

Willow Ponds ©
Planned Unit Development

*Declaration of Protective Covenants, Conditions, and
Restrictions (CC&R's) for Lots 1 thru 58.*

Revised 10 September, 2003

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APPENDICES:

EXHIBIT A Engineering Plans and Surveys

EXHIBIT B- Site Plans

- (1) Entire Site Plan
- (2) Phase One Plat
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EXHIBIT C- Declaration of Deed Restrictions/Restrictive Covenant (for Annexation)

EXHIBIT D- Declaration of Deed Restrictions/Restrictive Covenant (Agreement for improvements)

EXHIBIT E- City of Hood River Urban Growth Area Sewer and Water Service Information Packet

EXHIBIT F- Willow Ponds Design Guidelines

EXHIBIT G – Memorandum of Understanding Between Willow Ponds Homeowners' Association and Farmers Irrigation District.

Project Statement

The goal of Willow Ponds is to create an attractive and enjoyable place to live. To do so, these Covenants, Conditions and Restrictions make environmental stewardship and social interaction key goals. Various land uses are balanced to integrate thoughtful housing, recreation, and open space while striving to retain and revitalize the water features and wetlands that naturally occur on this site.

Good site planning combined with good architecture produces neighborhoods that have aesthetic and functional harmony, that preserve the privacy of residents, and that retain environmentally sensitive areas.

These Covenants, Conditions and Restrictions, along with the Willow Ponds Design Guidelines, will help create and preserve a livable environment for all Willow Ponds residents. In addition to these Covenants, Conditions and Restrictions, ordinances from the City and County of Hood River will of course apply. Finally, the conditions outlined in the April 9, 2003 Hood River County Planning Commission decision, will also apply.

ARTICLE 1

Description

1.1 Name. The name of the Planned Unit Development is Willow Ponds.

1.2 Location. Willow Ponds is located entirely within the Urban Growth Boundaries of the City of Hood River, County of Hood River, in the State of Oregon. The subject property is located on the south side of May Drive, approximately 800 feet east of its intersection with Frankton Road in Township 3 North, Range 10 East, W.M., Section 34A.

1.3 Legal Description. The description of all the property included in Willow Ponds is:

The East half of the Southwest quarter of the Northeast quarter of section 34, Township 3 North, Range 10 East of the Willamette Meridian, in the County of Hood River and State of Oregon, EXCEPTING that parcel of the land described as follows:

Beginning at the Northwest corner of the East half of the Southwest quarter of the Northeast quarter of Section 34, Township 3 North, Range 10 East of the Willamette Meridian, in the County of Hood River and State of Oregon, thence East 93 feet; thence South 200 feet; thence West 93 feet; thence North 200 feet to the point of beginning.

1.4 Number of Lots. Willow Ponds is comprised of 58 individual lots, 56 of which shall be used for the construction of a single-family residence and 2 of which (lots 51 and 56) will support 4 townhouses apiece. The Willow Ponds common areas are for the use of all the Members.

1.5 Number of Phases. This development will be platted in four phases as follows:

Phase One: Lots 1-12
Phase Two: Lots 13-23
Phase Three: Lots 24-37
Phase Four: Lots 38-58

1.6 Common Area. The legal description of the common area of Willow Ponds is set forth in the Engineering Plans and Survey. (Exhibit A)

1.7 Declarant. Declarant, Barone Holdings L.L.C., is the initial owner of the property and the developer of Willow Ponds. All Declarant's rights and obligations under this Declaration shall inure to and be binding upon Declarant's successors in interest.

1.8 Declarant Improvements. Declarant shall improve the common area by adding landscaping, roadways, underground services, parking areas, bridges and walkways, as shown on accompanying site plan. (Exhibit B) For Phase 1, Lots 1-12, Declarant intends to build the houses and auxiliary buildings, adhering as faithfully as possible to the accompanying drawings.

1.9 Road Maintenance. A P.U.D., like Willow Ponds, is allowed to use narrower roads and thereby benefit from the traffic calming and noise reduction they create. However, because the proposed internal roads do not conform to County or City road standards, public road maintenance, including plowing snow, will not be provided by local government. As a result, the Homeowners Association will provide full maintenance of Willow Pond's internal streets.

