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RESTATED DECLARATION OF

COVENANTS, CONDITIONS AND RESTRICTIONS

OF

MARINERS VILLAGE

(a Planned Community)

FLORENCE, OREGON

Grantor:
Mariners Village Homeowners Association
PO Box 2792
Florence, OR 97439

After Recording, Return to:
Diment & Walker
767 Willamette St., Suite 208
Eugene, OR 97401
Phone: 541-484-2422 / Facsimile: 541-484-9395

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RESTATED

DECLARATION OF COVENANTS, CONDITIONS

AND RESTRICTIONS OF

MARINERS VILLAGE, Phases 1, 2 & 3

THIS RESTATED DECLARATION is hereby made pursuant to section 94.590 of Oregon Revised Statutes, under which the Board of Directors of Mariners Village Homeowners Association, an Oregon nonprofit corporation, has adopted a resolution causing this Restated Declaration to be prepared and recorded in the official records of Lane County, Oregon for the purpose of codifying all previously adopted amendments now in effect for the initial declaration for MARINERS VILLAGE, Phase 1, and the supplemental declarations for Phases 2 and 3, correcting scriveners' errors, and conforming format and style, with reference to the following:

RECITALS

A. MARINERS VILLAGE is a planned community under Oregon law consisting of certain real property located in the City of Florence, Lane County, Oregon, which is more particularly described as:

> MARINERS VILLAGE, Phase 1, as platted and recorded in File 75, Slides 37 and 38, in Lane County, Oregon Plat Records; MARINERS VILLAGE, Phase 2, as platted and recorded in File 75, Slide 320 in Lane County, Oregon Plat Records; and MARINERS VILLAGE, Phase 3, as platted and recorded in File 75, Slide 1018; all in Lane County, Oregon Plat Records, and certain other contiguous properties.

B. Reference is hereby made to the recording index numbers and date of recording of the initial declaration, supplemental declarations and all previously recorded amendments in effect being codified, as follows:

1. The Declaration of Covenants, Conditions and Restrictions of MARINERS VILLAGE, Phase 1, was recorded in the official records of Lane County, Oregon on June 30, 1994, as Instrument 9448800 on Reel 1968R; a First Amendment thereto was recorded in the official records of Lane County on September 8, 1994 as Instrument 9464942 on Reel 1991R; a Second Amendment thereto was recorded in the official records of Lane County on March 14, 1995, as Instrument 9514408 on Reel 2046R; a Third Amendment thereto was recorded in the official records of Lane County on January 5, 1999 as Instrument 99000519 on Reel 2501R; and a Fourth Amendment thereto was recorded in the official records of Lane County on June 27, 2002 as Instrument 2002-049342.

2. The Declaration of Covenants, Conditions and Restrictions of MARINERS VILLAGE, Phase 2, was recorded in the official records of Lane County, Oregon, on April 15, 1996, as Instrument 9624332 on Reel 2162R; a First Amendment thereto was recorded in the

official records of Lane County on May 3, 1996, as Instrument 9628836 on Reel 2169R; a Second Amendment thereto was recorded in the official records of Lane County on April 15, 1997, as Instrument 9725334 on Reel 2284R; and a Third Amendment thereto was recorded in the official records of Lane County on January 5, 1999, as Instrument 99000519 on Reel 2501R.

3. The Declaration of Covenants, Conditions and Restrictions of MARINERS VILLAGE, Phase 3, was recorded in the official records of Lane County, Oregon on October 9, 2000, as Instrument 2000-058440; a First Amendment thereto was recorded in the official records of Lane County on October 26, 2000, as Instrument 2000-061551; and a Second Amendment thereto was recorded in the official records of Lane County on June 27, 2002 as Instrument 2002-049342.

NOW, THEREFORE, it is hereby declared that the real property in this planned community (the "Project") shall be held, sold, conveyed, leased, rented, encumbered and used subject to this Restated Declaration, which hereinafter shall be referred to as the "Declaration," as to division, easements, rights, assessments, liens, charges, covenants, servitudes, restrictions, limitations, conditions and uses to which the Project may be put, hereby specifying that such Declaration shall operate for the mutual benefit of all Owners of the Project and shall constitute covenants to run with the land and shall be binding on and for the benefit of Declarant, its successors and assigns, the Association, its successors and assigns, and all subsequent Owners of all or any part of the Project, together with their grantees, successors, heirs, executors, administrators, devisees and assigns, for the benefit of the Project, and shall, further, be imposed upon all of the Project as equitable servitudes in favor of each and every other Lot and Owner thereof as the dominant tenement.

ARTICLE 1
DEFINITIONS

In addition to other definitions provided for herein, the following terms shall have the following meanings:

Section 1.1 "Architectural Review Committee" or "ARC" shall mean for the committee appointed pursuant to Article 3 for the purpose of reviewing and approving architectural improvements within the Project.

Section 1.2 "Articles" shall mean the Articles of Incorporation of MARINERS VILLAGE Homeowners Association as amended from time to time. The Articles are attached hereto.

Section 1.3 "Assessments" shall mean the Regular and Special Assessments levied against each Lot and its Owner as provided in Article 6 herein.

Section 1.4 "Association" shall .mean the MARINERS VILLAGE Homeowners Association, an Oregon nonprofit mutual benefit corporation, the Members of which shall be the Owners.

Section 1.5 "Board" shall mean the Board of Directors of the MARINERS VILLAGE Homeowners Association.

Section 1.6 "Bylaws" shall mean the Bylaws of MARINERS VILLAGE Homeowners Association as amended from time to time.

Section 1.7 "Common Area," which term shall include "Common Open Area," shall mean private walkways, roadways, greenbelt, entry, and recreational vehicle parking area as described on the Map of MARINERS VILLAGE. All Common Areas shall be owned in fee by the Association for the use, enjoyment and benefit of the Members.

Section 1.8 "Declarant" shall mean the HURST COMPANIES OF OREGON, INC., an Oregon corporation, and ROBERT D. HURST, INC., a California corporation, or any successors-in-interest pursuant to a voluntary conveyance, or by operation of law or otherwise, to all of the present Declarant's interest in the Project, and who, in writing, specifically assume the rights and obligations of the Declarant as set forth herein, or who succeed to Declarant's rights and obligations under operation of law.

Section 1.9 "Declaration" shall mean this Restated Declaration as amended from time to time.

Section 1.10 "Individual Charges" shall mean those charges levied against an Owner by the Association as provided in Article 6, Section 6 herein.

Section 1.11 "Lot" shall mean any plot of land except roads and except common area, shown upon any recorded plat or plats within the Project, each of which is or may be improved with a single family dwelling structure.

