
DECLARATION OF COVENANTS,
CONDITIONS, AND RESTRICTIONS
FOR THOMPSON HIGHLANDS

(THOMPSON HIGHLANDS OWNERS' ASSOCIATION)

By: Hiteon Meadows Partnership

Date: September 1, 1992

After recording return to:

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DECLARATION OF COVENANTS,
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FOR THOMPSON HIGHLANDS

(THOMPSON HIGHLANDS OWNERS' ASSOCIATION)

THIS DECLARATION is made this 1st day of September, 1992 by an Oregon General Partnership.

Recitals:

A. Declarant owns or has owned certain real property in Washington County, Oregon more particularly described as Thompson Highlands, a 61 lot residential subdivision.

B. Declarant intends to organize and administer Thompson Highlands Owners' Association, but expects the Owners to accept the responsibility for community administration after Declarant has no remaining ownership interest. Funds for the maintenance, repair and improvement of the Public Open Space and the Other Common Areas will be provided through assessments against the Owners.

NOW, THEREFORE, Declarant subjects the Property, together with any and all property which may be added to the Property pursuant to the provisions of this Declaration, to the covenants, conditions, and restrictions set forth below.

SECTION 1 INTRODUCTION

1.1 General Declaration. The covenants, conditions, and restrictions set forth in this Declaration shall run with and bind the Property, each Tract, Lot, and other division, if any, of the Property, the Owners, the Occupants, and all other Persons acquiring any interest in the Property or any portion thereof, and the heirs, successors, and assigns of the Owners, the Occupants, and such other Persons. These covenants, conditions, and restrictions shall inure to the benefit of and be burdens upon Declarant and upon all Owners, Occupants, future Owners, and future Occupants.

1.2 Addition of Other Property. At any time and from time to time prior to the Turnover Date, Declarant may add to the Property all or a portion of any real property adjacent to the Property. Upon recordation of a supplemental declaration identifying any such adjacent property in the Washington County Records, all provisions of this Declaration, as modified by such supplemental declaration, shall apply to such adjacent property in the same manner as if it were originally covered by this Declaration as part of the Property. Declarant shall include in any such supplemental declaration any modifications to this Declaration which Declarant deems appropriate.

SECTION 2 DEFINED TERMS

Throughout this Declaration, the following terms, when capitalized, shall have the following meanings:

2.1 "Adjusted Annual Assessment" has meaning set forth in Section 4.1.2.

2.2 "Architectural Control Committee" means the committee formed pursuant to Section 5 to review and approve or disapprove plans and specifications for the design and construction of Improvements within Thompson Highlands and to undertake such other tasks as are specified in this Declaration.

2.3 "Association" means the Thompson Highlands Owners' Association, formed pursuant to Section 3.1.

2.4 "Board" means the Board of Directors of the Association, formed pursuant to Section 3.4.

2.5 "Declarant" means HMP and any Person succeeding to the responsibility of Declarant pursuant to a designation by HMP or by any successor Declarant of such Person as a successor Declarant in a supplemental declaration recorded in the Washington County Records.

2.6 "Declaration" means this Declaration of Covenants, Conditions, and Restrictions for Thompson Highlands (Thompson Highlands Owners' Association), as it may be further amended from time to time.

2.7 "Developer" means any Person engaged in the development of any Lot for the purpose of selling or leasing the Improvements ultimately constructed on such Lot.

2.8 "Director" means a member of the Board of the Directors elected by the Owners of Lots, as provided in Section 3.4.3.

2.9 "HMP" means Hiteon Meadows Partnership, an Oregon general partnership.

2.10 "Improvement" means any improvement now or hereafter placed or constructed in, under, or upon the Property, including without limitation any building, road, driveway, parking area, fence, screening wall or barrier, retaining wall, stairs, deck, utility distribution facility, landscaping, and sign.

2.11 "Lot" means any Lot of the 61 lots platted in Thompson Highlands or additional lots platted in future phases of Thompson Highlands, if any.

2.12 "Occupant" means the Person in lawful possession of all or any portion of the Lot.

2.13 "Other Common Areas" means those parcels, if any, included within the Property which are, from time to time, designated by

Declarant (prior to the Turnover Date) or by the Board (after the Turnover Date) as common areas of Thompson Highlands, such as entry monuments and associated easements. Such parcels may be conveyed to the Association, dedicated to the public, or owned by Persons other than Declarant or the Association and subject to easements in favor of the Association.

2.14 "Owner" means the record owner of fee simple title to any Lot, unless such Lot is being sold pursuant to a land sale contract, in which case "Owner" means the contract vendee of such Lot.

2.15 "Person" means any individual, association, corporation, partnership, or other legal entity.

2.16 "Plat" means the final plat of Thompson Highlands as recorded in the Washington County Records and any amendments thereto.

2.17 "President" means the President of the Association, selected in accordance with Section 3.14.

2.18 "Private Open Space" means (i) Tracts A&C, as depicted on the Plat, parts of which are intended for development by Declarant as, among other things, a water quality pond, and parts of which are intended to remain undeveloped, and (ii) such other portions of the Property, if any, as may be designated as Public Open Space by Declarant (prior to the Turnover Date) or by the Board (after the Turnover Date); provided, however, that the actual amenities included in the Public Open Space shall be determined by Declarant (prior to the Turnover Date) or by the Board (after the Turnover Date) in their sole discretion.

2.19 "Reserves" means amount retained by the Association in anticipation of future operating, maintenance, repair, or replacement expenses, as a general contingency, or for any other purpose deemed appropriate by the Board.

