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**COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
WEBB LAKE**

THIS DECLARATION OF BUILDING AND USE RESTRICTIONS AND ARCHITECTURAL CONTROL, made this 4th day of May, 2005, by Webb Lake Development LLC hereinafter collectively referred to as "Grantor" and/or "Declarant:"

WHEREAS, Declarant, Webb Lake Development, LLC is the owner of the real property in Marion County, Oregon, known as Webb Lake, as the same appears in the Plat recorded in Book 2469 Page 351 & n/a of Plat records of Marion County.

WHEREAS, Grantors desire to declare of public record their intention to create certain protective Covenants, Conditions and Restrictions (CC&R's) in order to effectuate a general scheme of development creating benefits and obligations for the owners of said property; and

WHEREAS, Grantors intend to create the feel of an established community, similar to the early Silverton area between 1920 and 1940. Webb Lake will build on the theme of an old-fashioned neighborhood with a neighborhood park near the entrance, narrow streets, distinctive entrances, and garages at the rear of lots where feasible.

NOW, THEREFORE, Grantor hereby declares that all of the properties described shall be held, sold and conveyed subject to the following Covenants, Condition, Easements and Restrictions which are for the purpose of protecting the value and desirability of the real property which shall run with the land and shall inure to the benefit of each owner thereof. These CC&Rs shall be binding on all parties having any right, title or interest in the described properties or any parts thereof, their heirs, successors and assigns.

Section 1. DEFINITIONS.

1.1 WEBB LAKE Subdivision.

The term "WEBB LAKE Subdivision" shall mean all of the real property now or hereinafter made subject to this Declaration.

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1.2 WEBB LAKE Vision Concept.

The intent of this development is to create the feel of an established community. Webb Lake will build on the theme of an old-fashioned neighborhood with a neighborhood park near the entrance, narrow streets, distinctive entrances, and garages at the rear of lots where feasible.

1.3 Declarant.

The term "Declarant" shall mean Webb Lake Development LLC, and its successors in interest.

1.4 Architectural Review Committee ("ARC").

The term ARC shall mean the group of individuals responsible for implementing, interpreting, and enforcing the Architectural Rules and Guidelines and the Conditions, Covenants, and Restrictions. (see Section 11).

1.5 Association

The nonprofit corporation to be formed to serve as the association of Owners as provided in Section 7 hereof, and its successors and assigns.

1.6 Alley

The area to the rear of certain lots homes subject an alley easement as shown on a plat.

1.7 Lot

The term "lot" shall mean each lot described on a Subdivision plat or partition map or any alteration thereof as may be made by a valid lot line adjustment.

1.8 Declaration.

The term "Declaration" shall mean this Declaration of Covenants. Conditions and Restrictions for WEBB LAKE Subdivision.

1.9 Homesite.

The term "Homesite" shall mean a lot as defined herein.

1.10 Owner.

The term "Owner" shall mean and refer to either all holders of fee title to any homesite or unit or any person entitled to possession pursuant to a contract of sale.

1.11 Improvements.

The term "Improvements" shall include, but not be limited to any buildings, outbuildings, private roads, driveways, parking areas, Walkways, fences and barriers, retaining walls and stairs, decks, hedges, windbreaks, planting, planted trees and shrubs, park strip (if any), signs, storage areas and all other structures or exterior landscaping, vegetation or ground cover of every type and every kind above the land surface.

1.12 Reserve Account Assessments

Assessments to cover the reserve fund for replacements pursuant to Section 9.2.

1.13 Streets.

The term "Streets" shall mean any street, highway or other thoroughfare within or adjacent to WEBB LAKE Subdivision and shown on any recorded subdivision or partition map, or survey map of record, whether designated thereon as street, boulevard, place, drive, road, terrace, way, lane, circle or otherwise.

1.14 Park Strip.

The term "Park Strip" shall mean the area between the curb and the property line excluding any sidewalk.

1.15 Fence.

The term "fence" shall mean a structural barrier which separates one space from another; is Used to define property boundaries, or which is constructed for ornamental purposes.

1.16 Common Properties

The term "Common Properties shall mean all areas so designated on a Plat, including but not limited to the berm, park areas and pedestrian paths, open space, and recreation areas.