Section 1.12 "Map" shall mean subdivision maps entitled MARINERS VILLAGE, Phase 1, as platted and recorded in File 75, Slides 37 and 38; MARINERS VILLAGE, Phase 2, as platted and recorded in File 75. Slide 320; and MARINERS VILLAGE, Phase 3, as platted and recorded in File 75 Slide 1018, all in Lane County Oregon Plat Records, in Lane County, Oregon.

Section 1.13 "Member" shall mean a person entitled to membership in the Association as provided herein. Each Owner or Co-Owner shall be a Member.

Section 1.14 "Mortgage" and "Mortgagee" refer, respectively, to a recorded mortgage, trust deed, or contract of sale and the holder, beneficiary, or vendor of such instrument.

Section 1.15 "Owner" shall mean each person or entity holding a record fee ownership interest in a Lot, including Declarant and contract sellers. "Owner" shall not include persons or entities who hold an interest in a Lot merely as security for the performance of an obligation.

Section 1.16 "Phase 1" shall mean Lots 1 through 34 inclusive; "Phase 2" shall mean Lots 35 through 55 inclusive; and "Phase 3" shall mean Lots 56 through 70 inclusive, including Parcel "A"; and adjacent Common Area as platted and recorded on maps referenced in Section 1.12.

Section 1.17 "Project" shall mean the real property known as MARINERS VILLAGE, located in the City of Florence, Lane County, Oregon, which tentatively includes Common Area and approximately 74 Lots to be developed in three phases.

Section 1.18 "Rules and Regulations" shall mean the rules and regulations, if any, promulgated by the Association to govern the possession, use and enjoyment of the Project.

Section 1.19 "MARINERS VILLAGE Documents" or "Project Documents" shall mean the Articles, Bylaws, Declaration, Rules and Regulations of the Association, as such documents may be amended from time to time.

Section 1.20 "MARINERS VILLAGE" shall mean the entire project approved and tentatively approved by the City of Florence in Lane County, Oregon.

ARTICLE 2
DESCRIPTION OF PROJECT; RIGHTS OF OWNERS AND DECLARANT

Section 2.1 Project

The Project shall consist of all of the real property described in Article 1 and all of the improvements thereon.

Section 2.2 Lots

The Project consists of approximately 74 Lots and was developed in phases beginning with Lots 1 through 34 inclusive as Phase 1; Lots 35 through 55 inclusive as Phase 2; and Lots 55 through 70, including Parcel "A," as Phase 3. Each Lot is designed to be improved with a detached single family dwelling structure, landscaping and other improvements conforming to restrictions in Article 3 herein.

Section 2.3 Common Area - Common Open Area

Common Area including Common Open Area shall mean all the walkways, roadway, greenbelt, entry and parking area as described on the Maps of MARINERS VILLAGE, Phases 1, 2, and 3 and all improvements located thereon. All Common Area and Common Open Area shall be owned and maintained by the Association for the use, enjoyment and benefit of the Members.
The existing Common Area shall be conveyed to the Association free of money encumbrances prior to the conveyance of the last Lot in Phase 1

Section 2.4 Private Roadways

Coincident with the execution of this Declaration, Declarant conveys to the Association ingress, egress and access easements as shown on the Map as private roads. The Association shall maintain, regulate and repair these access easements to the standards provided in the improvement plans for MARINERS VILLAGE on file with the City of Florence for the use, enjoyment and benefit of the Members. These access easements are defined as a part of the

Common Area described in Article 2, Section 3, herein. Speed Limit on all roads shall be ten (10) miles per hour.

Section 2.5 Incidents of Lot Ownership: Inseparability

(a) Every Lot shall have appurtenant to it the following interests:

i. Membership in the MARINERS VILLAGE Homeowners Association;

ii. A non-exclusive easement for ingress, egress, drainage, utilities (public or private), use and enjoyment over all Common Area subject to all easements of record, and such covenants, conditions, restrictions and limitations as are contained herein, and subject to other reasonable regulation by the Association. Walkways may be used for hiking by Owners, their guests and tenants, but shall not be used for any motor vehicles other than Association maintenance equipment. Common Open Areas A and B shall be a landscaped and signed entry area.

iii. An exclusive right-to-use an assigned parking space for storage of a recreational vehicle in Common Area C.

(b) Common Open Areas A and B shall be a landscaped and signed entry area, and Common Open Area D shall be a 10-foot greenbelt of natural vegetation adjacent to the boundaries of the project. All Common Open Areas are for the benefit of all Lot owners and the Association.

Section 2.6 Owner's Obligation to Maintain the Lot

Each Owner shall maintain and repair all portions of the Owner's Lot including, but not limited to, all landscaping, fencing, structural improvements and paving, keeping the same in a safe, sanitary and attractive condition. In the event an Owner fails to maintain the Lot in a manner which the Board reasonably deems necessary to preserve the safety and/or appearance and value of the Project, the Board may notify the Owner of the maintenance required and request that it be done within a thirty (30) day period. In the event that the Owner fails to carry out such maintenance within said period, the Association shall, subject to the notice and hearing requirements of Article 7, Section 2, have the right to enter upon the Lot to cause such maintenance to be done and individually charge the cost thereof to such Owner. Notwithstanding the foregoing, in the event of an emergency arising out of the failure of an Owner to maintain his Lot, the Association shall have the right to immediately enter upon the Lot to abate the emergency and, subject to the notice and hearing requirements of Article 7, Section 2, individually charge-the cost thereof to such Owner. The rights of the Association herein to enter and perform maintenance upon a Lot shall in no way be deemed to waive the right of the Association to proceed in law or equity to enforce the provisions of the Project Documents, including, but not limited to, actions for damages or injunctive relief.

Section 2.7 Delegation of Use; Voting Rights; Notice

Any Owner may delegate the rights of use and enjoyment in the Project to the members of the Owner's family, guests, and invitees, subject, however, to reasonable rules, regulations and/or charges imposed by the Association. However, if an Owner of a Lot has sold the Lot to a contract purchaser, leased or rented it, the Owner, the Owner's family, guests and invitees shall not be entitled to use and enjoy the Project while the Owner's Lot is occupied by such contract purchaser, lessee or tenant. Instead, the contract purchaser, lessee or tenant, while occupying such Lot, shall be entitled to use and enjoy the Project and may delegate the rights of use and enjoyment in the same manner as if such contract purchaser, lessee or tenant were an Owner during the period of their occupancy.

During the period of time that an Owner's Lot is occupied by a contract purchaser, such contract purchaser shall have the right to exercise such Owner's voting rights (as to such Lot) in the Association and such Owner shall give to such contract purchaser, upon demand, such proxies as are necessary to exercise such Owner's voting rights in the Association. Lessee and tenants shall not exercise any voting right in the Association unless such vote is exercised pursuant to a valid proxy from the Lot Owner. An Owner is not required to give any lessee or tenant the right to exercise such Owner's vote.

