

MAY 27 1992

This instrument filed for record by
Fidelity National Title Company as an
accommodation only. It has not been
examined as to its execution or as to
its effect upon the title.

FIDELITY NATIONAL TITLE
348

186
FN

92035964
Washington County

AFTER RECORDING, RETURN TO:

NANCY B. MURRAY, ESQ.
O'DONNELL, RAMIS, CREW & CORRIGAN
1727 NW HOYT STREET
PORTLAND, OREGON 97209

**DECLARATION OF PROTECTIVE COVENANTS,
CONDITIONS AND RESTRICTIONS
FOR
GLENCOE CAKS**

CITY OF HILLSBORO, OREGON

1-36

MAY 27 1992

TABLE OF CONTENTS

ARTICLE 1 - DEFINITIONS	2
ARTICLE 2 - PROPERTY SUBJECT TO THIS DECLARATION	4
2.1 Initial Development	4
2.2 Annexation of Additional Property.	5
2.3 Withdrawal of Property	6
ARTICLE 3 - LAND CLASSIFICATIONS	6
3.1 Initial Development	6
3.2 Additional Land Classifications	6
3.3 Consolidation of Lots	6
ARTICLE 4 - PROPERTY RIGHTS	7
4.1 Use and Occupancy	7
4.2 Easements Reserved	7
ARTICLE 5 - RESTRICTIONS ON USE OF LOTS	8
5.1 Plat Restrictions	8
5.2 Dwelling Size.	8
5.3 Structures Permitted	8
5.4 Residential Use	8
5.5 Leasing and Rental Restriction.	9
5.6 Occupancy of Lots	10
5.7 Offensive or Unlawful Activities	10
5.8 Animals	10
5.9 Maintenance of Structures and Grounds	11
5.10 Oil and Mining Operations.	11
5.11 Parking	11
5.12 Vehicles in Disrepair	11
5.13 Signs	11
5.14 Rubbish and Trash	12
5.15 Completion of Construction	12
5.16 Landscape Completion	12
5.17 Temporary Structure	12
5.18 Hedges and Planting Along Lot Lines	13
5.19 Preservation of Trees.	13
5.20 Service Yards	13
5.21 Antenna and Satellite Disks	13
5.22 Setback, Maximum Height, and Minimum Yard Requirements	13
5.23 Grant of Waivers or Consents	13
5.24 Restrictions on Use of Annexed Property.	13

MAY 27 1992

ARTICLE 6 - ARCHITECTURAL REVIEW COMMITTEE	14
6.1 Architectural Review	14
6.2 Procedure	14
6.3 Committee Decision	14
6.4 Committee Discretion	14
6.5 Membership; Appointment and Removal	15
6.6 Majority Action	15
6.7 Liability	15
6.8 Nonwaiver	15
6.9 Appeal	15
6.10 Effective Period of Consent	16
6.11 Estoppel Certificate	16
6.12 Construction by Declarant	16
ARTICLE 7 - ASSOCIATION	16
7.1 Membership	16
7.2 Voting Rights	17
7.3 Powers and Obligations	17
7.4 Liability	18
7.5 Interim Board; Turnover Meeting	18
7.6 Transitional Advisory Committee	18
7.7 Declarant Control After Turnover	19
7.8 Subassociations	19
7.9 Association Rules and Regulations	19
7.10 Title to Common Areas	19
7.11 Common Area Maintenance, Lighting and Utilities	19
ARTICLE 8 - ASSESSMENTS	20
8.1 Annual Budgets	20
8.2 Assessment Formula	20
8.3 Capital Improvement Assessments	20
8.4 Reserve Account for Replacing Common Property	21
8.5 Maintenance and Operations Fund Assessment	22
8.6 Reallocation Upon Annexation or Withdrawal of Property	22
8.7 Payment of Assessments	23
8.8 Creation of Lien; and Personal Obligation of Assessments	23
ARTICLE 9 - ENFORCEMENT	23
9.1 Violation of Permitted Uses	23
9.2 Nonqualifying Improvements and Violations of General Protective Covenants	24
9.3 Default in Payment of Assessments; Enforcement of Lien	25
9.4 Notification of First Mortgagee	25
9.5 Subordination of Lien to First Mortgages	25
9.6 Interest, Expenses, and Attorneys' Fees	26

MAY 27 1992

9.7 Nonexclusiveness and Accumulation of Remedies . . .	26
ARTICLE 10 - MISCELLANEOUS PROVISIONS	27
10.1 Amendment and Repeal	27
10.2 Regulatory Amendments	27
10.3 Duration	27
10.4 Right of First Mortgagee Relating to Maintenance .	28
10.5 Joint Owners	28
10.6 Lessees and Other Invitees	28
10.7 Nonwaiver	29
10.8 Construction; Severability	29
10.9 Number	29
10.10 Captions	29
10.11 Notices and Other Documents	29
10.12 Cable and Telephone Systems	30
10.13 Private Agreement	30

MAY 27 1992

DECLARATION OF PROTECTIVE COVENANTS,
CONDITIONS AND RESTRICTIONS FOR
GLENCOE OAKS
PHASES 1 AND 2

THIS DECLARATION is made this 19th day of May,
1992, by PRIMA DONNA DEVELOPMENT COMPANY, a California corporation,
duly qualified in Oregon and doing business as PRIMA HOMES
("Declarant").

O B J E C T I V E S

Declarant owns approximately 19.11 acres located in City
of Hillsboro, Washington County, Oregon. Declarant proposes to
develop this property as a planned development to be known as
"GLENCOE OAKS."

Declarant presently plans to organize within Glencoe Oaks
a number of residential areas, all of which will have restrictions
as to use of property. Other areas within or adjacent to Glencoe
Oaks may be devoted to open space and to various recreational
purposes.

Declarant will provide leadership in organizing and
administering the Glencoe Oaks community during the development
period, but expects property owners in Glencoe Oaks to accept the
responsibility for community administration by the time the
development is complete.

Funds for the maintenance and development of certain
common areas will generally be provided through assessments against
those who purchase property within Glencoe Oaks, although to assist
with the development of Glencoe Oaks, Declarant may (but, unless
otherwise expressly provided in this Declaration, or in any plat
of property in Glencoe Oaks or in any declaration annexing property
to Glencoe Oaks, is not obligated to) from time to time itself
provide some improvements. For the protection of all owners of
property in Glencoe Oaks, there will be a system designed to assure
that each person who has purchased property in Glencoe Oaks will
pay an equitable share of the monies necessary for the maintenance
and development of common areas, certain other areas, and any
recreational service areas.

By adoption of these covenants, conditions, and
restrictions, Declarant is not committing itself to further
development of any property not included in the Initial Development
nor is Declarant committing itself to take any action for which
definite provision is not made in this Declaration. Declarant is
not prohibited from adding improvements or undertaking any activity
not described in this Declaration. One who acquires property in
Glencoe Oaks will have the advantage of any further development of
Glencoe Oaks but shall not have any legal right to insist that

MAY 27 1992

there be any further or other development except as provided in this Declaration, in any plat of property in Glencoe Oaks, or in any declaration which hereafter may be recorded annexing areas to Glencoe Oaks and subjecting areas to these covenants, conditions and restrictions.

Declarant intends that these covenants, conditions and restrictions shall comply with the Fair Housing Amendment Acts of 1988 to the extent Glencoe Oaks, and any Lot therein, is not exempt from the provisions of such Act.

Declarant recorded a plat for Phase 1 of Glencoe Oaks in Plat Book No. 80, page 29, Records of Washington County, Oregon, on January 8, 1992. Upon receipt of final plat approval from the appropriate local governments, Declarant will record a plat for Phase 2 in the plat records of Washington County, Oregon. Declarant desires to subject the property described in each plat to the conditions, restrictions and charges set forth herein for the benefit of such property and its present and subsequent owners, to be known as "Glencoe Oaks." Additional areas may be annexed to Glencoe Oaks in accordance with the provisions set forth in this Declaration and with applicable City of Hillsboro ordinances.

NOW, THEREFORE, Declarant hereby declares that the property shall be held, sold, and conveyed subject to the following easements, covenants, restrictions and charges, which shall run with such property and shall be binding upon all parties having or acquiring any right, title or interest in such property or any part thereof and shall inure to the benefit of each owner thereof.

