

NOTE: This document is a copy of the original document which is on file in the Marion County Recorders Office. This document was created by scanning a copy of the original document and reformatting it to be as close to the original as possible. No other changes, additions, or deletions to the content of the original document were made. TERRY SHAND October 25, 2000.

REEL PAGE
419 80

**DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS OF
MCNARY ESTATES, A PLANNED COMMUNITY**

This Declaration, to be effective upon its recording in Marion County, Oregon, is made and executed this 3rd day of October, 1985, by Hayden Corporation, a Delaware corporation, (hereinafter "Declarant").

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

Declarant proposes to create a planned development project (hereinafter "community") to be known as McNary Estates, composed of portions of the real property described on Exhibit A, and may include other contiguous real property hereafter owned by Declarant which is subjected to this Declaration of Covenants, Conditions and Restrictions of McNary Estates by a subsequent declaration recorded by Declarant for that purpose.

Declarant has deemed it desirable for the preservation of the value and desirability of the real property in the community to subject the real property in the community to the following covenants, conditions, restrictions and easements, including liens for assessments, and to create a non-profit corporation to which will be transferred the Common Property of the community and to which will be delegated the power and authority to maintain and administer the Common Property and enforce the covenants and restrictions and promote the health, safety, and welfare of the community.

Now, therefore, the Declarant hereby declares that each parcel of real property in the community, as and when it is separately platted and declared to be a part of McNary Estates, shall thereafter be sold, conveyed, owned and occupied subject to the provisions of this declaration of covenants, conditions and restrictions. Each person or entity, upon acceptance of a deed or land sale contract to purchase, covenants and agrees to comply with said provisions of this Declaration.

ARTICLE 1.

DEFINITIONS

Section 1. "Articles of Incorporation" means the articles of incorporation for the non-profit corporation of McNary Estates Homeowners' Association, Inc. filed with the Oregon Corporation Commissioner, as amended from time to time.

Section 2. "Association" means the McNary Estates Homeowners' Association, Inc., an Oregon non-profit corporation.

Section 3. "Board" means the board of directors of the Association.

Section 4. "Bylaws" means the bylaws of the Association as amended from time to time.

Section 5. "Common expenses" means expenditures made by or financial liabilities incurred by the Association and includes any allocations to the reserve account under Article XI, Section 3.

Section 6. "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.

Section 7. "Declarant" means Hayden Corporation and any successor or assign thereof specified as a successor Declarant in a written agreement between the parties.

Section 8. "Declaration" means this declaration and any amendments thereto.

Section 9. "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.

Section 10. "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 assessment pursuant to this Declaration.

Section 11. "Mortgage" means a mortgage or a deed of trust pertaining to a Lot or Living Unit. -

Section 12. "Mortgagee" means a mortgagee or a beneficiary of a deed of trust.

Section 13. "Occupant" means the occupant of a Living Unit.

Section 14. "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.

Section 15. "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.

Section 16. "Property" means each parcel of real property on which Declarant records a plat and declares all or portions thereof to be part of McNary 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. "Property" does not include the golf course and facilities related thereto even though a portion of the course and/or related facility may be depicted on a recorded plat.

Section 17. "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 II.

NAME

The name by which the community is to be identified is "McNary Estates."

ARTICLE 111.

GENERAL DEVELOPMENT PLAN

Section 1. 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, which 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 include all or any particular portion of the real Property described in Exhibit A in the community.

Section 2. Residential Development. A phase may be platted for development as single family dwellings, townhouse-type residential units, duplex-type residential units, condominiums and related common elements, apartments buildings and related amenities, or other types of buildings for residential occupancy. If all phases are developed, the community will contain not more than 900 Living Units, which will include approximately 370 Lots. The actual number of Living Units and/or Lots may be fewer.

Section 3. Service Association. If all or a portion of a particular phase includes a condominium, a group of townhouses, or a similar grouping of related Living Units, the Declarant may form a separate Service Association in which may be vested the authority and responsibility to govern the particular condominium, townhouses, group of related Living Units, and any common areas which pertain thereto. The members of the Service Association may be assessed by the Service

Association as well as by the Association. All such members shall remain bound by this Declaration.

Section 4. Golf Course. A portion of the real property described in Exhibit A shall consist of a golf course and related facilities. The golf course and related facilities may be modified, expanded or contracted, and/or sold or transferred by the owner thereof, and the use of the golf course and related facilities may be restricted to private members, all as more fully described in Article VII.

Section 5. 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 Declarant shall deem the Association financially capable of operating and maintaining a tract of Common Property, it shall convey such 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 of Common Property and any facilities and improvements thereon at the Association's expense. Prior to the conveyance, the Declarant shall be responsible to maintain such tract and facilities at Declarant's expense. The Common Property is more fully described in Article VI.

Section 6. Street Trees. The Declarant will provide and plant street trees as required by the City of Keizer. Such trees will be planted on or adjacent to such Common Property tracts and Lots along the street frontage as Declarant shall determine, within six months of the date that the last Lot in a particular development phase has a Living Unit constructed thereon. The Association and each Owner will accept the placement and planting of street trees; if a street tree is planted on an Owner's Lot, the Owner shall thereafter be responsible to maintain the tree and promptly replace it with the same size and specie (or as similar as possible) if it should die. Similarly the Association shall maintain and replace any street trees planted on Common Property tracts.

Section 7. Sidewalks. Each Owner of a Lot shall construct a sidewalk along the street frontage of his Lot in the location and to the specifications determined by the Architectural Committee and the City of Keizer. The sidewalk shall be constructed prior to the issuance of an occupancy permit for a Living Unit constructed on the Lot. Thereafter, the Owner shall maintain and repair the sidewalk.

ARTICLE IV.

ARCHITECTURAL CONTROL

Section 1. Architectural Committee. The Board shall appoint an Architectural Committee initially consisting of three members. Immediately after the turnover meeting described in the Bylaws, the Architectural Committee shall increase to five members; four members shall be appointed by the Board, and one shall be appointed by the owner of the golf course. The Board and/or golf course owner 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 Manual of McNary Estates.