Any delegated rights of use and enjoyment are subject to suspension to the same extent as are the rights of Owners. Each Owner shall notify the Secretary of the Association of the names of any contract purchasers, lessees or tenants of such Owner's Lot.

Section 2.8 Responsibility for Common Area Damage

The cost and expense of repair or replacement of any portion of the Common Area resulting from the willful or negligent act of an Owner, his/her lessees, tenants, family, guests or invitees shall be, in addition to the party at fault, the responsibility of such Owner. The Association shall cause such repairs and replacements to be made and, subject to the notice and hearing requirements of Article 7, Section 2, individually charge the cost thereof to such Owner.

Section 2.9 Rights of Declarant; Reservation of Easements to Complete and Sell

Declarant hereby reserves in itself and its successors and assigns the following easements over the Project to the extent reasonably necessary to complete and sell, lease, rent or otherwise dispose of the Lots:

(a) Easements for ingress and egress, drainage, encroachment, installation and repair of security systems, maintenance of temporary structures, operation and storage of construction equipment and vehicles, for doing all acts reasonably necessary to complete or repair the Project, or to discharge any other duty of Declarant; and

(b) Easements for activity reasonably necessary to sell, lease, rent or otherwise dispose of the Lots.

The easements provided for in this section shall exist until the later of:

(i) the date on which the last Lot is conveyed by Declarant, or

(ii) the date on which the entire MARINERS VILLAGE Project is completed.

Declarant covenants to use the above easements in a manner that will reasonably minimize any adverse impact upon the possession, use and enjoyment of the Project by the Owners.

Section 2.10 Utilities - Rights and Duties, Upgrades, Access

(a) All facilities for television service, electrical supply facilities, water supply and sewage disposal and telephone shall be installed underground by Declarant. Declarant shall "stub" utilities to each lot line. Lot owners shall be solely responsible for utility hook-up and charges and for all other services not defined as utilities.

(b) The Association shall maintain all utility installations located within the Common Area except for those installations specifically arranged to be maintained by utility companies, public or private.

(c) The managing entity of any local service district and the employees of the City of Florence Public Works Department and Central Lincoln Public Utility District shall have the right to enter upon the Common Areas at all reasonable times to perform routine inspections, maintenance and emergency service.

Section 2.11 Easements Granted

An easement for ingress, egress and support through the Common Area is hereby granted to the City of Florence, all public utilities, law enforcement, fire protection, ambulance, welfare and other related public or county agencies, their vehicles and personnel, as reasonably necessary to perform their authorized duties. An easement for the purpose of installing, maintaining and repairing necessary utility lines and installations on, over and through the Common Area and the Lots is hereby granted to all utility companies, both public and private.

An easement to install and maintain any landscaping, fencing and vegetation on Common Area D adjacent to Lots 1 through 22 inclusive in Phase 1, as shown on the Map, is hereby granted to the Association.

Section 2.12 Association's Duties

The Association shall maintain all Common Area, including Common Open Area.

ARTICLE 3
USE RESTRICTIONS, ARCHITECTURAL RESTRICTIONS, DESIGN APPROVAL

The Restrictions recited in this Article have been established by Declarant to 1) preserve and protect the pastoral, quiet, refined atmosphere for the benefit of all estate owners and 2) to maintain the theme of the Project, Mariners Village, which is reminiscent of a New England fishing village. In addition to all of the covenants contained herein, the use of MARINERS VILLAGE and the Common Area and each Lot therein shall be subject to the following use restrictions:

Section 3.1 Use of Individual Lots

No Lot shall be occupied and used by the Owner, his contract purchasers, lessees, tenants or guests except as a single-family residential Lot. No trade or business shall be conducted therein, except that Declarant, its successors or assigns may use any Lot in the Project owned by Declarant for a model home site and/or sales office, subject to approval of a Conditional Use Permit by the City of Florence, Oregon. No lot may be further divided; however, Declarant reserves the right to further divide lots if divided for the purpose of enlarging adjoining lots and not increasing the total number of lots in the Phase.

No Owner shall conduct any business or commercial activity within his Lot. This restriction is not intended to prevent an Owner from maintaining a business entirely within his residence, so long as said business may be conducted entirely by letter, phone or other electronic device. This restriction is intended to prohibit any trade or business which requires the delivery or storage of business goods outside the residence, or the manufacture or assembly of any commercial product outside the residence, or the necessity of visitation by business clients.

Section 3.2 Nuisances

No noxious, illegal or offensive activities shall be carried on any Lot nor on any other part of the Project, nor shall anything be done thereon which may be or may become an annoyance or a nuisance to or which may in any way interfere with the quiet enjoyment of any Owner of the respective Lot, or which shall in any way increase the rate of insurance for the Project or for any other Lot, or cause any insurance policy to be cancelled or cause a refusal to renew the same.

Section 3.3 Parking

Unless otherwise permitted by the Board, no motor vehicles shall be parked or left on any portion of the Project other than within a Lot, and no off-site parking will be permitted.

(a) Additional parking restrictions applicable to Phase 1:

No truck larger than one ton, nor trailer, nor motor home, nor camper shell (other than attached to a pickup truck regularly used by an Owner), nor boat, nor unlicensed vehicle, nor inoperable vehicle, nor vehicle designed and operated as off-the-road equipment for sand dune use, racing, dragging and other sporting events, shall be parked on the Project unless parked upon a Lot Owner's assigned parking space in Common Area C.

(b) Additional parking restrictions applicable to Phase 2:

No truck larger than one ton, nor trailer, nor camper shell (other than attached to a pickup truck regularly used by an Owner), nor boat, nor unlicensed vehicle, nor inoperable vehicle, nor vehicle designed and operated as off-the-road equipment for sand dune use, racing, dragging and other sporting events, shall be parked on the Project unless parked upon a Lot Owner's assigned parking space in Common Area C. This paragraph shall not be construed to prohibit the parking of recreational vehicles or boats inside a garage provided that the vehicle or boat is completely enclosed on the owner's lot.

(c) Additional parking restrictions applicable to Phase 3:

No truck larger than one ton, nor trailer, nor camper shell (other than attached to a pickup truck regularly used by an Owner), nor boat, nor unlicensed vehicle, nor inoperable vehicle, nor vehicle designed and operated as off-the-road equipment for sand dune use, racing, dragging and other sporting events, shall be parked on the Project unless parked in Common Area C in a space allotted and available to Owners in Phase 3 or in a space allotted to an Owner in Phase 1 or Phase 2 with the permission of that Owner. Recreational vehicles or boats may be parked inside a garage provided that the vehicle or boat is completely enclosed on the Owner's Lot.