1.17 Unit

The term "Unit" shall mean any unit not located on an individual lot, as in the case of a multi-family structure. Owners of Units shall have the same easement and voting rights as owners of homesites.

Section 2.

PROPERTY SUBJECT TO THE COVENANTS, CONDITIONS, AND RESTRICTIONS FOR WEBB LAKE SUBDIVISION.

2.1 General Declaration Creating WEBB LAKE Subdivision.

Declarant hereby declares that all the real property located in Marion County, Oregon, known as WEBB LAKE Subdivision as recorded on 4/26/05, shall be encumbered, leased, occupied, built upon or otherwise used, improved or transferred in whole or in part subject to this Declaration. All of said restrictions are declared and agreed to be established, with the purpose of protecting the desirability and attractiveness of said real property and every part thereof. All of the Covenants, Conditions, and Restrictions of WEBB LAKE Subdivision run with all of said real property, including any additions thereto, for all purposes and shall be binding upon and inure to the benefit of Declarant and all Owners and their successors in interest set forth in this Declaration.

Section 3.

ARCHITECTURAL CONTROLS.

3.1 Approval Required.

No improvement, as defined in Section 1.11 above, shall be erected, placed, altered, maintained, or permitted to remain on any land subject to this Declaration until final plans and specifications have been submitted to and approved in writing by the ARC.

3.2 Procedure.

Any owner proposing to construct any improvements within the WEBB LAKE Subdivision (including any exterior alteration, addition, destruction, or modification to any such improvements) shall follow the procedures and shall be subject to the approvals required by paragraphs 3.3 through 3.7 below. Failure to follow such procedures or obtain such approvals as required by paragraphs 3.3 through 3.7 below shall be deemed a breach of this Declaration. The ARC shall review plans in a reasonable time, and shall notify the owner of any required changes within 60 days of submittal. If the ARC does not respond to a complete set of plans with 60 of submittal, the plans shall be deemed to be approved. However, in no event shall a "deemed approval" allow any variation from an objective provision of this Declaration or any Architectural Guidelines.

3.3 Required Documents.

Any owner proposing to utilize, improve and/or develop real property within the WEBB LAKE Subdivision shall submit the following items for review:

- (a) A site plan showing the location, size, configuration, and layout of any building, structure, or improvement (or, where applicable, any alteration, addition, modification, or destruction thereto) including appurtenant facilities for parking, storage, and fences. The scale of plans shall be 1 inch = 20 feet or larger.
- (b) Architectural plans and drawings showing the nature, style, and dimensions of any building, structure, fence, wall, barrier or deck (or, where applicable, any alteration, addition, modification or destruction thereof), including the exterior material types, colors, and appearance. The scale of plans shall be 1/4 inch = 1 foot or larger.

3.4 Review.

All plans and drawings identified in paragraph 3.3 above shall be submitted to the ARC for review prior to the performance of any proposed work. No plans shall be reviewed until ALL items noted on the Plan Review Checklist have been submitted and addressed by the applicant. The ARC shall review the plans and shall inform the owner in writing whether the plans conform to the development concept for WEBB LAKE Subdivision. In the event any of the plans do not conform to the WEBB LAKE Subdivision development concept, the owner shall resubmit those non-conforming portions of the plans for review in accordance with the procedures outlined in paragraph 3.3 above, and this paragraph. No work may be performed relating to any improvement unless and until all aspects of all plans required under paragraph 3.3 above have been approved by the ARC.

3.5 Architectural Guidelines.

The development concept for the WEBB LAKE Subdivision shall be determined by the ARC in accordance with the Architectural Guidelines adopted for each phase and attached hereto, along with applicable statutes, ordinances, regulations, zoning and other governmental land use controls. Architectural guidelines setting forth various aspects of the development concept, in addition to this Declaration, may be published and revised from time to time by the ARC, but the ARC shall not be required to do so. Declarant may adopt additional or different Architectural Guidelines for any property annexed to the Subdivision. The initial architectural guidelines are attached hereto as Exhibit B.