2.20 "Secretary" means the Secretary of the Association, selected in accordance with Section 3.14.

2.21 "Thompson Highlands" means the Property as developed substantially in accordance with the Plat, as the same may be modified from time to time.

2.22 "Tract" means any parcel of land designated on the Plat as a Tract.

2.23 "True Cash Value" means, with respect to any Lot, the true cash value at which such Lot is assessed by Washington County for purposes of ad valorem real property taxation.

2.24 "Turnover Date" means the earlier of (i) the date on which Declarant first has title to only one Lot within the Property, or (ii) the date on which Declarant elects, at his sole discretion, to relinquish control of the Association, as evidenced by a supplemental

declaration recorded in the Washington County Records.

2.25 "Turnover Meeting" means the meeting of Declarant and the Board called for the purpose of passing control of the Association from Declarant to the Owners, which meeting shall be held pursuant to Section 3.7.1.

SECTION 3 THOMPSON HIGHLANDS OWNERS' ASSOCIATION

3.1 Formation and Authority. The Association shall be formed by Declarant as an Oregon nonprofit corporation within 360 days after the date this Declaration is recorded and shall be known as the Thompson Highlands Owners' Association.

3.2 Membership. Each Owner, by virtue of being an Owner and so long as such Owner continues in that capacity, shall be a member of the Association. Each membership in the Association shall be appurtenant to the Lot owned by an Owner and shall not be transferred in any manner whatsoever except upon a transfer of title to such Lot and then only to the transferee of such title.

3.3 Duties and Powers of the Association. The Association shall have all requisite power, duty, and authority to perform its obligations under this Declaration, including without limitation the power, duty and authority to enforce the provisions of this Declaration and to acquire and pay for, out of the common fund provided by assessments pursuant to Section 4, all goods and services necessary or appropriate for the proper functioning of the Association in accordance with this Declaration. Without limiting the generality of the foregoing or the other provisions of this Declaration, the Association shall have the power, duty, and authority, subject to the other provisions of this Declaration, to undertake the following actions:

3.3.1 Determine the amounts necessary or appropriate for the performance by the Association of its powers and duties under this Declaration.

3.3.2 Impose and collect annual and special assessments from the Owners.

3.3.3 Maintain bank accounts on behalf of the Association and designate the signatories for those accounts.

3.3.4 File all required income tax returns.

3.3.5 Enforce by legal means the provisions of this Declaration.

3.3.6 Maintain and repair the Public Open Space, the Other Common Areas, and the Improvements thereon and establish one or more reserve funds for such purposes.

3.3.7 Promulgate, modify, and rescind rules and

regulations governing the use of the Public Open Space, the Other Common Areas, the Private Open Space, and all Improvements on the foregoing, as well as the Property generally, other than the Recreational Facilities.

3.3.8 Obtain such policies of insurance as the Board may from time to time deem appropriate for the protection of the Association, the Public Open Space, the Other Common Areas, and the Improvements thereon, and as may be authorized pursuant to Section 3.13.

3.3.9 Compensate the President, the Secretary, and members of the Architectural Control Committee, if any compensation is established pursuant to Section 3.14.6 or 5.1.

3.3.10 Contract for such services (including without limitation legal and accounting services) as may be necessary or appropriate to manage the affairs of Thompson Highlands and the Association properly and in accordance with this Declaration, whether the personnel performing such services are employed directly by the Association or by a manager or management firm or agent retained by the Association.

3.3.11 Appoint such committees as the Board may determine from time to time to be appropriate to assist in the conduct of the affairs of the Association and delegate to any such committee such authority as the Board may deem appropriate, subject in all cases to the provisions of the Declaration. Notwithstanding the foregoing provisions of this Section 3.3.11, the Architectural Control Committee shall have the authority granted by Section 5 and other applicable provisions of this Declaration.

3.4 Board of Directors

3.4.1 Generally. The Association shall act through the Board. Prior to the Turnover Meeting, Declarant shall select all Directors. During the period when Declarant is selecting the Directors, Declarant may also determine the number of Directors, which may be different than the number set forth in Section 3.4.2. From and after the Turnover Meeting, the number of Directors shall be as set forth in Section 3.4.2, and the Owners shall select or elect the Directors in the manner provided in Sections 3.4.3, inclusive.

3.4.2 Number of Directors. From and after the Turnover Meeting, the Board shall be comprised of five Directors, elected in the manner as provided in Section 3.4.3. Each Directors shall be an Owner of at least one Lot.

3.4.3 Election of Directors. Each Directors shall be elected by majority vote of the Owners of the Lots, with each such Owner having one vote for each Lot owned. If there is more than one Owner of any Lot, such Owners shall together be considered a single Owner with respect to such Lot for purposes of this Section 3.4.3. The election of Directors pursuant to this Section 3.4.3 shall take

place at a meeting of the Owners of the Lots conducted pursuant to Section 3.4.4.

3.4.4 Meeting of Owners. Any meeting of Owners for the purpose of electing Directors pursuant to this Section 3.4 shall be conducted in accordance with the following procedures:

(a) The first such meeting shall be held at least 30 days prior to the Turnover Meeting, on a date selected by the Secretary. Subsequent meetings shall be held at least 30 days prior to the expiration of the term of any Director or, in the case of a vacancy pursuant to Section 3.6, within 30 days after such vacancy occurs.

