

BYLAWS AND DECLARATION OF COVENANTS
AND RESTRICTIONS

A CONSOLIDATED PLAN
OF
THE KNOLLS ESTATES
PLANNED UNIT DEVELOPMENT

OWNERS' ASSOCIATION, INC

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THE KNOLLS ESTATES PUD/CONSOLIDATED PLAN

Section 1

DEFINITION

Set forth herein are definitions for certain terms used in The Knolls Estates CONSOLIDATED PLAN.

1.01 Administrator of The Knolls Estates: Administrator shall Mean the Developer until such time as the Developer has delegated And assigned to The Knolls Estates Owners' Association all of its Powers and responsibilities hereunder as provided in Section 9 herein. Thereafter the Administrator shall mean the person so appointed by the Owners' Association of The Knolls Estates PUD.

1.02 Common Areas: Shall mean any area designated as such in a subdivision plat of The Knolls Estates PUD or in The Knolls Estates Declaration.

1.03 Consolidated Plan of The Knolls Estates PUD Shall mean this instrument which is dated and recorded in the Deed Records of Douglas County, Oregon in Volume-18., at Page 1.

1.04 Design Committee: Shall mean the committee appointed pursuant to the provisions of Section 8 herein.

1.05 Developer: Shall mean The Alaska Sutherland Knolls Corporation, a Nevada Corporation and its successors and assigns.

1.06 Guest: Shall mean any person, other than a lot owner, who is authorized to occupy a residence or be present within the PUD with the direct or implied consent of a lot owner.

1.07 Judicial Council: Shall mean the body designated to hear appeals of fines and penalties imposed pursuant to Section 6 hereof and from The Knolls Estates Design Committee pursuant to Section 8 hereof, the membership of which shall be as set forth in section 6.07 Herein.

1.08 Maintenance Assessment: Shall mean any assessment imposed in accordance with Section 7 herein.

1.09 Maintenance Fund: Shall mean the separate fund comprising all money collected for maintenance assessments together with all other monies added to the maintenance fund pursuant to the provisions hereof or at any Knolls Estate Declaration.

1.10: Owner Shall mean property owner as the same is defined herein.

1.11: Private Area: Shall mean any area designated as such in the subdivision plat of the PUD or in The Knolls Estates Declarations.

1.12: Private Recreational Area: Shall mean any area designated as such in the subdivision plat of the PUD or in The Knolls Estates Declarations.

1.13: Private Way: Shall mean any area designated as such in the subdivision plat or The Knolls Estates Declaration.

1.14: Resident of The Knolls Estates: Shall mean any person who is a lot owner or lessee of a lot in The Knolls Estates, together with members of his/her family provided that a person shall be a resident only during the period when he/she is in possession of his/her lot.

1.15: Property Owner: Shall mean the person or persons who shall own legal title to any parcel of real property within The Knolls Estates PUD at the time of determination.

1.16: Story That portion of a building included between the upper surface of any floor and the upper surface of the floor next above, except that the top most story shall be that portion of a building included between the upper surface of the top most floor and the ceiling above. A basement shall be counted as a floor and the ceiling above. A basement shall be counted as a story for the purposes of height measurement where more than one-half of its height is above the average level of the adjoining ground.

1.17: The Knolls Estates PUD: Shall mean all real property made subject to this consolidated plan,

1.18: The Knolls Estates Declaration: Shall mean any instrument previously recorded subjecting an area to the Plan of The Knolls Estates, and any instruments which may be recorded in the future subjecting areas to this document.

1.19: The Knolls Estates Master Plan: Shall mean the plat of THE KNOLLS ESTATES PUD filed in the Deed Records of Douglas County Oregon in Volume 18 at Page 1 A, and 1B, and shall include all subsequently filed Phases of the PTJD and amendments thereto.

1.20: The Knolls Estates PUD Association: Also known herein as the "Owners' Association" of "Association" shall mean that certain non profit incorporation of which all owners shall be members and which shall assume responsibility for the PUD from the developer as set forth in section 10 herein.

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1.21: The Knolls Estates Rules & Regulations: Shall mean any rules and regulations adopted by the Administrator as Provided in Section 6 herein.

1.22: Lot: Shall mean each lot described in any PUD subdivision Plat or partition of the PUD which may be designated as private area.

1.23: Lot Owner: Shall mean the person or persons who hold legal title to any lot of land. Where lots are owned by more than one person, the designation "lot owner" shall be deemed to apply to all such owners collectively.

Section 2

SUBJECTION OF PROPERTY TO THE CONSOLIDATED PLAN OF THE KNOLLS ESTATES PUD

"The Knolls Estates" shall be subject to the consolidated plan of the Knolls Estates PUD as herein provided.

2.01: Addition or Withdrawal of Areas: Once the consolidated plan becomes effective, the Administrator of the plan shall retain the right to withdraw areas from The Knolls Estates PUD and the Consolidated Plan, or to subject other areas not included within The Knolls Estates PUD to the Consolidated Plan, but in any case shall do so only with the approval, by affirmative vote of not less than sixty percent (60%) of the votes cast by owners as provided herein.

2.02 The Knolls Estates Declarations Shall:

- A. Describe the area.
- B. Recite the purpose of the declaration to subject the area to the Consolidated Plan of The Knolls Estates PUD.
- C. Designate, where applicable, which areas within the area are private areas, semi-public recreational or service areas, private recreational areas, or other type areas allowed by The Knolls Master Plan. Specifications must also, when necessary, show which portions of each lot are designated as build able or open areas, and impose any other use restrictions as may be appropriate with the Master Plan and recorded conditions, Covenants and Restrictions.

2.03 Effective Date: From and after the date The Knolls Estates Declaration is filed in the Deed of Records of the County of Douglas, State of Oregon, the area designated herein shall be subject to the Consolidated Plan of the Knolls Estates PUD and to all covenants, conditions and restrictions contained therein.

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Section 3

LAND CLASSIFICATION AND USES OF THE KNOLLS ESTATES

3.01: Classification/waiver of Partition: Land classifications of areas subjected to the Consolidated Plan of The Knolls Estates and the land classifications within areas to be subjected to the Consolidated Plan of The Knolls Estates are private areas, common areas, private recreational areas, and private ways. The Administrator will retain title to common areas, private ways and other areas and classifications of property created in The Knolls Estates which are essential to the use and enjoyment of the lot owners until such time as all the lots are sold, at which time the Owners' Association shall acquire title. Except as otherwise provided herein, or by operation of the law, there shall be no partition of common areas, private ways or other property owned by The Knolls Estates PUD Association or dedicated for common use pending ultimate deeded transfer to The Knolls Estates Owners' Association.