3.6 Inspection.

All work related to any building, structure or improvement or any landscaping, vegetation, ground cover or other improvements within the WEBB LAKE Subdivision shall be performed in strict conformity with the plans and drawings approved under paragraph 3.4 above. The ARC shall have the right to stop all work if it believes that any such work is non-conforming. In the event that it is determined by the ARC that certain work is non-conforming, a stop work notice may be issued, without necessity of court order, which shall require the owner to correct all non-conforming work specified in the notice before the remainder of the proposed work may be completed. Continued work without correction of any such non-conforming items shall be deemed a breach of this Declaration. The ARC or officer, director, employee, agent or servant of the ARC shall not be responsible for any damages, loss, delay, cost or legal expense occasioned through a stop work notice even if it is ultimately determined that such work was in conformity with the approved plans and drawings.

3.7 Waiver.

Any condition or provision of paragraph 3.2 through 3.6 above may be waived by the ARC in its exclusive discretion. Any waiver shall be in general conformity with the development concept and development standards for the WEBB LAKE Subdivision. Any such waiver shall not be deemed a general waiver of any aspect of the development concept or the required procedures and approvals specified under paragraphs 3.2 through 3.6. The granting of a waiver as to one owner shall not automatically entitle any other owner to the waiver of the same or similar conditions or provisions. No waiver shall be valid unless it is in writing, signed by an authorized representative of the ARC and delivered to the party claiming the benefit of such waiver.

Section 4. RESTRICTIONS.

4.1 Access to Property.

No other private properties may be used for access without that Owner's written permission with the exception of recorded access and alley easements.

4.2 Alley Easements.

Some Lots are encumbered by recorded access and mutual alley easements.

4.3 Garbage and Recycling Pickup.

Garbage and recycling pickup is anticipated to be adjacent to paving in the alley for those homes with alley access. Curbside will be in the street for those homes without alleys. However, the disposal company shall have the final right to determine where pickup will be.

4.4 House Plan Design.

The use of the same house front exterior elevation is not allowed on the same block. The intent of this rule is to avoid the repetitive, exterior sameness that results from building the same plan side-by-side on the same block.

4.5 Improvements.

Each Lot within Webb Lake Subdivision shall be maintained in a clean and attractive condition, in good repair and in such a fashion as not to create a fire hazard. Home building must be completed within five months from the start of construction. ("Complete" means obtaining certificate of final inspection from the city.) Yards and park strip must be improved and landscaped, upon occupancy including the park strip area between the sidewalk and curb; in the event that the house is completed in winter, a 60 day extension may be granted. Automatic sprinkler systems must be installed in all front yards and in side yards adjacent to park strips.

Builders shall not disturb adjoining lots without permission. Each residence shall contain a minimum of 1450 square feet (not to include garage or storage)

While the park strip in front of each home is within the street right-of-way, it is each homeowner's responsibility to install and maintain automatic sprinklers and grass landscaping. The landscaped park strip must be sod.

4.6 Landscaping.

All disruption of the natural landscape must be repaired within 90 days of occupancy. During the winter, a 50-day extension may be granted upon application to the ARC. On unimproved lots, areas that have been disturbed and are highly visible or that constitute a dust problem may require corrective action as determined by the ARC.

Those lots with electrical transformers located in the park strip shall not plant any trees in the front and 3' feet within the side and rear of the transformer.

The front and side yards shall be covered with a minimum of 50% grass (sod). Excellent advice can be gained from the local nurseries and landscaping professionals. All landscape design is subject to review and approval by the ARC.

4.7 Livestock, Poultry and Pets.

No animals, livestock or poultry of any kind shall be raised, bred or kept on any Lot except that dogs, cats or other common household pets may be kept, provided that they are not kept, bred or maintained for any commercial purposes and do not constitute a nuisance. Doghouses shall be limited to two, and

may only be kept in the backyard or inside structure. Owners are responsible to clean up after walking dogs.

All WEBB LAKE homesites are within the City limits of Silverton and resident animals are subject to the City of Silverton leash laws. Animal nuisance ordinances are also in effect for barking and trash strewn dogs. If an animal is off the owner's homesite, it must be on a leash. Please contact the City of Silverton Police Department to report violations. The City of Silverton is best equipped to deal with these problems and can enforce stringent fines.

4.8 Lot Area Width, Setback Lines.

Lot area, width and setback lines shall be in accordance with the requirements of the applicable City of Silverton Zoning and Use Regulations or as otherwise approved by the City. The Declarant has obtained variances to certain setback provisions. No residential lot shall be further partitioned or subdivided after its initial sale.