1.10 Annexation. Willow Ponds P.U.D. is entirely in the Urban Growth Area (UGA) in the City of Hood River. (see Exhibits) The Willow Ponds property is therefore subject to Annexation by the City of Hood River. The Declarant has been required to agree to such annexation when it may occur. Each property owner in turn must also consent to said annexation.

In general terms, this means that after annexation Willow Ponds and its various owners will be subject to City: ordinances, taxes and services. In addition, Farmers Irrigation District has stated that it is their policy not to provide irrigation water to properties within the city limits. Should irrigation water be cut off after annexation, Willow Ponds may need to drill a well to supplement the naturally occurring waterway presently in the center of the property.

ARTICLE 2

Homeowners Association

2.1 Creation and Succession. Declarant shall create a corporation named the "Willow Ponds Homeowners Association" ("the Association"). The Association shall have property, powers and obligations as set forth in this declaration and these covenants for the benefit of the property and the Members.

Pursuant to ORS 94.600, Declarant retains control over all matters set forth in these Covenants, Conditions and Restrictions until the turnover meeting set forth in section 2.2 of this document.

The existence of the Association shall be perpetual. However, if for any reason the corporation is dissolved, all property, powers and obligations of the corporation shall automatically vest in an unincorporated Association comprised of all Members.

One member of The Association shall be designated Secretary. That person shall have the responsibility to send, receive, and record all official documents for The Association.

The unincorporated Association shall function to the fullest extent possible in accordance with this Declaration, bylaws and any other applicable regulations existing at the time of the dissolution. The Members may, at any time, create a new legal entity to operate as the Association.

2.2 Turnover Meeting. In accordance with ORS 94.604 a Transitional Advisory Committee will be created. Then, in accordance with ORS 94.609, Declarant shall call a special Member meeting ("turnover meeting") not later than 120 days after a least 33 lots have been conveyed to individual owners. The purpose of the turnover meeting is to transfer the administrative responsibility from Declarant to the Association in accordance with ORS 94.616. If Declarant fails to call the turnover meeting within the time stated, any Member may do so.

2.3 Powers and Obligations. The Association shall have the power and obligation to: (a) own, manage, maintain and administer the common area and facilities of the planned unit development; (b) administer water rights per Memorandum of Understanding Between Willow Ponds Homeowners' Association and Farmers Irrigation District (Exhibit G); (c) administer and enforce this Declaration; (d) collect and disburse assessments and charges; and (e) take such actions and establish such rules and bylaws as are deemed useful to the management and operation of the Association and Willow Ponds in accordance with the provisions of this Declaration.

2.4 Membership. Each owner of one or more lots in Willow Ponds including Declarant, is a Member of the Association. An owner is the person named as either the grantee on a properly executed and recorded deed or vendee on a properly executed and recorded contract of sale. The holder of the security interest in a lot is not an owner. Whenever a lot is sold, membership is automatically transferred to the new owner effective upon recording of either the deed or the contract of sale. It is the duty of each Member to provide the Association with the following: (a) a copy of the Member's recorded deed or the Member's recorded contract of sale and (b) the Member's current mailing address. If two or more persons own a lot jointly, the joint owners shall constitute one Member. If an entity owns a lot, the entity shall designate in writing one natural person to serve as its Member.

2.5 Voting Rights. Except as provided herein, a Member shall have one (1) vote for each lot owned. Until the turnover meeting, Declarant shall have four (4) votes for each lot owned. Unless otherwise provided in this Declaration or the bylaws, a proposed action or resolution shall carry if approved by a simple majority of the total number of votes cast at a meeting with a quorum present. An abstention shall not count as a vote cast. A Member may vote by proxy, provided the proxy's authority is in writing and signed by the Member. If two or more persons own a lot jointly, any

one of the co-owners may vote unless the other co-owner(s) object(s), in which case the vote shall be deemed an abstention.

2.6 Member Meetings. Member meetings shall be held as provided for in the Association Bylaws.

ARTICLE 3

Ownership Rights

3.1 Lots. Title to each of the 56 individual lots and each of the 8 townhouses, of Willow Ponds shall be conveyed in fee to an owner. Any person or entity may hold title, either singly or jointly, who may hold title to real property under the law of the State of Oregon. Title may be freely conveyed by an owner, however, all conveyances are subject to easements and restrictions of record, including this Declaration. For purposes of this Declaration, the contract vendee under the terms of a recorded contract of sale of a lot is the owner. Holders of security interests in lots are not owners.