3.02: Private Areas: Restrictions on and rules and regulations governing the use of private areas within The Knolls Estates shall be set forth in The Knolls Estates Declaration which creates the entire PUD. By accepting a deed or lease of a private area within the PUD the grantee shall covenant that he or she will:

- a) Use and permit the use of the property only in accordance with, and that he/she will abide by and cause all those who come upon his/her premises to abide by the restrictions, covenants and Conditions.
 - 1) Contained in the Bylaws of The Knolls Estates PUD
 - 2) Contained in the Knolls Estates Declaration creating The Knolls Estates PUD: or
 - 3) Provided for any future annexed areas included, should there be.
- b) Abide by the rules and regulations promulgated. under the aforesaid restrictions, conditions and covenants.
- c) Pay the Administrator, all amounts provided for in The Knolls Estates Declaration; and that his/her property will be subject to a lien or liens as provided in such instruments,

3.03: Private Ways: Each owner and each resident of The Knolls Estates shall have a non-exclusive easement to use private ways for the purpose of pedestrian or vehicular traffic thereon by appropriate means. Each owner and each resident of The Knolls Estates may permit his/her guests and invitees to use private ways for such purposes. The easement so created shall be appurtenant to and assignable with the property with respect to which it is granted, but shall not otherwise be

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assignable. Use of private ways shall be subject to The Knolls Estates Rules and Regulations. The Administrator of The Knolls Estates may grant free access on private ways to police, fire and emergency service personnel, public and private utility companies, mail and parcel delivery services and other persons for whom access is reasonably considered normal and customary, and otherwise contributes to the health, safety, welfare and convenience of the residents of The Knolls Estates PUD, the Association or the Administrator. The Association when applicable with sixty percent (60%) vote of the Association's Members may extend or restrict access on private ways to such other persons to whom the Association, so believes access should be given for the benefit of owners of The Knolls Estates, Developer and/or the Administrator of The Knolls Estates, and/or owners of the Association when applicable with sixty (60%) approval of the owners may dedicate private ways to the public.

3.04: Common Areas: Each resident of The Knolls Estates shall have a non-exclusive easement to use common areas for such purposes as may be permitted by The Knolls Estates Rules and Regulations and in the manner permitted thereon. Each lot owner and resident of The Knolls Estates may permit his/her guests to use common areas for such purposes and in such manner, subject to the terms of The Knolls Estates Rules and Regulations. Common areas shall not be platted or otherwise divided into parcels for residential use. The Administrator of The Knolls Estates, with sixty percent (60%) of the owners, may develop special recreational areas of facilities on portions of the common areas for the general use and benefit of the public and all residents, from time to time, to use designated portions of common areas for recreational or service uses of benefit to such residents only (For Example: Maintaining a volleyball or badminton court) provided that such permission shall be revocable at any time. The easement and rights herein granted shall be appurtenant and assignable with the lot in respect to which it is granted but shall not otherwise be assignable. The Administrator of The Knolls Estates may authorize use of common areas for location of utilities thereon, and may dedicate common areas for owners' park purposes. No such dedication shall be deemed to arise by implication or by use, but only by an instrument of express grant of dedication duly filed in the Deed of Records of Douglas County, State Of Oregon. Any other use, development or modification of common areas requires the prior written consent of the Administrator notwithstanding anything to the contrary herein contained; however, the Administrator shall not construct new improvements or perform work on new capital additions to or alterations in common areas, requiring an expenditure from the Maintenance Fund in excess of ten thousand dollars (\$10,000) without prior approval by vote cast by owners. Other than developer-owned lots so long as the Developer is the Administrator. Common Areas shall be preserved in perpetuity for use of the Owners except as herein otherwise provided. Common Areas may not be sold by the Administrator or the Association for perpetuity

3.05 Use Restrictions All portions of The Knolls Estates PUD shall be used subject to the following covenants and restrictions.

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- a. Nuisance: No excessive or unnecessary noise shall be generated by any vehicles, persons, appliances, tools or pets. Each owner shall be responsible for compliance with this covenant with respect to his/her own behavior and that of his/her guests, licensees and invitees on the private areas, common areas, private ways, private recreational areas, semi-public recreational areas or service areas and in all other areas contained within The Knolls Estates PUD.
- h. Restrictions on Invited Guests: No more than 35 persons, including the owner and household residents, shall be allowed to assemble within any dwelling or on any Private Property or common area within The Knolls Estates PUD, without the prior approval of the Administrator. In granting such approval, the Administrator may impose reasonable conditions with respect to the maximum number of guests, the hours within which the guests may be present, limitations on the types of activities to be engaged in by the owner and guests, special provisions for vehicle parking, and other measures which the Administrator deem reasonable and necessary to protect the privacy and peaceful enjoyment of other owners within the PUD.
- i. Restrictions on Motor Vehicles: Except with respect to golf cars or carts specifically approved by the Administrator, no motorized vehicle shall be operated anywhere except upon a Surfaced roadway, nor shall it be parked in other than Designated parking areas. Each home shall provide the minimum of a two car garage which shall be maintained for the principal purpose of parking not less than two cars. No Motor vehicle, recreational vehicle, trailer or boat shall be parked or stored on any roadway or exterior portion of any lot for a period exceeding 48 hours.
- d. Restrictions on Cart Paths: Cart Paths shall be used solely for golf carts and pedestrian traffic excepting maintenance equipment necessary to maintain or repair paths or utility equipment when appropriate or necessary for maintenance of Utilities.
- e. Motor Homes, Trailers, Campers & Camping Equipment: Motor Homes, Campers, Trailers, or other Camping equipment shall not be used for overnight living accommodations at The Knolls Estates PUD. Parking of the above shall be permitted only on private lots and only enclosed in a garage structure attached to the home, and approved by the Design Committee, or in storage facilities provided by the Association. One Motor Home, or trailer, or camper of a visitor may park on an exterior portion of a lot for a period not exceeding 48 hours unless express written permission is obtained from the Administrator, but not prior to the date the residence has been completed and lawfully occupied.

- f. Control of Pets: No pets shall be permitted to run loose or unattended. Pets shall be leashed or confined to the owner's private area. No animals shall be kept or raised in any private area except household pets not used for commercial purposes. All pets allowed must be pets allowed under city ordinances. Any pets running loose or unattended outside the private area of the owner thereof may be impounded by the Administrator and the cost of such impoundment may be assessed to the owner thereof as a fine under Section 6 hereunder. Any pets which create a nuisance or disturb the peace shall be removed from The Knolls Estates upon written demand by the Administrator.
- g. Firearms Or Other Weapons: No firearms, air pistols, archery, slingshots, fireworks or any other weapons or projectiles shall be used or discharged anywhere within The Knolls Estates PUD except in areas designated in writing by the Administrator, with appropriate controls and constraints imposed. In connection therewith.
- h. Littering: Each lot owner shall be responsible for maintenance of his/her private area in a manner which keeps it free of rubbish and debris, brush and dried grass and other material likely to create or cause a nuisance or a fire hazard. No person shall litter or dispose of trash or rubbish anywhere in The Knolls Estates except in appropriate trash receptacles or disposal areas designated by the Administrator.
- L. Home Occupation: Any lawful occupation carried on by a resident of a dwelling as an accessory use within the same dwelling or in a lawfully permitted accessory building on the same property is permitted only under the following conditions:
 - 1) No sign is used other than a residential nameplate not over two square feet in area.
 - 2) There is no display that will indicate from the exterior that the premises is used in whole or in part for any purpose other than a dwelling.
 - 3) The premises retains the characteristics of a residence.
 - 4) There is no outside storage of materials directly related to the business.
 - 5) No non-family paid employees shall perform work or render services to clients upon the premises.
 - 6) No premises shall be used as a headquarters for the assembly of employees for instruction, for assembly of employees to dispatch for work at other locations, or for assembly of employees for other purposes