4.9 Nuisances.

Boundary fences, walls or hedges must be kept in good condition and repair. Lawns must be cut sufficiently and maintained year round so that they do not become eyesores and detrimental to the values of other properties. Trees and shrubs that encroach on any other lot shall be trimmed and pruned if it is a nuisance to neighbors.

4.10 Occupancy.

No occupancy will be allowed before:

- (a) Final inspection and approval by the ARC and compliance with all governmental regulations.
- (b) Removal of all construction waste, materials and portable toilet.
- (c) Completion of exterior painting. (exception allowed during winter months)
- (d) Completion of front yard and side yard landscaping.

No owner shall occupy, use or permit his Lot or any part thereof to be used for any purpose other than a private residence for the Owner, their family or their guests, except that each Owner shall be permitted to rent the unit when he is not in occupancy. The rental period shall not be less than one month. Home occupations will be allowed as under the current City of Silverton Zoning Ordinance.

4.11 Parking.

No parking on any street shall be allowed of any horse trailer, travel trailer, commercial 18-wheel tractor, boat trailer, camper or incapacitated motor vehicle. Boats, trailers, buses, motor homes, commercial vehicles, trucks larger than one (1) ton, recreational vehicles, disabled vehicles or other similar vehicles shall not be parked or stored on any Lot in a position whereby said vehicles will be visible from the street. No unit shall exceed 25 feet in length. Owners must provide improved parking areas of asphalt, concrete or gravel pads. Overnight parking of trucks and trailers is permitted for the purpose of off-loading deliveries or moving household goods.

No parking whatsoever shall be allowed in access and alley easements; it is each owner's responsibility to see that their guests, invitees, and lessees abide by this condition. No vehicles shall be parked in the street for more than 24 hours at a time.

Parking is allowed on both sides of street except where posted and curbs are painted indicating "No Parking" zones.

4.12 Sidewalks.

Owners are responsible for clearing sidewalks of snow and debris.

4.13 Sight Distance at Intersection.

Sight distance at intersections shall conform to City of Silverton ordinance.

4.14 Model/Offices.

A model/office is allowed for any builder with multiple homes for sale with Declarant's approval.

4.15 Utilities.

No above ground utilities, pipes or wires shall be used to connect improvements with supplying facilities.

4.16 Vacant Lot.

The Owner of a vacant Lot shall maintain the Lot year round in a groomed and attractive manner so that the Lot does not become an eyesore or fire hazard and detrimental to the values of other properties.

4.17 Water and Sewer Supply.

No individual water supply system or sewage disposal system shall be permitted on any Lot.

Section 5. DECLARANTS IMMUNITY.

The Declarant shall have a non-exclusive right and power to enforce these Covenants, Conditions, and Restrictions, but the Declarant does not have the legal obligation to enforce or attempt to enforce the provisions hereof. In the event the Declarant refuses, neglects, fails or is negligent in enforcing or attempting to enforce these Covenants, Conditions and Restrictions there shall not exist or be created any cause of action or claim against Declarant, and each owner or any person or entity claiming by, through or from said owner hereby releases Declarant from and against any claim arising in connection with the development of Webb Lake or related to Declarant's acts or omissions in preparing, filing or enforcing these Covenants, Conditions and Restrictions and shall be stopped from making or enforcing any such claim.

Section 6. DURATION AND AMENDMENT OF THIS DECLARATION.

6.1 Duration.

The Covenants, Conditions and Restrictions of WEBB LAKE Subdivision shall remain in full force and effect at all times with respect to all property, and each part thereof, now or hereafter made subject thereto (subject however, to the right to amend and repeal as provided for herein) for a period of thirty (30) years from the date this Declaration is recorded. However, unless within one (1) year from the date of said termination, there shall be recorded an instrument directing the termination of this Declaration signed by the Owners of not less than seventy-five percent (75%) of the Lots then subject to this Declaration, this Declaration, as in effect immediately prior to the expiration date, shall be continued automatically without further notice for an additional period of ten (10) years and thereafter for successive periods of ten (10) years unless within one (1) year prior to the expiration of such period the Covenants, Conditions, and Restrictions for WEBB LAKE Subdivision are terminated as set forth above in this section.

6.2 Amendment.

This Declaration or any provision thereof, or any Covenant, Condition or Restriction contained herein, may be terminated, extended, modified or amended, as to the whole of said property or any part thereof with written consent of the Owners of seventy-five (75%) of the Lots subject to these Restrictions.