(b) Any such meeting shall be held at a place within Washington County, Oregon designated by the Secretary. The Secretary shall give written notice of any such meeting to each Owner entitled to vote at the meeting at least ten but not more than 30 days prior to the date of the meeting. The notice shall state the purpose, time, and place of the meeting. The Secretary shall be required to notify an Owner of a meeting only if such Owner has previously given written notice to the Secretary setting forth such Owner's name and address. Notice of any meeting may be waived by an Owner at any time. No Owner who is present at a meeting may object to the adequacy or timeliness of the notice given.

(c) Any Owner may give a proxy to any Person, so long as the proxy is in writing, signed by such Owner, and filed with the Secretary. A proxy shall expire on the earlier of (i) eleven months after the date of the proxy; or (ii) the date of sale of the Owner's Lot by its Owner.

3.5 Terms of Directors

3.5.1 Initial Terms. Subject to the provisions of Section 3.7.1, the first Directors selected or elected by the Owners pursuant to Sections 3.4.3 shall serve the following respective terms:

(a) As determined by random means, one of the five Directors initially elected pursuant to Section 3.4.3 shall serve a three-year term, two shall serve a two-year term and two shall serve a one-year term.

3.5.2 Subsequent Terms. Except as provided in Sections 3.5.1 and 3.6, all Directors shall serve three-year terms. Any Director may serve more than one term.

3.6 Vacancies. In the event a Director dies, resigns or ceases to be an Owner of a Lot, the resulting vacancy on the Board shall be filled by selection or vote of the Owner(s) authorized to select or vote for such Director pursuant to Section 3.4.3. Any Director so selected or elected shall serve the remainder of the replaced Director's term.

3.7 Meetings of the Board

3.7.1 Turnover Meeting. The Turnover Meeting shall be called by Declarant and held within 90 days after the Turnover Date. Declarant shall give written notice of the time and place of the Turnover Meeting to each Owner who has previously given Declarant written notice setting forth such Owner's name and address. Declarant's notice shall be given at least 45 but not more than 60 days prior to the date of the Turnover Meeting. At the Turnover Meeting, the following shall occur:

(a) The Directors selected by Declarant, the President, and the Secretary shall each resign. The Directors selected or elected by the Owners pursuant to Section 3.4 shall conduct their first meeting as the Board;

(b) The new Board shall elect a President and a Secretary; and

(c) Declarant shall deliver to the new Board all of the Association's property in Declarant's possession, including without limitation all books and records, funds, tangible personal property, insurance policies, and contracts to which the Association is a party.

3.7.2 Annual Meetings. The Board shall meet annually, within 90 days after the end of each calendar year. At each annual meeting, the Secretary shall present to the Board a report on the financial condition of the Association, including a report of receipts and disbursements for the preceding calendar year and the estimated receipts and expenses for the coming year.

3.7.3 Special Meetings. Special meetings may be called at any time by three Directors. Such meetings shall be scheduled by the Secretary within 30 days after the Secretary's receipt of written requests signed by three or more Directors; provided that if the purpose of a special meeting is to elect a successor Secretary or to consider removal of the Secretary, the meeting may be scheduled by the President or, if the meeting is also for the purpose of electing a successor President or considering the removal of the President, by any other Director.

3.7.4 Place of Meeting. Meetings of the Board shall be held at such place as may be designated from time to time by the Board.

3.7.5 Notice. The Secretary shall give written notice to each Director of each Board meeting at least 10 but not more than 30 days prior to the date set for such meeting, stating the purpose, time, and place of the meeting. Notice shall be sent to the address of each Director as listed on the books of the Association, or to such other address as any Director may designate by written notice to the Secretary. Notice of any meeting may be waived by any Director at any

time. No Director who is present at a meeting may object to the adequacy or timeliness of the notice given.

3.8 Quorum. The presence, in person or by proxy, of a majority of the Directors shall constitute a quorum for voting at a Board meeting. When voting is by mail pursuant to Section 3.11, a quorum shall be constituted if the number of votes cast equals at least 51 percent of the total votes entitled to be cast. The Board shall have the power to adjourn a meeting even if less than a quorum is present.

3.9 Proxies. A Director may vote in person or by proxy. A proxy may be given to any other Director, so long as the proxy is in writing, signed by the Director giving the proxy, and filed with the Secretary. A proxy shall expire on the earlier of (i) the end of the Director's term; or (ii) eleven months after the date of the proxy.

3.10 Voting by the Board. Each Director shall have one vote. So long as a quorum is constituted, the vote of Directors together holding a majority of the total votes cast, whether the Directors voting are present in person or by proxy, and whether the vote takes place at a meeting or by mail, shall be a binding vote of the Board for all purposes, unless a greater percentage is required by law or this Declaration.

3.11 Voting by Mail. Voting of the Directors may be by mail. In any case in which voting by mail is necessary or desirable, the Secretary shall give written notice to all Directors, which notice shall (i) include a written resolution setting forth the proposed action, (ii) state that the Directors are entitled to vote by mail for or against such resolution, and (iii) specify a date not less than 25 days after the effective date of such notice by which all votes must be received at the principal office of the Association. Votes received after the date specified shall not be effective.

3.12 Compensation of Directors. No Director shall receive compensation from the Association for serving on the Board.

3.13 Insurance. The Board may purchase and maintain insurance on behalf of any Director against any liability incurred by such Director in such capacity, if such insurance is available at a cost and on terms which the Board determines to be reasonable.

3.14 Officers of the Association

3.14.1 Designation. The officers of the Association shall be the President and the Secretary, both of whom shall be elected by the Board. The same person shall not concurrently hold the offices of President and Secretary. The Board may designate such additional officers as it deems appropriate.

