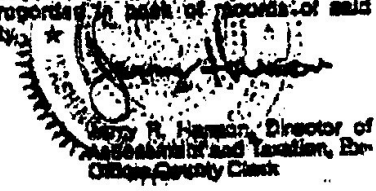


MAY 28 1999

STATE OF OREGON
County of Washington

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



Jerry R. Hanson, Director of Assessment and Taxation, Oregon County Clerk

Doc : 99065793.1
Rect: 232623 61.00
05/28/1999 01:24:08pm

After Recording Return to:
Quail Hollow-Tigard L. L. C.
5385 SW Meadows Road
Lake Oswego, OR 97035

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
QUAIL HOLLOW EAST

KNOW ALL MEN BY THESE PRESENTS, that Quail Hollow-Tigard L.L.C. and its assigns (hereafter "Declarant") hereby declares and records the following covenants, conditions and restrictions pertaining to and binding the following described real property to wit:

Recorded according to the duly recorded plat of QUAIL HOLLOW-EAST, filed May 28, 1999 in Plat Book 124, Pages 37-41. Records of the County of Washington and State of Oregon.

Dated this _____ day of _____ 1999.

DESCRIPTION OF DECLARATION

Quail Hollow-Tigard L.L.C. and its designated assign, Venture Properties, Inc., desire to create in Quail Hollow-East as defined herein a planned single family Community. Declarant also desires to create permanent commons areas, including open space, for the benefit of the Quail Hollow-East community and to provide for the maintenance of common areas and other common facilities. Upon Venture Properties, Inc. closing on the first 20 Lots in Quail Hollow-East all rights of Quail Hollow-Tigard L.L.C. under this Declaration (including, without limitation, the right of administrative control of the Home Owners Association pursuant to Section 20 below and the right to amend this Declaration pursuant to Section 29 below), and rights under Oregon Revised Statutes Chapter 94 (if any), shall automatically be transferred to and vested in Venture Properties, Inc.

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This Declaration establishes a plan for the private Ownership of Lots and buildings constructed thereon, and for the beneficial Ownership through a non-profit corporation of all the remaining land, improvements and related assessments, hereafter defined and referred to as the "Common Areas". The non-profit corporation is the Quail Hollow-East Owners Association, hereafter referred to and defined as the "Association" to which shall be delegated and assigned the duties and powers of maintaining and administering and enforcing the covenants, conditions, and restrictions of this Declaration ("Declaration"), and collection and disbursing the assessments and charges hereinafter created.

This Declaration contemplates a plan for the development of Quail Hollow pursuant to the approved preliminary plat, as hereafter referred to and defined, in order that the Quail Hollow-East community may grow in an orderly fashion under a rational scheme of development. The Declaration further establishes the right and power of the Association to levy general and special assessments on each Owner, as hereafter referred to and defined, in order to finance the maintenance or replacement of improvements to the Common Areas and facilities, and in order to effectuate all the powers and duties of the Association, as described herein. The Declaration further establishes certain restrictions on the various uses and activities that may be permitted in Quail Hollow and further establishes the right of the Association to promulgate rules and regulations which may further define and limit permissible uses and activities consistent with the provisions of the Declaration.

Whereas, for the purposes of ORS 94.550 to 94.783, the property to which the following Declaration shall apply is a de minimis planned community as defined by ORS 94.570. Declarant estimates annual assessment for the maintenance and reserves required under ORS 94.595 does not exceed the greater of two percent of the estimated value of all Lots against which the assessment will be levied or the product of three-hundred and sixty dollars (\$360) multiplied by the total number of Lots in Quail Hollow. Therefore, the provisions of ORS 94.550 to 94.783 do not apply to Quail Hollow or Declarant.

NOW, THEREFORE, the undersigned hereby covenants, agrees, and declares that all of Quail Hollow as defined herein and the buildings and structures hereafter constructed thereon are and will be held, sold and conveyed subject to and burdened by the following Declaration and easements, all of which are for the purpose of enhancing and protecting the value, desirability and attractiveness of Quail Hollow and all for the benefit of the Owners thereof, their heirs, successors, grantees and assigns. All provisions of this Declaration shall be binding upon all parties having or acquiring any right, title, or interest in Quail Hollow or any part thereof, and shall inure to the benefit of the Owners thereof and to the benefit of the Association and are intended to be and shall in all respects be regarded as covenants running with the land.