Any amendment, deletion or repeal of this Declaration shall not become effective until recorded in the Official Records of Marion County, Oregon.

Section 7. ASSOCIATION.

7.1 Association

Declarant shall organize an association of all of the Owners within Webb Lake . Such Association, its successors, and assigns, shall be organized under the name "Webb Lake Homeowners Association, Inc." or such similar name as Declarant shall designate, and shall have such property, powers, and obligations as are set forth in this Declaration for the benefit of Webb Lake and all Owners of property located therein.

7.2 Organization.

Declarant shall, before the first Homesite is conveyed to an Owner, organize the Association as a nonprofit mutual benefit corporation under the Oregon nonprofit Corporation Act.

7.3 Membership.

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

7.4 Voting Rights.

Voting rights within the Association shall be allocated as follows:

a) Homesites. Except as provided in Section 7.4(b) with respect to Class B members, Homesites shall be allocated one vote per Homesite.

b) Classes of Voting Membership.

The Association shall have two 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 Homesite owned computed in accordance with Section 7.4(a) above. When more than one person holds an interest in any Homesite, all such persons shall be members. The vote for such Homesite shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Homesite.

Class B. The Class B member shall be Declarant and shall be entitled to nine times the voting rights computed under Section 7.3(a) for each Homesite 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 percent (75%) of the Homesites in the final phase of development of Webb Lake, 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.

7.5 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 mutual benefit nonprofit corporation pursuant to the Oregon Nonprofit Corporation Act and of a homeowners association of a planned community pursuant to the Oregon Planned Community Act, as either or both may be amended from time to time.

(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 Webb Lake .

(d) Maintenance of Common Properties and Alleys. The Association shall be responsible for the maintenance of all Common Properties which have not been transferred to a public entity. Adjacent owners shall be responsible for the maintenance of all alleys.

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 Oregon Nonprofit Corporation Act.

7.6 Liability.

In consideration for each officer or member of the Board of Directors consent to serve the Webb Lake Home Owners Association, the owners, their successors and assigns, hereby release and forever acquit each officer and member of the board from all acts and omissions performed in their capacity as officers or board members. This release includes both ministerial and discretionary acts, omissions, and decisions. No officer or member of the board shall be liable at law or in equity for their individual acts or omissions or the acts, omissions or decisions of the officers or board as a whole.

7.7 Interim Board; Turnover Meeting.

Declarant shall have the right, but not the obligation, to appoint an interim board of three 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 Webb Lake to the Association not later than one hundred eighty (180) days after Homesites representing seventy-five percent (75%) of the votes in all phases of Webb Lake, as indicated on the Master Plan, and computed in accordance with Section 7.4 (a) above have been sold and conveyed to Owners other than Declarant. If Declarant does not call a meeting required by this Section within the required time, the Transitional Advisory Committee described in Section 7.7 below 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.

7.8 Transitional Advisory Committee.

In the event Declarant intends to appoint an interim board per Section 7.7, the Declarant or Owners may form a transitional advisory committee (the "Transitional Advisory Committee") to provide for the transition from administrative responsibility by Declarant of Webb Lake to administrative responsibility by the Association. Not later than the ninetieth (90th) day after the Declarant has conveyed to Owners other than Declarant Homesites representing seventy-five percent (75%) of the votes of all phases in Webb Lake, as indicated on approved Master Plan, and computed in accordance with Section 7.4(a) above, Declarant may 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 Owners, other than Declarant, shall select two or more members. Declarant may select no more than one member, which may be the Declarant. The Transitional Advisory Committee shall have reasonable access to all information and documents which Declarant is required to turn over to the Association under ORS 94.616.

(a) Declarant 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 for 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 7.7 above has been held.

7.9 Declarant Control After Turnover.

After the turnover meeting described in Section 7.6 above, Declarant shall continue to have the voting rights described in Section 7.4(b) above. In addition, a majority of the Board of Directors of the Association shall be elected by Declarant, as Class B member, with the balance of the Board of Directors elected by the Class A members. After termination of Class B membership, all directors shall be elected by the Class A members.

7.10 Subassociations.

Nothing in this Declaration shall be construed as prohibiting the formation of subassociations within Webb Lake.