Section 2. 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 Manual of McNary Estates.

Section 3. Architectural Manual. The Board may, from time to time, amend, modify or revise provisions of the Architectural Manual, including the procedures for submission to and approval of the Architectural Committee outlined therein; provided, however, that no such amendment, modification, or revision 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.

Section 4. Exemption. The owner of the golf course and related facilities shall be exempt from the authority of the Architectural Committee.

ARTICLE V.

USE RESTRICTIONS AND OBLIGATIONS

Section 1. Residential Use. Other than the golf course and related facilities, 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.

Section 2. Animals. Other than a maximum of two pets per Living Unit, no animals or fowls shall be raised, kept, or permitted within the Property. 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.

Section 3. Vehicles. No trucks (except, pickups of 3/4 ton weight or less), campers, motorhomes, 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 24 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. If either the Declarant or the Association (but

neither is obligated to do so) designates a portion of the Property specifically for the purpose of parking such vehicles, such storage or parking shall be solely at the risk of the Owner, and neither Declarant nor the Association nor any other person shall have any responsibility therefor, whether or not any fee or charge is made or paid for the privilege of such storage or parking. No vehicles of any kind shall be parked on any portion of the Property while such vehicles are in a state of disrepair or while being repaired.

Section 4. Signs. No signs shall be erected or displayed on any Lot, Living Unit, or any other portion of the Property without the prior written permission of the Board; provided, such permission shall not be required for one sign no larger than six inches by 24 inches displaying the name and/or address of the occupant, or one temporary sign no larger than 18 inches by 24 inches advertising the Lot or Living Unit for sale or rent, which shall be removed upon the sale or rental of the Lot or Living Unit.

Section 5. Poles, Antennas, Etc. No flag poles, exterior mounted television or radio antennae or discs, shall be installed or maintained on any portion of the Property. No exterior machinery or equipment for cooling and/or heating shall be installed or maintained on any portion of the Property without prior approval of the Architectural Committee; the Committee's approval of the installation of any one such device shall not constitute a waiver of this section nor obligate the Committee to approve the installation of any other such device.

Section 6. Trash Collection and Storage. All trash and garbage shall be deposited in closed containers to be picked up by the sanitary service crew with whom the Owner contracts.

Section 7. Underground Utilities. Other than temporary above-ground wiring for construction or emergencies, no outdoor overhead wire or service drop for the distribution of electrical energy or for telecommunication purposes nor any pole, tower, or other structure for independent transmission or support of said outdoor wire shall be erected, placed or maintained on any portion of the Property. All such installations shall be underground.

Section 8. Leases. Each Owner shall have the right to lease his Lot or Living Unit. Any said lease shall be in writing and shall provide that its terms shall be subject in all respects to the provisions of this Declaration and the Articles of Incorporation and Bylaws of the Association and that any failure by the lessee to comply with the provisions of said Declaration, Articles and Bylaws shall constitute a default under said lease. Any such lessee shall be entitled to the use and enjoyment of the Common Property; provided, an Owner may not sever the right to the use and enjoyment of the Common Property from the right to occupy his Lot or Living Unit thereon by means of lease or otherwise. For purposes of this Section, the term "lease" includes, without limitation, a month-to-month rental agreement.

Section 9. Owner's Obligation. The Owner of a Lot will be responsible for any necessary grading, drainage, or retaining walls. Neither the Declarant, the Golf Course, or the Association shall be responsible for any of the cost thereof. Each Owner shall maintain the exterior appearance of his Living Unit and Lot in an attractive manner and in accordance with the Architectural Manual of McNary Estates; provided, however, that Owners of related Living Units, such as a condominium, may delegate their maintenance obligations to a Service Association duly formed to perform such obligations.

Section 10. 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 two-thirds (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 VI.

COMMON PROPERTY

Section 1. Streets. All streets within the Property shall be Common Property tracts and shall be maintained and repaired by the Association at such time as Declarant conveys the same to said Association. Either the Declarant or the Association may elect to dedicate the streets as public streets at such time as the City of Keizer or any other governmental body is willing to accept such public dedication and thereafter maintain the streets; there is no assurance, however, that either the City of Keizer or any other public body will ever accept such dedication.

Section 2. Other 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.

Section 3. 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.

Section 4. 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, or to the dedications described in Article VIII, Section 3(c).

Section 5. Condemnation of Common Property. 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.

ARTICLE VII.

GOLF COURSE

Section 1. Golf Course Use. A portion of the real property described in Exhibit A does and shall consist of a golf course and related facilities. Related facilities may include such items as a clubhouse, putting green, driving range, sheds for housing or storing irrigation and maintenance equipment, swimming pool, courts, dining and beverage areas, and any other such facilities as the owner of the golf course may wish to make available to the public or to private members of the golf course.

Section 2. Golf Course Owner Bound by Declaration. Although the golf course and related facilities will not be platted as part of the Property and the owner thereof will not be a member of the Association, the Declarant and all successive owners of the golf course and related facilities shall be bound by and benefitted by the provisions of this Declaration appertaining to the golf course and related facilities.

Section 3. Rights to Modify Layout or Restrict Use. The owner of the golf course shall have the right to modify, expand, or contract the layout of the golf course and modify, expand, contract, eliminate, construct, or move the location of any related facility, from time to time; provided, however, that no such modification or change shall alter the boundary lines of any portion of the Property. The owner of the golf course and related facilities shall have the further right to restrict the use of the golf course and/or related facilities to private members on such terms and conditions as the owner desires.

Section 4. Golf Course Owner's Obligations. The owner of the golf course shall be obligated to reasonably maintain the appearance of the golf course and related facilities, and to reasonably maintain any streams, ponds or takes on the golf course so as to deter the reproduction of mosquitos and other noxious insects.