- 7) All aspects of a home occupation shall be contained and conducted within the dwelling or legally permitted accessory building.
 - 8) The aggregate of all space within any building devoted to one or more home occupations shall not exceed 500 square feet in floor area.
 - 9) Products made or sold shall be disposed of primarily by delivery from the premises to the homes or places of business of customers.
 - 10) Customer and client contact shall be primarily by telephone, mail, or in their homes and places of business, except for those home occupations which, by their very nature, can not otherwise be conducted except by occasional contact upon the premises.
- j. Residences Under Construction: Residences under construction shall not be occupied until finished and hooked up so utilities as per Douglas County Ordinance Provisions within City limits, and Certificate Of Occupancy has been issued.
- k. Residence Construction: Garages are to be two car minimum and shall be attached to the dwelling by common wall or common roof. All dwellings shall be "site built", Modular, Prefabricated, Panelized of Manufactured dwellings shall not be placed, assembled or constructed on any lot. All residents shall be approved by the design committee prior to application to Douglas County for building permit to commence construction. Should the dwelling not be completed within one year, the owner shall landscape and maintain the grounds of his/her property to preserve the aesthetic integrity of the PUD.
1. Residence Height Restriction and Construction Plans:
Except on those lots which are specifically designated as "approved for two-story dwelling", houses in The Knolls Estates PUD shall not exceed one story in height. Regardless of whether a dwelling is one story or two stories, the highest point of the dwelling shall not extend more than twelve feet above the lowest ceiling within the top most story. All residence plans must be approved by the Design Committee.

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- m. Fences and Hedges: All fences must be architecturally pleasing and presented to the Design Committee for approval prior to their erection. No fences may be constructed, and no sight-obscuring hedges may be cultivated, in the front yard area at any point beyond the front line of the home. No chain link fences will be allowed. On non-fairway lots, rear yard fences and hedges may be up to six feet high beginning at a point not closer than 20 feet from the front line of the dwelling and extending to and across the rear lot line. Fairway lots shall not have fences past the house line facing the fairway. Except where a lot borders the fairway of the adjoining golf course, The Design Committee may vary fence rules on a particular lot upon application of the lot owners and a finding that no adverse impact to adjoining properties results from the variance requested.
- n. Obstruction of Easement Areas: Fences and building of any nature may not be placed on an easement, and if so placed may be subject to removal at owner's cost should it be deemed necessary to maintenance of The Knolls Estates Utilities, roadways, etc. Buildings shall be built within a so-called "building envelope" as approved by the Design Committee and shown for each building lot. All setbacks and view corridors established by the building envelope will be complied with. Most lots will have minimum side yards and front yards, with Generous back yards being provided by the building envelope.
- o. Building Size Requirements: Single-family homes shall be a minimum of fourteen hundred square feet in main floor area; excluding porches, decks, courtyards, walkways, and garages.
- p. Building Roof Requirements: Due to the maintenance and fire hazards of the natural wood shake roof, they are not allowed within The Knolls Estates PUD. Metal roofs shall not be permitted. All other roofs are permitted subject to Design Committee approval.
- q. Fireplaces & Stoves: Firewood Storage: No wood burning fireplaces or stoves shall be installed in any dwelling as the primary heat source. No firewood shall be stored in such Manner that it, or any part of it becomes visible from any point off the lot on which it is stored.
- r. Landscaping: Landscaping will be permitted within the building envelope. All major landscaping (defined as areas comprising 30% or more of the net lot size) shall Be approved by the Design Committee. No trees shall be removed from the lot except for those within building footings and as otherwise approved by the Design Committee.

- s. Satellite Receivers and Antennas: Satellite receiving dishes over 24" in diameter, large TV antennas, ham radio antennas, or any other electronic receiving device shall not be permitted on any home or lot. Permitted Satellite receiving dishes shall not be visible from the Street.
- t. Rentals: All homes are intended to be owner occupied. The rental of a home will be allowed under some cases if approved in writing by the Administrator. The upkeep and maintenance of the home and the lot shall be the responsibility of the owner.

Section 4

THE KNOLLS Estates AS A PUD

The property made subject to the Consolidated Plan of The Knolls Estates PUD herein referred to as "The Knolls Estates" has been zoned residential and is subject to The Knolls Estates PUD Plat as adopted by the City Council of Sutherlin and recorded in the Deed Records of Douglas County, Oregon in Volume 18, at Page 1A and 13. A Planned Unit Development is defined as follows:

A self-contained complex of residential uses in the Form of a planned development in conjunction with an Interrelated system for transportation, utilities, Recreational areas and other public facilities Constituting a separate community within the City.

In addition to the covenants, restrictions and assessments provided for in this Consolidated Plan of The Knolls Estates, all uses of property with The Knolls Estates are also subject to the Planned Unit Development Zone as set forth in the Sutherlin City Land Use Ordinances, and to certain restrictions contained in the Master Plan of The Knolls Estates approved by the City of Sutherlin.

Section 5

CONSOLIDATION OF LOTS WITHIN A PRIVATE AREA

Whenever a person shall own all of a lot restricted to a single family residence use within a private area, together with one or more contiguous portions thereof also restricted to single family residential use, and wishes to consolidate the basic lot, and the additional lot and consolidation conforms to the other provisions hereof, the consolidation shall be effected by filing in the Deeds of Records of Douglas County, a declaration stating that the two areas are consolidated. The foregoing requirements are in addition to any requirements that may be imposed by state law for adjusting a lot line or re-platting a lot. (Currently ORS Chapter 92).

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The consolidation shall have the following effects:

- a. The consolidated areas shall constitute one lot for all
Purposes under the Consolidated Plan of The Knolls
Estates Declaration pursuant to which The Knolls
Estates PUD was created, including the payment to
Maintenance assessments.
- b. The entire consolidated area may be used for the
Construction of only one residence.
- c. No residence or structure may be placed upon a
Remainder of a lot not consolidated with another lot
Without approval of the Design Committee.

Section 6

RULES AND REGULATIONS AND THEIR ENFORCEMENT

6.01 Rules and Regulations: In the exercise of its powers and in the Performance of its obligations pursuant to the Consolidated Plan and Declaration, the Administrator may adopt, amend, or repeal rules and regulations in order to provide for the manner in which common areas, (including special recreational facilities established thereon), private ways, semi-public recreational or service areas created in the Declaration, which are essential or convenient to the use and enjoyment of the owners, shall be used. To the extent provided in any of The Knolls Estates Declaration, the Rules and Regulations may provide for the manner in which private areas and common areas may be used. All rules and regulations must be applicable on a non-discriminatory basis. A current copy of the Rules and Regulations shall be kept on file at the principal office of the Administrator, located within the PUD, at all times. The Knolls Estates Rules and Regulations shall have the force and effect as if set forth herein as part of the Consolidated Plan of The Knolls Estates PUD.

6.02 Enforcement of the Rules and Regulations: The Rules and Regulations shall be enforced in an impartial and uniform manner. The Administrator may impose penalties for the violation of the Rules and Regulations subject to the following conditions:

- a. A fine schedule shall be established annually by the Administrator and approved by the owners Association when in place.
- b. Violations of a rule pertaining to the use of private ways shall be subject to a fine in an amount consistent with that imposed under laws applicable to public streets and highways.

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- c. Should a fine not be paid by the person upon whom it is imposed, it shall be paid by the lot owner if one or more of the owners caused the person upon whom the fine was imposed to be present within The Knolls Estates PUD.
- d. The Administrator may provide that a person who has violated a rule or regulation shall be deprived of his/her right to use the common areas, semi-public recreational areas, service areas, or any specified parts of either for a period not to exceed six months on account of anyone violation or until such time as the violation has been remedied to the satisfaction of the Administrator.
- e. In addition to any fine or other penalty imposed. The Administrator shall assess the costs of the proceedings from the owner found to be responsible or upon whom the penalty was imposed.