ARTICLE 1

DEFINITIONS

As used in this Declaration, the terms set forth below shall have the following meanings:

1.1 "Architectural Review Committee" means the Architectural Review Committee appointed pursuant to Article 6.

1.2 "Association" means the Homeowners Association of Glencoe Oaks, the nonprofit corporation to be formed to serve as the association of Owners as provided in Article 7 hereof, and its successors and assigns.

1.3 "Glencoe Oaks " means the property designated in Article 2 of this Declaration (including public streets located therein) and any other property designated in any declaration annexing such property to Glencoe Oaks in accordance with Section 2.2 of this Declaration, but excluding any property withdrawn from Glencoe Oaks in accordance with Section 2.3 of this Declaration.

Page 2 - DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS AND RESTRICTIONS FOR GLENCOE OAKS PHASES 1 AND 2

[GLENCoe.CCR(2/14/92)]

6

MAY 27 1992

1.4 "Common Areas" means those areas so designated on any plat of any property in Glencoe Oaks, in this Declaration, or in any declaration annexing property to Glencoe Oaks, including any improvements thereon. Unless otherwise specified, references to Common Areas shall also include Common Property.

1.5 "Common Property" means any real property or interest in real property within Glencoe Oaks which is owned or leased by the Association or designated as such in any plat of property within Glencoe Oaks, or in this Declaration, or in any declaration annexing such property to Glencoe Oaks.

1.6 "Declarant" means PRIMA DONNA DEVELOPMENT COMPANY, a California corporation, duly qualified in Oregon and doing business as PRIMA HOMES. Declarant also means any person who succeeds to any special Declarant right and to whom PRIMA DONNA DEVELOPMENT COMPANY, or a subsequent Declarant, has transferred all its ownership interest in Glencoe Oaks and any person, other than the Association, to whom PRIMA DONNA DEVELOPMENT COMPANY, or any subsequent Declarant, has transferred all its ownership interest in Glencoe Oaks for the purposes of resale.

1.7 "First Mortgage" means any mortgage, trust deed or land sales contract covering a Lot that was made to purchase the Lot (improved or unimproved) or to build the original dwelling on a Lot; "First Mortgagee" means the mortgagee, beneficiary or vendor under such First Mortgage.

1.8 "Improvement" means every temporary or permanent structure or improvement of any kind, including but not limited to a house, fence, wall, driveway, swimming pool, storage shelter or other product of construction efforts on or in respect to any property within Glencoe Oaks, including landscaping, and every alteration, painting or reconstruction thereof.

1.9 "Initial Development" means the property referred to in Section 2.1.

1.10 "Lot" means a platted or partitioned lot, improved or unimproved, within Glencoe Oaks or any property so designated in any declaration annexing such property to Glencoe Oaks, but not including any Common Area.

1.11 "Mortgage" means any mortgage, any trust deed, or land sales contract covering a Lot; "Mortgagee" means any mortgagee, beneficiary of a trust deed, or vendor under such Mortgage; and "Mortgagor" means the mortgagor, trustor or vendee under such Mortgage.

1.12 "Owner" means the person or persons, including Declarant, owning a Lot, including any vendee under a recorded land sales contract to whom possession has passed, but does not include a tenant or holder of a leasehold interest or a person holding only

Page 3 - DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS AND RESTRICTIONS FOR GLENCOE OAKS PHASES 1 AND 2

[Revised GLENCOE CCR (2/1/92)]

MAY 27 1992

a security interest in a Lot, including any vendor under a recorded land sales contract who has given up possession. The rights, obligations and other status of being an Owner commence upon acquisition of the ownership of a Lot and terminate upon disposition of such ownership, but termination of ownership shall not discharge an Owner from obligations incurred prior to termination.

1.13 "Residential Lots" means those Lots designated as such on any plat of any property within Glencoe Oaks or in this Declaration or in any declaration annexing such Lots to Glencoe Oaks.

1.14 "Sold" means that legal title has been conveyed or that a contract of sale has been executed and recorded under which the purchaser has obtained the right to possession.

1.15 "This Declaration" means all of the easements, covenants, restrictions and charges set forth in this Declaration of Protective Covenants, Conditions, and Restrictions for Glencoe Oaks and in any and all declarations annexing property to Glencoe Oaks together with any rules or regulations promulgated hereunder, as the same may be amended or supplemented from time to time in accordance with the provisions hereof.

1.16 "Oregon Planned Community Act. Glencoe Oak Phases 1 and 2 are a de minimis planned community and is exempt from the Oregon Planned Community Act, the provisions of which shall not apply to this Declaration, the Bylaws or the Association. The term Planned Community may be used elsewhere in this Declaration but shall not have the meaning defined in the Oregon Planned Community Act for such term.

ARTICLE 2

PROPERTY SUBJECT TO THIS DECLARATION

Declarant hereby declares that it owns all of the real property described in Exhibit A attached hereto and by this reference incorporated herein, and that this property shall be owned, conveyed, encumbered, used, occupied and improved subject to this Declaration and shall be known as "Glencoe Oaks."

2.1 Initial Development. The Initial Development as presently planned will contain 85 single family Lots, numbered 1 - 85, and shall include Phases 1 and 2. The plat for Phase 1 of Glencoe Oaks, consisting of Lots 1 to 43, was recorded in Plat Book No. 80, page 29, Records of Washington County, Oregon, on January 8, 1992. Preliminary plat approval of Phase 2 has been granted by the City of Hillsboro.

2.2 Annexation of Additional Property. Subject to any applicable City of Hillsboro ordinances, Declarant may from time

Page 4 - DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS AND RESTRICTIONS FOR GLENCOE OAKS PHASES 1 AND 2

[Revised GLENCOE CCR (2/1/92)]

8

MAY 27 1992

to time and in its sole discretion annex to Glencoe Oaks any adjacent real property now or hereafter acquired by it, and may also from time to time and in its sole discretion permit other holders of adjacent real property to annex the adjacent real property owned by them to Glencoe Oaks. The annexation of such adjacent real property shall be accomplished as follows:

(a) Declaration of Annexation. The owner or owners of such real property shall record a declaration which shall be executed by or bear the approval of Declarant and shall, among other things, describe the real property to be annexed, establish any additional limitations, uses, restrictions, covenants and conditions that are intended to be applicable to such property, and declare that such property is held and shall be held, conveyed, encumbered, used, occupied and improved subject to this Declaration.

(b) Provisions of Declaration of Annexation. Notwithstanding any provision to the contrary, a declaration with respect to any annexed property may, subject to any applicable City of Hillsboro ordinances:

(i) establish such new land classifications and such limitations, uses, restrictions, covenants and conditions with respect thereto as Declarant may deem to be appropriate for the development of the annexed property; and

(ii) with respect to existing land classifications, establish additional or different limitations, uses, restrictions, covenants and conditions with respect thereto as Declarant may deem to be appropriate for the development of such annexed property.

(c) Effect of Annexation. The property included in any such annexation shall thereby become a part of Glencoe Oaks and this Declaration, and the Declarant and the Association shall have and shall accept and exercise administration of this Declaration with respect to such property.

(d) Limitations on Annexation. There is no limitation on the number of lots which Declarant may create or annex to Glencoe Oaks, except as may be established by applicable ordinances of the City of Hillsboro. Similarly, there is no limitation on the right of Declarant to annex common property, except as may be established by applicable ordinances of the City of Hillsboro.

(e) Voting Rights. Upon annexation, additional lots so annexed shall be entitled to voting rights as set forth in Section 7.2.

MAY 27 1992

(f) Adjustment of Association Expenses. The formula to be used for reallocating the common expenses if additional Lots are annexed and the manner of reapportioning the common expenses if additional Lots are annexed during a fiscal year are set forth in Section 8.6 below.