Section 5. Assumption of Risk. All Owners and Occupants of a Lot or Living Unit on the Property assume the risk of injury to persons or property caused by the errant golf balls of users of the golf course, and shall hold the owner and users of the golf course harmless from any claims for such injury to persons or property. All Owners and Occupants of a Lot or Living Unit further assume the risk that the view from or value of their respective Lot or Living Unit may be adversely affected by the modifications, changes, and restrictions which the owner of the golf course is permitted to make, from time to time, pursuant to Section 3 of this Article, and agree to assert no claim against the owner of the golf course by reason thereof.

Section 6. No Right of Access. No Owner or Occupant of a Lot or Living Unit shall have a right of access to or right of use of the golf course or any portion thereof or facility related thereto except those rights, if any, granted from time to time by the owner of the golf course to such persons as users or members of the golf course.

ARTICLE VIII.

EASEMENTS

Section 1. Declarant's Rights and Easements. Declarant shall have the following special rights and easements until all portions of the real property described in Exhibit A capable of residential development have been platted and submitted by Declarant to McNary Estates and until both of the following events have occurred: (a) All Lots and Living Units owned by Declarant in all phases have been sold and conveyed; and (b) All Common Property depicted on all phases has been conveyed by Declarant to the Association.

a. Sales Offices and Models. Declarant shall have the right to maintain a sales office and model unit in one or more of the Lots or Living Units which the Declarant owns. The Declarant and prospective purchasers and their agents shall have the right to use and occupy the sales offices and models during reasonable hours any day of the week. Declarant may assign these rights to other developers of Lots or Living Units on the Property.

b. "For Sale" Signs. The Declarant may maintain a reasonable number of "For Sale" signs at reasonable locations on the Property. Declarant may assign this right to other developers of Lots or Living Units on the Property.

c. Declarant's Easement. The Declarant hereby reserves an easement over the Common Property for all reasonable purposes related to the improvement or maintenance of any Common Property and the construction of Living Units on any and all Lots owned by Declarant. Declarant further reserves an easement over the Lots as reasonably needed to complete Declarant's obligation with regard to street trees.

Section 2. Utility Easements. There is hereby created a blanket easement upon, across, over, through and under the Property for ingress, egress, installation, replacement, repair and maintenance of all utility and service lines and systems including, but not limited to water, sewers, gas, telephones, electricity, television, cable or communication lines and systems. By virtue of this easement, it shall be expressly permissible for the Declarant or the providing utility or service company to install and maintain facilities and equipment on the Property, to excavate for such purposes and to affix and maintain wires, circuits and conduits on, in and under the roofs and exterior walls of Living Units providing such company restores disturbed areas to the condition in which they were found. Notwithstanding anything to the contrary contained in this paragraph, no sewers, electrical lines, water lines or other utility service lines or facilities for such utilities may be installed or relocated on said Property except as programmed and approved by the Declarant, until the events described in Article VIII, Section I have occurred, or by the Architectural Committee thereafter. This easement shall in no way affect any other recorded easements on the Property. This easement shall be limited to improvements and utility installations as originally constructed or repairs and replacements thereof.

Section 3. Members Easement of Enjoyment. Subject to the provisions of this Declaration and rules and regulations of the Association, every Owner shall have a right and easement of enjoyment in and to the Common Property, and an easement of access through the Common Property as reasonably necessary for access to the Owner's Lot or Living Unit, which easements shall be appurtenant

to and shall pass with the title to every Lot or Living Unit. The Owners' easements created hereby shall be subject to the following rights of the Association:

a. The right of the Association to establish reasonable rules and to charge reasonable assessments and fees for capital expenditures on the Common Property and the maintenance and upkeep of the Common Property and payment of all Association expenses.

b. The right of the Association to suspend the right of an Owner to use the Common Property for any period during which any assessment against his Lot or Living Unit remains unpaid for more than 30 days after notice; the right of the Association to suspend the right of an Owner to use any Common Property for a period not to exceed 60 days for any other infraction of the Declaration or rules and regulations promulgated and adopted by the Board.

c. The right of the Association to dedicate the streets, or to dedicate and transfer all or any other portion of the Common Property to any public agency or authority subject to such conditions as may be agreed to by the members. Other than streets and except as to the grant of easements for utilities and similar or related purposes, no such dedication and transfer shall be effective unless approved by a vote of two-thirds of each class of members voting in person or by proxy at a meeting duly called for this purpose, and unless the holders of first mortgage liens on any of the Lots or Living Units have approved such dedication or transfer.

d. Any Owner may delegate his right of enjoyment to the Common Property to the members of his family and to his guests, as well as to any lessee of his Lot or Living Unit, subject to regulations as may be established from time to time by the Board.

Section 4. Easements For The Golf Course. The owner of the golf course shall have an easement of access to any streams, ponds or lakes on Common Property and the right to pump or draw therefrom water as is reasonably necessary to irrigate the golf course. The owner of the golf course shall further have an easement over and across the streets in the community for the purpose of providing access to the users of the golf course and their golf carts from one fairway to another; provided, however, that the owner or owners of the golf course shall be responsible for repairing any damage to the streets caused by such access.

Section 5. Easements for Encroachments. If an encroachment results from construction, reconstruction, repair, shifting, settlement or movement of any portion of the community, an easement for the encroachment exists to the extent that any Lot or Common Property encroaches on any other Lot or Common Property. An easement continues for maintaining the encroachment so long as the encroachment exists. Nothing in this Section relieves an Owner of liability in case of the Owner's wilful misconduct or relieves Declarant or any other person of liability for failure to adhere to the plats of the community.

Section. 6 Easement of Access on Streets. The owner of the golf course, the owners of real property adjacent to River Road, and the Owner of each Lot shall have, for themselves and their agents, employees, and invitees, an easement to travel on the streets within the Property as reasonably needed for ingress and egress to their respective property or Lot.

ARTICLE IX.

ASSOCIATION

Section 1. 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.

Section 2. 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.

Section 3. 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.

ARTICLE X.