Section 3.4 Signs

No sign of any kind shall be displayed to the public view from any Lot or from the Common Area without the approval of the Board except: (i) one sign of customary and reasonable dimensions advertising a Lot for sale, lease, rent or exchange displayed from the Lot; (ii) such signs as may be used by Declarant or its assignees for the purpose of selling or leasing Lots; (iii) entry and appropriate directional signs; and (iv) such other signs or notices as are required or permitted by law.

Section 3.5 Animals

No animals of any kind shall be raised, bred or kept on any portion of the Project; except that no more than a total of three (3) usual and ordinary household pets may be kept on a Lot provided that they are kept under reasonable control at all times.

Section 3.6 Garbage and Refuse Disposal

All rubbish, trash, garbage and other waste should be removed weekly from the Project and shall not be allowed to accumulate thereon. Each Owner shall contract with a disposal service. Rubbish, trash, garbage and other waste shall be kept in sanitary containers. All equipment, garbage cans, woodpiles, storage piles or trash piles shall be kept screened and concealed from view of other Lots and the Common Area, except for the scheduled day for trash collection.

Section 3.7 Radio and Television Antennas

No Owner may construct, use or operate an external radio, television, citizens band, satellite dish or other transmission system from the Project without the consent of the ARC. The ARC will use as its criteria whether the installation plan submitted provides adequate screening from the Common Area and neighboring Lots.

Section 3.8 Right to Lease

Nothing in this Declaration shall prevent an Owner from leasing or renting the Lot. However, any lease or rental agreement shall be in writing, and shall be expressly subject to the provisions of the Project Documents, and any lease or rental agreement must specify that failure of the lessee or tenant to abide by such provisions shall be a default under the lease or rental agreement. In addition, no Lot shall be leased or rented for a period of less than thirty (30) days. The Board may adopt additional rules and regulations, including the imposition of additional fees, use restrictions and/or monetary penalties specifically related to non-resident Owners and/or tenants.

Owners may not rent or lease usage of their assigned parking space in Common Area C separately from renting the entire Lot and improvements thereon. However, if an Owner does not use his/her parking space, the space may be rented to another Owner of a Lot in MARINERS VILLAGE. The Owner shall continue to be directly responsible to the Association for any fees resulting from such usage.

Section 3.9 Drainage

No Owner shall do any act or construct any improvement which would interfere with the natural or established drainage systems or patterns within the Project without the prior written approval of the ARC.

Section 3.10 Clothes Lines

No exterior clothes lines shall be erected or maintained, nor outside laundering or drying of clothes allowed.

Section 3.11 Power Equipment and Car Maintenance

No power equipment (other than ordinary household and lawn maintenance equipment), workshops or car maintenance of any nature, other than emergency repairs, shall be permitted on the Project without the consent of the Board. In deciding whether to grant approval, the Board shall consider the effects of noise, air pollution, dirt or grease, fire hazard, interference with radio or television reception, and similar objections.

Section 3.12 Existing Trees

No Owner may remove or cut down any existing trees whose diameter exceeds ten (10) inches at breast height without the prior written approval of the ARC. Should such tree become diseased or present a safety hazard, the Declarant or Owner may obtain a report on the tree's condition from a licensed landscape architect or acknowledged tree expert and submit the report to ARC to obtain permission to remove the affected tree. Trees may be removed from the house pad, driveway or walkway areas prior to construction without obtaining approval from ARC.

Section 3.13 Architectural and Landscaping Restrictions

The following architectural restrictions shall apply to all Owners and the written guidelines, if any, adopted by the ARC shall in no way amend or modify these restrictions; provided, however, that the ARC may, but shall not be required to, grant variances from these restrictions or their published guidelines in individual cases where strict compliance would result in excessive tree removal, excessive excavation, or hardship to the Lot or Owner:

(a) Setbacks – All Dwellings shall be a least 10 feet apart with minimum setbacks from the property lines of:

Front yard:	Twenty (20) feet
Side yards:	Five (5) feet
Back yard:	Ten (10) feet

Corner Lots shall have five (5) feet setbacks on both road frontages.

(b) Garage Door Opening – The minimum garage door opening from the right-of-way of any Lot shall be 20 feet.

(c) Excavation Fill – Except to the extent reasonably necessary for the construction, reconstruction or alteration of any improvement, the Owner shall be prohibited from engaging in any excavation or fill and change in the natural or existing drainage for surface or subsurface waters until and unless the Owner of such Lot first obtains the approval therefore from the ARC as herein provided. The Association may, as the case may be, restore a Lot which has been so altered without approval of the Committee to its state existing immediately prior to such violation, remove all unauthorized power, telephone or other utility lines (wires or conduits) or replace any tree which has been improperly removed or destroyed with either a similar tree in type and size or with such other trees as the Association may deem appropriate. Pursuant to Section 23, Non-Compliance, the Owner of such Lot shall reimburse the Association for all expenses incurred by it in performing its obligations under this paragraph; provided, however, that with respect to the replacement of any tree, the Owner shall be obligated to pay an amount in excess of the expenses which would have been incurred by the Association had it elected to replace the destroyed or removed tree with a tree similar in type and size.

(d) Site Plan – The location of the structure or structures on the building site and the landscaping shall bear an overall relation to the adjacent properties as to create an aesthetically pleasing overall appearance. The Owner and/or the Owner's architect or contractor shall consider such factors as the topography of the Lot, the curve of the Lot's frontage, views from the Lots in determining appropriate placement of improvements, and landscaping and outside lighting. All existing trees and foliage and other natural features of the terrain shall be taken into consideration in the design of improvements to minimize the impact of such improvements on the natural setting of the Project.

(e) Fences – All fences and designs depicting the location, style, material, color, height and function thereof, shall be subject to the written approval of the ARC prior to installation. Architectural emphasis should be placed on solid wood or stone fencing with lighted monuments at the driveways. Chain link fences are prohibited, as are metal posts and barbed wire on the exterior lot lines except chain link fences may be used in Common Open Areas. The Owner will maintain and repair the fences on the Owner's building site. If the Owner fails or refuses to fully and faithfully comply with and conform to the provisions of this paragraph, then Declarant or the Association shall have the right to enter upon said Lot or Lots and perform such work as may be necessary to fulfill the requirements of this paragraph, charging the costs to the Owner.

(f) Landscaping – Landscaping will provide shade and privacy, and ornamental, deciduous and coniferous trees will be placed to provide maximum screening for each Lot. Use of natural vegetation and materials is encouraged, including bark, sand and rocks. Owners will landscape the front yards within six (6) months of occupancy or Notice of Completion, whichever occurs first.