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1. LAND USE AND BUILDING TYPE. No Lot shall be used except for residential purposes, except that Declarant may allow the use of residential structures currently constructed and/or constructed in the future as model homes and sales offices for whatever time frame may be designated by Declarant. No other business venture shall be conducted in or about any property in Quail Hollow except for one-room offices which are not designated by exterior sign(s), create increased traffic and which do not become an undue burden on or nuisance to the Quail Hollow neighborhood. No home office shall exist or operate in violation of the Development and Zoning Code of the City of Tigard or any other governing jurisdiction.
2. DWELLING. Each dwelling shall have a double car garage, unless a specific plan built by Declarant specifies otherwise, 2 X 6 exterior walls, and double wall construction (plywood or equal covered with vinyl, cedar or other siding material approved by Declarant) on the front wall and any side will visible from a street. Roofs shall be Architectural composition have a 25 year guarantee known as Firehalt or similar asphalt composition roofing approved by Declarant. The total floor area of the main structure, exclusive of open porches and garages, shall be not less than 1,300 square feet for a one-story house or 1,600 square feet for a two-story dwelling. Manufactured and mobile homes are prohibited. All homes must be constructed of new materials or recycled materials approved by Declarant. All homes must be constructed on site.
3. BUILDING LOCATION. Building locations shall conform to the setbacks adopted in the Quail Hollow-East subdivision approval by Washington County and/or the City of Tigard, 1999, or as may be subsequently amended through administrative review.
4. UTILITY AND DRAINAGE EASEMENTS. Easements for installation and maintenance of utilities and drainage facilities are reserved as shown on the recorded plat. Within these easements, no structure, planting or other material shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities or which may change the direction of flow of drainage channels in the easement, or which may obstruct or retard the flow of water through drainage channels in the easements. After sale of each Lot, the utility 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 or which is maintained by the Association as defined in Section 18.
5. UNDERGROUND SERVICE. No outdoor overhead wire or service drop for the distribution of electric energy or for telecommunications purposes, nor any pole, tower, or other structure supporting said outdoor overhead wires shall be erected, placed or maintained within this subdivision. All Owners of Lots or tracts within this subdivision, their heirs, successors, and assigns shall use underground service wires to connect their premises and the structures thereon to the underground electric, cable, or telephone utility facilities provided.
6. NUISANCES. No noxious or offensive activity shall be carried on upon any Lot, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood.

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7. TEMPORARY STRUCTURES. No structure of a temporary character, trailer, basement, tent, shack, garage, barn, or other outbuilding shall be used on any Lot at any time as a dwelling either temporarily or permanently. Declarant may use trailer or other temporary structures for sales and/or construction purposes.

8. PARKING. Parking of boats, trailers, recreational vehicles, trucks, campers, and similar equipment in excess of three-quarters of a ton in weight shall not be allowed on any Lot, or any street, except where a six-foot fence which prevents the vehicle from being driven onto the street in Quail Hollow shall not apply to the foregoing shall not apply to Declarant or other lots. No vehicle in disrepair, sitting on blocks, or otherwise inoperable shall be visible from the street for any aggregate period in excess of 48 hours. Parking is not allowed along areas with a "no parking" designation.

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9. SIGNS. No sign shall be more than five square feet advertizing the property or signs at model builders to advertise the property or signs at model day erect and maintain w-East at Declarant's discretion.

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10. OIL AND MINING OPERATION. No oil drilling, oil development operations, oil refining, quarrying or mining operations of any kind shall be permitted upon or in any Lot, nor shall oil wells, tanks, tunnels, mineral excavations or shafts be permitted upon or in any Lot. No derrick or other structure designed for use in boring for oil or natural gas shall be erected, maintained or permitted upon any Lot.

11. ANIMALS. No animals of any kind shall be raised, bred, or kept on any Lot, except dogs, cats or other indoor household pets. Dogs, cats or other household pets may be kept provided that they are not permitted to become a nuisance to the community. Pet Owners shall abide by all city and county ordinances.

12. GARBAGE AND DEBRIS DISPOSAL. No trash shall be on it shall be used or maintained at any Lot or waste shall not be kept on any Lot or storage or disposal of such material shall be (kup) in a clean and sanitary condition be maintained clear of any obstructions, including but not limited to trash containers and stored materials.

Amended

13. HOME AND YARD MAINTENANCE. The maintenance, upkeep and repair of individual homes shall be the sole responsibility of the Association, its agents, subagents, officers or directors. On all lots, all landscaping shall be properly trimmed. Each Owner shall maintain the landscaping on Owner's Lot in a healthy and attractive condition as well as on other Lots in Quail Hollow. After the expiration of the term of the Association's failure to so maintain such landscaping, the Association, at its sole discretion, shall have the right, through its agents and employees to enter upon such Lot in order to repair, maintain and/or restore the landscaping. The cost of such work shall be an assessment on such Owner and its Lot.