2.3 Withdrawal of Property. Subject to any applicable City of Hillsboro ordinances, Declarant may withdraw property from Glencoe Oaks only by duly adopted amendment to this Declaration, except that Declarant may withdraw all or a portion of any property annexed pursuant to a declaration described in Section 2.2 above at any time prior to the sale of the first Lot in the property annexed by such declaration, in compliance with any applicable Washington County or City of Hillsboro ordinances. Such withdrawal shall be by a declaration executed by Declarant and recorded in the deed records of Washington County. If a portion of the Property is so withdrawn, all voting rights otherwise allocated to Lots being withdrawn shall be eliminated, and the common expenses shall be reallocated as provided in Section 8.6 below. The right of Declarant to withdraw property hereunder shall not expire until the first Lot in the last phase of Glencoe Oaks has been sold.

ARTICLE 3

LAND CLASSIFICATIONS

3.1 Initial Development. All land within the Initial Development is included in one of the following classifications:

(a) Residential Lots. Residential Lots shall consist of all Lots on the plat in the Initial Development, except those portions of such Lots which are within Common Easement Areas (if any) as shown on the plat.

(b) Common Areas. Common Areas shall consist initially of all areas marked as Common on the plat of the Initial Development.

3.2 Additional Land Classifications. Additional land classifications and uses may hereafter be established in any declaration annexing property to Glencoe Oaks as provided in Section 2.2 above.

3.3 Consolidation of Lots. The Owner of two adjoining Lots, with the approval of the Architectural Review Committee, may elect to consolidate such Lots into one Lot. Subject to any applicable City of Hillsboro ordinances, the Architectural Review Committee may impose reasonable conditions or restrictions on the granting of its approval of a Lot consolidation, including, but not limited to, maintenance or landscaping requirements and limitations on use. The consolidation shall be effective upon the recording in the deed records of Washington County of (1) a declaration of the Owner stating that the two Lots are consolidated, and (2)

MAY 27 1992

vacation orders or quit claim deeds for any easements previously dedicated along the common property line of the consolidated lots. The declaration shall include a written consent to the consolidation executed on behalf of the Architectural Review Committee by at least one member thereof and a description of any restrictions and conditions imposed as a condition of such consent. Thereafter, and except if otherwise provided by the Architectural Review Committee as a condition to its consent, the consolidated Lots shall constitute one Lot for all purposes of this Declaration, including voting rights and assessments.

ARTICLE 4

PROPERTY RIGHTS

4.1 Use and Occupancy. Except as otherwise expressly provided in this Declaration, in the plat in which a Lot was platted or partitioned, or in any declaration annexing such Lot to Glencoe Oaks, the Owner of a Lot in Glencoe Oaks shall be entitled to the exclusive use and benefit of such Lot and all improvements thereon.

4.2 Easements Reserved. Including and in addition to any utility and drainage easements shown on the recorded plats, Declarant hereby reserves the following easements for the benefit of Declarant and the Association:

(a) Right of Entry. Declarant, the Architectural Review Committee and any representative of the Association authorized by it may at any reasonable time, and from time to time at reasonable intervals, enter upon any Lot for the purpose of determining whether the use of Improvements on such Lot are then in compliance with this Declaration. No such entry shall be deemed to constitute a trespass or otherwise create any right of action in the Owner of such Lot.

(b) Utility Easements. The easements described in Section 5.1 below are reserved over the property as described in Section 5.1. Other easements may also be reserved, as shown on the recorded plat. Within the easements, no structure, planting or other material shall be placed or permitted to remain which may damage or interfere with the installation or maintenance of utilities, or which may change the direction of flow of any drainage channels in the easements, or which may obstruct or retard the flow of water through such drainage channels in the easements. The easement area of each Lot and all improvements in it shall be maintained continuously by the Owner of the Lot, except for those improvements for which a public authority or utility company is responsible.

ARTICLE 5

MAY 27 1992

Nothing in this paragraph shall be deemed to prohibit (a) activities relating to the rental or sale of Lots, (b) the right of Declarant or any contractor or homebuilder to construct a residential dwelling on any Residential Lot, to store construction materials and equipment on such Lots in the normal course of construction, and to use any residential dwelling as a sales or rental office or model home or apartment for purposes of sales or rental in Glencoe Oaks, and (c) the right of the Owner of a Residential Lot to maintain professional personal library, keep personal business or professional records or accounts, handle personal business or professional telephone calls or confer with business or professional associates, clients or customers, in his or her residential dwelling. The Board of Directors shall not approve commercial activities otherwise prohibited by this paragraph unless the Board of Directors determines that only normal residential activities would be observable outside of the Lot and that the activities would not be in violation of applicable City of Hillsboro ordinances.

5.5 Leasing and Rental Restriction. Any dwelling that is leased or rented may only be leased or rented on terms requiring that the tenants be bound by the term of this Declaration. Every lease on every dwelling in the community is subject to the following rules and regulations, regardless of whether in the lease: (a) the lease must be in writing; (b) the lease must be for the entire dwelling; (c) the lease must be for a minimum period of not less than 12 months, and renewals can be for any length; (d) the use of the premises is subject to the bylaws and the rules and regulations of this community; (e) within thirty (30) days of occupancy by the tenant, the name and telephone number of the tenant, together with a clear and complete copy of the lease, must be furnished to the management company, or to an officer or director of the Association; (f) the dwelling cannot be used as a motel or hotel or otherwise for transient tenants; (g) if any owner (landlord) or tenant is in violation of any of the provisions of this Declaration or the bylaws or both, including any rules and regulations, the Association may bring an action in its own name or in the name of the Owner, or both, to have the tenant evicted or to recover damages, or both. If the court finds that the tenant is or has violated any of the provisions of the declaration, the bylaws of the Association or the rules and regulations, the court may find the tenant guilty of forcible detainer despite the facts that the Owner is not a party to the action and/or that the tenant is not otherwise in violation of tenant's lease or other rental agreements with the Owner. For purposes of granting forcible detainer against the tenant, the court may consider the Owner a person in whose name a contract (the lease or rental agreement) was made for the benefit of another (the Association). The remedy provided in this section by this subsection is not exclusive and is in addition to any other remedies available to the Association. If permitted by present or future law, the Association may recover all of its costs, including, but not limited to, court costs and reasonable attorney

MAY 27 1992

fees, and these costs shall be a continuing lien on the Lot that shall bind the Lot Owner and the Lot Owner's successors and assigns. The Association shall give the tenant and the Lot Owner written notice of the nature of the violation of the rules, and twenty (20) days from the date of mailing of the notice in which to cure the violation before the Association may file for eviction. By becoming a tenant, each tenant agrees to be bound by the bylaws, this declaration and by the other rules and regulations of Glencoe Oaks, and recognizes and accepts the right and the power of the Association to evict the tenant for any violation by the tenant of the declaration, bylaws or rules and regulation of Glencoe Oaks. To protect First Mortgagees and to encourage lenders to make loans on the Lots in Glencoe Oaks, only subsections (d) and (e) of this Section 5.5 apply to a First Mortgagee who has title to the Lot through (a) foreclosure of its First Mortgage; or (b) a deed in lieu of foreclosure on its First Mortgage. Any other Mortgagee or subsequent purchaser from the First Mortgagee is subject to all of the rules and regulations of this Section 5.5.

5.6 Occupancy of Lots. Except for the Declarant, or an investor entity approved in writing by the Declarant, no residential dwelling in Glencoe Oaks shall be occupied by any person who is not a Proprietary Member or an Associate Member of the Association. This restriction shall not prohibit temporary and social visitation of the occupants of a residential dwelling by persons who are not qualified to be occupants.

5.7 Offensive or Unlawful Activities. No noxious or offensive activities shall be carried on any part of Glencoe Oaks, nor shall anything be done or placed in Glencoe Oaks that interferes with or jeopardizes the enjoyment of any Lots, or the Common Areas, or which is a source of annoyance to residents. No unlawful use shall be made of a Lot or any part thereof, and all valid laws, zoning ordinances, and regulations of all governmental bodies having jurisdiction thereof shall be observed.

5.8 Animals. Other than a maximum of two (2) household pets, no animals, livestock, fowl, or poultry of any kind shall be raised, bred or kept or permitted within any Residential Lot. Pets shall be reasonably controlled so as not to be a nuisance. Any inconvenience, damage or unpleasantness caused by such pets shall be the responsibility of the respective owners thereof. Pets shall not be permitted to roam Glencoe Oaks unattended, shall be kept on a leash while outside the Residential Lot of their Owners and shall be controlled as provided by City of Hillsboro ordinance. An Owner or resident may be required to remove a pet upon receipt of the notice in writing from the Association Board of Directors of violations of any rule, regulation or restriction governing pets within Glencoe Oaks.