(g) Light Posts and Mailboxes – Each Lot Owner will place a photocell-activated light post at the driveway of the .Lot, which light post design will be provided by ARC. Mailboxes will be installed or clustered as required by the United States Postal Service.

(h) Basic Structural Requirements – Exterior design of all the buildings shall be in keeping with the theme of a New England fishing village, such as Cape Code style, salt box style, etc., and shall in all cases be subject to final approval by the ARC. Exterior design in each case shall be compatible to the relaxed, refined ambiance of MARINERS VILLAGE, which Declarant and/or the ARC shall strive to maintain. Decisions of the ARC shall be final.

(i) Colors – All exterior colors, textures and materials, including roofs, must be set forth in plans and specifications and approved in writing by the ARC prior to construction. Theme colors, such as blues, grays and whites, are encouraged; colors in discord with the theme will not be approved. Color samples shall be submitted with plans and specifications, which plans and specifications shall be coded or marked to indicate where the colors will be used upon the finished dwelling. The ARCs decisions as to colors shall be final.

(ii) Residence Size Requirements – No residence shall be erected on any of the Lots having a total floor area of the main structure, exclusive of open porches, garages, patios, exterior stairways and landings, of less than 1,100 square feet and, if a residence has more than one story, the total floor area shall have at least 1,650 square feet.

(iii) Maximum Height The maximum height of any structure shall be twenty-eight (28) feet. Any variance to this limitation granted by the Committee is subject to variance procedures of the City of Florence.

(iv) New Materials, New Structures Only – No secondhand materials except used brick shall be used in construction of any building or structure without the prior written approval of the ARC. No building of any kind shall be removed from any place to any said building sites, or from one building site to another, without prior written permission of the ARC. No manufactured homes are allowed. Structures are restricted to on-site "stick built" homes and buildings.

(v) Garages – In Phases 1 and 2, each house shall have at least a two (2) car garage, which may be attached or detached. In Phase 3, each house shall have at least a one (1) car garage, which may be attached or detached.

(vi) Painting – All exterior manufactured surfaces, with the exception of brick or masonry, shall be painted or stained. Natural woods where exposed shall be lacquered or otherwise treated to prevent age discoloration.

(vii) Roof Design, Pitch and Materials – Roof surfaces shall be in keeping with the steep roofs of a New England fishing village and shall have a pitch of either eight (8) in twelve (12) or ten (10) in twelve (12) or as approved by the ARC. The roofing material shall be CertainTeed Carriage House, Grand Manor, shake, shingle, tile, Architectural 80, or such other quality roofing material as may be approved by ARC. In Phases 2 and 3, two-story homes may have a pitch of six (6) in twelve (12) or seven (7) in twelve (12) or as approved by ARC.

(viii) Solar Devices – The requirements for architectural control shall not be construed as unreasonably restricting any solar energy or water waving devices where opportunities exist for effectuating their use consistent with overall architectural plans and purposes, These devices shall be flush with the roof, and must be screened so that they are not visible from the street or from adjoining residences.

(ix) Licensed Contractor – All structures shall be constructed by contractors licensed under the laws of the State of Oregon.

(x) Architect or Professional Designer – All structures shall be designed by a licensed architect(s) or professional building designer.

(xi) Basketball Standards – No basketball standards or fixed sports apparatus shall be attached to any residence or garage or be on any Lot except as approved by the ARC.

Section 3.14 Architectural Review Committee – Purpose

The purpose of the Architectural Review Committee ("ARC" or "Committee") will be to control structural exterior architecture and landscaping design within the Project. The Committee will enforce restrictions by review of plans and specifications submitted for approval, and by the inspection of actual construction and progress to make sure that the improvements constructed conform with the plans and specifications as approved.

It will not be the purpose of the Committee or Declarant to deprive the individual Owner of a home of unique design or quality, but to protect the Association as a whole against nonconforming designs or construction of less than first quality. In this connection, in the case of hardship or other good reason, exceptions to any of the restrictions contained in this Declaration or in the Committee guidelines may be made by the Committee at any time after proper application in writing.

Section 3.15 Architectural Committee Members - Organization and Term

The Committee shall consist of not less than three (3) or more than five (5) persons to be appointed as follows: Declarant shall appoint all the original members of the Committee and all replacements until the first anniversary of the issuance of the Final Approval. The ARC shall be initially composed of James Hurst, Robert Hurst, and Gene Frink. The ARC's address shall be MARINERS VILLAGE ARC, #50 Shoreline Drive, Florence, Oregon 97439. From and after the first anniversary of the issuance of the Final Approval, the Declarant may appoint a majority of the Members of the Committee, until ninety percent (90%) of all Lots in the Project have been sold, or until the fifth (5th) anniversary of the date of the issuance of the Final Approval, whichever occurs first. After one (1) year from the date of issuance of the Final Approval, the Board of Directors shall have the power to appoint one Member until ninety percent (90%) of the Lots have been sold, or until the fifth (5th) anniversary date of the original issuance of the Final Approval, whichever occurs first. Thereafter, the Board of Directors shall have the power to appoint all of the members of the Committee. Members appointed by the Board of Directors shall be members of the Association. Members appointed by Declarant need not be members of the Association.

Members of the Committee, other than those to be appointed by the Declarant, shall be appointed to the Committee by vote of the Board of Directors in the manner provided in the Bylaws of the Association.

Terms of each member of the Committee shall be for a period of two (2) years unless earlier terminated. Those persons appointed by the Declarant may be removed by Declarant at any time.

In the event that the ARC does not regularly meet and perform its duties under this article, the Board of Directors will act as the Committee to enforce the architectural restrictions set forth herein.

Section 3.16 Landscaping and Architectural Applications

Any landscaping, construction or reconstruction of, or the refinish or alteration of any part of the exterior of, any improvement upon any Lot is absolutely prohibited until and unless the Owner of such Lot first obtains the approval therefore from the ARC and otherwise complies with all of the provisions of this Declaration. The Board may require removal of any improvement constructed, reconstructed, refinished, altered or maintained in violation of this paragraph, and the Owner thereof shall reimburse the Association for all expenses incurred in connection therewith pursuant to this Declaration. The Board may alternatively require corrections or alterations, repainting and other modifications which bring the improvement more closely in compliance with these restrictions and require reimbursement by the Owner to the Association. Any Owner proposing to construct, reconstruct, refinish or alter any part of the exterior of or any improvement on or within a Lot, or to perform any work which under this section requires the prior approval of the Committee, shall apply to the Committee for approval as designated below.

All building plans, whether submitted by owner builder, developer, or contractors, shall be reviewed and final approval granted not only by the architectural committee but also by the Mariners HOA board of directors. At least two (2) Association Board Member signatures shall be required on all building plans prior to beginning construction. The Association shall have the right to review and approve any and all changes to the building plans in adherence to the CC&R's. The Mariners Home Owners Association and its officers and board members shall not be liable for omissions and errors and shall not be liable for any contractual disputes.