3.2 Ownership of Common Areas. Declarant shall convey the common area to the Association either within one hundred and twenty (120) days after 33 of the 64 units have been conveyed to owners other than Declarant or five (5) years from date of recordation of this Declaration, whichever occurs first.

Every Member shall have a non-exclusive easement over the common area for access to the Member's lot and for use and enjoyment of the common area. This easement is appurtenant to and shall pass with the title to each lot. Any Member may delegate the rights of use and enjoyment of the common area to the Member's family or tenants provided they reside within the Member's home in Willow Ponds. As long as Declarant owns any lot, Declarant shall have a non-exclusive easement over the common area to carry out all activities necessary and convenient for discharging Declarant's obligations or exercising Declarant's rights, including, but not limited to, the sale of lots, the construction of homes and common area structures, and all related activities.

Easements over the common area are subject to the following conditions: (a) the right of the Association to limit the number of guests to use common area; (b) the right of the Association to grant easements for public utilities or for other public purposes consistent with the intended use of the common area; (c) the provisions of this Declaration, the bylaws, and the rules established from time to time by the Association. Use of common area for residential purposes is prohibited. No Member may use the common area in a manner that interferes with the use of the common area by any other Member, the Declarant, or the Association.

ARTICLE 4

Design Review Committee

4.1 Membership: Appointment and Removal. The Design Review Committee ("The Committee") shall be composed of three members elected by a majority vote of the Association Board of Directors. At the first such election, one member shall be elected to serve a one-year term, one member shall be elected to serve a two-year term, and one member shall be elected to serve a three-year term. Each year thereafter, one member shall be elected to serve a three-year term, so that the terms of the three members will be staggered, one ending each year. If any member of the Design Review Committee is unable or unwilling to act, the Association Board of Directors shall elect a successor to serve out the unexpired term. No Member of the Design Review Committee shall receive compensation for his or her services. The members of the Design Review Committee are officers of the Association.

4.2 Purpose and Authority. The purpose of this Declaration is to provide for and require all improvements to be in harmony with the design guidelines of Willow Ponds. Therefore, all proposed improvements shall require the approval of the Design Review Committee, before any work is done.

4.3 Written Approval of Proposed Work. Except for construction, repair, replacement, modification or landscaping undertaken by or approved by Declarant, no home or any structure or any exterior change, modification or improvement of any kind or nature, including landscaping, shall be commenced, erected, placed or altered on any lot until the detailed construction plans and specifications, and a plan showing the nature, shape, height have been reviewed and approved in writing by the Design Review Committee.

In order to secure the written approval of the Design Review Committee detailed work plans are required. These plans must show the proposed location and details of the work on a particular lot. The plans must include proposed materials and colors together with landscaping and drainage plans and must be submitted to and approved in writing by the Design Review Committee before any work can commence. All such plans and specifications for approval by the Design Review Committee must be submitted at least 45 days prior to the start of construction unless such time is waived by the Design Review Committee. All decisions of the Design Review Committee, including without limitation, approvals, disapprovals and waivers, shall require the consent of a least two of its members.

4.4 Approval Standards. The Design Review Committee shall not approve any proposed work if it finds the proposed work would be inappropriate for the particular lot or incompatible with the design standards of Willow Ponds. In making its decision, the Design Review Committee shall take in consideration the siting, shape, color, design, height, view impairment, adverse impact on Declarant or other Willow Ponds residents, and any other factors, which the Committee reasonably finds material and relevant. If the Design Review Committee does not approve a proposed work, it shall provide the applicant with a specific description of the reason(s) for not granting approval, so that the applicant may have a meaningful basis for modifying the proposal to meet with the Committee's approval.

4.5 Timing of Approval. In the event the Design Review Committee fails to approve or disapprove plans and specifications within 30 days after such plans and specifications have been submitted to it, approval will not be required and the related covenants shall be deemed to be in full compliance. The 30-day time for response shall be deemed complied with if the Design Review Committee's notice is provided to the applicant in person or mailed within 30 days as determined by the date of mailing by the Committee. Such notice shall be delivered or mailed to the applicant at the address designated by the applicant for such purpose in his or her application.

4.6 Action Without Meeting. Except as otherwise provided herein, any two members of the Committee shall have the power to act on behalf of the Design Review Committee without the necessity of meeting and without the necessity of consulting with the remaining member of the Committee. Such members shall render their decision by written document setting forth the action taken.