5.9 Maintenance of Structures and Grounds. Each Owner shall maintain such Owner's Lot and Improvements thereon in a clean and attractive condition, in good repair and in such fashion as not

MAY 27 1992

to create a fire hazard. Such maintenance shall include, without limitation, painting, repair, replacement and care for roofs, gutters, downspouts, exterior building surfaces, walks and other exterior improvements and glass surfaces. In addition, each Owner shall keep all shrubs, trees, grass and plantings of every kind on such Owner's Lot neatly trimmed, properly cultivated and free of trash, weeds and other unsightly material. Damage caused by fire, flood, storm, earthquake, riot, vandalism, or other causes shall likewise be the responsibility of each Owner and shall be repaired within a reasonable period of time.

5.10 Oil and Mining Operations. No oil drilling, oil development operations, oil refining, quarrying, or mining operations of any kind shall be permitted upon or in any Lot. No derrick or any other structure designed for use in boring for oil or natural gas shall be erected, maintained or permitted upon any Lot.

5.11 Parking. Parking of any vehicle or equipment, including, without limitation, boats, trailers, motorcycles, trucks, truck campers, or other recreational vehicles, shall not be allowed on any part of Glencoe Oaks nor on public streets adjacent thereto, except only within areas designated for such purposes by the Board of Directors of the Association or within the confines of an enclosed garage or screened area, the plans of which shall comply with applicable City of Hillsboro ordinances and shall have been reviewed and approved by the Architectural Review Committee prior to construction, and no portion of which shall project beyond the screened area.

5.12 Vehicles in Disrepair. No Owner shall permit any vehicle that is in an extreme state of disrepair to be abandoned or to remain parked anywhere in Glencoe Oaks for a period in excess of 48 hours. A vehicle shall be deemed in an "extreme state of disrepair" when the Board of Directors reasonably determines that its presence offends occupants of the neighborhood. Should any Owner fail to remove such vehicle within three (3) days following the date on which notice is mailed to him by the Association, the Association may have the vehicle removed from Glencoe Oaks and assess the expense of such removal to the Owner.

5.13 Signs. No signs shall be erected or maintained on any Residential Lot except signs which are approved as to appearance and location by the Architectural Review Committee. Approval shall not be required for signs 8 inches by 24 inches (or less) displaying the occupant's name and address, temporary signs not larger than 8 inches by 30 inches advertising the property for sale or rent, and temporary seasonal or community decorations. Such signs must be removed upon the sale of the Residential Lot or the rental of the dwelling on the Residential Lot, or the conclusion of the community project (as applicable). The restrictions contained in this paragraph shall not apply to (a) the temporary placement of "political" signs by the Owner or (b) the

Page 11 - DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS AND RESTRICTIONS FOR GLENCOE OAKS PHASES 1 AND 2

(re: GLENCOE, CCR (2/14/92))

15

MAY 27 1992

placement by the Declarant or Declarant's agent of one or more signs identifying the name of the Declarant and the location of a sales office or model home.

5.14 Rubbish and Trash. No Lot or part of the Common Area shall be used as a dumping ground for trash or rubbish of any kind. All garbage and other waste shall be kept in appropriate sanitary containers for proper disposal and out of public view. Yard rakings, dirt and other material resulting from landscaping work shall not be dumped onto streets, or Common Areas, or on any Lots. All unimproved Lots shall be kept in a neat and orderly condition, free of brush, vines, weeds and other debris, and grass thereon shall be cut or mowed at sufficient intervals to prevent creation of a nuisance or fire hazard. If any default under this Section 5.14 exists for a period longer than five (5) days after written notice of such default is mailed to the responsible Owner by the Association, the Association shall have, in addition to any other rights under this Declaration, or at law or in equity, the remedies specified in Section 9.2(a), (b), and (c).

5.15 Completion of Construction. If the Declarant sells or otherwise conveys Lots to builders, the construction on such Lots must commence within 2 months of purchase and all exterior Improvements, including painting and all exterior finish, shall be completed within 6 months from the beginning of construction so as to present a finished appearance when viewed from any angle. In the event of undue hardship due to weather conditions, this provision may be extended for a reasonable length of time upon written approval from the Architectural Review Committee. In the event said builder fails to commence construction as required, the Declarant may exercise a claim of economic damages against the builder as well as any other remedies authorized by law or equity. The building area shall be kept reasonably clean and in workmanlike order during the construction period.

5.16 Landscape Completion. In the case of Lots sold to Builders, all landscaping must be completed by builders within 9 months from the date of purchase. In the event of undue hardship due to weather conditions, this provision may be extended for a reasonable length of time upon written approval of the Architectural Review Committee. In the case of Lots sold by Declarant with improvements, all front yards shall be landscaped by Owners within sixty (60) days following building completion. The remaining landscaping of yards shall be completed by Owners within six (6) months after building completion.

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

16

MAY 27 1992

5.18 Hedges and Planting Along Lot Lines. No hedges or plantings along Lot lines shall be installed without prior approval of the Architectural Review Committee.

5.19 Preservation of Trees. No trees with a diameter of 6 inches or more, measured at a height of six feet above ground level, may be removed without the prior written approval of the Architectural Review Committee.

5.20 Service Yards. Service yards (garbage, fuel tanks, clotheslines, etc.) shall be completely screened so that the elements screened are not visible at any time from the street or any adjoining property.

5.21 Antenna and Satellite Disks. Exterior antennas shall not be permitted to be placed upon any Lot except as approved by the Architectural Review Committee. Exterior satellite receiver and transmission disks are prohibited except as provided in Section 10.12 of this Declaration.

5.22 Setback, Maximum Height, and Minimum Yard Requirements. Each Lot shall be subject to the setback, maximum height, and minimum side, front and rear yard requirements established by the recorded plat restrictions referred to in Section 5.1 hereof, to any City of Hillsboro ordinance and to any land use review procedure established by the City of Hillsboro for review and approval of variance from such requirements. In addition, all Lots will be subject to any more restrictive setback, maximum height, or minimum yard requirements as may be established from time to time by the Architectural Review Committee. No Improvement shall be constructed or maintained in violation of any setback, maximum height, or minimum side, front and rear yard requirement, except with the written consent of the Architectural Review Committee and any applicable City of Hillsboro approval.

5.23 Grant of Waivers or Consents. Except as specifically provided in this Article 5, authority to grant or extend exceptions, variances, waivers, and consents contemplated by this Article 5 and in Section 7.1 shall be exclusively in the Declarant or its successors as developer, during such period as the Declarant or its successor shall own any property in Glencoe Oaks. Thereafter, authority shall be exclusively in the Association, acting through its Board of Directors.

5.24 Restrictions on Use of Annexed Property. At such time as additional property that includes Lots other than Residential Lots is annexed into Glencoe Oaks, additional or amended restrictions on the use or development of such property shall be imposed pursuant to the declaration annexing such property to Glencoe Oaks.

MAY 27 1992

ARTICLE 6

ARCHITECTURAL REVIEW COMMITTEE

6.1 Architectural Review. No Improvement shall be commenced, erected, placed, altered, or maintained on any Lot until the design plans and specifications showing the nature, shape, heights, materials, colors and proposed location of the Improvement have been submitted to and approved in writing by the Architectural Review Committee. It is the intent and purpose of this Declaration to achieve a high standard of quality of workmanship and materials, and to assure harmony of external design with existing Improvements and location of the Improvement with respect to topography and finished grade elevations.

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

6.3 Committee Decision. The Architectural Review Committee shall render its decision on an application for approval of the design of an Improvement or any other proposal submitted to it for approval or consent within thirty (30) working days after it has received a complete written application therefor. A complete application shall specify the approval or consent requested and be accompanied by all material reasonably required or desired by it to make an informed decision on such application. If the Architectural Review Committee fails to render approval or disapproval of such application within thirty (30) working days after the Architectural Review Committee has received a complete application or if no suit to enforce this Declaration has been commenced within one (1) year after completion of construction of the Improvement, approval will not be required and the related provisions of this Declaration shall be deemed to have been fully complied with.

