

DECLARATION OF COVENANTS, CONDITIONS AND
RESTRICTIONS
WILLOW CREEK ESTATES

This Declaration, to be effective upon its recording in Clackamas County, Oregon, is made and executed this _____ day of _____, 1991, by Willow Creek Estates, Inc., (hereafter "Declarant").

Declarant is the owner of certain real property in the City of Canby, Clackamas County, Oregon, which is more particularly described in Exhibit A attached hereto and incorporated herein by this reference.

Declarant proposes to create a planned unit development project (herein after "community") to be known as Willow Creek Estates, composed of portions of the real property described in Exhibit A, and may include other contiguous real property hereafter owned by Declarant which is subject to this declaration of Covenants, Conditions and Restrictions of Willow Creek Estates by a subsequent declaration recorded by Declarant for that purpose.

ARTICLE 1: DEFINITIONS

"Articles of Incorporation" means the articles of incorporation for the non-profit corporation of Willow Creek Estates Homeowner's Association, Inc. filed with the Oregon Corporation Commissioner, as amended from time to time.

"Association" means the Willow Creek Estates Homeowner's Association, Inc. an Oregon non-profit corporation.

"Board" means the board of directors of the Association.

"Bylaws" means the Bylaws of the Association as amended from time to time.

"Common Property" means any real property or interest in real property which is owned or leased by the Association, or designated in a plat for transfer to the Association. "Common Property" does not include real property or improvements thereon which are platted as part of a condominium, group of townhouses, or similar related Living Units, even though such real property and improvements may be owned or used in common by owners or occupants of those Living Units. "Common Property" includes personal property owned or leased by the Association.

"Declarant" means Willow Creek Estates, Inc. and any successor or assignee thereof specified as a successor Declarant in a written agreement between the parties.

"Declaration" means this declaration and any amendments thereto.

"Living Unit" means a building or a portion of a building located upon a Lot and intended for separate occupancy and ownership; it does not include a building or portion of a building on Common Property.

"Lot" means a unit of land in the Property which is platted for the purpose of constructing thereon one or more Living Units; at such time as a Lot has one or more Living Units constructed upon it, it ceases to be a Lot for purposes of voting and

DECLARATION

Page 1

assessment pursuant to this Declaration.

“Mortgage” means a mortgage or a deed of trust pertaining to a Lot or Living Unit.

“Mortgagee” means a mortgagee or a beneficiary of a deed of trust.

“Occupant” means the occupant of a Living Unit.

“Owner” means the legal owner or contract purchaser of any Lot or Living Unit which is part of the Property, but does not include a mortgagee who has an interest in the Lot or Living Unit merely as security for the performance of an obligation.

“Plat” means the final map, diagram, drawing, replat or other writing containing the descriptions, locations and other information on Common Property, Living Units and/or Lots in a subdivision of all or a portion of the real property in the community.

“Property” means each parcel of real property on which Declarant records a plat and declares all or portions thereof to be part of Willow Creek Estates. “Property” also means all improvements and fixtures located on the Property. “Property” includes tracts of Common Property identified as such on the recorded plat, whether or not such tract has been conveyed to the Association. “Property” does not include any portion of the real property described in Exhibit A unless and until a plat and declaration for such portion are recorded by Declarant.

“Service Association” means a separate Association on the Property which is formed by Declarant in conjunction with a condominium, group of townhouses, or similar related Living Units. A Service Association may be vested with authority and responsibility to govern and maintain real property and improvements which are platted as part of the related Living Units, but the provisions of this Declaration shall also apply to all such real property and owners and occupants thereof. The members of a Service Association may be assessed by the Service Association as well as by the Association.

ARTICLE 2: NAME

The name by which the community is to be identified is “Willow Creek Estates”.

ARTICLE 3: GENERAL DEVELOPMENT PLAN

Phased Development. Declarant proposes to develop and plat the community in several phases. As each phase is developed, Declarant will record a plat of the phase, each plat will identify the number of Lots and/or Living Units included in that phase and any tracts, which will or may be subsequently conveyed to the Association as Common Property. There is no limit on the number of phases that may be included in the community. Declarant is not obligated to only the area described in Exhibit A or to include all or any particular portion of the real Property described in Exhibit A.

Common Property. As each phase of the community is platted, the plat shall depict the tracts, if any, which will or may be transferred to the Association as Common Property. At such times as the Delarant shall deem the Association financially capable of operating and maintaining a tract of Common Property, it shall convey such tract to the

DECLARATION

Page 2

Association; provided, that any tract so conveyed shall be free of debt encumbrance at the time of conveyance and shall thereafter be responsible to operate and maintain such tract of Common Property and any facilities at Declarant's expense. The Common Property is more fully described in Article 6.