4.7 Effective Period of Approval. If construction on the proposed work is not commenced within one year after the date of approval, the approval is automatically revoked unless the Design Review Committee extends the effective time of the approval in writing. Furthermore, any work undertaken shall be completed within one year of commencement.

4.8 Right of Entry. Any agent or officer of the association, including any member of the Design Review Committee, may, at any reasonable hour during construction or remodeling, enter and inspect any lot or home as to its maintenance or improvements to determine if there has been compliance with the provisions hereof. The Association, and any agent, or officer thereof, shall not thereby be deemed guilty of any manner of trespass for such entry or inspection. The Association may issue a certificate of completion and compliance as to any property so inspected.

4.9 Evidence of Compliance. Records of the Association with respect to compliance with the provisions of this Declaration shall be conclusive evidence as to all matters shown by such records to the extent the same are available. A member may request that the Design Review Committee perform a completion and compliance inspection of previously approved work plans and the Design Review Committee shall perform this inspection in a timely manner.

Records demonstrating compliance with the provisions of this Declaration may be recorded in the records of the Hood River County Recorder by the Member receiving approval. Issuance of a certificate of completion and compliance by an officer of the Association showing that the plans and specifications for the improvements or other matters herein provided for have been approved and that such improvements have been made in accordance therewith, or a certificate as to any matter relating to this Declaration by an officer of the Association shall be conclusive evidence that shall justify and protect any title company insuring title to any property subject to this therewith. After the expiration of one year following the issuance of a building permit delivered to the Design Review Committee, any structure, work, improvement, or alteration shall be deemed to be in compliance with the provisions hereof unless a notice of non-compliance executed by the Association shall have been issued to the member, or unless legal proceedings have been instituted to enforce compliance or

completion.

4.10 Precedent Not Binding. The Design Review Committee shall treat each application for approval on a case-by-case basis. The Committee is not bound to approve a proposed work solely because it previously approved a similar work, and the Committee is not bound to disapprove a proposed work solely because it previously disapproved a similar work.

4.11 Declarant's Rights. This Article shall not govern construction of improvements or alterations undertaken by Declarant on portions of the real property owned by Declarant. With respect to construction of improvements or alterations on Members' lots which is subject to Declarant's approval. Declarant alone shall act in place of the Association and The Design Review Committee in exercising the rights and fulfilling the obligations given under this Article.

4.12 No Liability. Neither the Design Review Committee as a whole nor any individual member of the Committee shall be liable to any Member, occupant, builder, architect, developer, or any other person or entity for any damage, loss or prejudice claimed to have been suffered as a result of any decision made by the Committee, provided that the Committee or the individual member of the Committee acted in good faith in making the decision.

ARTICLE 5

Usage and Restrictions

Description. The principal dwelling on each lot has been kept modest in size with a low ratio of floor area to lot size. Additional floor area can be obtained by the use of accessory buildings. The use of accessory buildings will mitigate scale. Proper placement creates a sense of enclosure, and privacy as well as possible shelter from the wind.

The use of accessory buildings for rental suites is allowed in this development. This complements the developments objective of encouraging the use of accessory buildings, while allowing the project's density to increase at a gentle pace and with careful consideration. The lots permitted to have rental units will be selected based on such merits as parking, privacy and overall impact. Moreover, any lots on the perimeter of the development that may be suitable for a rental unit, shall pay additional attention to buffer and screen the properties outside the P.U.D. from the proposed rental unit.

5.1 Rentals. Rentals of primary dwelling or rental suites may occur on the following conditions: (a) The term of rental is not less than 60 days. (b) Tenants shall comply with the provisions of this Declaration, Association Bylaws, and all other applicable rules and regulations. (c) Members shall be held responsible for their tenant's violations. (d) Vacation rentals are not permitted. Should two violations occur within a 12-month period, the Association may suspend the Member's rental rights for a period of up to 12 months.

5.2 Animals. Except for a maximum of three (3) common household pets which may not be used for commercial purposes and which must be controlled so as not to

be a nuisance, no animals, livestock or poultry may be bred, raised or kept on any lot. A pet owner shall be liable for any nuisance or damage caused by the pet. Every dog must be on a leash and may not enter any lot other than its owner's lot. Pet owners are responsible for cleaning up after their pets on their own lot but especially on common areas. Pets may not be left unattended in vehicles in Willow Ponds. The Association may compel a Member to remove a pet from Willow Ponds if a Member violates this provision two (2) or more times.