7.11 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 Homesites 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 Webb Lake. 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 Homesites upon the date of delivery. The method of adoption of such rules shall be as provided in the Bylaws of the Association.

SECTION 8. MAINTENANCE, LIGHTING, AND SERVICES.

8.1 Maintenance and Lighting.

The Association shall perform all maintenance upon Common Areas, including but not limited to Pedestrian Paths, Access Easements (including snow removal), subdivision sign, neighborhood park and landscaped areas and other common areas, as the Board determines necessary. The Association may also incur expenses for the water for these landscaped areas. The Association shall maintain any storm water detention facilities along with any weirs, dams or other control structures appurtenant to any lake, pond or water feature.

SECTION 9. ASSESSMENTS.

9.1 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, and previous over assessment 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.

9.2 Reserve Assessments.

All Homesites shall be assessed equally for operation costs. The amount of the assessment per Homesite shall be determined by dividing the annual budget by the total number of Homesites. Assessments exceeding 10% increases annually require majority vote of members. The first annual assessment will be for the year 2005. Annual assessments will be due January 10 of each year. The initial annual assessment will be \$250.00.

9.3 Reallocation Upon or Withdrawal of Property.

When additional phases of Webb Lake are platted, the Association shall, within 60 days recompute the budget in accordance with Section 9.1 based upon the additional Homesites and recompute assessments for each Homesite based upon the formula set forth in Section 9.2. Newly platted Homesites shall be subject to assessment from the time of platting of such Homesites to Webb Lake, in accordance with the provisions of Section 9.2. The Association shall send notice of the assessment to the Owners of newly platted Homesites not later than sixty (60) days after the platting 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 that 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. To the extent that any adjustment results in a credit for an Owner, such credit shall be applied towards the next occurring payment or payments on the annual assessment.

9.4 Payment of Assessments.

The Association shall, not less than annually, provide notice to the Owner of each Homesite of the amount of the assessments for such Homesite. 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.

9.5 Creation of Lien; and Personal Obligation of Assessments.

Declarant, for each Homesite owned by it within Webb Lake does hereby covenant, and each Owner of any Homesite 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 attorney fees imposed pursuant to Section 10, shall be a charge on the land and a continuing lien upon the Homesite against which each such assessment or charge is made. Such assessments, charges, and other costs shall also be the personal obligations of the person who was the Owner of such Homesite 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 10 below.

Section 10. ENFORCEMENT.

10.1 Provision Violations.

In the event any Owner, agent, tenant or the invitee of 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 Homesites, then the Association, acting through its Board of Directors, may notify the Owner in writing that the violations exist and that such owner is responsible for them, and may, after reasonable notice, do any or all of the following: (a) suspend the Owner's voting rights 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) bring suit or action against such Owner to enforce this Declaration, (c) impose fines as provided in Section 10.5, or (d) any other action authorized by law

10.2 Nonqualifying Improvements and Violation of General Protective Covenants.

In the event any Owner constructs or permits to be constructed on such Owner's Homesite and 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 Homesite, 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 Homesite, 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 or 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 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 inequity, the right to do any or all of the following:

- (a) Remove Cause of Violation. Enter onto the offending Homesite, 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.
- (b) Suit or Action: Bring suit or action against the Owner on behalf of the Association and other Owners to enforce this Declaration.
- (c) Impose one or more fines as provided in Section 10.5.

10.3 Default In Payment of Assessments; Enforcement of Lien.

If an assessment, fine, 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) Suspend of Rights: Acceleration. The Association may suspend such Owner's voting rights until such amounts, plus other charges under this Declaration, are paid in full and may declare all remaining periodic installments of any annual assessment or any other amounts owed by such Owner to the Association immediately due and payable.
- (b) Lien For Assessments. The Association shall have a lien against each Homesite and improvements thereon for any assessment levied and any fines or other charges imposed under this Declaration or the Bylaws against the Owner of the Homesite from the date on which the assessment, fine or charge is due. The provisions regarding the attachment, notice, recordation, duration and foreclosure of liens established on real property under ORS 94.709 et. seq. shall apply to the Association's lien. The lien

shall be foreclosed in accordance with the provisions regarding the foreclosure of liens under such statutes. The Association, its duly authorized agents, may bid on the Homesites at such foreclosure sale, and may acquire and hold, lease, mortgage, and convey the Homesite. 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 and charges under this Declaration without foreclosing or waiving the lien described in paragraph 10.3(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.