6.03 Right to Notice: Opportunity to be Heard and Appeals: No person shall be subject to fines or penalties pursuant to Section 6.02 hereof without prior written notice of the offense and an opportunity to be heard. Any person upon whom a notice of fine or penalty has been imposed pursuant to Section 6.02 hereof who deems that such a fine or penalty was unfairly imposed, either because he/she did not violate a rule, regulation, or provision as charged, or because the fine or penalty imposed is too severe may appeal the imposition of the fine or penalty by filing a statement to that effect with the Administrator within thirty (30) days after notice of fine or penalty has been served. All appeals shall be determined by a body to be known as The Knolls Estates Judicial Council as provided in Section 6.07 below.

6.04 Violation of Declaration or a Design Committee Rule: Any activity prohibited by the provisions hereof or any Declaration or Design Committee Rule may be enjoined at the discretion of the Administrator. Such an injunction is to be in addition to all fines, penalties, and recovery costs allowed under Section 6.02 above.

6.05 Violation of Declaration by Prohibited Activity: In the event that any owner shall violate a provision of the Declaration relating to activities which may be conducted on his/her property or if any person on the property with the permission of the owner shall violate such a provision, the Administrator may impose a fine upon such owner in an amount determined in accordance with Section 6.02 for any violation, subject to all of the limitations and conditions hereinafter set forth.

6.06 Payment of Fines: Each fine imposed pursuant to Section 6.02 hereof shall become payable by the person upon whom the fine was imposed ten (10) days after delivery by the Administrator of notice thereof to the person by whom it is payable. If the fine is unpaid at the end of this period, the Administrator shall be authorized to file a lien against the property of the owner until said fine is paid. Each

notice of fine shall refer to the rule, regulation, or provision which has been violated and set forth a statement of the conduct which the Administrator claims violated a rule, regulation, or provision describing the date and the events constituting the violation. All fines paid shall be deposited in the Maintenance Fund.

6.07 The Knolls Estates Judicial Council: All appeals of fines or penalties pursuant to Section 6.02 shall be determined by a body to be known as The Knolls Estates Judicial Council in accordance with such rules of procedure as the council may adopt from time to time. The Judicial Council shall consist of not less than three persons who shall be appointed by the Administrator. Two of whom shall be owners; provided, however, that no person shall serve as a member of the council while serving as a member of the Board of Directors of the Owners Association.

The Administrator shall keep on file at his/her principal office a list of the names and addresses of the members of the Judicial Council. The Judicial Council shall render all decisions on appeals in writing.

In case of appeals from fines or penalties, written notice shall be made to the Administrator by any person or persons upon whom the fine or penalty was imposed. Rendering a decision on appeal, collection of a fine, or imposition of penalty shall be stayed. The decision of the Judicial Council shall be binding on the Administrator and all other parties to the appeal to the extent the decision of the council may be entered in a court of competent jurisdiction in like manner as upon a private arbitration.

Prior to any determination of an appeal from a fine or penalty, the Judicial Council shall hear evidence from the person (s) upon whom the fine or penalty is imposed, who shall have the right to confront the Administrator, hear the charges, and be heard fully in refutation thereof. The Judicial Council shall base its decision upon substantial, relevant evidence and render a decision without bias in writing. However, once a decision has been rendered it shall have the same force and effect as the decision of a private arbitration and for all purposes at law, including but not limited to appeal and enforcement, shall be including but not limited to appeal and enforcement, shall be treated as if it were a private binding arbitration decision.

Section 7

MAINTENANCE FUND AND RESERVE FUND UTILITY FEES

7.01 Budget: From the effective date of the Consolidate Plan the Administrator shall annually, with the approval of the Board of Directors of the Owners' Association, prepare an operations budget for the community for the ensuing calendar year as provided in this Section. The budget shall include provision for maintenance, capital expenditures, and any proposed additions to the Reserve Account.

7.02 Imposition of Regular Maintenance Assessments:

The Administrator shall have the right to impose an assessment against each lot owner in a amount not to exceed \$35.00 per month for each lot owned by each lot owner unless such an amount shall be increased as provided in Section 7.02 a. (1) and (2) herein. On or before January first of each year the Administrator shall notify each owner of the amount of the assessment to be imposed for such year. The assessment shall not include charges for utility services provided by the Administrator.

- 1) The maximum amount of any Maintenance Assessment Fund increase over the amount Provided for above shall be established each Year by vote of sixty percent (60) of the Board of Directors of the Owners' Association.
- 2) In the event that the Administrator shall deem The Maintenance Fund to be inadequate for the purposes for which it is to be maintained, taking Into account the need for reasonable reserves for special purposes, the annual maintenance assessment may be increased above the amounts provided above, provided, however, that such increase shall have first been approved by a vote of not less than sixty percent (60%) of the votes Cast in written ballot directed to all owners.

7.03 Special Purpose Assessments: In the event that the Administrator deems it to be to the advantage of the owners to impose a special purpose assessment to provide funds for the development of a particular facility or to provide funds to cover maintenance costs caused by conditions or occurrences not contemplated at the time of the approval of the annual budget, the Administrator may impose a special assessment provided that the amount of the assessment and the items upon which it is imposed have been approved by a vote of not less than sixty percent (60%) of the votes cast by written ballot directed to all owners.

Special Purpose Assessments shall be applied uniformly to all owners. In the event that such an assessment is imposed, the Administrator shall not add the monies derived therefrom to the Maintenance Fund but shall keep the same in a special account and shall use the same only for the purposes approved by the owners when they consented to the special assessment.

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7.04 Maintenance Fund: The Administrator shall keep all monies collected for maintenance assessments, together with all other monies which he/she is required to add to the Maintenance Fund pursuant to the provisions of The Knolls Estates Declaration, in a separate fund to be called The Maintenance Fund, and shall use the monies in The Maintenance Fund only for the following reasons.

- a. Payment of the cost of maintaining private ways (including street lights, entrance and other signs), common areas, semi-public recreational areas or service areas, facilities on common areas or semi-public recreational areas or service areas, leased areas and the improvements thereon.
- b. Payment of taxes and assessments levied against private ways, common areas, semi-public recreational areas or service areas, leased areas and the improvements thereon.
- c. Payment of the cost for providing security patrol, fire prevention, and control service, emergency medical service, and such other utility and public services as may be required to be provided from time to time and are not otherwise available through public entities or leased public utilities.
- d. Payment of the cost of insurance, including insurance protecting the Administrator, the Design Committee, the owners; Association, and any Knolls Estates Association against liability arising out of performance of their functions and activities in the administration of the Consolidated Plan of The Knolls Estates PUD. Such insurance may include indemnification of directors, officers and agents of such employees, committees and associations.
- e. Payment of the cost of enforcing the provisions contained in the Consolidated Plan of The Knolls Estates, Rules and Regulations Sections and the covenants and provisions contained in any Knolls Estates Declaration.
- f. Payment to the Owners' Association or to a Knolls Estates Association of costs incurred in the performance of any obligation of the Administrator which has been delegated to the Association or to any Knolls Estates Association.
- g. Payment of cost incurred in collection of maintenance assessments, including attorney fees and other costs of legal action.