5.3 Nuisance. No noxious, harmful or offensive activities may be carried on within Willow Ponds, nor may a Member engage in any activity that unreasonably interferes with or jeopardizes the enjoyment of the other Members. Whether any particular activity violates this provision is to be determined by the Association on a case-by-case basis.

5.4 Parking. In order to enjoy both the livability benefits that narrower streets provide, and to promote public safety, Willow Ponds residents need to be vigilant that all residents and their guests follow the parking regulations in these Covenants, Conditions and Restrictions.

The Association will place signs that clearly indicate that on-street parking is prohibited (except in designated parking areas) and that offending vehicles will be towed.

The 45 on-street parking spaces, distributed throughout the development, are for visitor parking only. Because of the narrow streets, parking on the side of the road poses a potential fire and life safety danger, and is therefore not allowed. The Members are encouraged to take necessary steps to prevent congestion problems from occurring. It is the responsibility of The Association to enforce parking guidelines.

The number of onsite parking spaces throughout Willow Ponds shall include at least:

- 2 parking spaces per dwelling unit, not including garage
- 1 parking space per rental unit; and
- 2 spaces per townhouse, which may include one space in the garage.

Parking of heavy commercial vehicles, boats, trailers, trucks, truck campers or other recreational vehicle or equipment shall not be allowed on any part of the Property nor Common Area, except only if or within the confines of an enclosed garage or screened area, the plans of which shall have been reviewed and approved by the Design Review Committee prior to construction, and no portion of the same may project beyond the screened area.

No vehicle owned, rented, borrowed, or under the control of the occupant of the dwelling located on the lot shall be allowed to park on the roadway area. Vehicles owned by others who are guests of the occupants of the dwelling may be parked on the driveway servicing the dwelling not to exceed fourteen (14) days or nearby off-street parking areas not to exceed forty-eight (48) hours.

In no event shall any owner(s) or their guest(s) park or store wrecked or partially demolished vehicles on any lot or in any Willow Ponds parking space for any period of more than 48 hours. Vehicles parked in violation of this provision shall be subject to towing at the vehicle owner's expense.

5.5 Signs. No sign of any kind shall be displayed to public view on any lot or improvement, except one professionally made and approved by the Design Review Committee of not more than four (4) square feet advertising a lot or home for sale. This restriction shall not prohibit the temporary placement of political signs by a Member on the Member's lot, or placement of a professionally made sign by Declarant, which complies with local applicable sign ordinances. This restriction does not apply to signs used by Declarant during construction and sales of homes.

5.6 Liability for Debris or Damage. Each Member is liable for debris on or damage to the common area caused by the Member, including without limitations, the Member's guests, tenants, contractors, employees, agents and invitees. Each Member is liable for debris on or damage to any other Member's lot caused by the Member including without limitations, the Member's guests, tenants, contractors, employees, agents and invitees. In addition outdoor burning of debris or leaves is not allowed.

5.7 Burning of Trash, Refuse, or Yard Waste. In keeping with Hood River City ordinances, and in anticipation of the annexation of Willow Ponds by The City of Hood River, there shall be no burning of trash, refuse or yard waste at Willow Ponds.

ARTICLE 6

Assessments

6.1 Covenants to Pay Assessments. Each Member, upon recording of a deed or contract of purchase of a lot, regardless of whether reference is made to this Declaration or to Willow Ponds assessments in the deed or other instrument of conveyance, is deemed to covenant and agree to pay the association (a) monthly assessments and (b) special assessments for capital improvements. Such assessments shall be fixed, established and collected as hereinafter provided.

6.2 Uniform Rate of Assessment. All assessments must be fixed at a uniform and equal rate per lot for services rendered for all lots. Each townhouse will be assessed at the uniform fixed rate charged to all other lots. If special services are rendered to specific lots at the request of the Members owning the lots, additional assessments shall be charged to such lots.