3.14.2 Election. The officers of the Association shall be elected annually by the Board and shall hold office at the pleasure of the Board and until their successors are elected. If any office becomes vacant, the Board shall elect a successor to fill the

unexpired term.

3.14.3 Removal. The Board may remove any officer, at any time, with or without cause.

3.14.4 President. The President shall be a Director and shall be the chief executive officer of the Association. The President shall preside at all meetings of the Board and, unless otherwise provided in this Declaration, shall have all of the general powers and duties normally incident to the office of the chief executive officer of an association.

3.14.5 Secretary. The Secretary shall not be required to be a Director or an Owner. The Secretary shall keep the minutes of all proceedings of the Board and all other Association records and shall attend to the giving of all notices pursuant to this Declaration or required by law. The Secretary shall be responsible for the collection, deposit, and disbursement of records and books of account showing all receipts and disbursements of the Association. The Secretary shall perform all other duties incident to the office of secretary of an association or as may be directed by the Board.

3.14.6 Compensation of Officers. Other than reimbursement for out-of-pocket expenses incurred on behalf of the Association, neither the President, the Secretary, nor any other officer of the Association shall receive any compensation from the Association for acting as an officer, unless such compensation is authorized by the Board.

3.15 Execution of Instruments. All agreements, contracts, deeds, leases, and other instruments of the Association shall be executed by such individual(s) as may be designated from time to time by the Board.

3.16 Indemnification. Neither a Director nor an officer of the Association shall be liable to the Association or the Owners for any mistake or judgement, negligence, or otherwise, except for such Director's or officer's willful misconduct or bad faith. Each Director and officer shall be indemnified by the Association against all expenses and liabilities, including reasonable attorneys' fees, incurred by or imposed upon such Director or officer in such capacity; provided, however, there shall be no indemnity if such Director or officer is adjudged guilty of willful misconduct or bad faith in connection with the matter as to which indemnification is sought.

SECTION 4 ASSESSMENTS

4.1 Annual Assessments. Subject to the requirements set forth in this Section 4, the Association shall have the authority to levy annual assessments to pay all expenses associated with the Association's performance of its powers, duties, and responsibilities under this Declaration, as well as to pay all property taxes, lighting, insurance, maintenance, and other expenses incurred with respect to the Public Open Space, the Other Common Areas, and the

Improvements thereon. The Association shall bill each Owner for such Owner's share of the assessments and to establish and maintain reserves (determined in accordance with this Section 4) on an annual basis, or as the Board may determine. Each owner shall pay any such assessments within 30 days after the date of billing. The initial annual assessment is estimated to be \$75.

4.2 Special Assessments. In addition to annual assessments pursuant to Section 4.1, the Association may levy special assessments to pay the cost of any construction, reconstruction, repair, or replacement of any Improvements in or to the Public Open Space or the Other Common Areas or for any other purpose deemed appropriate by the Board; provided, however, that any special assessment shall be levied only upon the affirmative vote of at least 75 percent of the Directors. Special assessments shall be billed to the Owners at such time as the Board may determine.

4.3 Records of Assessments. The Association shall maintain records of assessments, of any other income received by the Association, and of all disbursements made. Any Owner shall have the right to inspect Association records at any reasonable time, after reasonable notice to the Secretary. Any Owner may copy Association records at such Owner's expense.

4.4 Enforcement. In the event that any assessment, or any expense due pursuant to Section 6 or 8, is not paid within 30 days after the date of billing, the unpaid amount shall thereafter bear interest from the date first due until paid in full at a rate per annum equal to three percentage points in excess of the announced prime rate of U.S. National Bank of Oregon in effect on the date payment was first due. In addition to all other rights and remedies available by law or provided herein, the Association shall also be entitled (i) to impose a late charge with respect to any such unpaid amount equal to 10 percent thereof, to reimburse the Association for its administrative and other expenses incurred as a result of the Owner's failure to pay the assessment or expense when due; and (ii) upon 15 days prior written notice to the Owner owing such assessment or expense, to impose a lien against such Owner's Lot in the amount of the assessment or expense, plus collection costs (including reasonable attorneys' fees), plus interest and late charges as provided in this Section 4.4. Any such lien shall also secure any additional amounts thereafter coming due from the Owner of the Lot in question. Subject to the provisions of Section 4.6, any such lien shall bind and run with the Lot in question until paid in full. The Association may initiate an action to foreclose any such lien in any manner provided by law. In any action to foreclose any such lien, any judgment rendered against the Owner of the Lot in question and in favor of the Association shall include such amount as the court may adjudge reasonable as attorneys' fees and costs and expenses reasonably incurred in the preparation for and the prosecution of such action, at trial and on any appeal, in addition to all other amounts provided by law.

4.5 Personal Obligation. Each assessment or charge levied

governmental laws, ordinances, rules, and regulations are in conflict with such requirements, the more restrictive standards shall control.

5.2.2 Design Guidelines. The Architectural Control Committee shall have the authority to promulgate and issue, and thereafter to amend from time to time, design guidelines supplementing, interpreting, and not inconsistent with those set forth in this Section 5.2. Such guidelines shall be supplied in writing to all Owners, shall be fully binding upon all Owners as is set forth in this Declaration, and shall be applied by the Architectural Control Committee in reviewing and approving or denying proposed Improvements. Without limiting the generality of the foregoing, the Architectural Control Committee may deem appropriate, height restrictions with respect to Improvements to be constructed on the Property or any portion thereof, requirements and restrictions with respect to exterior lighting in addition to those set forth in this Declaration, requirements regarding parking and landscaping in addition to those set forth in this Declaration, signage restrictions, and requirements to be met in connection with construction activities on the Property or any portion thereof.