MEMBERSHIP AND VOTING RIGHTS

Section 1. Members. 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 who 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.

Section 2. Voting Rights. The Association shall have two classes of voting members:

a. Class A. Class A members shall be all Owners designated in Section I hereof with the exception of Declarant; Class A 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. When more than one person holds an interest in a Lot or Living Unit, all such persons shall be members and shall exercise their vote for said Lot or Living Unit as they determine; provided, in no event shall more than one vote be cast with respect to any Lot or Living Unit.

b. Class B. The Class B member shall be the Declarant. The Class B member shall be entitled to three (3) votes 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 votes for the Lot shall cease to exist. All Class B memberships shall cease and be automatically converted to Class A memberships on the occurrence of the earlier of the following:

(i) The total number of votes represented by Class A memberships becoming equal to or greater than the total number of votes represented by Class B memberships after all portions of the real property described in Exhibit A capable of residential development have been platted and submitted to McNary Estates; or

(ii) December 31, 1997.

ARTICLE XI.

COVENANTS FOR ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of 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) individual assessments to be established and collected as hereinafter provided.

All such assessments, together with interest thereon and together with attorney fees and costs 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.

Section 2. 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 expenses of the Association. Common expenses shall include:

- a. Expenses of administration.
- b. Expenses of maintenance of the Common Property after conveyance to the Association as provided in Article VI, Section 3.
- c. Cost of insurance or bonds as provided in Article XIII.
- d. Costs of funding reserves as provided in Section 3 of this Article.
- e. Any deficit in common expenses for any prior fiscal year of the Association.

- f. Any other items properly chargeable as an expense of the Association.
- g. Any other items agreed upon as common expenses by Owners.

Section 3. Reserve Accounts for Major Repair and Replacement of 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 as provided in Section 4 below. 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 (2/3) 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.

Section 4. Maximum Annual Assessment. Until January I 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 \$200 per year for each Lot or Living Unit assessed.

a. From and after January I of the year immediately following the conveyance of the first Lot or Living Unit to an Owner other than Declarant, the Board may increase the maximum annual assessment each year not more than 5 percent above the maximum assessment for the previous year without a vote of the membership.

b. From and after January I of the year immediately following the conveyance of the first Lot or Living Unit to an Owner other than Declarant, the maximum annual assessment may be increased above 5 percent by a vote of two-thirds (2/3) of each class of members voting in person or by proxy, at an annual meeting or special meeting duly called for this purpose.

c. The Board may fix the annual assessment at any amount not in excess of the maximum. The first annual assessment for the period ending December 31, 1986 shall be \$50.00.

Section 5. 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 assent of two-thirds (2/3) of the votes of each class of members voting in person or by proxy, at a meeting duly called for this purpose.

Section 6. Uniform Rate of Assessment. Except as provided in Sections 9 and 10, 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.

Section 7. 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 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 (30) 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 give 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.

Section 8. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage which was recorded before the assessment became due. Sale or transfer of any Lot or Living Unit shall not affect the assessment lien. However, the sale or transfer of any Lot or Living Unit pursuant to the foreclosure or deed in lieu of foreclosure of a first mortgage with priority over the lien shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer, and such unpaid expenses or assessments shall be deemed a common expense of the Association. No sale or transfer shall relieve such Lot or Living Unit from liability for any assessments thereafter becoming due or from the lien thereof.

Junior lienholders or purchasers under them who acquire title to a Lot or Living Unit as a result of foreclosure of such junior lien shall take title subject to the lien of any unpaid assessments.

In a voluntary conveyance of a unit, the grantee shall take title subject to the lien of any unpaid assessments.

Section 9. 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 Declarant.

Section 10. 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 this Declaration, the Bylaws, the Architectural Manual, 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 enforcement of this Declaration, the Bylaws, the Architectural Manual, or rules and regulations.

ARTICLE XII.
COLLECTION OF ASSESSMENT; ENFORCEMENT

Section 1. Compliance With Declaration, Bylaws, Rules and Regulations. Each Owner and Occupant shall comply with the Declaration, Bylaws, and rules and regulations adopted pursuant thereto.

Section 2. 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 enjoin, abate, or remedy any noncompliance or breach by appropriate legal proceedings.

Section 3. 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:

a. 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; or

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

Section 4. Interest; Late Charges; Fines. Interest shall accrue on any assessment or portion there not paid when due at the rate of 12 percent per annum 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.

Section 5. Acceleration of Assessment. In the event that an Owner fails to pay an installment R-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 12 percent per annum until paid.

Section 6. 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.

Section 7. 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.

Section 8. Collection Costs; Attorneys' Fees. Owners who fail to pay assessments when due shall be obligated to pay reasonable fees and costs 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 costs 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 XIII.

INSURANCE

Section 1. Types of Insurance Policies. For the benefit it 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. A policy or policies of fires insurance with the extended coverage and special form endorsements, for the full insurable replacement value, if available, of any structures on Common Property.

b. 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 per occurrence for bodily injuries and property damage liability. Such limit and coverage shall be reviewed at least annually by the Board which may increase the limit of and/or coverage, in its discretion. Said policy or policies shall be issued on a comprehensive liability basis and shall provide cross 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.

c. 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 obligees, 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 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.

Section 1. Insurance Companies Authorized. All policies shall be written by a company licensed to do business in Oregon and holding a "Commissioner's rating" of "A+" and a size rating of "AAA," or better, by Best's Insurance Reports, or as may be otherwise acceptable to the Board.

Section 2. Authority to Adjust Losses. All losses under policies hereafter in force regarding the Common Property shall be settled exclusively with the Board or its authorized representative. Releases and proofs of loss shall be executed by at least two (2) directors.

Section 3. Prohibition of Contribution. In no event shall the insurance coverage obtained and maintained by the Board hereunder be brought into contribution with insurance purchased by the individual Owners or their mortgagees.