Section 3.17 Submission of Preliminary Plans

The Owner of each Lot upon which construction is contemplated shall submit to the Committee a set of preliminary working drawings or plans which consist of a plot plan, improvements, floor plan, and elevation. The plot plan shall locate all existing trees and driveways. Upon review, the Committee may request additional drawings for clarification.

Section 3.18 Submission of Final Plans and Specifications

Within six (6) months of approval of the preliminary plans, two (2) sets of final plans and specifications shall be submitted to the Committee for its final approval. Such plans and specifications shall describe in .detail the floor plan arrangement, elevations, structural solutions, use of materials, heights and dimensions, site placement, fences, grading, drainage plans, access, landscape and patio plans, spa plans, exterior lighting plans, and any other pertinent data as may be required to fully illustrate the intended design, construction and use.

Before giving any such final approval, the Committee may require that said plans and specifications comply with ARC guidelines that the Committee may impose as to structural features, types of building materials used, and characteristics not otherwise expressly covered by the provisions herein. The approval by the Committee shall not relieve the Owner from complying with any requirements of the City of Florence or any other public authority having jurisdiction, and shall not constitute any representations or guarantee by the Committee or any member of the Committee or Declarant as to the structural sufficiency of any construction. Approval of the Committee of any plans or specifications shall not be deemed to be a waiver by the Committee of its right to object to any of the features or elements embodied in such plans and specifications if and when the same features and elements are embodied in any subsequent plans and specifications submitted for approval for any other building sites.

Section 3.19 Inspection and Conformance to Plans

During and after completion of construction, any member of the Committee or any agent of the Committee may from time to time, at a reasonable time and with reasonable notice, enter into and inspect any properties and the exterior of the improvements thereto subject to this Declaration as to the compliance with approved submittals. Deviation shall be diligently guarded against, and all such deviations and nonconformity set forth in any notice of noncompliance issued by the Committee shall be corrected prior to final acceptance as set forth below. The Committee or any agent or officer thereof acting in good faith shall not be deemed guilty or liable for any manner of trespass by such entry or inspection.

Section 3.20 Form of Approval

All approvals by the Committee shall be in writing, and may be conditioned upon the submission by the Owner or the Owner's architect, if any, of such additional plans and specifications as the Committee shall deem appropriate for the purpose of insuring that the construction of the proposed improvement shall be in accordance with the approved plans. However, plans, drawings and specifications which have neither been approved nor rejected within forty-five (45) days from the date of submission to the ARC shall be deemed accepted. One set of plans as finally approved shall be retained and maintained by the Committee as a permanent record.

Section 3.21 Proceeding with Work

Upon receipt of approval from the Committee, the Owner shall, as soon as practicable, obtain necessary permits from the appropriate governmental agencies, satisfy all the conditions of ARC approval, and diligently proceed with the commencement and completion of all construction, reconstruction, refinishing, alterations and excavations pursuant to said approval, said commencement to be, in all cases, within six (6) months from the date of such approval. All construction, including landscaping, shall be completed within eighteen (18) months of commencement. If the Owner shall fail to comply with this paragraph, any approval given pursuant to Section 20 above shall be deemed revoked unless the Committee, upon written request of the Owner made prior to the expiration of said six month period, extends the time for such commencement. The purpose of this section is to preserve the ambiance and integrity of the Project for each Owner's neighbors and the Association as a whole. If the Committee finds that the delays are unavoidable and in good faith, the extension may be granted.

Owner builders, developers, and contractors shall assume liability for any damage occurring during construction, to any homeowner's property. Repair of damage from said construction shall be the responsibility of the contractor or property owner responsible for said damage. Agreements to repair damage will be arranged directly with the homeowner affected by said damage. All damages shall be corrected in a timely manner. It shall be further understood that the damaged property owner has full legal recourse to restore their property to its original condition. It shall be further understood by all parties concerned, that Mariners Village Homeowners Association and its officers and board of directors shall assume no liability in disputes arising from said damages.

As Mariners Village is in a high wind area, all lots, cleared for construction must have protection from blowing sand and debris i.e., straw bales around perimeter, etc. If construction is not commenced with TEN (10) DAYS after a lot is cleared, it shall be barked immediately to affect protection to adjacent property owners. If the cleared property owners fail to make corrective action in the specified time limits, the association shall bark the property in question and bill the owner at the highest rate allowed by law with a possible lien to the property. It shall be understood by all parties that Mariners Village Homeowners Association or its officers will be held harmless in any actions resulting from this action.

Section 3.22 Failure to Complete Work

The Owner shall in any event complete the construction, reconstruction, refinishing or alteration of any such improvement within eighteen (18) months after commencing construction thereof, except and for so long as such completion is rendered impossible or would result in great hardship to the Owner due to strikes, fires, national emergencies, natural calamities or other supervening forces beyond the control of the Owner or agents.

Section 3.23 Non-Compliance

If the Committee finds that the construction, reconstruction, alteration or refinishing was not done in substantial compliance with the approved plans, it shall notify the Owner in writing, by certified mail, of such non-compliance within fifteen (15) days of such finding, specifying particulars of non-compliance, and shall require the Owner to remedy such noncompliance. If the Owner fails to remedy such non-compliance within thirty (30) days from the date of such notification, the Committee shall notify the Board in writing of such failure. The Board shall then set a date on which a hearing before the Board shall be held regarding the alleged non-compliance. The hearing date shall be not more than thirty (30) nor less than fifteen (15) days after notice of the non-compliance is given to the Board by the Committee. Notice of the hearing date shall be given at least ten (10) days in advance thereof by the Board to the Owner in writing, by certified mail, to the Committee and, in the discretion of the Board, to any other interested party.

At the hearing, the Owner or Owner's agent, the Committee arid, in the Board's discretion, any other interested person may present information relevant to the question of the alleged non-compliance. After considering all such information, the Board shall determine whether there is a non-compliance and, if so, the nature thereof and the estimated cost of correcting or removing the same. If a non-compliance exists, the Board shall require the Owner to remedy or remove the same within forty-five (45) days from the date of the Board ruling. If the Owner does not comply with the Board ruling within such period or within any extension of such period as the Board, in its discretion, may grant, the Board, at its option, may either remove the non-complying improvement or remedy the noncompliance, and the Owner shall reimburse the Association for all expenses incurred in connection therewith. If such expenses are not promptly repaid by the

Owner to the Association, the Board shall levy a special assessment against such Owner pursuant to this Declaration. In addition this Declaration shall be deemed to vest the Committee or Board with the right to bring legal action to enforce the provisions hereof or the decision of the Board.