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14. STREET TREES AND EXISTING TREES. Owners are responsible for watering and maintaining the street trees in front of their Lots and for the replacement of the street tree(s) which may perish after completion of a new home on the Lot, regardless of the cause. Only approved street trees may be used for replacement of dead, dying or damaged trees. All street trees located on or abutting any common areas shall be the responsibility of the Association. Existing trees within the Quail Hollow-East were required to be preserved by Washington County and/or the City of Tigard in connection with developing the property. Declarant does not guarantee survival of these existing trees. Lot Owners are responsible for the maintenance of existing trees on their Lot and for their removal if such trees become diseased or unsafe. Any trees abutting Quail Hollow-East are not under the control of Declarant and may be removed at any time.

15. SLOPE AREAS. Declarant has developed a storm drainage system, which addresses water run-off for the entire subdivision as opposed to run-off between individual Lots. This means that unfiltered surface water and sediment can traverse other Lots before reaching a public storm water facility, with the understanding that prior to reaching a gutter, street, or storm water facility, the water will be filtered. Silt fencing has been installed, in conjunction with the final site grading, in areas designated on the construction documents that meet the local storm water & silt fencing i adjacent to th fencing is to to travel dov destination in a public storm water facility. No structure, planting or other material shall be placed or permitted to remain or other activities undertaken which may damage or interfere with the grading plan developed by the Declarant. This includes altering the defined slope areas, attempting to change the storm water direction or performing any action that creates erosion. Once the Declarant has conveyed title to any subsequent purchaser, either to a Homeowner or other Homebuilder, the established sloping areas of each Lot and all improvements on each Lot shall be maintained continuously by the Owner of the Lot to preserve Declarant's designed drainage and grading plan, except for those improvements for which a public authority or utility company is responsible.

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16. SIGHT DISTANCE AT INTERSECTIONS. No fence, wall, hedge, shrub or planting exceeding three (3) feet in height, measured from the top of the curb, or where no curb exists, from the street center line grade or obstructs a clear vision area shall be placed or permitted to remain on any corner Lot within the clear vision area (triangle) formed by the street property lines and a line connecting them at points thirty (30) feet from the intersection of the street lines, or in the case of a rounded property corner, from the intersection of the street property lines extended. No tree shall be permitted to remain with such distances of such intersections unless all branches below eight (8) feet are removed. Any fence, wall, hedge or planting exceeding three (3) feet or any tree shall be installed in accordance with the City of Tigard Development Code.

17. QUAIL HOLLOW-EAST HOMEOWNER’S ASSOCIATION.

(A) Members The Quail Hollow-East Owner’s Association (the “Association”) shall be an incorporated association of all homeowners in Quail Hollow-East and each Lot Owner shall automatically obtain membership in the Association upon purchase of a Lot in the subdivision. Such membership shall transfer with title to each Lot and shall not be owned separately from each Lot.

(B) Voting The Association shall have two (2) classes of voting members. Class A members shall be comprised of all Lot Owners other than Declarant. Class A members shall have one (1) vote for each Lot owned. Class B member shall be comprised of Declarant, its successors and assigns. Class B shall have five (5) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership on the happening of either event, whichever occurs earlier; (i.) the date of the Turnover Meeting; or (ii) at such earlier time as Declarant may elect in writing to terminate Class B membership.

(C) Operation: Rules, Regulation and Policies Without any other act or acknowledgment Owners shall be governed and controlled by this Declaration, the Bylaws, Articles of Incorporation and any Rules and Regulations of the Association and any amendments thereof.

(D) Organization The Association shall become an entity upon recording of the plat.

18. COMMON AREA OWNERSHIP AND MAINTENANCE. The initial Common Areas described in this Section, shall be conveyed to the Association (or governmental entity, quasi-governmental entity, nonprofit or utility company, as applicable by Declarant not later than the Turnover Date. All Common Areas shall be conveyed to the Association not later than the time Declarant holds title to no Lots with the Property. The Common Area is comprised of Tracts A through H of Quail Hollow-East. Tract A is open space with a public storm drainage and public sanitary sewer easement over its entirety. Tract D is a community park. Tracts E and F are green way buffers between the subdivision and SW 121st Ave. Tract H is a community walking path. In the event one or more of such tracts are at any time sold, transferred or dedicated to and accepted by a government entity, special district or other political subdivision of the state of Oregon (collectively, a “Transfer”), such entity shall as of the date of such Transfer be deemed to have assumed all maintenance and other legal compliance obligations associated with the transferred tract(s). Tracts B,

C and G are for water quality facilities and shall have storm drainage and/or sanitary easements over their entirety and shall be maintained by the Unified Sewerage Agency. If additional landscaping is added to Tracts B, C and G for the aesthetic benefit of the Association, the cost of maintenance shall be the Associations responsibility.