Section 4. Provisions in Insurance Policies. The Board of Directors shall make every effort to secure insurance policies that will provide for the following:

a. A waiver of subrogation by the insurer as to any claims against the Board, the manager, the Owners and their respective servants, agents and guests.

b. A provision that the policy cannot be canceled, invalidated or suspended on account of the conduct of any one or more individual Owners.

c. A provision that the policy cannot be canceled, invalidated or suspended on account of the conduct of any officer or employee of the Board without prior demand in writing that the Board of Directors or manager cure the defect.

d. A provision that any "no other insurance" clause in the policy exclude individual owners' policies from consideration.

Section 1. Review of Insurance Policies. At least annually, the Board shall review all insurance carried by the Association, which review shall include an appraisal of all improvements made to the Common Property by a representative of the insurance carrier writing the master policy.

ARTICLE XIV.

DAMAGE AND DESTRUCTION

Section 1. Insurance Proceeds Sufficient to Cover Loss. In case of fire, casualty or any other damage and destruction, the insurance proceeds of the policy, if sufficient to reconstruct the damaged or destroyed structure, shall be applied to such reconstruction. Reconstruction of the damaged or destroyed structure, as used in this paragraph, means restoring the structure to

substantially the same condition in which it existed prior to the fire, casualty or disaster. Such reconstruction shall be accomplished under the direction of the Board.

Section 2. Insurance Proceeds Insufficient to Cover Loss. If the insurance proceeds are insufficient to reconstruct the damaged or destroyed structure, the damage to, or destruction of, such structure shall be promptly repaired and restored by the Board, using the proceeds of insurance, if any, on the structure for that purpose. If the members approve, as provided in Article XI, Section 5, the Association may levy a special assessment to increase the proceeds available for reconstruction.

ARTICLE XV.

GENERAL PROVISIONS

Section 1. 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 the balance due on the assessments.

Section 2. 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 a 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.

Section 3. Enforcement. The Declarant, the Association, the Owners of Lots or Living Units within the Property, the holder of any recorded mortgage on any Lot or Living Unit, and/or the owner of the golf course shall have the right to enforce all 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 by any of the (bodies) to force 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.

Section 4. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall not affect the other provisions hereof and the same shall remain in full force and effect.

Section 5. Duration. The covenants and restrictions of this Declaration shall* run with and bind the land for a term of twenty (20) years from the date of this Declaration being recorded, after which time they shall be automatically extended for successive periods of ten (10) years, unless rescinded by a vote of at least ninety percent (90%) of each class of members and approved by ninety percent (90%) of the holders of first mortgages on the Lots and Living Units.

Section 6. 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:

- a. Receive timely written notice of meetings of the Association;
- b. Receive timely written notice of any proposed abandonment or termination of the Association;
- c. Receive timely written notice of any material amendment of the Declaration or the Articles of Incorporation or Bylaws of the Association.
- d. Receive timely written notice of any decision by the Association to terminate professional management and to assume self-management of the Association, if the Association previously has retained professional management services;
- e. Inspect the financial records and similar documents of the Association at reasonable intervals during normal business hours;
- f. Receive written notice of substantial damage to or destruction of any Common Property and/or any improvements thereon; and
- g. Receive timely written notice of any condemnation or eminent domain proceeding affecting the Common Property or any portion thereof.

Section 7. 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 (30) days.

Section 8. Limitations. As long as there is a Class B membership, the Association may not use its resources or take a public position in opposition to the General Plan of Development or to changes thereto proposed by the Declarant.

ARTICLE XVI.

AMENDMENTS TO DECLARATION

Section 1. Amendment by Members. The Declaration may be amended by affirmative vote of not less than three-fourths (3/4) of all Class A members; provided, however, that until such time as the events described in Article VIII, Section 1, have occurred, no amendment shall be effective without the approval of the Declarant; and, provided further, that no amendment to Article XV, Section 6, shall be effective without the prior written approval of all institutional holders of first mortgages on Lots or Living Units.

Section 2. Declarant's Right to Amend. Notwithstanding the provisions of Section 1, 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 described in the Bylaws, such an amendment shall not be effective without the concurrence of a majority vote of all Class A members.

Section 3. Recordation of Amendments. Amendments to the Declaration shall be executed and certified by any officer of the Association designated for that purpose or, in the absence of designation, by the President of the Association, and recorded in the deed records of Marion County.

ARTICLE XVII.

EXEMPTION FROM PLANNED COMMUNITY ACT

McNary 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.

ARTICLE XVIII.

PROVISIONS FOR BENEFIT OF CITY OF KEIZER

Section 1. Repair and Maintenance. In the event the Association fails to properly maintain and repair the streets in the Property, the City of Keizer may, at its sole discretion after giving the Association notice of its failure and a reasonable opportunity to perform, require the Association to maintain or repair the streets and Common Areas of the Property to remove any public nuisance or hazard.

Section 2. City of Keizer Easement. The City of Keizer shall have an easement of access over and upon the Common Property for emergency equipment and personnel of utilities, fire department, and police department, and for the purpose of inspection and investigation. Further, the City of Keizer shall have an easement of access to all utility easements shown on the plat for the purpose of maintaining and repairing the utility lines. In the event damage occurs as a result of the City exercising its easement rights as provided herein, the City will restore the surface of the Property and any landscaping and improvements thereon as reasonably close to their original condition as possible.

Section 3. Building Codes and Zoning Ordinances. Each Owner shall comply with all applicable laws, including but not limited to, building codes and zoning ordinances in the construction of any improvements on the Property, in addition to any requirements set forth in the Architectural Manual.

Section 4. Amendments Affecting the City of Keizer. Notwithstanding the provisions of Article XVI, this Declaration may not be amended in any manner which would adversely affect the City of Keizer unless the City Attorney has first reviewed and approved such amendment.

Section 5. Dissolution of the Association. Unless the streets in the Property have been dedicated to and accepted by the City of Keizer, the Association shall not dissolve without the consent of the City of Keizer.