If for any reason the Committee fails to notify the Owner of any non-compliance within thirty (30) days after receipt of said notice of completion from the Owner, the improvement shall be deemed to be in accordance with said approved plans.

Section 3.24 Final Acceptance

The Owner of each building site agrees that said Owner will not commence using the structure or structures on the building site until final acceptance from the Board has been obtained in writing.

Section 3.25 Liability

Neither the Committee nor any member thereof shall be liable to the Association or to any Owner for any damage, loss or prejudice suffered or claimed on account of (a) the approval or disapproval of any plans, drawings and specifications, whether or not defective, (b) the construction or performance of any work, whether or not pursuant to approved plans, drawings and specifications, and (c) the development of any property within the Project, whether or not the facts therein are correct; provided, however, that such member has acted in good faith on the basis of such information as may be possessed by him or her. Without in any way limiting the generality of the foregoing, the Committee, or any member thereof, may, but is not required to, consult with or hear the views of the Association or any Owner with respect to any plans, drawings, specifications or any other proposal submitted to the Committee.

Section 3.26 Governmental Requirements

The application to and the review and approval by the Committee of any proposals, plans or other submittals shall in no way be deemed to be satisfaction of or compliance with any building permit process or any other governmental requirements, the responsibility for which shall lie solely with the respective Lot Owner.

Section 3.27 Meetings

The Committee shall meet from time to time as necessary to properly perform its duties hereunder. The vote or written consent of any two (2) members shall constitute an act by the Committee. The Committee shall keep and maintain a record of all actions taken by it at such meeting or otherwise. The Committee and its members shall be entitled to reimbursement for the reasonable out-Of-pocket expenses incurred by them in the performance of any Committee functions.

Section 3.28 Architectural Committee Guidelines

The Committee may, from time to time and in its sole discretion, adopt, amend, and repeal, by unanimous vote, written rules and regulations to be known as "Architectural Committee

Guidelines." Said Guidelines shall interpret and implement the provisions hereof by setting forth the standards and procedures for Committee review and guidelines for architectural design placement of buildings, landscaping within Lots and in the Common Areas, color schemes, exterior finishes and roofing materials, and similar features which are recommended for use in the Project; provided, however, that said Guidelines shall not be derogation of the minimum standards required by this Declaration.

The Guidelines shall be enforceable by the Association pursuant to its enforcement powers granted in the Project Documents or at law. Such written guidelines shall be available for inspection and copying as part of the Association records.

Section 3.29 Alterations, Additions, Remodeling

No alterations or exterior design or any color of any structure, including additions, shall be made without the prior written approval of the ARC. Materials used for any such approved alterations must be harmonized and compliment the original building or buildings, and must be approved by the Board in writing prior to such alteration. No approval is required to repaint or re-stain any structure of the same color scheme as previously used and approved.

ARTICLE 4
THE ASSOCIATION MEMBERSHIP AND VOTING

Section 4.1 Association and Obligation

MARINERS VILLAGE Homeowners Association, an Oregon nonprofit corporation, shall be the Association. The Association shall be obligated to manage and maintain the Project in accordance with Project Documents and all applicable laws, regulations and ordinances.

Section 4.2 Membership; Transferred Membership

Each Owner shall be a member of the Association and shall remain a Member thereof until such time as the ownership ceases for any reason, at which time membership in the Association shall automatically cease. Membership in the Association shall not be transferred, pledged, or alienated in any way except upon the transfer of ownership of the Lot to which it is appurtenant, and then only to the new Owner. Any attempt to make a prohibited transfer is void. Any transfer of title to a Lot or interest in it shall operate automatically to transfer the appurtenant membership rights in the Association to the new Owner.

Section 4.3 Voting

The Association shall have two (2) classes of voting membership established according to the following provisions:

(a) Class A Membership. Class A Members 'shall be all Owners, except Declarant, and shall be entitled to one (1) vote for each Lot owned. When more than one person or entity owns a Lot, all such Co-Owners shall be Members and the vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot.

(b) Class B Membership. The Class B Member shall be the Declarant, who shall be entitled to three (3) votes for each Lot owned. Said Class B Membership shall be automatically converted to Class A memberships and said Class B membership shall cease to exist when the total votes held by Class A Members equal the total votes held by the Class B Members.

Section 4.4 Voting Requirements

Any action by the Association which must have the approval of the Membership before being undertaken shall require the vote of written assent of the Members as follows:

(a) Except as provided herein, the specified percentage (or if not specified, a majority) of the Members of each Class of Members who are present in person or by proxy and voting at a properly noticed meeting at which a quorum is present, shall be required.

(b) Where a provision of the Project Documents requires the approval of the Members other than Declarant it shall be read to require at a properly noticed meeting at which a quorum is present:

(i) For so long as there are two (2) classes of Membership, the vote of the prescribed percentage (or if not prescribed, a majority) of the Members of each class of Members present in person or by proxy and voting; or

(ii) After conversion of the Class B to Class A Membership, the vote of a majority of the Members present in person or by proxy and voting, as well as the vote of the prescribed percentage (or if not prescribed, a majority) of the Members present in person or by proxy and voting other than Declarant.

Section 4.5 Co-Owner Votes

No vote for a Lot shall be cast on a fractional basis. If the Co-owners of a Lot are unable to agree among themselves as to how their vote shall be cast, they shall forfeit the vote on the matter in question. If only one Co-owner exercises the vote of a particular Lot, it shall be conclusively presumed for all purposes that the Co-owner was acting with the authority and consent of all other Co-owners of the same Lot. If more than one Co-owner exercises the vote for a particular Lot, their votes shall not be counted and shall be deemed void.

Section 4.6 Record Date

The Association shall fix, in advance, a date as a record date for the determination of the Members entitled to notice of and to vote at any meeting of the Association and entitled to cast written ballots. The record date shall be not less than ten (10) days nor more than ninety (90) days prior to any meeting or taking action.

Section 4.7 Commencement of Voting Rights; Suspension of Voting Rights

Voting rights attributable to any Lot shall not vest until Assessments have been levied against that Lot. The voting rights may be temporarily suspended by the Board of Directors for a delinquency in the payment of assessments attributable to that Lot or as a result of a disciplinary action taken against the Owner of a Lot pursuant to the provisions of the Project Documents.

Section 4.8 Membership Meetings

Regular and special meetings of Members of the Association shall be held with the frequency, at the time and place and in accordance with the provisions of the Bylaws.

Section 4.9 Board of Directors

The affairs of the Association shall be managed by a Board of Directors, which shall be established, and which shall conduct regular and special meetings according to the provisions of the Articles and Bylaws and the applicable statutes of the State of Oregon.