ARTICLE 4: ARCHITECTURAL CONTROL

Architectural Control. The Board shall appoint an Architectural Committee initially consisting of three members. The Board may remove and replace their respective appointees at any time, with or without cause. The members of the Architectural Committee may or may not be members of the Board. The Architectural Committee shall have the authority and duty to regulate the external design, appearance, location and maintenance of any and all improvements on the Property and any and all landscaping thereon in accordance with the provisions of this Declaration and the Architectural Standards for Willow Creek Estates.

Committee Approval Required. No building, fence, wall, patio, deck or other structure or improvement shall be commenced, erected, or maintained upon the Property nor shall any exterior addition to, or change or alteration therein, be made, nor shall any landscaping of any portion of the Property be commenced or maintained until the plans and specifications have been submitted to and approved in writing by the Architectural Committee pursuant to the procedure outlined in the Architectural Standards for Willow Creek Estates.

Architectural Standards. The Board may, from time to time, amend modify or revise provision of the Architectural Standards, including the procedures for submission to and approval of the Architectural Committee outlined therein; provided, however, that no such amendment, modification or revisions shall be binding upon the Owners until notice of the same has been given to the Owners by the Board, and no such amendment, modification or revisions shall affect structures, improvements, or landscaping approved prior to the enactment of such amendment, modification or revision.

ARTICLE 5: USE RESTRICTIONS AND OBLIGATIONS

Residential Use. No commercial activities of any kind shall be carried on in any Living Unit or on any other portion of the Property except activities relating to the sale or rental of Lots or Living Units. This provision, however, shall not be construed so as to prevent or prohibit an Owner from maintaining his professional personal library, keeping his personal business or professional records or accounts, handling his personal business or professional telephone calls, or occasionally conferring with business or professional associates in his Living Unit.

Animals. Other than a maximum of two pets per Living Unit, no animals or fowls shall be raised, kept, or permitted. No animals of any kind shall be kept, bred or raised for commercial purposes. All pets shall be confined to the Owner's Living Unit or Lot and shall not be permitted to run free or otherwise to be or become a nuisance or source of

annoyance to other owners or occupants. All owners of pets will abide by municipal sanitary regulations, the leash laws, and rules or regulations promulgated by the Board. An owner may be required to remove a pet after receipt of two notices in writing from the Board of violations of this section or of any such laws, rules or regulations governing pets.

Vehicles. No trucks (except, pickups of $\frac{3}{4}$ ton weight or less), campers, motor homes, trailers, boats, golf carts, motorcycles, or similar recreational vehicle shall be parked on any Lot or street other than temporarily (in no case in excess of 48 hours) and then solely for the purpose of loading or unloading or a service call; provided, however, that such vehicle may be kept within an Owner's enclosed garage or fenced yard.

Additional Rules and Regulations. The Board from time to time may adopt, modify, or revoke rules and regulations governing the conduct of persons and the operation and use of the Property as it may deem necessary or appropriate in order to assure the peaceful and orderly use and enjoyment of the Property. Such action may be modified by vote of not less than $\frac{2}{3}$ of each class of members voting in person or by proxy, at a meeting duly called for this purpose. A copy of the rules and regulations, upon adoption, and a copy of each amendment, modification or revocation thereof, shall be delivered by the Secretary promptly to each Owner and shall be binding upon all Owners and Occupants on any portion of the Property from the date of delivery.

ARTICLE 6: COMMON PROPERTY

Common Property Tracts. As each phase of the community is platted, the plat shall depict the non-street tracts, if any, which will or may be transferred to the Association as Common Property. Such tracts may contain landscaping, ponds, and/or facilities or improvements for the use, or benefit, in common, of the members of the Association. Declarant is under no obligation to improve said tracts with any particular facilities or structures, but reserves the right to improve a tract or tracts with swimming pools, tennis courts, meeting halls, or similar recreational facilities, at its own expense, prior to conveying the same to the Association.

Conveyance to the Association. At such time as the Declarant deems the Association financially capable of operating and maintaining a tract of Common Property, it shall convey said tract to the Association; provided, that any tract so conveyed shall be free of debt encumbrance at the time of conveyance. The Association shall accept each such conveyance and shall thereafter be responsible to operate and maintain such tract and any facilities thereon in good repair and in an attractive appearance at the Association's expense. Prior to the conveyance, the Declarant shall be responsible to maintain such tract and facilities at Declarant's expense.