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- h. Payment of any expense reasonable incurred by the Administrator in carrying out any function for which he/she has been given responsibility hereunder.
- i. Payment of legal costs and accounting costs incurred by the Administrator in performance of his/her functions hereunder.
- j. Payment of the costs of fidelity bonds and faithful performance bonds with respect to the cash handling functions of the Administrator and such employees thereof as are responsible for collection and handling of cash to be deposited in The Maintenance Fund.

The Maintenance Fund includes all maintenance assessments, fees for use of recreational or service facilities located on the common areas or semi-public recreational or service areas, Design Committee fees, rental fees from leases of private recreational areas or leased areas, interest on amounts payable in the Maintenance Fund and payments to reimburse the Administrator for monies expended from the Maintenance Fund. No part of the Maintenance Fund shall inure to the benefit of the Developer.

Notwithstanding anything to the contrary herein contained, the Administrator shall have no power to make expenditures exceeding twenty percent (20%) of the amount appropriated to any budgeted category within the Maintenance Fund without the affirmative vote of not less than sixty percent (60%) of the votes cast by written ballot directed to all owners.

The Administrator shall have no power to enter into any contract for the provisions and services or the purchase of goods having a term in excess of one year with the exception of:

- a. Contracts for provision of public utility services by a regulated public utility company (with services contracted for being within the purview of the regulations), and
- b. Contracts for insurance from insurance companies of good reputation and rates publicly available in the marketplace.

In connection with any contract exceeding one year, the Administrator must obtain approval of the Board of Directors of the Owners' Association when in place.

7.05 Default in Payment of Assessments and Maintenance: Each maintenance assessment, special assessment and any charges levied or imposed pursuant to the Consolidated Plan or the Declaration, together with interest thereon at the legal rate of interest pursuant to Oregon law for sums due (currently 9% per annum) from the date of the charge until the date of payment, is the obligation of the owner or resident against whom the maintenance assessment, special assessment or charge is levied or imposed or from whom the amount is due. If an owner fails to pay such an

assessment of charges when due. The owner shall be in default and shall be subject to a late payment charge in an amount to be set by the Administrator. The amount of the assessment or charge not paid together with interest, costs and attorney fees as elsewhere provided For herein shall become a lien upon the lot or lots owned by the owner from whom the assessment or charge is due, upon filing by the Administrator in the Deed Records of Douglas County, State of Oregon, of a notice of lien, which said notice shall set forth the amount due including costs, expenses and attorney fees incurred, the provisions under which the lien is claimed, and the fact that, unless the amount is paid, the property subjected to the lien shall be sold in satisfaction thereof. Any such lien shall not take effect until notice thereof has been so filed. Thus, such lien shall be subordinate to the lien of any mortgages upon any property which is accepted in good faith and for value and which was recorded prior to the filing of the notice of the lien. The Administrator shall commence proceedings to foreclose any such lien at any time within three years following the date of such :filing and foreclosure shall occur in a manner provided for foreclosure under the laws of the State of Oregon. Notice of such filing shall be given in the manner provided by statute for Mechanics Liens under ORS Chapter 87 as it then exists.

7.06 Annual Accounting: Within ninety days following the closing of each calendar year, the Administrator shall render to each lot owner an accounting which shall set forth the amount and source of all income received in the Maintenance Fund and all disbursements from the Maintenance Fund during the previous calendar year, together with a statement of the assets and liabilities of the Maintenance Fund at the close of the last calendar year.

The Administrator shall maintain books and records in a manner consistent with customary and usual accounting standards. Such records shall be open to inspection by any lot owner or by the officers of any Knolls Estates Association or of the Owners' Association at any reasonable time during normal business hours. The accounting to be provided pursuant to the provisions hereof shall be reviewed by a certified public account of good reputation on the basis of the records of the Maintenance Fund, in accordance with accepted auditing standards and general accepted accounting principles in a manner sufficient to permit said accountant to provide reviewed statements of account. The Administrator shall maintain books and records to a standard sufficient to permit full audit upon demand of the Board of Directors of the Owners' Association or Sixty percent (60%) of the owners, excluding the Developer.

7.07 Indemnity: No member of the Board of Directors or any other officer of the Owners' Association or of any committee of the Association appointed by the Board, shall be personally liable to any member, or to any other party, including the Association, for damage, loss or prejudice suffered or claimed on account of any act, omission, error or negligence of the Association, provided that such person has,

upon the basis of such information as may be possessed by him/her, acted in good faith. In the event any action is brought against any such person or entity, the Association shall indemnify such person or entity for all reasonable cost, including attorney's fees incurred in the defense of such action, including any settlement thereof. In the event the Association is required to pay any such sums, the Association shall be entitled to reimbursement from the Maintenance Fund established pursuant to Section 7 hereof.

7.08 Establishment of Reserve Fund: As of the effective day of the plan, the Administrator shall establish a separate interest bearing reserve account by transfer of funds from the Maintenance Fund pursuant to a resolution by the Board of Directors of the Owners' Association.

- a. The Reserve Account shall be a separate account in the Maintenance Fund.
- b. The purpose of the Reserve Account shall be to provide funds for routine maintenance of items as well as for replacement or major repair of all items of Association assets.

7.09 Procedure for Reserve Fund: The Administrator shall be responsible for administering the account and for making periodic payment into the Reserve Fund.

- a. The Reserve Account established under this section shall, in the discretion of the Board of Directors of the Owners' Association, thereafter be funded by assessments against the individual lots in an amount sufficient to build and maintain adequate reserves and such adequacy shall be reserved annually.
- b. The annual amount to be assessed shall take into account the estimated remaining life of the items for replacement cost of these items and shall be determined by the Administrator and submitted to the owners specified in Section 7.01.
- c. The account may be used only for purchase of new or replacement or major repair of Association assets and is to be kept separate from assessments for maintenance. However, after the Owners' Association has assumed responsibility for administration, the Board of Directors may authorize the borrowing of funds from the Reserve Account to meet high seasonal demands upon the Maintenance Fund. Funds borrowed to meet temporary expenses under this subsection must be repaid with interest before the end of the current fiscal year.
- d. Assessments paid into the Reserve Account are the property of the Maintenance Fund and are not refundable to sellers or owners of lots.

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7.10 Utility Charges: Where utility services are provided for the lot owners by the Administrator, the Administrator shall establish a schedule of reasonable charges on a monthly basis to defray the expense of providing and maintaining such services. The schedule may be adjusted from time to time as necessary in the Administrator's discretion to reflect changes in the cost of utilities and needs to maintain the utility systems. Initially the Administrator will provide water, sewer and garbage services. Charges for such services shall be made and collected in the same manner as the monthly Maintenance fee, and if not paid within 30 days of billing therefore the Association may, in addition to the remedies provided herein for liens on unpaid maintenance fees, on 10 days notice, terminate water service to the lot against which such charges are owing.

7.11 Performance of Utility Services by the City: Upon agreement of the City and the Developer, where the City shall deem it to be in the best interest of the City, the City may assume and operate sewer and water utility services furnished within THE KNOLLS ESTATES PUD, making such charges therefor as it shall determine to be appropriate.