6.4 Committee Discretion. The Architectural Review Committee may, in its sole discretion, withhold or condition its approval of any proposed Improvement if the Architectural Review Committee finds the proposed Improvement would be inappropriate for the particular Lot or incompatible with the design standards that the Committee intends for Glencoe Oaks. Consideration of siting, shape, size, design, height, solar access, impairment of the view from other Lots within Glencoe Oaks, or other effect on the enjoyment of other Lots or the Common Areas, disturbance of existing terrain and vegetation and any other factors which the Architectural Review Committee reasonably believes to be relevant,

MAY 27 1992

may be taken into account by the Architectural Review Committee in determining whether or not to approve or condition its approval of any proposed Improvement.

6.5 Membership; Appointment and Removal. The initial Architectural Review Committee shall consist of as many persons, but not less than 3, as the interim board of directors may from time to time appoint. The interim board of directors may remove any member of the initial Architectural Review Committee from office at any time and may appoint new or additional members at any time. The initial Architectural Review Committee shall serve until the expiration of the term of the interim board of directors or until such time that replacements are appointed by the succeeding board of directors. The Association shall keep on file at its principal office a list of the names and addresses of the members of the Architectural Review Committee. If the Board of Directors has assumed the responsibility for appointment of the members of the Architectural Review Committee and fails to make such appointments, the Board of Directors shall itself serve as the Architectural Review Committee.

6.6 Majority Action. Except as otherwise provided herein, a majority of the members of the Architectural Review Committee shall have the power to act on behalf of the Architectural Review Committee, without the necessity of a meeting and without the necessity of consulting or notifying the remaining members of the Architectural Review Committee. The Architectural Review Committee may render its decision only by written instrument setting forth the action taken by the members consenting thereto.

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

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

6.9 Appeal. After Declarant has delegated appointment of the members of the Architectural Review Committee to the Board of Directors of the Association, any Owner adversely affected by action of the Architectural Review Committee may appeal such action to the Board of Directors of the Association. Appeals shall be

MAY 27 1992

made in writing within twenty-one (21) days of the Architectural Review Committee's action and shall contain specific objections or mitigating circumstances justifying the appeal. A final, conclusive decision shall be made by the Board of Directors of the Association within sixty (60) working days after receipt of such appeal.

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

6.11 Estoppel Certificate. Within ten (10) working days after written request therefor is delivered to the Architectural Review Committee by any Owner, and upon payment to the Architectural Review Committee of a reasonable fee, if any, fixed by the Architectural Review Committee to cover costs, the Architectural Review Committee shall provide such Owner with an estoppel certificate executed by a member of the Committee and acknowledged, certifying with respect to any Lot owned by the Owner, that as of the date thereof, either: (a) all Improvements made or done upon or within such Lot by the Owner comply with this Declaration, or (b) such Improvements do not so comply. If the estoppel certificate states that the Improvements do not comply, such certificate shall also identify the noncomplying Improvements and set forth with particularity the nature of such noncompliance. Any purchaser from the Owner, and any mortgagee or other encumbrancer, shall be entitled to rely on such matters being conclusive as between and among Declarant, the Architectural Review Committee, the Association and all Owners, and such purchaser or mortgagee.

6.12 Construction by Declarant. Improvements constructed by Declarant on any property owned by Declarant are not subject to the requirements of this Article 6.

ARTICLE 7

ASSOCIATION

Declarant has organized an Association of all of the Owners within Glencoe Oaks. The Association is organized under the name "Glencoe Oaks Homeowners Association" and has such property, powers and obligations as are set forth in this Declaration for the benefit of Glencoe Oaks and all Owners of property located therein.

7.1 Membership. There shall be two (2) types of membership: proprietary and associate. Proprietary members are all of the Owners of the Lots. Lessees, renters, or other occupants of a residential dwelling on a Lot who are not eligible for Proprietary Membership shall be Associate Members during the

MAY 27 1992

period such lessees are authorized tenants of a residential dwelling on a Lot. Associate Membership shall carry all the rights and privileges of Proprietary Members except the right to vote.

7.2 Voting Rights. Voting rights within the Association shall be allocated as follows:

(a) Lots. Except as otherwise provided in Section 7.2(b), each Proprietary Member, the Declarant, and any investment entity approved in writing by the Declarant shall be entitled to one vote per Lot owned.

(b) Classes of Voting Membership. The Association shall have two (2) classes of voting membership:

Class A. Class A members shall be all Owners with the exception of the Declarant (except that beginning on the date on which the Class B membership is converted to Class A membership, and thereafter, Class A members shall be all Owners including the Declarant). Class A members shall be entitled to voting rights for each Lot owned computed in accordance with paragraph 7.2(a). When more than one person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more votes be cast with respect to any Lot than is determined as set forth in paragraph 7.2(a).

Class B. The Class B member shall be Declarant and shall be entitled to three times the voting rights computed under paragraph 7.2(a) for each Lot owned by Declarant. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

(i) When seventy-five (75) percent of the Lots of Glencoe Oaks have been sold and conveyed to Owners other than Declarant; or

(ii) At such earlier time as Declarant may elect in writing to terminate Class B membership.

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

(a) Declaration. The powers, duties and obligations granted to the Association by this Declaration.

(b) Statutory Powers. The powers, duties, and obligations of a nonprofit corporation pursuant to Oregon general nonprofit corporation laws as may be amended from time to time.

MAY 27 1992

(c) General. Any additional or different powers, duties and obligations necessary or desirable for the purpose of carrying out the functions of the Association pursuant to this Declaration or otherwise promoting the general benefit of the Owners within Glencoe Oaks.

(d) Amendment. The powers and obligations of the Association may from time to time be amended, repealed, enlarged or restricted by changes in this Declaration made in accordance with the provisions herein, accompanied by changes in the Articles of Incorporation or Bylaws of the Association made in accordance with such instruments and with the nonprofit corporation laws of the State of Oregon.

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

7.5 Interim Board; Turnover Meeting. Declarant shall have the right to appoint an interim board of three (3) directors or more, who shall serve as the Board of Directors of the Association until replaced by Declarant or their successors have been elected by the Owners at the turnover meeting described in this Section. Declarant shall call a meeting by giving notice to each owner as provided in the Bylaws of the Association for the purpose of turning over administrative responsibility for Glencoe Oaks to the Association not later than one hundred twenty (120) days after Lots representing seventy-five (75) percent of the votes in all Phases of Glencoe Oaks computed in accordance with Section 7.2(a) have been sold and conveyed to Owners other than Declarant. If the Declarant does not call a meeting required by this Section within the required time, the Transitional Advisory Committee described in Section 7.6 or any Owner may call a meeting and give notice as required in this Section. At the turnover meeting the interim directors shall resign and their successors shall be elected by the Owners and Declarant as provided in this Declaration and the Bylaws of the Association.

7.6 Transitional Advisory Committee. The Declarant or Owners shall form a transitional advisory committee (the "Transitional Advisory Committee") to provide for the transition from administrative responsibility by the Declarant of Glencoe Oaks to administrative responsibility by the Association. Not later than sixty (60) days after the Declarant has conveyed to Owners other than Declarant Lots representing fifty (50) percent of the votes of Glencoe Oaks computed in accordance with Section 7.2(a), the Declarant shall call a meeting of Owners for the purpose of selecting the Transitional Advisory Committee. The Transitional Advisory Committee shall consist of three or more members. The

22

MAY 27 1992

Owners, other than the Declarant, shall select two or more members. The Declarant may select no more than one member.

(a) Declarant's Failure to Call Meeting. An Owner may call a meeting of Owners to select the Transitional Advisory Committee if the Declarant fails to do so as provided above.

(b) Owners' Failure to Select Members. Notwithstanding the foregoing, if the Owners do not select members for the Transitional Advisory Committee as described above, Declarant shall have no further obligation to form the Transitional Advisory Committee.

(c) Turnover Meeting. The requirement for formation of a Transitional Advisory Committee shall not apply once the turnover meeting specified in Section 7.5 above has been held.