ARTICLE XIX

PHASE I OF McNARY ESTATES

Simultaneous with or shortly after the recording of this Declaration, the Declarant shall record a plat for Phase I of McNary Estates. Phase I consists of 19 Lots and Tract C which shall be Common Property. Declarant hereby declares that

upon the recording of the plat for Phase 1, said 19 Lots and Tract C shall become "Property" as that term is used in this Declaration.

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

HAYDEN CORPORATION

By _____

By _____

The City of Keizer acknowledges that it has reviewed and approved the provisions of this Declaration on this ___ day of _____, 1985.

By _____

City Attorney

STATE OF OREGON)
)ss.
County of Multnomah)

On the 3rd day of October, 1985, before me appeared Les Buell and David S. Larimer, both to me personally known, who being duly sworn did say that he, the said Les Buell is the President, and he, the said David S. Larimer is the Exec. Vice President of HAYDEN CORPORATION and that the said instrument was signed in behalf of said Corporation by authority of its Board of Directors, and acknowledge said instrument to be the free act and deed of said Corporation.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.

Notary Public for Oregon
My Commission expires: 8/25/88

DESCRIPTION FOR TUALATIN DEVELOPMENT CO.

October 3, 1985

TRACT I

Beginning at a point which is marked by a 1 1/2" x 17" Iron Pipe, which point is South 713.84 feet and East 2725.01 feet from a 1 3/8" x 1/8" car spring leaf, found in place, for the Southwest corner of the Alvis Smith Donation Land Claim No. 69, in Township 6 South, and Range 3 West of the Willamette Meridian; thence South 0° 38' West, a distance of 1157.48 feet to a 7/8" x 7/8" x 1/8" Angle Iron, found in place and which marks the Southeast corner of the Louis Lachmund Tract; thence North 89° 24' West, a distance of 2648.91 feet to the center line of Market Road No. 63, from which point. a 1 1/2" x 28 1/2" Galvanized Iron Pipe bears South 89° 24' East. a distance of 32.52 feet; thence North 34° 10' West. to a distance of 226.20 feet, along the center line of said Market Road, to a point from which a 1 1/4" x 26 1/2" Galvanized Iron Pipe bears North 55° 50' East a distance of 30.00 feet; thence North 55° 50' East a distance of 130.89 feet to a 1 1/4" x 35" Galvanized Iron Pipe; thence South 89° 24' East, a distance of 1766.90 feet to a 1" x 26" Iron Pipe; thence North 0° 38' East, a distance of 897.51 feet to a 1" x 34" Iron Pipe; thence South 89° 22' East, a distance of 903.65 feet to the place of beginning and being a portion of that Tract of Land described in Volume 297, Page 397, Record of Deeds for Marion County, State of Oregon, Save and Except. all Public Roads and Roadways.

Save and Except the following described property, beginning in the Center of a County Road at a point which is 713.84 feet South and 2725.01 feet East and 1157.48 feet South 0° 38' West. and 2648.91 feet North 89° 24' West from the Southwest corner of the Alvis Smith Donation Land Claim in Township 6 South, Range 3 West of the Willamette Meridian in Marion County, Oregon; thence North 33° 58' West. along the center of said County Road 130.24 feet; thence North 85° 02' East 275.00 feet; thence South 139.56 feet; thence North 89° 24' West 258.99 feet to the place of beginning.

ALSO SAVE AND EXCEPT:

Beginning at a point. which is 713.84 feet South and 1821.36 feet South 89° 22' East and 897.51 feet South 0° 38' West from the Southwest corner of the Alvis Smith Donation Land Claim in Township 6 South, Range 3 West of the Willamette Meridian in Marion County, Oregon; thence North 89° 24' West 1766.90 feet; thence South 56° 50'

West 130.89 feet to the center of Market Road No. 63; thence South 34° 10' East along the center of said road a distance of 96.0 feet (of record 95.96 feet); thence North 85° 02' East 275.00 feet; thence South a distance of 139.56 feet; thence South 89° 24' East a distance of 1486.27 feet more or less to a point, said point being South 0° 38' West 260.50 feet from the point of beginning; thence North 0° 38' East a distance of 260.50 feet to the point of beginning.

TRACT 11

Beginning at a point marked by a cross cut in a stone monument found in place, which point is South 4.39 feet and East 1676.63 feet from a 1 3/8" car spring leaf, found in place, for the Southwest corner of the Alvis Smith Donation Land Claim No. 69, in Township 6 South, Range 3 West of the Willamette Meridian; thence North 0° 38' East, a distance of 771.47 feet to a 1/2" x 28" Galvanized Iron Pipe; set at exact point of old stake Stub found in place, which point is in agreement with existing witness Tree; thence North 89° 43' East, a distance of 1056.30 feet to a 1" iron pipe; found in place, which pipe was set, in agreement with the then existing witness Tree, by D. D. Herrick, Jr., County Surveyor, in 1903; thence South 0° 38' West, a distance of 1486.15 feet to a 1 1/2" x 17" Iron Pipe; thence North 89° 22' West, a distance of 1447.52 feet to a 1 3/4" x 31" Iron Pipe; thence North 0° 35' East, a distance of 235.83 feet to a 1" x 14" Iron Pipe; thence North 38° 31' East a distance of 360.83 feet to a 1 1/2" x 12" pipe; thence North 57° 27' East a distance of 203.10 feet to a 1" x 22" Galvanized Iron Pipe; thence North 0° 38' East a distance of 66.00 feet to the place of beginning.