6.3 Purpose of Monthly Assessments. A monthly assessment is a Member's obligation to pay a fixed amount of money to the Association each month for each lot in Willow Ponds owned by the Member. Monthly assessments shall be levied by the Association against all non-exempt lots. Funds collected from monthly assessments shall be used for (a) administrative expenses of the Association, including without limitation, utilities, equipment, supplies, office space, insurance, professional services, and other services; (b) maintenance and repair of the common property, including without limitations, landscaping, irrigation system and fees, roadways, walkways, bridges, and utilities; (c) maintenance and repair of landscaping and lighting on all common space; and (d) funding the reserve account.

6.4 Reserve Account. Declarant shall establish a reserve account for replacement of all items of common property that will require replacement. The reserve account established under this section shall be funded out of a portion of the monthly assessments against the lots. The amounts assessed shall take into account the estimated remaining life of the items for which the reserve is created and the projected replacement costs of those items. The reserve account shall be established in the name of the Association, which shall be responsible for administrating the account and making periodic payments into it. The Association may adjust the amount of the payments at regular intervals to reflect changes in replacements costs. The account may be used only for replacement of common property and is kept separate from other assessments. However, after the Association has assumed responsibility for administration of Willow Ponds, the Board of Directors of the Association may borrow funds from the reserve account to meet other temporary expenses. Funds borrowed to meet temporary expenses shall be repaid from special assessments or regular monthly assessments. Assessments paid into the reserve account are the property of the Association and are not refunded to Members upon sale of lots.

6.5 Amount of Monthly Assessments. The regular monthly assessment amount for each lot shall be \$40.00. Monthly assessments are due and payable as to each non-exempt lot, regardless of whether the lot is improved. The amount of the regular monthly assessment may be increased or decreased at either a regular or special member meeting, provided that notice of the meeting clearly specifies that the subject of an increase or decrease in the amount of the regular monthly assessment will be voted on at the meeting. An increase or decrease in the amount of the regular monthly assessment shall require the vote of at least 51% of the Members attending the meeting, either in person or by proxy, and provided that there is a quorum as defined in the bylaws. Any increase in the assessment shall effect at least 60 days after it has been authorized. Assessments are paid to The Willow Ponds Homeowners Association.

6.6 Commencement of Assessments. Regular monthly assessments for Willow Ponds shall commence on January 1, 2004, and shall continue each month thereafter. Assessments shall be due on a yearly basis on the first day of June of each year.

6.7 Special Assessments for Capital Improvements. In addition to the monthly assessments, the Association may levy special non-recurring assessments from time to time for purpose of paying, in whole or in part, the cost of any construction or reconstruction or unexpected repair or replacement of any capital improvement in the common area. A special assessment may be passed at either a regular or special Member meeting, provided that notice of the meeting clearly specifies that the subject of a special assessment will be voted on at the meeting. A special assessment shall require the vote of at least 51% of the Members attending the meeting, either in person or by proxy, and provided that there is a quorum as defined in the bylaws. This section shall not prohibit the Directors from authorizing capital expenditures for such replacement, repairs or improvements from funds generated by regular assessments. Any special assessment shall be payable no less

than 60 days after it has been authorized. Special assessments are paid to The Willow Ponds Homeowners Association.

6.8 Delinquency; Sanctions. Any assessment which is not paid within 15 days of the due date is delinquent. A late charge of ten percent (10%) of the amount unpaid shall be added to a delinquent payment, and the assessment plus late charge shall bear interest from the date of delinquency at the rate of twelve percent (12%) per year until paid. A delinquent payment is a lien on the lot against which it is levied. An authorized officer of the Association may file a lien notice against the lot in the office of the County Recorder of Hood River County, Oregon, within 120 days after delinquency, stating the amount of the assessment and late charge together with interest. The aggregate amount of the assessment late charge, interest, costs and reasonable attorneys' fees for filing and enforcement thereof, shall constitute a recorded lien on the lot, including any improvement thereon, from the date the notice of delinquency is filed until the same has been paid or released. Such lien may be enforced by the Association in the manner provided by the law with respect to liens on real property. The owner of the lot at the time the assessment becomes due shall be personally liable for resulting expenses, costs, disbursements, expert witness fees and attorneys fees which shall also be secured by said lien, including additional attorneys fees incurred upon appeal. The owner at the time such assessment is incurred shall also be personally liable for any deficiency remaining unpaid after any foreclosure sale. No Member may avoid liability for assessment provided for herein by non-use of the lot or common area or by abandonment of the lot. A member selling a lot shall be personally liable for all assessments levied against the lot prior to and including the date of recording of the instrument of conveyance. Upon payment in full of all amounts owing, the Association shall execute and file a release of the lien.