Mortgage or Conveyance of Common Property. After conveyance to the Association, the Common Property cannot be mortgaged or conveyed without the affirmative vote of four-fifths of each class of members voting in person or by proxy at a meeting duly called for this purpose; provided, however that this section shall not apply to the granting of easements for public utilities or other public purposes.

DECLARATIONS

Page 4

After conveyance to the Association, the Board shall have the sole authority to negotiate with any public or private body or person having the power of eminent domain and to sue or defend in any litigation involving such bodies or persons with respect to the Common Property or any portion thereof which is the subject of any condemnation or eminent domain proceeding.

Members Easements. Subject to the provisions of this Declaration and rules and regulation of the Association, every Owner shall have a right and easement to the Common Property, which easements shall appurtenant to and shall pass with the title to every Lot or Living Unit. The Owner's easements created hereby shall be subject to the following rights of the Association.

ARTICLE 7: ASSOCIATION

Organization-adoption of Bylaws. Upon the execution and recording of this Declaration, the Articles of Incorporation shall be filed, and the Association shall be organized to provide for the preservation and architectural control of the Property, the maintenance of the Common Property, and to promote the health, safety, and welfare of the Owners and Occupants of the Property. Declarant shall simultaneously adopt and record Bylaws for the Association.

Board of Directors. The affairs of the Association shall be governed by a Board of Directors as provided in the Bylaws. The Declarant shall appoint the initial directors of the Board.

Power and Duties of the Association. The Association shall have such powers and duties as may be granted or delegated to it by law, the Articles of Incorporation, this Declaration and the Bylaws.

Membership. Every person or entity who is a record owner of a fee interest or undivided fee interest in any Lot or Living Unit or a purchaser in possession under a land sale contract shall be a mandatory member of the Association. The foregoing is not intended to include persons or entities that hold an interest merely as security for the performance of an obligation. Membership in the Association shall be appurtenant to, and may not be separated from, ownership of any Lot or Living Unit. Transfer of ownership of a Lot or Living Unit automatically transfers membership in the Association.

Voting Rights. The Declarant shall be entitled to three votes for each platted and undeveloped Lot. All members shall be entitled to one vote for each Lot or Living Unit owned; provided, however, that at such time as one or more Living Units have been constructed on a Lot the vote for the Lot shall cease to exist.

ARTICLE 9: COVENANTS FOR ASSESSMENTS

Creation of Lien and Personal Obligation for Assessments. The Declarant hereby covenants, and each Owner of any Living Unit or Lot by acceptance of a deed thereof, whether or not it shall be so expressed in such deed, is deemed to covenant and agrees to pay the Association (1) annual assessments or charges, (2) special assessments, and (3)

DECLARATIONS

Page 5

individual assessments to be established and collected as hereinafter provided.

All such assessments, together with interest thereon and together with attorney fees and cost of collection thereof as hereinafter provided, shall be a continuing lien upon the Living Unit or Lot against which each such assessment is made. Each such assessment, together with interest thereon, attorneys fees and costs of collection thereof, shall also be the personal obligation of the person who was the Owner of such Living Unit or Lot at the time when the assessment fell due as well as a lien on his respective Living Unit or Lot. ~~The personal obligation for delinquent assessments shall not pass to an owner's successors in title unless expressly assumed by them, but the lien of the assessment shall run with the Lot or Living Unit.~~

Purpose of Annual Assessments. The annual assessments levied by the Association shall be used exclusively to promote the health, safety, and welfare of the Owners and Occupants, and to pay the common expense of the Association. Common expenses shall include:

1. Expenses of administration.
2. Expenses of maintenances of the Common Property after conveyance to the Association.
3. Cost of insurance or bonds.
4. Costs of funding reserves.
5. Any deficit in common expenses for any prior fiscal year of the Association.
6. Any other items properly chargeable as an expense of the Association.
7. Any other items agreed upon as common expenses by the voting members.

Reserve Accounts for Major Repair and Replacement Improvements.

