° 0' 0" E	90.00

STREET CENTERLINE CURVE DATA.

CURVE	POINTS	ARC LENGTH	CHORD LENGTH	CHORD BEHAVIOR	POINT ANGLE
A	311.00	311.00	311.00	N 0° 0' 0" E	90.00
B	418.50	418.50	418.50	N 0° 0' 0" E	90.00
C	526.00	526.00	526.00	N 0° 0' 0" E	90.00
D	633.50	633.50	633.50	N 0° 0' 0" E	90.00
E	741.00	741.00	741.00	N 0° 0' 0" E	90.00
F	848.50	848.50	848.50	N 0° 0' 0" E	90.00
G	956.00	956.00	956.00	N 0° 0' 0" E	90.00
H	1063.50	1063.50	1063.50	N 0° 0' 0" E	90.00
I	1171.00	1171.00	1171.00	N 0° 0' 0" E	90.00
J	1278.50	1278.50	1278.50	N 0° 0' 0" E	90.00
K	1386.00	1386.00	1386.00	N 0° 0' 0" E	90.00
L	1493.50	1493.50	1493.50	N 0° 0' 0" E	90.00
M	1601.00	1601.00	1601.00	N 0° 0' 0" E	90.00
N	1708.50	1708.50	1708.50	N 0° 0' 0" E	90.00
O	1816.00	1816.00	1816.00	N 0° 0' 0" E	90.00
P	1923.50	1923.50	1923.50	N 0° 0' 0" E	90.00
Q	2031.00	2031.00	2031.00	N 0° 0' 0" E	90.00
R	2138.50	2138.50	2138.50	N 0° 0' 0" E	90.00
S	2246.00	2246.00	2246.00	N 0° 0' 0" E	90.00
T	2353.50	2353.50	2353.50	N 0° 0' 0" E	90.00
U	2461.00	2461.00	2461.00	N 0° 0' 0" E	90.00
V	2568.50	2568.50	2568.50	N 0° 0' 0" E	90.00
W	2676.00	2676.00	2676.00	N 0° 0' 0" E	90.00
X	2783.50	2783.50	2783.50	N 0° 0' 0" E	90.00
Y	2891.00	2891.00	2891.00	N 0° 0' 0" E	90.00
Z	2998.50	2998.50	2998.50	N 0° 0' 0" E	90.00