TRACT III

Beginning at the intersection of the centerline of Claggett Creek with the South line of the J. S. Zieber Donation Land Claim in Township 6 South, Range 3 West of the Willamette Meridian, Marion County, Oregon, said point of beginning being 26.00 feet South 89° 53' East from the Southwest corner of said claim; and running thence Southeasterly along said centerline of Claggett Creek on a 102.03 foot radius curve left, (the chord of which bears South 72° 24' 55" East 134.99 feet) an arc distance of 147.50 feet to a point of tangent; thence North 66° 10' 10" East along said centerline, 99.83 feet to a point in the South line of the aforesaid J. S. Zieber Donation Land Claim; thence South 89. 53' East along the South line of said claim, 111.97 feet to a point in the aforesaid centerline of Claggett Creek; thence South 64° 47' 36" East along said centerline, 74.11 feet to a point; thence South 04° 43' 23" East 110.43 feet to

an iron rod; thence South 24° 11' 03" East 47.52 feet to an iron rod; thence South 25° 58' 03" East 26.00 feet to an iron rod; thence South 58° 35' 38" East 42.18 feet to an iron rod; thence South 56° 56' 52" East 38.89 feet to an iron rod; thence South 52° 37' 43" East 97.99 feet to an iron rod; thence North 55° 50' 58" East 141.20 feet to an iron rod; thence North 27° 57' 46" East 47.76 feet to an iron rod at the Southeast corner of Lot 4, the Rough as said addition is platted and recorded in Volume 36, Page 3, Book of Town Plats for Marion County, Oregon; thence South 88° 39' 40" East along the South line of the Rough, 336.93 feet to an iron pipe at the Southwest corner of that certain tract of land conveyed to Ronald M. Smith by Deed recorded in Volume 711, Page 404, Marion County Deed Records; thence South 89° 61' East along the South line of said Smith tract, 81.92 feet to an iron rod at the Southeast corner thereof; thence North 19° 39' East along the East line of said tract, 11.00 feet to an iron pipe at the Southeast corner of Lot 8, Block 3, Country Club Estates as said addition is platted and recorded in Volume 21, Page 38, Book of Town Plats for Marion County, Oregon; thence South 70° 21' East along the South line of said Block 3, a distance of 184.00 feet to an iron pipe at an angle therein; thence South 66° 29' East, continuing along the South line of said Block 3, a distance of 147.00 feet to an iron pipe at an angle therein; thence North 81° 26' East continuing along the South line of said Block 3, a distance of 383.21 feet to an iron pipe in the Westerly line of Wheatland Road; thence Southeasterly on a 924.93 foot radius curve right, (the chord of which bears South 17° 16' East, 99.97 feet) an arc distance of 100.02 feet to an iron rod at a point of tangent; thence South 15° 10' 20" East continuing along said Westerly line of Wheatland Road, 416.05 feet to an iron rod at the Northeast corner of that certain tract of land conveyed to Marion County by Deed recorded in Volume 604, Page 706, Marion County Deed Records; thence South 76° 04' West along the Northerly line of said tract, 50.00 feet to an iron pipe at the Northwest corner thereof; thence South 13° 56' East along the Westerly line of said tract, 40.00 feet to an iron rod at the Southwest corner thereof; thence North 76° 04' East along the Southerly line of said tract, 23.34 feet to an iron rod in the Westerly line of Market Road No. 24; thence Southwesterly on a 5659.58 foot radius curve right, (the chord of which bears South 15° 14' West 203.68 feet) an arc distance of 203.69 feet to an iron rod in the North line of that certain tract of land conveyed to J. E. Jungwirth by Deed recorded in Volume 313, Page 433, Marion County Deed Records; thence North 89° 37' West along the North line of said Jungwirth tract, 646.57 feet to a point in the center of Claggett Creek; thence Southerly upstream following said centerline of Claggett Creek, to a point which bears South 01° 44' 40" East 886.41 feet from the last above

described point; thence North 89° 07' 20" West along the South line of that certain tract of land conveyed to John E. and Mae B. Slover by Deed recorded in Volume 781, Page 143, Marion County Deed Records, a distance of 3835.00 feet to an iron rod at the Southwest corner thereof; thence North 00° 38' 30" East along the West line of said Slover tract, 2630.67 feet to an iron rod at the Northwest corner thereof; thence South 89° 54' 60" East along the North line of said Slover tract, 2088.31 feet to an iron pipe at the most Northerly Northeast corner thereof; thence South 25° 25' 30" East along an Easterly line of said tract, 481.53 feet to an iron rod; thence South 89° 53' East 67.00 feet to a point in the centerline of Claggett Creek; thence Southerly, downstream along said centerline the following courses and distances; South 14° 15' West 29.43 feet to a point of curve; Southeasterly on a 60.15 foot radius curve left, (the chord of which bears South 19° 22' 30" East 66.62 feet) an arc distance of 70.60 feet to a point of tangent; South 53° 00' East 80.00 feet to a point of curve; Southeasterly on a 91.05 foot. radius curve right, (the chord of which bears South 26° 42' East 80.68 feet) an arc distance of 83.59 feet to a point of tangent; South 00° 24' East 65.00 feet to a point of curve; Southeasterly on a 91.38 foot radius curve left, (the chord of which bears South 15° 42' East 48.23 feet) an arc distance of 48.80 feet, to a point of tangent; South 31° 00' East 61.00 feet to the point of beginning.

SAVE AND EXCEPT

Beginning at the Southwest corner of Lot 7, Block 3, Country Club Estates, as said addition is platted and recorded in Volume 21, Page 38, Book of Town Plato for Marion County, Oregon; thence South 70° 21' East along the South line of said Block 3, a distance of 184.00 feet to an iron pipe at an angle therein; thence South 66° 29' East, continuing along the South line of said Block 3, a distance of 147.00 feet to an iron pipe at an angle therein; thence North 81° 26' East continuing along the South line of said Block 3, a distance of 383.21 feet to an iron pipe in the Westerly line of Wheatland Road; thence Southeasterly on a 924.93 foot radius curve right, (the chord of which bears South 17° 15' East 99.97 feet) an are distance of 100.02 feet to an iron rod at a point of tangent; thence South 15° 10' 20" East continuing along said Westerly line of Wheatland Road, 416.05 feet to an iron rod at the Northeast corner of that certain tract of land Conveyed to Marion County by Deed recorded in Volume 604, Page 706, Marion County Deed Records; thence South 76° 04' West along the Northerly line of said tract, 50.00 feet to an iron pipe at the Northwest corner thereof; thence South 13° 56' East along the Westerly line of said tract, 40.00 feet to an iron rod at the Southwest corner thereof; thence North 76° 04' East along the