19. ASSESSMENTS AND RESERVES

- (A) Purpose of Assessments The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the Owners of Quail Hollow-East and for the maintenance, repair and/or replacement of those items specified in Section 18 and 19, herein.
- (B) Assessments Each lot Owner covenants to pay the Association the assessment and any additional charges levied pursuant to this Section. Funds determined by the Association to be necessary for maintenance of Quail Hollow-East and as specified in 19(A) shall be assessed (“assessment”) and collected from each Lot Owner on the first day of each month following the conveyance of the Lot. Upon the closing of the sale of each Lot to an Owner other than the Declarant, each Owner shall contribute a sum equal to 2 months of assessments as a one-time “special assessment” contribution to the working capital of the Association, such contribution shall be in addition to the regular monthly assessment. The assessment shall be in the proportionate amount to 1/81th per Lot of the total amount assessed. However, no such assessments shall be made with respect to Lots owned by Declarant or any other Owner whose Ownership of one or more Lots is solely for the purpose of constructing houses thereon for resale. Prior to Turnover to the Association, Declarant shall have the same authority to assess Lot Owners as is provided in this Section of the Declaration and for the items specified in Section 19 (D). Such assessments may be enforced by lien by Declarant at any time, and Declarant may collect a pro rate share of any monthly assessment upon closing of a Lot sale by Declarant to any Lot Owner. Declarant may assess Owners of Lots sold by Declarant without assessing Lots or homes owned by Declarant, but such assessments may not exceed 1/81th of the maintenance funds needed for the month or year assessed. No assessments shall be levied against Quail Hollow-East for the benefit of any additional phases of Quail Hollow.
- (C) Default in Payment of Assessments, Enforcement of Liens Such assessments shall constitute liens in favor of the Association on each Lot for nonpayment of the assessment. Unpaid assessment shall accrue interest at the rate of twelve percent (12%) per annum on the unpaid balance. To claim the benefits of such lien the Association shall record in Washington County, Oregon a claim containing a true statement of the account due for the assessments after deducting all just credits and offsets, the name of the Owner of the Lot or reputed Owner, if known; a description of the property where the assessments were levied and a designation of the Lot sufficient for identification. Where the claim has been properly filed and recorded and the Owner thereafter fails to pay the assessment chargeable to the Lot, the claim shall automatically accumulate any subsequent unpaid assessments and interest thereon without the necessity of further filings. The claim shall be verified by the oath of some person having knowledge of the facts and shall be filed within

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and recorded by the recording officer in the book kept for the purpose of recording liens filed under ORS 87.035, a lien may be continued in force for a period of time not to exceed six years from the date a claim is filed. For the purpose of determining the date the claim is filed in those cases where subsequent unpaid assessments have accumulated under the claim, the claim regarding each unpaid assessment shall be deemed to have been filed at the time the unpaid assessment became due. The lien may be enforced by the Association or by Declarant on behalf of the Association. No Lot or Lot Owner may escape liability for assessment by reason of non-use or abandonment of a Lot. An action to recover a money judgement for unpaid assessments may be maintained without foreclosing or waiving the liens securing such assessments.

(D) Assessment Collection Costs: Suits and Actions Owners shall be obliged to pay reasonable fees and costs including, but not limited, attorney's fees incurred in connection with efforts to collect delinquent any unpaid assessments whether or not suit or action is filed. In addition to the assessment for operating expenses and the funding of reserves, such assessments may include fees, late charges, fines and interest imposed by the Board of Directors. In the event suit or action is commenced by the Association for the collection of any provisions of the Declaration, the Articles or Bylaws, the Owner or Owners, jointly or severally, will, in addition to all other obligations, pay the costs of such suit or action, including reasonable attorneys' fees to be fixed by the trial court and, in the event of an appeal, the cost of the appeal, together with reasonable attorneys' fees in the appellate court to be fixed by such court.

20. **DECLARANT'S CONTROL** The Declarant hereby reserves administrative control of the Association. The Declarant, in its sole discretion, shall have the right to appoint and remove members of the Interim Board of Directors, which shall manage the affairs of the Association and which shall be invested with all powers and rights of the Board of Directors until the Turnover Meeting is held by Declarant. Such Turnover shall occur at anytime determined by Declarant, but not later than the initial sale of the last Lot in Quail Hollow-East.