10.4 Interest, Expenses, and Attorney 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 of twelve percent (12%) per annum. 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 ten percent (10%) 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 attorney fees at trial and upon any appeal or petition for review thereof or in any bankruptcy proceeding.

10.5 Fines.

The Board of Directors may establish a schedule of fines applicable to violations of this Declaration or rules and regulations established pursuant to this Declaration. Fines may be imposed by the Board of Directors after giving the alleged violator notice of the proposed fine and an opportunity to be heard. Fines shall be payable within ten days after receipt of written notice of the imposition of the fine. All fines shall be deposited in the Association's operating account.

10.6 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.

10.7 Severability.

Invalidation of any of these covenants by judgment or court order shall in no way affect any of the other provisions, which shall remain in full force and effect.

Section 11. ARCHITECTURAL REVIEW COMMITTEE.

11.1 Responsibility.

There shall be an Architectural Review Committee (ARC). The committee shall be responsible for implementation, interpretation and enforcement of the Architectural Rules and Guidelines. The committee or any of its members have the right to enforce the Webb Lake Conditions, Covenants, and Restrictions. Each decision of the ARC made in conjunction with its responsibilities shall be conclusive, determinative and binding upon the owners and their agents.

The ARC may enforce the Architectural Rules and Guidelines in the same manner and are subject to the same requirements, restrictions and effects as set forth in Section 10 hereof.

11.2 Liability.

In consideration for each committee member's consent to serve on the committee, the owners, their successors and assigns, hereby release and forever acquit each member of the committee from all acts and omissions performed in their capacity as committee members. This release includes both ministerial and discretionary acts, omissions, and decisions. No member of the committee shall be liable at law or in equity for their individual acts or omissions or the acts, omissions or decisions of the committee as a whole.

11.3 Non waiver.

The guidelines shall generally set forth the procedures owners are to follow for the approval, construction and maintenance of any improvement, landscaping and the like on any Lot within Webb Lake Subdivision.

11.4 Members

The ARC shall initially consist of three members appointed by the Declarant. Neither the members of the ARC nor its designated representative shall be entitled to any compensation for services performed by said members. In the event of the deaths or resignations of all members of the ARC occurs without successors having been appointed, the Declarant shall appoint the successors.

When 90% of the homes are completed, the majority of the owners may elect the members of the ARC. In case of death or resignation of any member, the remaining member or members shall appoint a successor.

11.5 Decisions.

Except as otherwise provided herein, a majority of the Architectural Review Committee shall have the power to act on behalf of the committee without the necessity of a meeting and without the necessity of

consulting the remaining members of the committee. The committee shall render its decisions in writing, copies of which shall be sent or delivered to the owner involved.

11.6 Approvals.

The ARC shall approve or disapprove plans within a reasonable time after the same has been submitted to it in writing. The ARC will not commence reviews of an applicant's submittal until all items noted on the Plan Review Checklist have been submitted and addressed by the applicant. There shall be no construction or disturbance of any vegetation on any lot before approval is obtained by an owner.

Approval by the ARC of any matter proposed to it shall not be deemed a waiver or a precedent impairing the ARC's right to withhold approval as to any similar matter thereafter submitted to it.

Section 12 PROPERTY RIGHTS IN THE COMMON PROPERTIES.

12.1 Members' Easements Of Enjoyment.

Subject to the provisions of Section 3 of this Article every member shall have a right of easement and enjoyment in and to the Common Properties, and such easement shall be appurtenant to and shall pass with the title to every Lot or Living Unit and upon the recordation of a contract of sale of any Lot or Living Unit.

12.2 Title To Common Properties.

The Declarant may retain legal title to the Common Properties until such time as it has completed improvements thereon and until such time as in its opinion the Association is able to maintain the same. The Declarant may elect, prior to conveyance to the Association, to convey some or all of the Common Properties to a municipal corporation, public agency or authority rather than convey such Common Properties to the Association.