Section 8

DESIGN COMMITTEE

8.01 Functions of the Design Committee: The Design Committee shall exercise the functions for which it was given responsibility in The Knolls Estates Declaration and in the Consolidated Plan of The Knolls Estates. Generally, the Design Committee will be responsible for the approval of plans and specifications for the development of all areas subject to the Consolidated Plan and for the promulgation and enforcement of rules and regulations governing the use and maintenance of such areas and the improvements thereon. Two copies of all lot owner plans for improvements shall be submitted to the Design Committee, as required in Section 3.05 herein, prior to application to Douglas County for a building permit to commence construction. Upon approval by the Design Committee, the plans will be stamped by the Committee in a manner to indicate that the plans have been reviewed and approved. The stamped copy of the plans shall be available on the job site during construction

8.02 Members: Terms and Approvals: The Design Committee shall consist of not less than three persons, of whom not less than two are members of the Alaska Sutherland Knolls Corporation until such time as all lots are sold. At such time, The Owners' Association Board of Directors of not less than three members shall appoint a new Design Committee of at least three members of the Association (Lot Owners), The Design Committee will adhere to all restrictions within these documents. The Board of Directors may at any time appoint new or additional members to the Design Committee once the Design Committee's responsibilities have been transferred from the Developer as per above. Names and addresses will be kept on file in the office of the Administrator.

8.03 Violation of The Knolls Estates PUD Declaration or Design

Committee Rules by Non-Qualified Improvements: In the event that any owner constructs or permits to be constructed on his/her property an improvement contrary to the provisions of The Knolls Estates Declaration or the Design Committee's Rules, or in the event that the Owner maintains or permits any improvement, condition or other thing not permitted by the Declaration or the Design Committee Rules, the Administrator may, no sooner than sixty (60) days after delivery to such owner of written notice of the violations, enter upon The offending lot owner's premises conform thereto; provided, However, that if the owner objects to such entry, no such entry shall Occur without prior resort to appropriate judicial process. The Administrator shall charge the owner and the owner shall pay the entire cost involved in restoration of the premises to a state that does not violate the Declaration or the Design Committee Rules. To enforce this hereof, such costs shall become payable upon delivery by The Administrator to the owner of notice of the amount due and shall Be paid by such owner into the Maintenance Fund. Any such charges So levied shall become a special assessment against the lot of the Owner, and, if not paid within sixty (60) days of delivery of the notice Herein provided, shall be enforced by lien in the same manner as provided for assessments in Section 7.05 herein, and shall bear interest as therein provided for lien assessments from the date of the notice Until paid.

8.04 Review and Appeal by Applicant:

a. In the event that a decision rendered by the Design Committee is unacceptable to the lot owner or to the owner of any other lot:

- 1) The lot owner may request a review of such decision By the Design Committee by directing a written request for such review to the Administrator by certified mail postmarked no later than ten (10) working days after the decision is rendered by the committee. Property owners of other lots may request a review of such decision by the Design Committee by directing a written request for such review to the Administrator by certified mail postmarked no later than five (5) working days after the decision is rendered by the Committee. Such review shall be held by the committee at its next regularly scheduled meeting.
- 2) Request a hearing before The Knolls Estates Judicial Council, established under Section 6.07 hereof, by filing a statement that such hearing is requested with the Administrator within fourteen (14) days after notice of the Design Committee decision is given. The decision of the Judicial Council shall be final and of the same effect as provided in Section 6.07 herein

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Written requests for appeal shall be accompanied by a payment of an appeal fee in an amount as set forth by the Administrator.

b. Miscellaneous Provisions:

- 1) Members of the Judicial Council shall not discuss Any case referred to the Design Committee for Review or to the Council itself until such time as The case is scheduled for discussion at the formal Hearing conducted by the Council.
- 2) The Judicial Council shall hear any case submitted to it within fourteen (14) days of receipt of Request for hearing.
- 3) Approval of design shall be issued by the Design Committee in less than fourteen (14) days after The Design Committee renders its decision. In the Event that a request for either a review or appeal Is received 'within the time limits as specified, Construction work will be deferred until a final decision is rendered in accordance 'With provisions of Section 8.04, A. Above.

8.05 Failure to Act: If at any time the Design Committee shall fail to function for any reason, the Board of Directors of the Owners' Association shall have the right to act in the place and instead of the Design Committee.

8/06 Non - Waiver: Consent by the Design Committee to ay matter constitute precedent or waiver impairing its right to withhold approval as to any similar matter thereafter proposed or submitted to it for consent.

8.07 Estoppel Certificate: Within thirty (30) days after written demand therefore by any owner, the Design Committee shall execute and deliver to the owner requisition the same an estoppel certificate certifying with respect to the property of such owner that as of the date of the certificate either (a) all improvements and other work within or upon said property comply 'With the Consolidated Plan and with all restrictions and rules and regulations adopted in or pursuant to any Knolls Estates Declaration, or (b) that such improvements and work do not so comply for reasons specified in the certificate with respect to the matters set forth herein, such matters being conclusive against the Owners' Association and all lot owners.

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8.08 Liabilities: Neither the Design Committee nor any member thereof shall be liable to any owner, Owners' Association, or any party who has submitted application to the Design Committee, for any damage, loss or prejudice suffered or claimed on account of any action or failure to act of the Design Committee or any member thereof, provided only that the Design Committee, in accordance with actual knowledge possessed by it has acted in good faith.

Section 9

ADMINISTRATION

9.01 Powers and Responsibilities of the Administrator: in Addition to such other powers and responsibilities as shall be Granted to or imposed upon him/her by the Consolidated Plan and By the Declaration, the Administrator shall have the following Powers and responsibilities.

- a. Maintain all private ways, common areas, semi-public recreational areas or service areas, leased areas and the improvements thereon.
- b. Construction of such improvements on the private ways, common areas, leased areas, semi-public recreational areas or service areas as he/she deems to be of benefit to the residents and their guests in accordance with Rules and Regulations; provided, however, that nothing herein contained shall be deemed to confer upon the Administrator power to incur capital expenditures or levee special assessments except as expressly herein set forth.
- c. Responsibility for the enforcement of all covenants and restrictions contained in the Consolidated Plan and in and Declaration.
- d. Responsibility for the promulgation and enforcement of the Rules and Regulations and enforcement of the Design Committee rules and decisions.
- e. Responsibility for payment of all ad valorem taxes and assessments imposed on any of the common area, private ways, leased areas, or semi-public recreational areas or service areas.
- f. Responsibility for the provisions of such services to the owners as shall be deemed to be a benefit to the owners.
- g. Responsibility for procurement and maintenance of insurance on all improvements constructed on the common areas, leased areas, semi ~ public recreational areas, or service areas.

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- h. Responsibility for collection of maintenance assessments, user fees and other charges as may be levied within any phase in the manner provided in the Consolidated Plan and responsibility for action when such are not timely paid.
- i. Responsibility for all fixing of fees for use of recreational and service facilities within the common areas and in the shall - public recreational areas or service areas and for the collection thereof for payment into the Maintenance Fund.
- j. Responsibility to make certain that annual operating and long term budgets for capital improvements and reserve for replacements are prepared.
- k. Responsibility for maintenance of books and records to a standard sufficient to permit their audit as outlined in Section 7.06.

9.02 Delegation of Functions: The Administrator may, from time to time, delegate all or portions of his/her authority hereunder, to a manager pursuant to an appropriate management contract; provided, however, that in no event shall any such management contract, or contract for services, have a term in excess of three years. In connection with any contract exceeding one year, the Administrator must obtain approval of the Board of Directors of the Owners' Association once in place. The Administrator shall set the salary and other compensation of such Manager at reasonable rated considering the nature and difficulty of the work to be performed.