Southerly line of said tract, 23.34 feet to an iron rod in the Westerly line of Market Road No. 24; thence Southwesterly on a 5659.58 foot radius curve right, (the chord of which bears South 15° 14' West 143.28 feet) an arc distance of 143.28 feet to an iron rod; thence North 80° 30' West 415.00 feet to an iron rod at a point of curve; thence Westerly on a 390.98 foot radius curve left, (the chord of which bears South 87° 56' 08" West 156.76 feet), an arc distance of 157.83 feet to a point; thence North 32° 21' 13" West 374.34 feet to a point.; thence North 39° 28' West 117.88 feet to a point; thence North 08° 27' 05" West 134.80 feet to a point; thence North 89° 06' 45" East 84.70 feet to a point; thence North 01° 55' 43" East 139.31 feet to the point of beginning.

Subject to Easements of Record

STATE OF OREGON

County of Marion

I hereby certify
that the within was
received and duly
recorded by me in
Marion County
records:

REEL PAGE
419 80

HAYDEN CORPORATION'S DECLARATION TO INCLUDE LAKESIDE DEVELOPMENT,
A PLANNED COMMUNITY IN McNARY ESTATES, A PLANNED COMMUNITY.

(the property included is also known as Phase 3
of McNARY ESTATES, A Planned Community)

This Declaration to be effective upon its recording in Marion County, Oregon, is made and executed this 18th day of March, 1986, by the undersigned, hereinafter called "Declarant";

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

Pursuant to the Declaration of Covenants, Conditions and Restrictions of McNARY ESTATES, A Planned Community, set forth and described at Reel 419, Pages 78, 79, and 80, recorded on 3 October, 1985, in the Book of Records of Marion County, Oregon, the property 'set forth and described upon Exhibit A is hereby declared to be property as that term is used in the Declaration of Covenants, Conditions and Restrictions of McNARY ESTATES, A Planned Community, and the described property is subject to the McNARY ESTATES documents referred to above.

The Declarant hereby disclaims any liability or responsibility on the part of HAYDEN CORPORATION as a subdivider, co-declarant or otherwise, for the subdivision or development of LAKESIDE DEVELOPMENT, A Planned Community, the plat or plats of which will be recorded simultaneously with or subsequent to this Declaration in relation to the property herein described save and except that the Declarant herein, as the owner of said real property, prior to it's conveyance to the declarant of LAKESIDE DEVELOPMENT, consents to the filing of the Declaration of Covenants, Conditions and Restrictions of LAKESIDE DEVELOPMENT, A Planned Community, and the plat or plats connected therewith simultaneously filed herewith.

DATED THIS 18th day of March, 1986, to be effective upon its recording in Marion County, Oregon.

HAYDEN CORPORATION

By _____
David S. Larimer
Executive Vice President

RETURN TO:
HAYDEN CORP
900-N TOMAHAWK ISLAND DR
SUITE 125
Portland or 97217

By _____
Roy Brown, Vice President

EXHIBIT "A"

LEGAL DESCRIPTION

PARCEL I: Beginning at an iron rod which is 999.90 feet South 89° 09' 40'' East and 1103.90 feet North 01° 15' 20'' East and 2723.10 feet South 89° 07' 20'' East from the Southeast corner of the James Smart Donation Land Claim in Section 34, Township 6 South, Range 3 West of the Willamette Meridian, Marion County, Oregon, said point of beginning being in the South line of that certain tract of land conveyed to John E. and Mae B. Slover by Deed recorded in Volume 781, page 143, Marion County Deed Records, and running thence Northeasterly on a 445.15 foot radius curve left, (the chord of which bears North 58° 49' 10'' East 472.56 feet) an arc distance of 498.15 feet to a point of tangent; thence North 26° 45' 40'' East 75.00 feet to a point of curve; thence Northeasterly on a 489.92 foot radius curve right, (the chord of which bears North 42° 20' 40'' East 263.22 feet) an arc distance of 266.49 feet to a point of reverse curve; thence Northeasterly on a 483.36 foot radius curve left, (the chord of which bears North 41° 55' 40'' East 266.46 feet) an arc distance of 269.95 feet to an iron rod; thence South 58° 22' 11'' East 89.48 feet to an iron rod; thence South 09° 57' East 56.12 feet to an iron rod; thence South 16° 30' West 87.50 feet to an iron rod; thence South 03° 12' 20'' East 257.76 feet to an iron rod; thence South 08° 44' 18'' West 276.84 feet to an iron rod in the aforesaid South line of the Slover tract; thence North 89° 07' 20'' West along said South line, 826.90 feet to the point of beginning.

PARCEL II: Beginning at an iron rod which is 999.90 feet South 89° 09' 40'' East and 1103.90 feet North 01° 15' 20'' East and 3550.00 feet South 89° 07' 20'' East and 276.84 feet North 08° 44' 18'' East and 257.76 feet North 03° 12' 20'' West and 87.50 feet North 16° 30' East and 56.12 feet North 09° 57' West from the Southeast corner of the James Smart Donation Land Claim in Section 34, Township 6 South, Range 3 West of the Willamette Meridian, Marion County, Oregon; and running thence North 6° 12' 50'' East 159.79 feet to a point in the Southeasterly right of way lien of McNary Estates Drive; thence Southwesterly along said right of way line on a 302.60 foot radius curve left, (the chord of which bears South 39° 52' 15'' West 145.83 feet) an arc distance of 147.28 feet to an iron rod; thence South 58° 22' 11'' East 89.48 feet to the point of beginning.

TOGETHER WITH the right to use McNary Estates Drive for ingress and egress.

STATE OF OREGON
County of Marion
I hereby certify.
that the within was
received and duly
recorded by me in
Marion County
records:

REEL PAGE
463 141