7.7 Declarant Control After Turnover. After the turnover meeting described in Section 7.5, Declarant shall continue to have the voting rights described in Section 7.2(b). After termination of Class B membership, all directors shall be elected by the Class A members.

7.8 Subassociations. Nothing in this Declaration shall be construed as prohibiting the formation of subassociations within Glencoe Oaks, including, without limitation, condominium associations, neighborhood associations or associations of commercial owners.

7.9 Association Rules and Regulations. The Association from time to time may adopt, modify, or revoke such rules and regulations governing the conduct of persons and the operation and use of Lots and the Common Areas as it may deem necessary or appropriate in order to assure the peaceful and orderly use and enjoyment of the property within Glencoe Oaks. A copy of the rules and regulations, upon adoption, and a copy of each amendment, modification or revocation thereof, shall be delivered by the Association Board of Directors promptly to each Owner and shall be binding upon all Owners and occupants of all Lots upon the date of delivery. The method of adoption of such rules shall be as provided in the Bylaws of the Association.

7.10 Title to Common Areas. Declarant shall convey to the Association fee title to the Common Areas free and clear of liens and encumbrances on the earlier of: (i) the date on which Class B membership in the Association ceases and is converted to Class A membership as described in Section 7.2(b) or (ii) a date chosen by Declarant.

7.11 Common Area Maintenance, Lighting and Utilities. The Association shall perform or contract to perform all maintenance upon, and, where the Association deems appropriate, provide exterior lighting and utilities for, the Common Areas.

Page 19 - DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS AND RESTRICTIONS FOR GLENCOE OAKS PHASES 1 AND 2

[GLENCOE.CCR(1/14/92)]

23

MAY 27 1992

ARTICLE 8

ASSESSMENTS

8.1 Annual Budgets. The Association Board of Directors shall from time to time and at least annually prepare an operating budget for the Association, taking into account the current costs of maintenance and services and future needs of the Association, any previous overassessment and any common profits of the Association. The budget shall provide for such reserve or contingency funds as the Board deems necessary or desirable or as may be required by law. The method of adoption of the budget shall be as provided in the Bylaws.

8.2 Assessment Formula. All Lots shall be subject to assessment on the following basis:

(i) Residential Lots. Lots improved with a dwelling shall pay one assessment unit per resident of each such dwelling. The amount of the assessment per assessment unit shall be determined by dividing the annual budget by the total number of assessment units.

(ii) Other Lot Classifications. To the extent that other Lots are annexed into Glencoe Oaks which do not fall into the Residential Lot classification, such Lots shall be assessed in the manner designated in the declaration annexing such Lots to Glencoe Oaks.

8.3 Capital Improvement Assessments. The Association may purchase, construct or otherwise acquire additional equipment, facilities or other capital improvements for the general use and benefit of all the members of the Association, and for that purpose may impose a special assessment to be called a "Capital Improvement Assessment." Any such assessment shall be assessed to the Lots within Glencoe Oaks on the same formula as set forth in Section 8.2. No new Capital Improvement Assessment may be imposed under this section which, for any one purchase, construction or other acquisition, or group of related purchases, constructions or other acquisitions, in the aggregate exceeds \$10,000, unless approved by the vote or written consent of the Class B member, if any, and by not less than seventy-five (75) percent of the votes of the Class A members who are voting in person, by absentee ballot or by proxy at a meeting duly called for the purpose of approving the Capital Improvement Assessment. To the extent that the additional equipment, facilities, or other capital improvement purchased, constructed, or otherwise acquired by the Association shall include items of Common Property (as hereinafter defined) which will normally require replacement, in whole or in part, in more than three (3) and less than thirty (30) years, such Capital Improvement Assessment shall be accompanied by a corresponding Common Property

24

MAY 27 1992

Reserve Account Assessment (as hereinafter defined) as required by Section 8.4 below.

8.4 Reserve Account for Replacing Common Property. The Declarant shall establish a reserve account which shall be called the "Common Property Reserve Account," and which will be kept separate and apart from all other funds of the Association. Except as provided in Section 8.4(b), the Common Property Reserve Account shall be used exclusively for replacement of items of Common Property which will normally require replacement, in whole or in part, in more than three (3) and less than thirty (30) years and not for regular or periodic maintenance expenses.

(a) Assessments. Not less often than annually, the Association shall inventory all items of Common Property which will normally require replacement, in whole or in part, in more than three (3) and less than thirty (30) years, and shall estimate the remaining life of each item of Common Property and the current replacement cost of each of such items. The Association may identify items for which a reserve account assessment is required as those items which are insurable by a common carrier of all-purpose risk insurance. For the purpose of funding the Common Property Reserve Account, the Association shall impose an assessment to be called the "Common Property Reserve Account Assessment" against each Lot within Glencoe Oaks on the same formula as set forth in Section 8.2. The total Common Property Reserve Account Assessment shall be equal to the sum of the estimated replacement cost of each item of Common Property which has an estimated life of greater than three (3) but less than thirty (30) years, divided by the estimated number of years of life for such item of Common Property (not the estimated years of life remaining). The Declarant shall not be required to pay any assessment under this Section 8.4 assessed to a Lot owned by Declarant until such date as the Lot is conveyed by the Declarant to an unaffiliated party in an arms-length transaction.

(b) Loan From Common Property Reserve Account. After the turnover meeting described in Section 7.5, the Board of Directors of the Association may borrow funds from the Common Property Reserve Account to meet high seasonal demands on the Association's regular operating fund or to meet other temporary expenses. Funds borrowed to meet high seasonal demands or temporary expenses under this subsection must be repaid from special assessment or maintenance fees within six (6) months of the date such funds are borrowed.

(c) Increase, Reduction or Elimination of Common Property Reserve Account Assessments. At any time after the second year after the turnover meeting described in Section 7.5, future assessments for the Common Property Reserve Account may be increased, reduced or eliminated by the vote of Owners of Lots representing seventy-five (75) percent of the votes computed in accordance with Section 7.2(a).

MAY 27 1992

8.5 Maintenance and Operations Fund Assessment. The Association shall establish a fund to be known as the "Maintenance and Operations Fund," into which all funds, not otherwise allocated to a separate account in this Declaration or by action of the directors of the Association, shall be deposited. The Association shall use the Maintenance and Operations Fund exclusively for the purpose of promoting the recreation, health, safety and welfare of the residents within Glencoe Oaks, and the improvement, maintenance, and operation of properties, services and facilities devoted to this purpose and related to the use and enjoyment of the Common Areas and of the Lots in Glencoe Oaks, and for the operation of the Association, including but not limited to:

(a) Maintenance, Utilities, and Services. Payment of the cost of maintenance, utilities, and services as described in Section 7.11, including the costs of the operation of the Association.

(b) Insurance. Payment of the cost of insurance as described in the Bylaws of the Association.

(c) Taxes. Payment of taxes assessed against the Common Areas and any improvements thereon.

(d) Other Services. Payment of the cost of other services which the Association deems to be of general benefit to the Owners, including but not limited to accounting, legal and secretarial services.

For the purpose of funding the Maintenance and Operations Fund, the Association shall not less often than annually estimate the cost of accomplishing the goals for which the Maintenance and Operations Fund is established for the next fiscal year, and assess such cost to the Lots ("Maintenance and Operations Fund Assessment"). The Association may include in such Maintenance and Operations Fund Assessment amounts for the establishment of reserves to meet extraordinary expenses or such other amounts which are reasonably related to the purpose of the Maintenance and Operations Fund. The Maintenance and Operations Fund Assessment shall be assessed to Lots within Glencoe Oaks on the same formula as set forth in Section 8.2.