The Association shall maintain a reserve account or accounts for repair or replacement of those structures or improvements, including streets, on the common property which will naturally require replacement in more than three and less than thirty years, taking into account the estimated remaining life of such items and the replacement cost thereof. The reserve account or accounts will be funded out of the annual assessments each year. The initial budget of the Association shall provide for not less than 5% of the amounts of each annual assessment to be paid into the reserve account. That initial amount may be increased annually. That initial amount shall not be decreased nor shall the funds be used for any purpose other than defraying all or part of the costs of major repair or replacement as provided herein, except by a vote of two-thirds of each class of members voting in person or by proxy, at an annual meeting or special meeting duly called for this purpose. The Board shall invest the reserve funds in an insured interest-bearing account until needed.

Maximum annual assessment. Until January 1 of the year immediately following the conveyance of the first Lot or Living Unit to an Owner other than Declarant, the maximum annual assessment shall be \$240.00 per year for each Lot or Living Unit Assessed.

The Board may increase the maximum annual assessment each year not more than 5% above the maximum assessment for the previous year without a vote of the membership.

DECLARATIONS

The maximum annual assessment may be increased above 5% by a vote of two thirds of the members voting in person or by proxy, at an annual meeting or special meeting duly called for this purpose.

The Board may fix the annual assessment at any amount not in excess of the maximum. The first annual assessment shall be \$180.00.

Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Property for which the reserve account is inapplicable or inadequate, provided that any such assessment shall have the approval of two-thirds or the votes of the members voting in person or by proxy, at a meeting duly called for this purpose.

Uniform Rate of Assessment. Except as hereinafter provided, both annual and special assessments must be fixed at a uniform rate for all Lots and Living Units; provided, however, that at such time as one or more Living Units on a Lot are assessed, the Lot shall no longer be assessed. A Living Unit shall be assessed at such time as an occupancy permit has been issued by the appropriate governing body.

Date of Commencement of Annual Assessments. The annual assessments provided for herein shall commence no later than the first day of the month which commences 60 days following the conveyance of the first Lot or Living Unit to an Owner other than the Declarant. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board shall fix the amount of the annual assessment at least thirty days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to the Owners of every Lot or Living Unit subject thereto. In the event the Board fails to fix the amount of the assessment and file notice thereof, the assessment fixed for the preceding year shall continue until new assessments are fixed and notice given as provided herein. The annual assessments may be made payable on a monthly, quarterly, or annual basis as determined by the Board.

Exemption from Assessments. No Lot or Living Unit owned by Declarant shall be subject to any annual or special assessment until it has been sold or leased to a person other than the Declarant.

Individual Assessments. The Association may assess an Owner individually for common expenses incurred through such Owner's fault or direction or failure to perform the obligations imposed on Owners by their Declaration, the Bylaws, the Architectural Standards, or rules and regulations. Further, an Owner shall be assessed individually for fines, charges and expenses incurred by the Association in the process of collection of assessments or enforcements of this Declaration, the Bylaws, the Architectural Standards, or rules and regulations.

ARTICLE 9: COLLECTION OF ASSESSMENT & ENFORCEMENT

Compliance with Declaration, Bylaws, Rules and Regulations. Each Owner, Occupant and Guest shall comply with the Declaration, Bylaws, and rules and regulations adopted pursuant thereto.

Authority to Enforce and Collect. The Board shall take prompt action against any violator to enforce the provisions of the Declaration, Bylaws, rules and regulations adopted pursuant thereto, including prompt action to collect any unpaid assessment. In doing so, the Board may exercise one or more of the remedies, separately or concurrently, specified in the Declaration or Bylaws, as well as any other remedies which may be available at law. In addition, any aggrieved Owner may bring an action to recover damages or to enjoining, abate, or remedy any noncompliance or breach by appropriate legal proceedings.

Abatement and Enjoining of Violations. In the event of a violation of provisions of the Declaration, Bylaws or any rules or regulations adopted pursuant thereto, the Board shall have the right to:

Enter the Lot or Living Unit in which or as to which such violation exists and to summarily abate and remove, at the expense of the Owner, any thing or condition that may exist therein contrary to the intent and meaning of said provisions, and the Board shall not thereby be deemed in any manner of trespass.

Enjoin, abate, or remedy such thing or condition, including removal or alteration of construction by appropriate legal proceedings.

Interest, Late, Charges, Fines. Late fees shall accrue on any assessment or portion thereof not paid when due at the rate of \$10 per month until paid. The Board may, if it deems appropriate, impose charges for late payments of assessments and, after giving notice and an opportunity to be heard, levy reasonable fines for violations of the Declaration, Bylaws and rules and regulations adopted pursuant thereto.