21. **ARCHITECTURAL CONTROL.** Architectural control shall be vested in the Declarant. All plans (including changes), specifications and exterior color of houses to be constructed must be approved by Declarant or Successor Declarant (as applicable) prior to start of construction. After initial construction of homes on all Lots in the subdivision, architectural control by Declarant shall cease.

22. **FENCING.** Any fencing installed by a Lot Owner on their Lot shall match the type and style of fencing which may have been installed on their Lot by Declarant, or as otherwise approved by the Association. Cedar "good-neighbor" types may be allowable if deemed appropriate in writing. Any fencing installed by a Lot Owner shall conform to the City of Tigard ordinance. The Association shall be responsible for the maintenance of that portion of the fence abutting 121st street and located on Lots 65, 66 and 81 which was installed on their Lot by Declarant.

Amended

MAY 28 2009

- 23. ROCK WALLS. Lot Owners shall not alter or added to any engineered boulder rock walls installed on or between Lots during the development of Quail Hollow-East without the prior written approval of Declarant and the application governing jurisdiction.
- 24. AIR CONDITIONING UNITS. Any air-conditioning unit, freestanding or window model may not be located on the front of the Lot or house.
- 25. ANTENNAS AND SATELLITE DISHES. No exterior radio or telecommunication towers, antennas, serials or satellite dishes or other exterior transmission or receiving devices are permitted on a lot which do not exceed two (2) and are not visible from any interior street maybe permitted if located in the interior streets on other Lots and all interior streets. Declarant may not receive television reception from the locations provided above, Declarant may approve, at Declarant's sole discretion, an alternative location if requested by Lot Owner.
- 26. TERM. This Declaration shall run with the land and shall be binding on all Owners of the described property and all persons claiming under them for a period of thirty (30) years from the date this Declaration is recorded after which time said Declaration shall be automatically extended for successive periods of ten (10) years unless an instrument signed by a majority of the then Owners of the Lots has been recorded, agreeing to rescind or change said Declaration in whole or in part.
- 27. ENFORCEMENT. Enforcement shall be by proceedings at law or in equity by any property Owner, the Association, or Declarant against any person or persons violating or attempting to violate this Declaration, either to restrain violation or to recover damages.
- 28. SEVERABILITY. Invalidation of any of these Covenants, Conditions or Restrictions contained in this Declaration by Judgment or court order shall in no way affect any of the other provisions which shall remain in full force and effect.
- 29. AMENDMENT. This Declaration may be amended by an instrument signed by a majority of the current Lot Owners and recorded with the County Recorder, agreeing to change said Declaration in whole or in part; provided, however, that if Declarant owns at least one Lot, these covenants cannot be amended without Declarant's written consent. Declarant reserves the right, as long as it owns at least one Lot, to amend this Declaration in any way without approval of any Lot Owners in Quail Hollow-East. Upon Venture Properties, Inc. closing on the first 20 Lots in Quail Hollow-East all rights of Quail Hollow-Tigard L.L.C. under this Declaration (including, without limitation, the right to amend this Declaration pursuant to Section 23 below), and rights under Oregon Revised Statutes Chapter 94 (if any), shall automatically be transferred to and vested in Venture Properties, Inc.

Amended

MAY 28 2002

- 30. ANNEXATION OF OTHER PROPERTY. At any time and from time to time prior to or after the Turn Over Date, Declarant may annex all or a portion of any real property adjacent to Quail Hollow by recording a supplemental declaration identifying any such adjacent property in the Washington County Records. Upon such annexation, all provisions of this Declaration may apply, at Venture Properties, Inc. sole discretion, to the annexed property and it shall be part of Quail Hollow. Property may be annexed for the purpose of providing additional Lots, additional Common Area, or both.
- 31. NONREMONSTRANCE. If in the future Venture Properties, Inc. decides to develop additional real property, at its allowable zoned density, adjacent to Quail Hollow, Owners shall not oppose such development or appeal any development approval given by the governing jurisdiction.

DECLARANT:

Quail Hollow-Tigard LLC, an Oregon limited liability company

By: Hearthstone,
a California corporation

By: Joseph P. Fanelli Dated 5-19-99

Joseph P. Fanelli
Vice President Pacific U.S.

STATE OF OREGON, County of Washington }ss.

Personally appeared Joseph P. Fanelli who, being duly sworn, did say that he is Vice President of Pacific U.S., the Manager of Quail Hollow-Tigard LLC and that said instrument was signed on behalf of said corporation by authority of its board of directors, and acknowledged said instrument to be its voluntary act and deed.

Julie Journey
Notary Public for Oregon

My Commission Expires: Nov 24, 02