8.6 Reallocation Upon Annexation or Withdrawal of Property. When additional property or phases are annexed to or withdrawn from Glencoe Oaks, the Association shall, within sixty (60) days of the annexation, recompute the budget in accordance with Section 8.1 based upon the additional Lots and Common Areas and recompute assessments for each Lot based upon the formula set forth in Section 8.2. Newly annexed Lots shall be subject to assessment from the time of annexation of such Lots to Glencoe Oaks, in accordance with the provisions of Section 8.2. The Association shall send notice of the assessment to the Owners of

26

MAY 27 1992

newly annexed Lots not later than sixty (60) days after the annexation or with the next occurring annual assessment, whichever is sooner. Assessments shall be due and payable on or before a date set forth in the notice which shall be not less than thirty (30) days from the date the notice is mailed or at such other time or times set in accordance with this Declaration or the Bylaws as the Association may specify in the notice. If additional property or phases are annexed to Glencoe Oaks during the Association's fiscal year, the Association shall send notice of and shall collect adjustments to assessments for Lots which were within Glencoe Oaks prior to the annexation in the manner specified in Section 8.2 above, except that notice of the adjustment in the assessment shall be sent to Owner not later than sixty (60) days after the annexation or with the next occurring annual assessment, whichever is sooner. To the extent that any adjustment results in a credit for the Owner, such credit shall be applied towards the next occurring payment or payments on the annual assessment.

8.7 Payment of Assessments. At least once a year, the Association shall provide notice to the Owner of each Lot of the amount of the assessment for such Lot calculated in accordance with Section 8.2. Assessments shall be due and payable on or before a date set forth in the notice which shall be not less than thirty (30) days from the date the notice is mailed or at such other time or times set in accordance with this Declaration or the Bylaws as the Association may specify in the notice.

8.8 Creation of Lien; and Personal Obligation of Assessments. Declarant, for each Lot owned by it within Glencoe Oaks, does hereby covenant, and each Owner of any Lot by acceptance of a conveyance thereof, whether or not so expressed in any such conveyance, shall be deemed to covenant to pay to the Association all assessments or other charges as may be fixed, established and collected from time to time in the manner provided in this Declaration or the Association Bylaws. Such assessments and charges, together with any interest, expenses or attorneys' fees imposed pursuant to Section 9.6, shall be a charge on the land and a continuing lien upon the Lot against which each such assessment or charge is made. Such assessments, charges and other costs shall also be the personal obligation of the person who was the Owner of such Lot at the time when the assessment or charge fell due. Such liens and personal obligations shall be enforced in the manner set forth in Article 9 below.

ARTICLE 9

ENFORCEMENT

9.1 Violation of Permitted Uses. In the event any Owner shall violate any provision of this Declaration, the Bylaws of the Association or any rules or regulations adopted by the Association governing the use of Lots or Common Areas, then the Association, acting through its Board of Directors, may notify the Owner in

MAY 27 1992

writing that the violations exist and that such Owner is responsible for them, and may, after reasonable notice and opportunity to be heard, do any or all of the following: (a) suspend the Owner's voting rights and right to use the Common Areas for the period that the violations remain unabated, or for any period not to exceed sixty (60) days for any infraction of its rules and regulations, (b) impose reasonable fines upon the Owner, in the manner and amount the Board of Directors deems appropriate in relation to the violation, which fines shall be paid into the Maintenance and Operations Fund, or (c) bring suit or action against such Owner to enforce this Declaration. Nothing in this section, however, shall give the Association the right to deprive any Owner of access to and from such Owner's Lot.

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

(a) Fines. Impose reasonable fines against such Owner in the manner and amount the Board deems appropriate in relation to the violation;

(b) Remove Cause of Violation. Enter onto the offending Lot, without being subject to any trespass, conversion or any other claim for damages, and remove the cause of such violation, or alter, repair or change the item which is in violation of the Declaration in such a manner as to make it conform thereto, in which case the Association may assess such Owner for the entire cost of the work done, which amount shall be payable to the Maintenance and Operations Fund; or

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

28

MAY 27 1992

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

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

(b) Lien. The Association shall have a lien against each Lot for any assessment levied against the Lot and any fines or other charges imposed under this Declaration or the Bylaws against the Owner of the Lot from the date on which the assessment, fine or charge is due. The provisions regarding the attachment, notice, recordation and duration of liens established on real property under ORS 87.364(1), 87.366, 87.372 and 87.376 (as such statutes may hereafter be amended) shall apply to the Association's lien. The lien shall be foreclosed in accordance with the provisions regarding the foreclosure of liens under ORS Chapter 88. The Association, through its duly authorized agents, may bid on the Lot at such foreclosure sale and may acquire and hold, lease, mortgage and convey the Lot. If any assessment is payable in installments, the full amount of the assessment is a lien from the date the first installment of the assessment becomes due.

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

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

9.4 Notification of First Mortgagee. The Board of Directors shall notify any First Mortgagee of any default in performance of this Declaration by the Lot Owner which is not cured within sixty (60) days.

9.5 Subordination of Lien to First Mortgages. The lien of the assessments or charges provided for in this Declaration shall be subordinate to the lien of any First Mortgage that was recorded prior to the recordation of the notice of lien. Sale or transfer of any Lot shall not affect the assessment lien. However,

MAY 27 1992

if the First Mortgagee acquires a Lot in Glencoe Oaks by foreclosure or deed in lieu of foreclosure, such First Mortgagee and its subsequent purchaser shall not be liable for any of the common expenses chargeable to the Lot that became due before the First Mortgagee or purchaser acquired title to the Lot by foreclosure or deed in lieu of foreclosure. Such sale or transfer, however, shall not release the Lot from liability for any assessments or charges thereafter becoming due or from the lien of such assessments or charges.

9.6 Interest, Expenses, and Attorneys' Fees. Any amount not paid to the Association when due in accordance with this Declaration shall bear interest from the due date until paid at the rate three (3) percentage points per annum above the prevailing Portland, Oregon, prime rate at the time, or such other rate as may be established by the Board of Directors, but not to exceed the lawful rate of interest under Oregon law. A late charge may be charged for each delinquent assessment in an amount established from time to time by resolution of the Board of Directors of the Association not to exceed thirty (30) percent of such assessment. In the event the Association shall file a notice of lien, the lien amount shall also include the recording fees associated with filing the notice, and a fee for preparing the notice of lien established from time to time by resolution of the Board of Directors of the Association. In the event the Association shall bring any suit or action to enforce this Declaration, or to collect any money due hereunder or to foreclose a lien, the Owner-defendant shall pay to the Association all costs and expenses incurred by it in connection with such suit or action, including a foreclosure title report, and the prevailing party in such suit or action shall recover such amount as the court may determine to be reasonable as attorneys' fees and costs at trial and upon any appeal or petition for review thereof. This provision shall include prevailing fees in any adversary proceeding in bankruptcy, including motions for relief from stay.

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

MAY 27 1992

ARTICLE 10

MISCELLANEOUS PROVISIONS

10.1 Amendment and Repeal. This Declaration, or any provision thereof, as from time to time in effect with respect to all or any part of Glencoe Oaks, may be amended or repealed by the vote or written consent of Owners holding not less than seventy-five (75) percent of the Class A votes, together with the vote or written consent of the Class B member, if such membership has not been terminated as provided herein. Any such amendment or repeal shall become effective only upon recordation in the Deed Records of Washington County, Oregon, of a certificate of the president or secretary of the Association setting forth in full the amendment, amendments or repeal so approved and certifying that said amendment, amendments or repeal have been approved in the manner required by this Declaration. In no event shall an amendment under this section create, limit or diminish special Declarant rights without Declarant's written consent, increase the number of Lots, or change the boundaries of any Lot or any uses to which any Lot is restricted unless the Owners of the affected Lots unanimously consent to the amendment. No oral modification may be made to this Declaration.

10.2 Regulatory Amendments. Notwithstanding the provisions of Section 10.1 above, until termination of the Class B membership, Declarant shall have the right to amend this Declaration or the Bylaws of the Association in order to comply with the requirements of any applicable statute, ordinance, or regulation or of the Federal Housing Administration, the Veterans Administration, the Farmers Home Administration of the United States, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Home Loan Mortgage Corporation, any department, bureau, board, commission or agency of the United States or the State of Oregon, or any corporation wholly owned, directly or indirectly, by the United States or the State of Oregon which insures, guarantees or provides financing for a planned subdivision or lots in a planned subdivision.