6.9 Priority of Assessment Liens. An assessment lien is not extinguished by sale or transfer of the lot on which it is fixed. However an assessment lien is subordinate to any prior mortgage or trust deed on the lot, and a sale pursuant to foreclosure of such a mortgage or trust deed shall extinguish the assessment lien. In event of foreclosure of a mortgage or trust deed on a lot against which the Association holds an assessment lien, the Association shall have all rights of a junior encumbrancer under the law.

6.10 Assessment Certificate. The Association shall, upon demand at any reasonable time, furnish a written assessment certificate, signed by an officer of the Association, setting forth whether the assessments on a specific lot have been paid. The Association may charge a reasonable fee for the issuance of assessment certificates. An assessment certificate shall be conclusive evidence of payment of any assessment therein stated to have been paid.

6.11 Exempt Property. The following property that is subject to this Declaration shall be exempt from assessments created herein: (a) all properties expressly dedicated to and accepted by the local public authority; (b) all common properties owned by the Association and (c) all properties owned by Declarant.

ARTICLE 7

Enforcement

7.1 Association Sanctions. In the event of a violation of any provision of this declaration, the bylaws of the Association, or other rules adopted by the Association, the Association may impose one or more of the following sanctions; (a) suspend the violating Member's voting rights, (b) suspend the violating Member's rights to use the common area, (c) impose fines upon the violating Member as provided for in the bylaws and the rules of the Association, (d) enter the offending lot and remove the cause of such violation, or alter, repair, or change the item which is in violation in such manner as to correct it, in which case the Association may assess the violating Member 120% of the entire direct or indirect cost of the work done, which amounts shall immediately be payable to the Association; (e) bring suit or action against the Member on behalf of the Association and other Members to enforce the violated provisions.

7.2 Procedure. If the Association determines that an emergency exists, any reasonable remedies may be taken to avert the emergency without giving prior notice to the violating Member, provided that notice shall be given as soon as reasonably possible thereafter. In all other cases, the Association shall give written notice to the violating Member stating (a) the exact nature of the violation, (b) the remedies that will be taken, and (c) that the violating Member has the right to request a hearing before the Association to contest its determination, provided that the Member makes the request in writing to The Willow Ponds Homeowner's Association within seven (7) days of receipt of notice. If a hearing is requested in a timely manner, the Association shall set a place and time for the hearing and give the violating Member written notice of such place and time. Remedies shall not be imposed pending the hearing. After the hearing, the Association may decide to impose the original remedies, impose lesser remedies, or impose no remedies. The Association shall notify the Member of its decision. All assessed fines shall be paid immediately to the Association and deposited into the Association's general account.

7.3 Interest, Expenses, and Attorney Fees. Any amount not paid to the Association when due in accordance with this Declaration shall bear interest at the rate of twelve percent (12%) per year from the due date until paid. In the event the Association shall bring suit or action to enforce this Declaration, to collect any money due to it, or to foreclose a lien, the prevailing party shall be entitled to recover all costs and expenses incurred in connection with the suit or action, including the cost of a foreclosure title report, expert witness fees and such amount as the court may determine to be reasonable as costs and attorneys fees at trial and on appeal. Such costs and expenses shall be the personal obligation of the Member against whom they are assessed and shall constitute a lien on the lot(s) owned by the Member against whom that are assessed.

7.4 Non-exclusiveness 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 remedy permitted under this Declaration. 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 performances, available under this Declaration, Association by laws and rules, or applicable laws.

7.5 Effect of Breach. The breach of any of the covenants, conditions, or restrictions contained in this Declaration shall not defeat or render invalid the lien of any mortgage or deed of trust made in good faith for value as to any lot, but these covenants, conditions and restrictions shall be binding upon and effective against any such mortgagee or trustee or owner thereof, whose title thereto is or was acquired by foreclosure, trustee's sale or otherwise.

7.6 Effective of Non-enforcement. No delay or omission by Declarant, the Association or any other Member in exercising any right, power or remedy provide in the event of a breach of this Declaration shall be construed as a waiver thereof or acquiescence.