5.2.3 Exterior Finish. The exterior of the Improvements on all Lots, including without limitation the roof, materials, and color thereof, shall be subject to the approval or disapproval of the Architectural Control Committee and shall be designed, built, and maintained so as to be compatible with the natural surroundings, existing structures, and landscaping within Thompson Highlands. Exterior trim, doors, railings, decks, eaves, and gutters, and the exterior finish of garages and other accessory buildings shall be designed, built, and maintained so as to be compatible with the exterior of the structure they are part of or adjoin.

5.2.4 Exterior Lighting. Any exterior lighting which is visible from any Lot or street, or any part of the Public Open Space, shall be compatible with its surroundings and approved by the Architectural Control Committee prior to installation. No lighting shall produce excessive glare or excessive illumination or unreasonably interfere with the use of any other portion of the Property. No flashing or blinking lighting shall be permitted.

5.2.5 Fences. All fences and all fence finishes shall be approved by the Architectural Control Committee prior to installation. All approved fences shall be well-constructed of suitable fencing materials and shall be finished on both sides by the Person constructing the fence.

5.2.6 Hedges, etc. No hedges or other plantings along the boundaries of any Lot shall be permitted without the prior approval of the Architectural Control Committee.

5.2.7 Tree Removal. No trees with a diameter of six inches or more, measured at a height of five feet above ground level, may be removed from any Lot without the prior approval of the Architectural Control Committee. Each Owner shall supply to the

pursuant to the provisions of this Declaration shall be a separate and personal obligation of the Owner of the Lot against which the assessment or charge is levied. The sale, transfer, or conveyance of a Lot shall neither release or discharge the Owner thereof from such personal liability, nor shall such a sale, transfer, or conveyance extinguish any lien placed on such Lot.

4.6 Subordination. Notwithstanding any other provision of this Declaration, any lien imposed on a Lot under this Section 4 shall be and remain at all times inferior, junior, and subordinate to the lien of any first mortgage or deed of trust encumbering such Lot. Without limiting the generality of the foregoing, the sale or transfer of any Lot under a decree of foreclosure pursuant to any such first mortgage or deed of trust, or proceeding in lieu of foreclosure, shall extinguish any lien imposed on such Lot hereunder prior to the date of sale or transfer. Upon 20 days prior written request, the Association shall execute and deliver such reasonable documentation as any Lot Owner may request to confirm or evidence the provisions of this Section 4.8.

SECTION 5 ARCHITECTURAL AND DESIGN CONTROL

5.1 Establishment of the Architectural Control Committee. On or prior to the Turnover Date, the Architectural Control Committee shall be established to review and approve or disapprove plans, specifications, design, construction, and alterations of all Improvements built within Thompson Highlands, pursuant to Sections 5.2 and 5.3. The Architectural Control Committee shall consist of three or five members (as determined by the Board from time to time) appointed, removed, and replaced by the Board, at least one of whom shall be an architect, engineer, or contractor or shall have such other similar qualifications as the Board may deem appropriate. The members of the Architectural Control Committee shall be compensated by the Association in such amount, if any, as may be determined from time to time by the Board. Until such time as the Architectural Control Committee is established, Declarant shall have full power and authority to act as the Architectural Control Committee in accordance with the provision of this Section 5. All income resulting from fees imposed by the Board pursuant to Section 5.3.1 and all expenses associated with the design review process pursuant to this Section 5 shall constitute income and expenses of the Association.

5.2 Architectural and Design Review

5.2.1 Generally. No Improvement of any kind shall be commenced, erected, placed, or altered on any portion of the Property unless such Improvement is in conformance with this Section 5.2 and until plans and specifications showing the nature, kind, shape, height, material, color, and location of such Improvement are submitted to and approved by the Architectural Control Committee pursuant to the provisions of Section 5.3. All such Improvements shall be erected and altered in conformance with all applicable governmental laws, ordinances, rules, and regulations and with the requirements set forth in this Section 5.2. To the extent applicable

Architectural Control Committee together with the plans and specifications for any proposed Improvement a drawing showing the intended location of such Improvement on such Owner's Lot and of all trees thereon, so that necessary tree removal can be readily determined.

5.2.8 Service Facilities. Clotheslines, waste facilities, storage facilities, and other service facilities shall be screened so as not to be visible from the street, adjacent property and the Public Open Space.

5.2.9 Antennae. No exterior radio, television, or telecommunication towers, antennae, satellite dishes, or other exterior transmission or receiving devices shall be allowed without the prior approval of the Architectural Control Committee.

5.2.10 Utilities and Equipment. All utility lines shall be underground. Pad-mounted transformers, switch-gears, and similar equipment which must be installed above ground and all service equipment such as meters, generators, mechanical duct work, piping, and HVAC equipment shall be screened with suitable landscaping or walls of design and material compatible with those of the adjacent buildings.