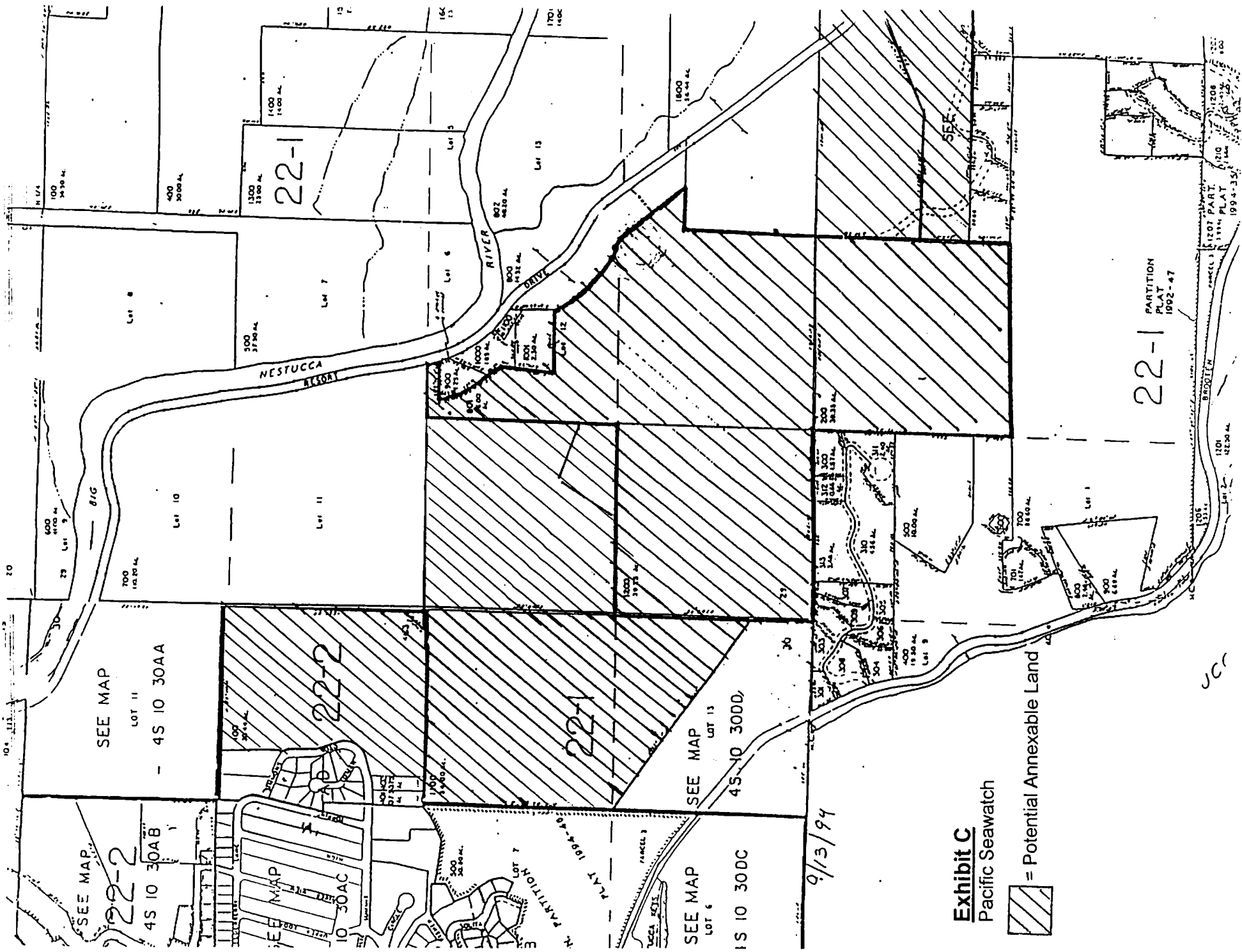


Exhibit C
Pacific Seawatch

 = Potential Annexable Land

JCC

Exhibit D

**To Covenants, Conditions, Restrictions & Easements for Pacific Seawatch
Pertaining to Specific Height Restrictions on Lots per Section 8.11**

All residential building lots in Pacific Seawatch Phase 1 shall conform to
specific height restrictions as follows:

Lot 1:	To be set by the Declarant
Lot 2:	To be set by the Declarant
Lot 3:	To be set by the Declarant
Lot 4:	To be set by the Declarant
Lot 5:	To be set by the Declarant
Lot 6:	291.14 feet above mean sea level
Lot 7:	288.08 feet above mean sea level
Lot 8:	278.57 feet above mean sea level
Lot 9:	266.12 feet above mean sea level
Lot 10:	253.01 feet above mean sea level
Lot 11:	247.07 feet above mean sea level
Lot 12:	248.32 feet above mean sea level
Lot 13:	242.79 feet above mean sea level
Lot 14:	245.42 feet above mean sea level
Lot 15:	255.87 feet above mean sea level
Lot 16:	263.76 feet above mean sea level
Lot 17:	267.18 feet above mean sea level
Lot 18:	265.55 feet above mean sea level
Lot 19:	248.36 feet above mean sea level
Lot 20:	245.36 feet above mean sea level
Lot 21:	247.59 feet above mean sea level
Lot 22:	241.68 feet above mean sea level
Lot 23:	233.26 feet above mean sea level
Lot 24:	225.26 feet above mean sea level
Lot 25:	214.74 feet above mean sea level
Lot 26:	222.63 feet above mean sea level
Lot 27:	230.15 feet above mean sea level
Lot 28:	227.83 feet above mean sea level
Lot 29:	229.86 feet above mean sea level
Lot 30:	230.88 feet above mean sea level
Lot 31:	212.90 feet above mean sea level
Lot 32:	211.46 feet above mean sea level