7.7 Non-liability. Neither Declarant nor any other director of Declarant shall be held liable for damages to any Member or to any third party beneficiary under this Declaration on account of any good faith act or omission by Declarant or any officer or director of Declarant. Neither the Association nor any officer or director of the Association nor the Design Review Committee, nor any member of the Design Review Committee, shall be held liable for damages to any Member or to any third party beneficiary under this Declaration on account of any good faith act or omission by the Association or any officer or director of the Association.

ARTICLE 8

General Provisions

8.1 Severability. Invalidation of any one or more of the provisions of this Declaration by judgment or court order shall in no way affect any other provision that shall remain in full force and effect.

8.2 Duration and Amendment. The provisions of this Declaration shall run with and bind the land, and shall inure to the benefit of and be enforceable by Declarant, the Association, or any Member subject to this Declaration, their respective legal representatives, heirs, successors and assigns. Any provision of this Declaration, except the easements herein granted, may only be amended by an instrument signed by Members entitled to cast not less than seventy-five percent (75%) of the votes. Easements herein granted and reserved shall not be amended except by instrument signed and acknowledged by all of the owners of the property concerned, and by the Association. All amendments must be recorded in the Deed Records, or other appropriate records of Hood River County, Oregon, to be effective.

8.3 No right of Reversion. Nothing in this Declaration, or in any form of deed which may be used by Declarant in selling Willow Ponds, or any part thereof, shall be deemed to vest or reserve in Declarant or the Association any right of reversion or reentry for breach or violation of any or more of the provisions hereof.

8.4 Repairs and Replacement of Homes. In order to protect and preserve the appearance and value of Willow Ponds each Member is required to immediately

commence, and diligently pursue without delay, the repair or rebuilding of the Member's home in the event of its partial or total destruction. This exact obligation shall devolve onto the new owner(s) should the original member elect to sell the property at any time after such partial or total destruction.

8.5 Notices. Unless otherwise provided herein, any notice required to be sent to any member under the provisions of this Declaration shall be deemed to have been properly sent when mailed regular first class mail to the last address provided to the Association in writing by the Member.

8.6 Assignments. Any or all rights, powers and reservations of Declarant herein contained may be assigned to the Association or to any person or corporation or association which is now organized or which may hereafter be organized and which will assume the duties of Declarant hereunder pertaining to the particular rights, powers and reservations assigned; and upon such person, corporation or association evidencing its intent in writing to accept such assignment, have the same rights and shall, to the extent of such assignment, have the same rights and powers and be subject to the same obligations and duties as are given to and assumed by Declarant herein.

8.7 Indemnification. From the Association's assets on hand or obtainable by assessment, the Association hereby covenants and agrees to indemnify, hold harmless and defend directors of the Association's Board of Directors and members of the Design Review Committee, who by reason of being such, or as a result of the exercises of their duties as such, are a party or are threatened to be made a party to criminal, administrative or investigative. Indemnification may be had for costs and expenses (including attorneys fees), judgments, and settlement payments, provided that the officer or director acted in good faith, in a manner reasonably believed to be not opposed to the interests of the Association and, in the case of criminal proceedings, had no reasonable cause to believe his or her conduct unlawful.

8.8 Jurisdictions and Venue. Any action brought to interpret or enforce this Declaration, or in any way relating to the subject matter of this Declaration, or in any way involving or relating to Declarant, the Association or Willow Ponds. Shall be brought in the Circuit Court of the State of Oregon for the County of Hood River. Any such action brought in any jurisdiction or venue shall be removed to said court upon the motion of any party or upon the court's own motion.

8.9 Interpretation. If any provision of this Declaration is subject to more than one reasonable interpretation, expressly or implicitly adopted by the Association shall become, for all purposes, the controlling interpretation.

Agreement of Declaration

IN WITNESS WHEREOF, THE UNDERSIGNED Declarant hereby sets its hand to this Declaration _____ day of March in the year _____ this

_____.

BARONE HOLDINGS L.L.C.

By: _____

STATE OF OREGON, County of Hood River

Personally appeared before me the above named

Who being duly sworn did say that he was a member of **BARONE HOLDINGS L.L.C.**, an Oregon limited liability company, authorized to execute instruments on behalf of the company, and that he signed this instrument on behalf of the company, and acknowledged this instrument to be its voluntary act and deed.

Notary Public of Oregon

My commission expires: _____

Revised August 13, 2003