5.3 Design Review Procedure

5.3.1 Submission of Plans. Prior to the commencement, erection, placement, or alteration of any Improvement on any Lot, the Owner desiring to commence, erect, place, or alter such Improvement shall submit plans and specifications to the Architectural Control Committee in accordance with such procedures as the Architectural Control Committee may establish from time to time. All plans and specifications shall conform to any specific requirements set forth in the design guidelines promulgated pursuant to Section 5.2.2 and shall provide sufficient detail to enable the Architectural Control Committee to determine whether the proposed Improvement is in conformance with the applicable requirements set forth in this Section 5 and in such design guidelines. Such plans and specifications shall be accompanied by the Owner's payment of such reasonable fee as may be fixed by the Board from time to time to cover costs of the design review process. The Owner shall also supply any additional information reasonable requested by any member of the Architectural Control Committee. The Architectural Control Committee shall review the information and plans submitted and shall, within 30 days after submission of all information requested by any member of the Architectural Control Committee, notify the Owner in writing of its approval or disapproval of the proposed Improvement. If the Architectural Control Committee fails to give notice of its decision within such 30-day review period, the proposed Improvement shall be conclusively presumed to be approved as submitted.

5.3.2 Approval. The Architectural Control Committee may approve a proposed Improvement as submitted or may impose specific conditions which must be met before approval will be granted. A

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decision by a majority of the members of the Architectural Control Committee shall constitute a decision of the Architectural Control Committee.

5.3.3 Commencement of Work. As soon as practicable after the receipt of approval by the Architectural Control Committee, if the Owner elects to proceed with the Improvement, the Owner shall satisfy any and all conditions of such approval, shall secure all necessary governmental permits and approvals, and shall commence construction of the approved Improvement. The Architectural Control Committee's approval of any proposed Improvement shall automatically be deemed revoked 180 days after issuance unless construction of the Improvement has commenced or the Owner has applied for and received an extension of time from the Architectural Control Committee.

5.3.4 Completion of Work. Any approved Improvement shall be completed (1) within 270 days after the date of commencement of construction, provided, however, that if the construction of any approved Improvement is delayed by causes beyond the reasonable control of the Person constructing such Improvement, the period within which construction must be completed shall be extended by the number of days construction is so delayed. In all cases, landscaping, front and side yards, shall be completed within 90 days after substantial completion of associated Improvements and rear yards within 180 days. Promptly after completion of any Improvement, the Owner shall give written notice of completion to the Architectural Control Committee. Within 30 days after the effective date of such notice or at any time that the Architectural Control Committee has reason to believe that an Improvement has been completed, the Architectural Control Committee shall inspect the completed Improvement and give written notice to the Owner of any respects in which the completed Improvement fails to conform to the plans therefor as approved by the Architectural Control Committee. The Architectural Control Committee shall specify in any such notice a reasonable period, which shall be not less than 30 days, during which the Owner may remedy the nonconformance. If the Architectural Control Committee fails to give a notice of nonconformance within 30 days after the effective date of a notice of completion, the Improvement shall be conclusively presumed to be approved as completed.

5.3.5 Failure to Act. If at any time the Architectural Control Committee fails for any reason to perform its responsibilities under this Section 5, the Board shall have complete authority to serve as a temporary Architectural Control Committee.

5.3.6 Architectural Control Committee Discretion. The Architectural Control Committee, in its sole discretion, may withhold approval of any proposed Improvement if the Architectural Control Committee finds that the proposed Improvement would be inconsistent with the provisions of Section 6 or would be incompatible with the design standards for Thompson Highlands, as set forth in this Section 5 and in the design guidelines promulgated pursuant to Section 5.2.2. Considerations such as siting, shape, size, color, design, height, impairment of the view from other parts of the Property, solar access,

and other effects on the enjoyment of other parts of the Property. Including without limitation the Public Open Space, as well as any other factors which the Architectural Control Committee believes to be relevant, may be taken into account by the Architectural Control Committee in determining whether or not to approve any proposed Improvement. The Architectural Control Committee, in its sole discretion, may, upon application, waive any provision of this Section 5 if it finds that the application of such provision results in unnecessary hardship to the affected Owner and that strict application is not necessary for the furtherance of the objective to create an attractive development.

5.3.7 No Liability. Neither the Architectural Control Committee, nor any member thereof, nor the Association shall be liable to any Owner, Occupant, Developer, or other Person for any damage or loss suffered or claimed as a result of any action or failure to act on the part of the Architectural Control Committee or any member thereof, so long as the Architectural Control Committee or such member has acted in good faith based on actual knowledge.

5.3.8 Nonwaiver. Approval or disapproval by the Architectural Control Committee of any matter proposed to it or within its jurisdiction shall not constitute a precedent or waiver or impair in any manner whatsoever the right of the Architectural Control Committee to grant or withhold approval as to any similar matter thereafter proposed or submitted to it for approval.

SECTION 6 PROPERTY USE AND RESTRICTIONS

6.1 Improvements Permitted. No Improvement shall be erected or permitted to remain on any Lot except Improvements consisting of or containing one residence and Improvements normally accessory thereto. The provisions of this Section 6.1 shall not be construed to prohibit construction of a private greenhouse, storage unit, private swimming pool, or structure for the storage of a boat, camping trailer, and/or recreational vehicle, so long as any such Improvement has been approved by the Architectural Control Committee and is otherwise in conformance with this Declaration and applicable governmental requirements.

6.2 Residential Use. Except as provided in this Section 6.2, Lots shall be used solely for residential purposes. Without limiting the generality of the foregoing, no trade, craft, business, profession, commercial, or similar activity of any kind shall be conducted on any Lot, nor shall any goods, equipment, vehicles, materials, or supplies used in connection with any trade, service, or business be kept or stored on any such Lot, other than with the prior approval of the Board. Nothing in this Section 6.2 shall be deemed to prohibit or limit (i) activities relating to the sale or rental of residential units, (ii) the right of Declarant or any Developer to construct residential units on any Lot or to store construction materials and equipment on any such Lot in the normal course of construction, or (iii) the right of any Owner to maintain a personal professional library, handle business or professional telephone calls,

or confer with business or professional associates, clients, or customers in such Owner's residence. The Board shall not approve any activity otherwise prohibited by this Section 6.2 unless the Board determines that only normal residential activities would be observable outside the residential unit in question and that the activity would not violate applicable law.