12.3. Extent Of Members' Easements.

The rights and easements of enjoyment created hereby shall be subject to the following:

- A. The right of the Association to limit the number of guests of members, and to adopt any reasonable rules and regulations regarding the time, place and manner of the use of common property.
- B. The right of the Association to charge reasonable admission and other fees for use of any recreational facility situated on the Common Properties.
- C. The right of the Association to suspend the enjoyment rights of any member for any period during which any assessment remains unpaid and for any period not to exceed thirty days for any infraction of its published rules and regulations; and
- D. The right of the Declarant and the Association in accordance with its Articles and Bylaws to mortgage said property as security for any loan the purpose of which is improvement of the Common Properties. In the event of a default upon any such mortgage, the lender's rights hereunder shall be limited to a right after taking possession of such properties to charge admission and other fees as a condition of continued enjoyment by the members, and if necessary, to open the enjoyment of such property to a wider public until the mortgage debt is satisfied, whereupon the possession of such property shall be returned to the Association and all rights of the members hereunder shall be fully restored; and

E. The right of the Association to dedicate or transfer all or any part of the Common Properties to any municipal corporation, public agency or authority for such uses and purposes and subject to such conditions as may be agreed to by the members.

12.4 Delegation Of Use.

Any member may delegate in accordance with the bylaws his right of enjoyment to the Common Properties to the members of his family and his tenants.

Section 13 ANNEXATION OF ADDITIONAL PROPERTY

13.1 Additional Property.

Either Grantor or Declarant(s) may acquire additional real property contiguous to the Real Property described in Exhibit "A" to this Declaration. Grantor and Declarant reserve the right to record a Memorandum incorporating this Declaration by reference to include all or any part of such contiguous property (the term "contiguous" to include property separated by public street) to the effect that this Declaration would apply to the property described in the Memorandum, the same as if it had been described in Exhibit "A" of this declaration, and that so long as Grantor owns Real Property subject to the effect to this Declaration, including real property subsequently subjected to the restrictions of this Declaration, Grantor shall retain the rights set forth in paragraph 3 above, the same as if such real property had been subject to the Declaration at the time of its recordation.

Section 14 NOTICE OF ADJACENT LAND USE AND WAIVER OF REMONSTRANCE

The parcel adjacent to Webb Lake Phase One, to the east, is the site of a food processing facility. The food processing facility, at times, produces noise, light, and smells associated with the food processing operation and during certain times of the year may operate 24 hours a day. Declarant for each Lot and Living Unit owned by it within the Webb Lake Subdivision hereby covenants, and each Owner of any Building Site or Living Unit by acceptance of the deed therefore, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to acknowledge and accept the food processing operation and any impacts from the operation. Declarant for each Lot and Living Unit owned by it within the Webb Lake subdivision hereby covenants, and each Owner of any Building Site or Living Unit by acceptance of the deed therefore, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to agree not to challenge or otherwise remonstrate against the existing operation.

Section 15. EFFECT OF DECLARATION.

The Covenants, Conditions and Restrictions of this Declaration shall run with the land included in WEBB LAKE Subdivision and shall bind, benefit and burden each Lot in WEBB LAKE Subdivision, including any additions thereto. The terms of this Declaration shall inure to the benefit of the Owners of any Lot in WEBB LAKE Subdivision, their successors, assigns, heirs, administrators, executors, mortgagees, invitees, or any other party claiming or deriving any right, title or interest or use in or to any

real property in WEBB LAKE Subdivision. The restrictions set forth herein shall be binding upon all Owners, lessees, licensees, occupants and users of the property known as WEBB LAKE Subdivision and their successors in interest, including any person who holds such interest as security for the payment of any obligation including any mortgagee or other security holder In actual possession of any Lot by foreclosure or otherwise and any other person taking title from such security holder.

IN WITNESS WHEREOF, the Declarant has executed this Declaration this day of May, 2005.

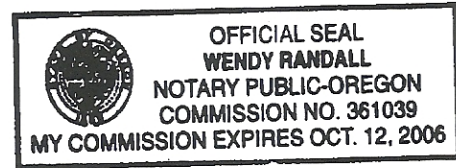
Webb Lake Development, LLC

By: Tucker Mayberry, Member

STATE OF OREGON

COUNTY OF Deschutes

) SS:



The foregoing instrument was acknowledged before me this 4th day of May, 2004⁵, by Tucker Mayberry, Member of Webb Lake Investments, LLC, on its behalf.

Notary Public for Oregon

My Commission Expires: Oct 12, 2006