Acceleration of Assessment. In the event that an Owner fails to pay an installment of an assessment when it is due, the Board may, after ten days, written notice, declare the defaulting Owner's entire annual or special assessment due immediately, and interest thereafter shall accrue on the entire assessment at 1.5% per month until paid.

Attachment, Notice, Recordation, Duration and Foreclosure of Lien; Appointment of Receiver; Power to Bid at Foreclosure Sale. The Association shall follow the provisions regarding the attachment, notice, recordation and duration of liens established on real property under ORS 87.352 to 87.382 and provisions regarding the foreclosure of liens under ORS Chapter 88, except that notwithstanding ORS 87.376 a lien for an unpaid assessment shall continue in force and the suit to foreclose need not be commenced for a period of three years from the date the particular unpaid assessment became due. In any such foreclosure suit, the Owner shall be required to pay reasonable rental for the Lot or Living Unit. The plaintiff in such foreclosure suit shall be entitled to the appointment of a receiver to collect the rent. The Board, acting on behalf of the Association, shall have the power to bid on the Lot or Living Unit at the foreclosure sale, and to acquire and hold, lease, mortgage and convey the same, on behalf of the Association.

DECLARATIONS

Page 8

Action to Obtain and Recover a Money Judgment. The Board may bring an action to obtain a money judgment against an Occupant or Owner for damages for the Occupant's or Owner's breach or noncompliance with the provisions of the Declaration, Bylaws or rules and regulations adopted pursuant thereto. The Board may bring an action to obtain a money judgment for unpaid assessments against the Owner personally obligated to pay the same; the action to recover a money judgment for unpaid assessments may be maintained without foreclosing or waiving the lien securing the same.

Collection Costs; Attorneys' Fees. Owners who fail to pay assessments when due shall be obligated to pay reasonable fees and cost including, but not limited to, attorneys' fees incurred in connection with the Board's efforts to collect the delinquent or unpaid assessments, whether or not suit or action is commenced. In the event the Board commences suit or action for the collection of any amounts due or to seek damages or enforcement of any provision of the Declaration, Bylaws or rules and regulations adopted pursuant thereto, the defendants, jointly and severally, will be liable for the cost of such suit or action, including reasonable attorneys' fees to be fixed by the court or courts, both at trial and on appeal, in addition to all other sums or obligations.

ARTICLE 10: INSURANCE

Types of Insurance Policies: For the benefit of the Association and the Owners, the Board shall obtain and maintain at all times and shall pay for out of the common expenses funds, the following insurance:

A policy or policies insuring the Association, its Board and the Owners individually, against any liability to the public or the Owners and their invitees or tenants, incident to the ownership, supervision, control or use of the Common Property. Limits of liability under such insurance shall be not less than \$500,000.00 per occurrence for bodily injuries and property damage liability endorsements wherein the rights of named insured under the policy or policies shall not be prejudiced as respects his, her or their action against another named insured.

The Board may obtain and maintain a fidelity bond naming such persons as may be designated by the Board as principals and the Association and the Owners as obliges, for the amount determined by the Board, and may require that all officers and employees of the Association handling or responsible for association funds obtain adequate fidelity bonds. The premiums on such bonds shall be paid by the Association.

The Board may obtain additional insurance that it deems necessary to protect the interest of the Association. The Board shall make every reasonable effort to protect the interest of the Association. The Board shall make every reasonable effort to secure insurance policies that will provide for the following;

1. A waiver of subrogation by the insurer as to any claims against the Board, the manager, the Owners and their respective agents and guests.
2. A provision that the policy cannot be canceled, invalidated or suspended on account of the conduct of any one or more individual Owners.

DECLARATIONS

3. A provision that the policy cannot be canceled, invalidated or suspended on account of the conduct of any officer or employee of the Board with prior demand in writing that the Board of Directors or manager cure the defect.
4. A provision that any "no other insurance" clause in the policy exclude individual owners' policies from consideration.

The Association shall not be responsible for any loss or damage to real or personal property of any Owner, whether stored on the Common Property or in the Owner's Lot or Living Unit, nor shall the Association maintain any insurance coverage for such loss.

ARTICLE 11: GENERAL PROVISIONS

Records. In addition to the records required in the Bylaws, the Board shall keep detailed records of the action of the Board, including minutes of the meetings of the Board and minutes of the meetings of the Association. The Board shall also keep detailed and accurate financial records in chronological order of the receipts and expenditures of common expenses. The Board shall also maintain an assessment roll in which there shall be an account for each Lot or Living Unit subject to assessment. Such account shall designate the name and address of the Owner of the Lot or Living Unit, the amount of each assessment against the Owner, the dates and amounts on which the assessment becomes due, the amounts paid upon the account, and balance due on the assessments.