6.3 Landscaping and Maintenance. Each Owner and Occupant shall maintain such Owner's or Occupant's Lot, and the Improvements thereon, at such Owner's or Occupant's expense. Required maintenance and repair shall include without limitation (i) maintenance of all parking areas, private drives, curbs, and walkways in a clean and safe condition, including cleaning, and repairing as often as is necessary; (ii) maintenance of landscaping in an attractive, neat, orderly, trimmed, and cut condition at all times, free of brush, weeds, and debris; (iii) cleaning, maintenance, and relamping of any external lighting fixtures; and (iv) maintenance of exteriors of buildings in an attractive and neat condition at all times. In addition, each Owner and Occupant shall maintain in good condition and repair the sidewalks, street trees, and grass and other landscaping, if any, between the sidewalks and curbs bordering on such Owner's or Occupant's Lot, whether located on the Lot or the adjacent right-of-way. If the board determines that maintenance and repairs are not conducted as required pursuant to this Declaration, the Association may conduct the necessary repairs or maintenance as provided in Section 8.

6.4 Limitations on Use

6.4.1 Offensive Activities. No noxious or offensive activity shall be carried on in Thompson Highlands, nor shall anything be done or placed upon any Lot or tract which interferes with or jeopardizes enjoyment of other Lots, the Public Open Space or the Other Common Areas.

6.4.2 Animals. No animals of any kind shall be raised, kept, or permitted within Thompson Highlands; provided, however, that each Owner and Occupant may keep a reasonable number of household pets which are not kept, bred, or raised for commercial purposes and which are reasonable controlled so as not to be a nuisance.

6.4.3 Parking. Parking of boats, trailers, recreational vehicles, trucks, campers, motorcycles, and similar equipment in excess of three-quarters of a ton in weight shall not be allowed on any Lot, or any street adjacent thereto, except within an enclosed garage or screened area which prevents the vehicle or equipment therein from being seen from any other Lot or any street within the Property and the construction of which has been reviewed and approved by the Architectural Control Committee pursuant to Section 5.

6.4.4 Vehicles in Disrepair. No Owner or Occupant shall permit any vehicle which is in an extreme state of disrepair (as reasonably determined by the Board) or which is under repair to be abandoned or to remain parked on any Lot for a period in excess of 48

hours. If an Owner or Occupant fails to remove such a vehicle within five days after notice from the Association, the Association may have the vehicle removed from the Property and charge the expense of such removal to the Owner of the Lot as provided in Section 8.

6.4.5 Rubbish and Trash. No Lot nor any part of the Public Open Space or Other Common Areas shall be used as a dump for trash or rubbish of any kind. All garbage and other waste shall be kept in appropriate sanitary containers for proper disposal and out of public view. Yard rakings, dirt, and other material resulting from landscaping work shall not be dumped onto streets, the Public Open Space, the Other Common Areas, the Private Open Space, the Recreational Facilities, or any Lot. In the event an Owner or Occupant fails to remove any trash, rubbish, garbage, yard rakings, or other waste materials from such Owner's or Occupant's Lot (or from any street or the Public Open Space, the Other Common Areas, the Private Open Space if deposited thereon by such Owner or Occupant) within five days after notice from the Association, the Association may have such waste removed and charge the expense of such removal to the Owner of the Lot as provided in Section 8.

6.4.6 Temporary Structures. No structure of a temporary character, trailer, tent, shack, garage, barn, or other outbuilding shall be permitted or used in Thompson Highlands at any time as a residence either temporarily or permanently.

6.4.7 Improvements in the Public Open Space. No Improvement of any type shall be erected or maintained by any Owner or Occupant so as to trespass or encroach upon the Public Open Space, the Other Common Areas, or the Private Open Space.

6.5 Resource Areas. Any tracts designated on the Plat as significant resource areas shall remain undisturbed and in their natural state, except to the extent, if any, otherwise approved by Washington County and the Architectural Control Committee.

SECTION 7 OPEN SPACE AND EASEMENTS

7.1 Public Open Space. The Public Open Space shall be conveyed to the Association or to the public by Declarant not later than the Turnover Date.

7.2 Utility Easements. The Association shall have the right to grant nonexclusive easements and rights of way over the Public Open Space for the purpose of installing, maintaining, repairing, and replacing public utility lines, services, and facilities reasonably necessary to serve any of the Property.

7.3 Future Improvements. The Association shall have the right to make further Improvements in or of the Public Open Space or monument easement areas and to expand or replace any Improvements in the Public Open Space or monumental easement areas.

SECTION 8 ENFORCEMENT

8.1 Right of Entry. Declarant, the Association, the Architectural Control Committee, and any representative of any of the foregoing shall have the right to enter upon any Lot (i) to clean or maintain landscaping, parking areas, driveways, exterior lighting fixtures, and buildings; (ii) to inspect any Lot prior to, during, or upon the completion of construction of Improvements thereon; (iii) to remove, demolish, replace, alter, repair, or otherwise correct any Improvement which is placed on any Lot without the prior approval of the Architectural Control Committee pursuant to Section 5 or which is constructed or installed in a manner inconsistent with the terms of the Architectural Control Committee's approval pursuant to Section 5; (iv) to enforce the provisions of Sections 6.3, 6.4.4, and 6.4.5 if the Owner of the Lot in question does not do so as required by this Declaration; or (v) for any other purpose permitted under this Declaration. The Owner of any Lot shall reimburse the Association for any expenses incurred in connection with any action described in the clauses (i), (iii), or (iv) of the preceding sentence promptly upon billing of the same. If the Owner fails to reimburse the Association within ten days after such billing, the Association may impose a lien against the Lot as provided in Section 4.4. No entry on any Lot pursuant to this Section 8 shall be deemed a trespass or otherwise create any right of action in the Owner or Occupant of such Lot.