10.3 Duration. This Declaration shall run with the land and shall be and remain in full force and effect at all times with respect to all property included in Glencoe Oaks and the owners thereof for an initial period of thirty (30) years commencing with the date on which this document is recorded. Thereafter, this Declaration shall continue to run with the land and be and remain in full force and effect at all times with respect to all property in Glencoe Oaks and the Owners thereof for successive additional periods of ten (10) years each. The continuation from the initial or any additional period into the next subsequent period shall be automatic and without the necessity of any notice, consent or other action whatsoever; provided, however, that this Declaration may be terminated at the end of the initial or any additional period by resolution approved not less than six (6) months prior to the

MAY 27 1992

intended termination date by the vote or written consent of Owners owning not less than seventy-five (75) percent of the Class A votes and the vote or written consent of the Class B member, if any, and the written approval of any First Mortgagees to the extent required by Section 10.4. Any such termination shall become effective only if prior to the intended termination date (a) a certificate of the president or secretary of the Association, certifying that termination as of a specified termination date has been approved in the manner required herein, is duly acknowledged and recorded in the Deed Records of Washington County, Oregon, and (b) such termination has been approved by an order or resolution of any applicable City of Hillsboro agency and a copy of such order or resolution has been recorded in the Deed Records of Washington County, Oregon. Such termination shall not have the effect of denying any Owner access to such Owner's Lot unless such Owner and any mortgagee of such Lot have consented in writing to the termination.

10.4 Right of First Mortgagee Relating to Maintenance.

At any time that the Common Areas are not maintained or repaired by the Association to the extent reasonably necessary to protect and preserve the value of the Lot given for security purposes, then the First Mortgagee, upon giving written notice as hereinafter provided, shall be entitled to exercise the rights of the Owner of the Lot as a member of the Association to vote at all regular and special meetings of the members of the Association for a period of one year following the date of such notice. During this one-year period, the Association shall give notice of all regular and special meetings to both the Owner and the First Mortgagee, and the Owner may attend such meetings as an observer. Notice from the First Mortgagee under this section shall quote this Section 10.4 and shall be sent postage prepaid by certified United States mail, return receipt requested, to the Owner with a copy by regular mail to the Association at the last known address of each.

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

10.6 Lessees and Other Invitees. Lessees, invitees, contractors, family members and other persons entering Glencoe Oaks under rights derived from an Owner shall comply with all of the provisions of this Declaration restricting or regulating the

MAY 27 1992

Owner's use, improvement, or enjoyment of such Owner's Lot and other areas within Glencoe Oaks. The Owner shall be responsible for obtaining such compliance and shall be liable for any failure of compliance by such persons in the same manner and to the same extent as if the failure had been committed by the Owner.

10.7 Nonwaiver. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

10.8 Construction; Severability. This Declaration and all declarations annexing property to Glencoe Oaks shall be liberally construed as one document to accomplish the purposes stated in the introductory paragraphs hereof. Nevertheless, each provision of this Declaration and all declarations annexing property to Glencoe Oaks 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.

10.9 Number. As used herein, the singular shall include the plural and the plural the singular, and the masculine and neuter shall each include the masculine, feminine and neuter, as the context requires.

10.10 Captions. All captions used herein are intended solely for convenience of reference and shall in no way limit any of the provisions of this Declaration.

10.11 Notices and Other Documents. All notices and other communications under this Declaration shall be in writing and shall be deemed to have been given on the day of delivery when delivered by personal service and to have been given three (3) business days after delivery to the United States mails certified or registered mail, return receipt requested, addressed to the party to which such notice is directed at its address determined as provided in this Section 10.11.

(a) Addresses. All notices and other communications under this Declaration shall be given to the parties hereto at the following addresses:

(i) If to an Owner, then to the last address for such Owner shown in the Association's records.

(ii) If to Declarant or to the Association, then to Declarant or the Association at:

PRIMA DONNA DEVELOPMENT COMPANY
Attention: Michael Chiu
373 First Avenue, Suite 200
Los Altos, California 94022

(b) Change of Address. Any party hereto may change the address to which notices shall be directed by giving thirty (30) days' written notice of such change delivered as provided herein.

10.12 Cable and Telephone Systems. Declarant hereby reserves the right (but not the obligation) to erect, repair, and maintain or grant to a third party or third parties the right to erect, repair, and maintain on, under, or over portions of Glencoe Oaks (a) one or more satellite receivers or transmission disks and other equipment for the purpose of providing cable television service to Glencoe Oaks and other neighboring properties, and (b) equipment and structures connected with providing telephone systems (private or otherwise), security systems and related services to Glencoe Oaks and other neighboring properties, so long as such equipment and structures comply with all applicable local, state, and federal laws and regulations. Declarant hereby reserves and may grant to a third party or parties an easement over all or such parts of the Common Area as are reasonably required to accomplish such purposes. It is the intention of Declarant that any business or businesses operated by Declarant or a third party or parties in accordance with this Section 10.12 shall be owned and operated for Declarant's or such third party's or parties' commercial advantage, and, to this end, Declarant or such third party or third parties shall be considered the same as, and shall be entitled to the rights and easements granted hereunder to, other utility companies or service providers. Nothing in this Declaration shall be construed to mean that the ownership of such equipment and structures and benefits of such business or businesses shall belong to the Association or to any Owner or Owners.

10.13 Private Agreement. This Declaration and the covenants and agreements contained herein constitute a private agreement among the Owners of Lots in Glencoe Oaks and the City of Hillsboro is under no obligation to enforce any of its provisions. This Declaration does not restrict Washington County's and/or the City of Hillsboro's authority to adopt or amend its development regulations. If there are conflicting requirements between this Declaration and City of Hillsboro's regulations, the more stringent shall control. The City of Hillsboro will limit its review of a development application to the requirements of its regulations. It is the duty of every person engaged in development or remodeling of a Lot or an Improvement in Glencoe Oaks to know the requirements of this Declaration and the covenants and agreements contained herein. In the event there is an apparent conflict between a City of Hillsboro regulation and this Declaration, any question regarding which provision controls shall be directed to the Architectural Control Committee. The City of Hillsboro shall not be liable for any approvals or permits which are granted in compliance with City of Hillsboro regulations but which are not in compliance with this Declaration.

MAY 27 1992

IN WITNESS WHEREOF, Declarant has executed this Declaration this 19th day of May, 1992.

PRIMA DONNA DEVELOPMENT COMPANY,
a California corporation

By: [Signature]
[Name]
Its: President
[Title]

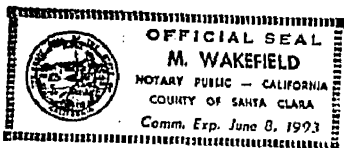
STATE OF California }
County of Santa Clara } ss.

Acknowledged before me this 19th day of May, 1992, by Michael Chen, the President of PRIMA DONNA DEVELOPMENT COMPANY, a California corporation, duly qualified in Oregon and doing business as PRIMA HOMES, on behalf of such corporation.

[SEAL]

[Signature]
Notary Public for the County of Santa Clara,
My Commission Expires: 6-1-93

State of California



35

MAY 27 1992

EXHIBIT "A"

A tract of land situated in the Northeast 1/4 of Section 25, Township 1 North, Range 3 West, W.M., City of Hillsboro, Washington County, Oregon, being more particularly described as follows:

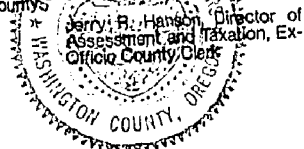
Beginning at the Northeast corner of said Section 25; thence along the easterly line of said section, S00°26'36"E, 709.24 feet to the northeast corner of that tract of land described in deed to Laverne and Shirley Meacham in Book 410, Page 262, Washington County Deed Records and as monumented in Survey Number 24,210, Washington County Survey Records; thence along the northerly line of the Meacham Tract, S88°05'20"W, 1203.36 feet to the centerline of N.W. Glencoe Road (C.R. No. A-146 3/4); thence along said centerline, N00°00'00"E, 565.67 feet to an angle point; thence continuing along said centerline, N00°25'23"W, 144.69 feet to the north line of said Section 25; thence leaving said centerline and along the north line of said Section 25, N88°08'11"E, 1198.90 feet to the point of beginning.

Containing 851,913 square feet, gross.

Excepting from all lands lying within the right of way of N.W. Glencoe Road (C.R. No. A-146 3/4).

STATE OF OREGON } SS
County of Washington }

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



Doc : 92035964
Rect: 77948 180.00
05/27/1992 02:24:24PM

34