Indemnification of Directors, Officers, Employees and Agents. The Association shall indemnify any director, officer, employee or agent who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by the Association) by reason of the fact that he is or was a director, officer, employee or agent of the Association or is or was serving at the request of the Association as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by said person in connection with such suit, action or proceeding if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interest of the Association, and, with respect to any criminal action or proceedings, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction or with a plea of nolo contendere or its equivalent, shall not of itself create a presumption that a person did not act in good faith and in a manner which he reasonably believed to be in, or not opposed to, the best interest of the Association and, with respect to any criminal action or proceedings, had reasonable cause to believe his conduct was unlawful. Payment under this clause may be made during the pendency of such claim, action, suit or proceeding as and when incurred, subject only to the right of the Association, should it be proven at a later time that said person had no right to such payments. All persons who are ultimately held liable for their actions on behalf of the Association as director, officer, employee or agent shall have a right to

contribution over and against all other directors, officers, employees or agents and members of the Association who participated with or benefited from the acts which created said liability.

Enforcement. The Declarant, the Association, the Owners of Lots or Living Units within the Property, the holder of any recorded mortgage on any of the covenants, conditions, restrictions, reservations, easements, liens and charges now or hereinafter imposed by any of the provisions of this Declaration as may appertain specifically to said bodies or owners by any proceeding at law or in equity. Failure to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of their right to do so thereafter. In the event suit or action is commenced to enforce the terms and provisions of this Declaration, the prevailing party shall be entitled to its attorneys' fees and costs in such suit or action to be fixed by the trial court, and in the event of an appeal, the cost of the appeal, together with reasonable attorneys' fees, to be set by the appellate court. In addition thereto, the Association shall be entitled to its reasonable attorney's fees incurred in any enforcement activity taken on delinquent assessments, whether or not suit or action is filed.

Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall not affect the other provisions thereof and the same shall remain in full force and effect.

Duration. The covenants and restrictions of this Declaration shall run with and bind the land for a term of twenty years from the date of this Declaration being recorded, after which time they shall be automatically extended for successive periods of ten years, unless rescinded by a vote of a least ninety percent of the members and approved by ninety percent of the holders of first mortgages on the Lots and Living Units.

Rights of Mortgagees. Any holder of a first mortgage lien on any Lot or Living Unit upon written request to the Board, shall have the right to:

Receive timely written notice of meetings of the Association.

Receive timely written notice of any proposed abandonment or termination of the Association.

Receive timely written notice of any material amendment of the Declaration or the Articles of Incorporation or Bylaws of the Association.

Inspect the financial records and similar documents of the Association at reasonable intervals during normal business hours.

Receive written notice of substantial damage to or destruction of any Common Property and/or any improvements thereon.

Receive timely written notice of any condemnation or eminent domain proceeding affecting the Common Property or any portion thereof.

Notice of Default by Mortgagor. Upon written request of the mortgagee, the Association shall give the mortgagee written notification of any default by the mortgagor in the performance of such mortgagor's obligations under this Declaration which is not cured within thirty days.

DECLARATIONS

ARTICLE 12: AMENDMENTS TO DECLARATION

Amendment by Members. The Declaration may be amended by affirmative vote of not less than ¾ of all members.

Declarant's Right to Amend. Notwithstanding the provisions of Amendment by Members, the Declarant may amend the Declaration in order to comply with requirements 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 Mortgage Loan 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 community or Lots or Living Units in a planned community; provided, however, that if the need for such an amendment occurs after the turnover meeting the concurrence of a majority vote of all members.

Recordation of Amendments. Amendments to the Declaration shall be purpose or in the absence of designation, by the President of the Association and recorded in the deed records of Clackamas.

ARTICLE 13: EXEMPTION FROM PLANNED COMMUNITY ACT.

Willow Creek Estates is exempt from the Oregon Planned Community Act, ORS 94.565 et seq., the provisions of which shall not apply to this Declaration, the Bylaws or the Association. The term "planned community" as used elsewhere in this Declaration shall not have the meaning defined in the Oregon Planned Community Act for such term.

IN WITNESS WHEREOF, Declarant has caused this Declaration to be executed the day and year first above written.

By: _____

By: _____

The City of Canby acknowledges that it has reviewed and approved provisions of this declaration on this _____ day of _____, 1991.

By: _____

DECLARATIONS

Page 12