8.2 Stop Work Order. The Association shall have the right, acting through the Architectural Control Committee to issue an order to any Person, including any Owner or Occupant, requiring such Person to cease construction of any Improvement which has not been approved by the Architectural Control Committee pursuant to Section 5 or which otherwise violates this Declaration. The Association shall also have the right to seek enforcement of any such order in accordance with Section 9.4.

8.3 Fines. The Association shall have the right, acting through the Architectural Control Committee to fine, an amount not to exceed \$200.00, any Person who fails to comply with or violates any provision of Section 5 or 6 of this Declaration. The Board shall determine the general circumstances in which fines may be imposed and the amount thereof for different types of violations or failures of compliance. If any fine is not paid within ten days after notice thereof to any Owner or Occupant, the Association may impose a lien against such Owner or Occupant's Lot pursuant to Section 4.4. The Board shall fine only after all other reasonable and repeated attempts to enforce compliance have failed.

SECTION 9 GENERAL PROVISIONS

9.1 Duration. These covenants, conditions, and restrictions shall run with and bind, benefit, and burden in perpetuity the Property, all Owners and Occupants, and the lessees, invitees, and guests of all Owners and Occupants.

9.2 Severability. In the event any provision of this Declaration is determined to be invalid or unenforceable, that

determination shall not affect the validity or enforceability of any other provision or of the same provision to a different situation.

9.3 Amendment. Prior to the Turnover Date, this Declaration may be amended at any time and from time to time by Declarant. Thereafter, this Declaration may be amended only (i) by majority vote of the Board, or (ii) upon the affirmative vote of 65 percent or more of the Owners, with each Owner having one vote for each Lot owned. For purposes of this Section 9.3, if there is more than one Owner of any Lot, such Owners shall together be considered a single Owner with respect to such Lot.

9.4 Enforcement. The Association and each Owner shall have the right to enforce all of the covenants, conditions, restrictions, reservations, easements, liens, and charges now or hereinafter imposed pursuant to any provision of this Declaration by any appropriate proceeding at law or in equity. Any remedies specifically provided herein are nonexclusive and cumulative and are in addition to all other remedies available to the Association and the Owners at law or in equity.

9.5 Non-Waiver. Any failure of the Association or any Owner to enforce a covenant, condition, or restriction contained in this Declaration shall not be deemed to constitute a waiver of the Association's or any Owner's right to enforce that or any other covenant, condition, or restriction contained in this Declaration.

9.6 Declarant Not Liable. Neither Declarant nor Declarant's successors or assigns shall be liable to any Owner or Occupant or to any other Person for its enforcement or failure to enforce any provision of this Declaration. Each Owner and Occupant, by acquiring such Owner's or such Occupant's interest in the Property, agrees not to bring any action or suit against Declarant or any successor or assign of Declarant to recover any such damages or to seek any other relief (including without limitation equitable relief) by reason of any such enforcement or failure to enforce any provision of this Declaration. Each Owner and Occupant shall and does, by taking title to or occupying any portion of the Property, agree to defend, indemnify, and hold harmless Declarant and Declarant's successors and assigns from any claim, loss, damage, cost, or expense (including without limitation reasonable attorneys' fees) arising out of the use, operation, ownership, occupancy, or condition or state of repair of that portion of the Property owned by such Owner or occupied by such Occupant.

9.7 Constructive Notice and Acceptance. By the recording of this Declaration, each Owner and Occupant shall be deemed to have consented and agreed to every term, covenant, condition, and restriction contained herein.

9.8 Joint and Several Liability. If an Owner consists of more than one Person, each such Person shall be jointly and severally liable for any assessment or charge and for the performance of any other obligation imposed pursuant to this Declaration.

9.9 Captions. The captions and headings of sections herein are for convenience only and are not intended in any way to define, limit, or describe the scope or intent of any section of this Declaration.

9.10 Notices. All notices under this Declaration shall be in writing. Any such notices shall be deemed effective on the earlier of the date of delivery or, if mailed, three business days following the date of mailing, if addressed to the addressee at the address, if any, designated in the Association's records.

IN WITNESS WHEREOF, the Declarant has executed this Declaration on this 23rd day of September, 1992.

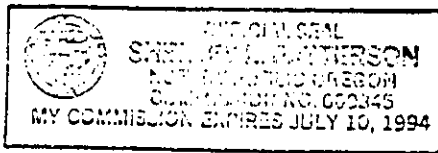
HITEON MEADOWS PARTNERSHIP
an Oregon General Partnership

By John S. Biggi Jr.
John S. Biggi Jr., Partner

By Randy S. Robinson
Randy S. Robinson, Partner

STATE OF OREGON)
) ss.
County of Washington)

23rd The foregoing instrument was acknowledged before me this day of September, 1992 by John S. Biggi, Jr. and Randy S. Robinson of an Oregon General Partnership.



Shelley L. Patterson
Notary Public for Oregon
My Commission Expires 7-10-94