9.03 Limitation of liability: The Administrator shall not be liable for failure to carry out or perform any duty or responsibility required by him/her to be performed pursuant to the Consolidated Plan where such performance is made impossible or unfeasible by lack of sufficient funds in the Maintenance Fund. Where such insufficiency exists, the Administrator shall have discretion to determine for which authorized purposes monies in the Maintenance Fund shall be spent, including the power to determine how much shall be held in reserve. Neither the Administrator nor any officer or director thereof shall be liable to any owner, to any resident or any Association on account of any action or failure to act of the Administrator; provided, however, that the action has been taken or not taken in good faith in accordance with the actual knowledge possessed by the Administrator.

9.04 Performance of Function and Required Transfer: The Developer will delegate and assign to the Owners' Association all of its powers upon completion and sale of all lots or at such earlier time as it deems appropriate and shall convey title to the Owners' Association all of its rights, title and interest in and to the private ways, common areas, limited common areas, private recreational areas, leased areas, and will transfer over to the Owners' Association all monies then in the Maintenance Fund with a complete accounting

thereof.. The Owners' Association will accept same and shall forthwith appoint an administrator to exercise the functions of the Administrator as set forth in this Consolidated Plan. The Developer, shall be relieved of any further obligations with respect to performance of the function of Administrator from and after the date of the transfer. The Developer is the Administrator as of the date hereof and commits for itself, its successors, and assigns to turn over the administrative functions as herein contemplated in accordance with the provisions of this Section.

Section 10

TIFFI KNOLLS ESTATES ASSOCIATION

10.01 Membership in Association:

- a. Every lot owner and each owner shall be a member of the Owner's Association.
- b. Rights to a membership and status as a member terminate upon termination of status as a lot owner. Upon conveyance, sale or assignment of owner's interest, the selling owner OR owners shall be relieved of liability for assessments levied from and after the date of such sale.
- c. No owner may avoid the obligations of membership during the period when he/she is an owner by non - use of private ways, common areas, limited common areas, private recreational areas, semi - public recreational areas or service areas, renunciation or abandonment of his/her property or any other act of abandonment or renunciation.

10.02 Voting Rights:

- a. All lot owners shall be entitled to one vote for each they own. When more than one person holds an ownership interest in a lot, the vote for such lot shall be exercised as the lot owners thereof determine, but the vote attributable to the lot shall be cast by only one person. In the event other owners dispute the right to vote of the person voting for the owners of a particular lot, or in the event more than one owner attempts to vote on behalf of a lot, and the matter is not settled by agreement and the Administrator so notified by the owners prior to the time votes are to be counted, the vote for the lot ownership shall not be counted in that said election.

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10.03 Incorporation

- a. The Owners' Association shall be incorporated as a not - for - profit corporation under the general nonprofit corporation laws of the State of Oregon.
- b. The Articles of Incorporation shall provide for its perpetual existence, but in the event the Owners' Association shall at any time be dissolved deliberately or inadvertently, it shall immediately be succeeded by an unincorporated association of the same name. In that event, an of the powers and obligations of the incorporated association existing immediately prior to its dissolution shall thereupon automatically vest in the successor unincorporated association which vesting shall thereafter be confirmed and evidenced by appropriate conveyances and assignments by the incorporated Association.

To the greatest extent possible, any such successor unincorporated association shall be governed by the Articles of Incorporation and Bylaws of the incorporated entity as if they had been made to constitute the governing documents of the unincorporated association.

- c. The Articles of Incorporation shall provide that the Owners' Association shall exercise and perform all of the powers, obligations and duties delegated to it pursuant to The Consolidated Plan and any additional different powers and obligations necessary or desirable for the purpose of carrying out the functions of the Owners' Association pursuant to the Consolidated Plan or otherwise promoting the general benefit of owners within The KnoUs Estates PUD.
- d. Neither the Association nor any officer or director thereof Shall be liable to any owner, the Developer, or any Knolls Estates Association for any damage, loss or prejudice suffered Or claimed on account of any action or failure to act of the Association provided only that the Association, in accordance with actual knowledge possessed by has acted in good faith.
- e. The Articles of Incorporation and Bylaws shall be submitted to the City of Sutherlin for approval prior to :filing or adoption. Additionally the City shall have the following rights:
 - 1. To review and approve amendments to such Articles and bylaws and other controlling documents adopted by the Association:
 - 2. To review and approve all plans of the Association for long term financing of Infrastructure:

3. To review and approve any delegation or acceptance of duties by the Association where such duties were previously performed by Developer: and
4. To enforce or require enforcement of any Association Rule or decision which directly affects any City interest. Such power includes the power to seek appointment of a receiver to act in the place and stead of the Association in the event the Association shall fail or refuse to enforce any of its rules or Decisions.

Section 11

PRIVATE SEWERS

11.01 Obligations of the Corporation: Except as stated herein, the Corporation shall be responsible for the exclusive management and control of the private sewer system located within The Knolls Estates PUD and shall maintain the same, including appurtenant pumps, tanks, floats, panels, etc. The owners of all lots shall take fee subject to the corporation's perpetual, non - exclusive easements to use such portions of lots for the purpose of caring out the corporation's obligations as stated herein. During the time any lot is owned by the Developer, there shall be no assessments of any kind against those lots. The corporation shall also be obligated to pay for the members' share of the maintenance of the private sewer system. The total cost of maintaining such private sewer system shall be allocated by agreement among all users or Owners' Association. The private sewer system shall consist of the septic tank and appurtenances such as, but not restricted to, pumps, floats, panels, and alarms, The sewer lateral from each dwelling to be the septic tank and the connection thereto shall remain the responsibility of each individual lot owner.

11.02 Corporation's Right to Easement for Sewer Maintenance: The Corporation, by and through its Board of Directors of the Owners' Association, shall have the right to, consistent with the rights of other users or Owners' Association:

- a. Establish reasonable rules for the management of the private sewer system as defined above and to assess the cost of all repairs, maintenance and capital improvements thereto upon the land benefited thereby in the manner hereinafter provided.
- b. Determine the necessity for, kind of, and the time for any repair, maintenance or capital improvements required on the private sewer system.
- c. Suspend the right of any owner to use the private sewer system and turn off water service to the lot for any period during which any assessment against such owner's lot remains unpaid for more than thirty [30] days after notice has been given

11.03 PUD EASEMENT Over SECURITY INTEREST HOLDERS LOTS

The PUD shall have an access easement over the private access roads and lots for the purpose of reaching the private sewer system subject to the security agreement for any and all purposes, assess easement has been reserved.

11.04 Damage to or Destruction of Sewer System by Owner : In the event the private sewer system is damaged or destroyed, intentionally or negligently, by the owner or any of any of his/her family, such owner does hereby authorize the Corporation to repair said damages. The Corporation shall repair or replace said damage in as good and workmanlike manner as originally constructed, the reasonable cost necessary for such repairs or replacement as originally constituted, shall become a special assessment upon the lot of said owner who caused said damage and levied as herein provided for other special assessments of charges in Sections 7.05

11.05 Use other than for Residential Purposes: In the event of any use of the private sewer system by a lot owner other than for providing standard residential service, the Board of Directors of the Owners' Association shall be entitled to make a special assessment to such lot commensurate with the impact of such use to said sewer, such charge shall be levied as herein provided for other special assessments or charged in Section 7.05

11.06 Installation of On-site System: The initial installation of the on site sewer system shall be the responsibility of the owner of the individual lot. The installation shall conform to the standards herein and be inspected by an Oregon Department of Environmental Quality [DEQ] approved inspector. All work and inspections shall be at the owner's expense.

11.07 Annual Inspection: The administrator shall provide for annual inspections of all septic tanks and for the pumping and/or repairs as may be necessary. The initial inspection of said tanks shall be no later than six (6) years after the first system is installed and annually thereafter. All inspections shall be done by a DEQ approved Inspector.

11.08 Operating Costs and Payment: The total estimated expenses for the general maintenance of and the repairs to the private sewer system shall include but not be limited to inspection, operation, repairs, replacements, pumping and emergency calls servicing said private sewer system and shall be a utility charge as provided in Section 7.09 herein.

11.09 Operating Procedures and Specifications: The system shall be operated in compliance with DEQ requirements as set forth in THE KNOLLS ESTATES P.U.D. S.T.E.G. and S.T.E.P. SEWER SYSTEM, OPERATION AND MAINTENANCE MANUAL Prepared by i.e. Engineering, Inc., and approved by DEQ, which manual is incorporated herein by this reference.

Section 12

MISCELLANEOUS PROVISIONS

12.01 Amendments: Except as provided herein, the provisions hereof may be amended by an instrument in writing signed and acknowledged by a majority of the members of the Board of Directors of the Owners' Association, certifying under penalty of perjury that the amendment set forth therein was duly adopted 'with written permission and consent of not less than sixty percent (60) of the votes cast by written ballot directed to all owners. Any amendment or revision of the Consolidated Plan or additional provision shall become effective only upon the filing in the Deed Records of Douglas County, Oregon of such certificate, setting forth in full the amendment, amendments, additional provision, or repeals approved as provided in this section. There shall be no amendments of the Consolidated Plan which would change Sections 3 and 10.

12.02 Joint Owners: In any case in which two or more persons share the ownership of any lot, regardless of the form of ownership, the responsibility of those persons to comply with the provisions of the Consolidated Plan and Declaration shall be a joint and several responsibility. The act or consent of anyone or more persons shall constitute the act of consent of the entire ownership; provided, however, that in the event such persons disagree among themselves as to the manner in which they vote or the right of consent held by them shall be exercised with respect to a pending matter, in addition to the provisions of Section 10.02, any such person may deliver written notice of such disagreement, prior to the date votes or consents are to be counted in the pending matter, to the Administrator and the vote or right of consent involved shall then be disregarded completely in determining the proportion of votes or consents with respect to such matters.

12.03 Expenses and Attorney's Fees: In the event the Administrator shall bring any suit or action to enforce any provision contained in this Consolidated Plan or in a Declaration, to collect any money due to him/her thereunder or to foreclose a lien, the defendant in such suit shall pay to the Administrator all costs and expenses which the Administrator shall incur in connection with such suit or action, including a foreclosure title report, in such amount as the court may determine to be reasonable as attorney's fees therein, including attorney's fees incurred in connection with any appeal or decision of the trial court or appellate court.

12.04 Non - exclusiveness and Cumulation of Remedies: Election by the Administrator to pursue any remedy provided for the violation of any provision of the Consolidated Plan or a Declaration shall not prevent concurrent or subsequent exercise of any other remedy permitted thereunder or permitted by law. The remedies provided in the Consolidated Plan and in any Declaration are not intended to be exclusive but shall be in addition to all other remedies, including actions for damages or suits for injunctions or for specific performance available under applicable law

12_05 Right of Entry: The Administrator or his/her duly designated agent may at any time, from time to time, at reasonable intervals, enter upon any properly within The Knolls Estates PUD for the purpose of determining whether or not the use of such property or any improvement thereon is then in compliance of such property or any improvement thereon is then in compliance with the Consolidated Plan or any Declaration. No such entry shall be deemed to constitute a trespass or otherwise to create any right of action to the lot owner or occupant of such parcel-

12_06 Interest: Any amount not paid to the Administrator when due in accordance with the Consolidated Plan or in any Declaration shall bear interest at the rate of nine percent (9%) per annum or at the legal rate established by Oregon Law (ORS Chapter 32 currently)

12.07 Construction, Severability, Numbers, Captions: The consolidated Plan of The Knolls Estates PUD shall construed as an entire document, Nevertheless, each provision of the Consolidated Plan shall be deemed independent and severable, and the invalidity or partial invalidity of any provision shall not affect the validity or enforceability of the remaining part of that or any other provisions, As used herein the singular shall include the plural, and the plural the singular. The masculine and neuter shall include the masculine, feminine and neuter as the context requires _ All captions used herein are intended solely for convenience of reference and shall in no way limit any of the provisions hereof

12_08 Original Lot Divisions & Development Work: Nothing herein contained shall be deemed to limit or restrict the right of the Developer and/or the Administrator or their designated successors, their contractors, employees, agents, or assigns from entering all or any portion of The Knolls Estates PUD development for the purpose of conduction therein and thereon such work of subdivision, improvement, construction, and development as the Developer and/or the Administrator may deem necessary or desirable, However, all such work shall be performed in accordance with the Consolidated Plan of The Knolls Estates and without cost or expense to any owner other than the Developer and/or Administrator or their designated successors, except in such instances where another lot owner or owners have expressly contracted for said work. The Developer and/or Administrator shall have a non - exclusive easement for use of the private ways owned by the Developer and/or the Administrator to perform work of construction thereon and for other work or activity associated with the ownership of said property. Portions of the roads and private ways may be utilized for that purpose by the Developer/ Administrator, their agents, contractors, employees, lessees, invitees, and licensees and for other uses permitted under the Consolidated Plan of The Knolls Estates PUD, all on a non - exclusive and reasonable basis.

12.09 Assumed risks by Lot Owners: Each and every property buyer within The Knolls Estates PUD shall be aware and noticed upon recording of this document that they are at their OWN risk in respect to possible damage to property which may arise from the Knolls Golf Course adjacent to The Knolls Estates PUD and shall not hold such course or its owners liable for any such damage that should occur, example: golf balls hit out of bounds could cause glass breakage or other property or personal damage, etc.

12.10 Notices: Any notice permitted or required by the Consolidated Plan of The Knolls Estates PUD or any Declaration thereof may be delivered either personally or by mail. Delivery by mail shall be by certified or registered mail, postage prepaid and addressed as follows:

If to Developer: C/O The Alaska Sutherland Knolls Corporation
P.O Box860
Sutherlin, Oregon 97479

If to Owner: At the address given him/her at the time of
his/her purchase of a lot or the address to
which he/she has caused notices of the
Douglas County Assessor's Office to be sent

The address of any person may be changed at any time by notice in writing delivered as provided herein.

IN WITNESS WHEREOF. THE ALASKA SUTHERLAND KNOLLS CORPORATION has caused this declaration setting forth this Consolidated Plan of The Knolls Estates PUD to be executed by its President and Secretary this 23rd day of June. 1994.

Sam Scardi, President

Renee Burk, Secretary

THE KNOLLS ESTATES PUD/CONSOLIDATED PLAN
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(Signed copies on file)