ARTICLE 5
ASSOCIATION POWERS, RIGHTS, DUTIES, LIMITATIONS

Section 5.1 Generally

The Association shall have the power to perform any action reasonably necessary to exercise any right or discharge any duty enumerated in this Article 5 or elsewhere in this Declaration or reasonably necessary to operate the Project. In addition, the Association shall have all the powers and rights of a nonprofit corporation under the laws of the State of Oregon.

The Association shall act through its Executive Board and the Board shall have the power, right and duty to act for the Association except that actions which require the approval of the Members of the Association shall first receive such approval.

The powers, rights, duties and limitations of the Association set forth in this Article 5 and elsewhere in the Declaration shall vest in and be imposed on the Association on the occurrence of the earlier of (i) the conveyance of the Common Area to the Association, or (ii) the first conveyance of a residential Lot in the Project.

Section 5.2 Enumerated Rights

In addition to those Association rights which are provided elsewhere the Association shall have the following rights:

(a) To elect, employ, appoint, to assign and to delegate the rights and duties of the Association to officers, employees, agents and independent contractors;

(b) To enter contracts with third parties to furnish goods or services to the Project, subject to the limitations of Section 4 below;

(c) To borrow money and with the approval by vote or written assent of the majority of Members, mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;

(d) To dedicate or transfer all or any part of the Common Area to any public agency, authority or utility or any other person or entity for such purposes and subject to such conditions as may be agreed to by the Association; provided, however, that no such dedication or transfer shall be effective unless (i) such dedication or transfer is approved by a majority of the voting power of each class of Members, and (ii) an instrument in writing is signed by the Secretary of the Association certifying that such dedication or transfer has been approved by the required vote or written assent, and (iii) the City of Florence has given its prior written consent;

(e) To adopt reasonable rules, if needed, not inconsistent with this Declaration, the Articles, or the Bylaws relating to the use of the Common Area and the conduct of Owners and their contract purchasers, lessees, tenants and guests with respect to the Project and other Owners. If so adopted, a copy of the Rules shall be mailed or otherwise delivered to each Owner and a copy shall be posted in a conspicuous place within the Common Area; and

(f) To enter upon any portion of the Common Area, or upon any Lot after giving reasonable notice to the Owner thereof, for any purpose reasonably related to the performance by the Association of its duties under this Declaration. In the event of an emergency such right of entry upon any Lot shall be immediate. Any damage caused by such entry shall be repaired or otherwise reasonably compensated for by the Association.

Section 5.3 Enumerated Duties

(a) To manage, operate, improve, maintain, repair and replace the Common Area, including the private streets, entry (decor, landscaping and signage), common storage/parking area, and to plant and maintain any vegetation required to stabilize the greenbelt of MARINERS VILLAGE.

(b) To enforce the provisions of the Project Documents by appropriate means as provided in Article 7;

(c) To fix, levy and collect Assessments and Individual Charges in the manner provided in Articles 6 and 7;

(d) To pay all real and personal property taxes and assessments and all other taxes levied against the Common Area, any other property owned by the Association or against the Association. Such taxes and assessments may be contested or compromised by the Association; provided, that they are paid or that a bond insuring payment is posted before the sale or the disposition of any property to satisfy the payment of such taxes;

(e) To prepare and file annual tax returns, as required, with the federal government and the State of Oregon and to make such elections as may be necessary to reduce or eliminate the tax liability of the Association;

(f) To acquire, provide and pay for water, sewer, electrical, security and other utility services as necessary for the Common Area and to the individual residence Lots to the extent they are not individually metered. Notwithstanding the provisions of Section 2(d) herein, the Board shall have the right and power without approval of the Membership to grant non-exclusive easements over the Common Area to the extent necessary to provide for such water or other utility services;

(g) To obtain and pay the cost of legal, accounting and other professional services necessary or proper to the maintenance and operation of the Project and the enforcement of the Project Documents;

(h) To obtain and pay the cost of insurance for the Project as provided in Article 8;

(i) To deposit all funds collected from Owners pursuant to Articles 6 and 7 hereof and all other amounts collected by the Association as follows:

(i) All funds shall be deposited in a separate bank account ("General Account") with a bank located in the State of Oregon. The Association shall keep accurate books and records regarding such account; and

(ii) Funds which the Association shall collect for reserves for capital expenditures relating to the repair and maintenance of the Common Area, and for such other contingencies as are required by good business practice shall, within ten (10) days after deposit in the General Account, be deposited into an interest-bearing account with a bank or savings and loan association selected by the Association~ or invested in Treasury Bills or Certificates of Deposit or otherwise prudently invested which shall all herein be collectively referred to as the "Reserve Account." Funds deposited into the Reserve Account shall be held in trust and may be used by the Association only for the purposes for which such amounts have been collected;

(j) To regularly prepare budgets and financial statements and to distribute copies to each Member as follows:

(i) A pro forma operating budget for each fiscal year consisting of at least the following information shall be distributed not less than forty-five (45) days nor more than sixty (60) days prior to the beginning of the fiscal year:

(A) Estimated revenue and expenses on an accrual basis.

(B) Identification of the total cash reserves of the Association currently set aside for replacement or major repair of Common Area and for contingencies.

(C) An itemized estimate of the current replacement costs of the remaining useful life of, and the methods of funding to defray the costs of future repair, replacement or additions to those major components of the Common Areas and facilities for which the Association is responsible.

(D) A general statement setting forth the procedures used by the Board in the calculation and establishment of reserves to defray the costs of future repair, replacement or additions to those major components of the Common Areas .and facilities for which the Association is responsible;

(ii) A balance sheet (as of an accounting date which is the last day of the month closest in time to six (6) months from the date of the first conveyance of a Lot) and an operating statement for the period from said date of the first conveyance of a Lot to said accounting date, shall be distributed within sixty (60) days after the accounting date. This operating statement shall include a schedule of Assessments received and receivable identified by the number of the Lot and the name of the Owner assessed;

(iii) A report consisting of the following shall be distributed within one hundred twenty (120) days after the close of the fiscal year:

(A) A balance sheet as of the last day of the fiscal year;

(B) An operating (income) statement for said fiscal year; and

(C) A statement of changes in financial position for said fiscal year.

(iv) If the report referred to in (iii) above is not prepared by an independent accountant, it shall be accompanied by the certificate of an authorized Officer of the Association that the statement was prepared from the books and records of the Association without independent audit or review.

In lieu of the distribution of the financial statements required by Subdivision (j), the governing body may elect to distribute a summary of the financial statements to all its members with a written notice that the financial statements are available at the business office of the Association or at another suitable location within the boundaries of the development and that copies will be provided upon request and at the expense of the Association. If any member requests copies of the financial statements to be mailed to the member, the Association shall provide the copies to the member, the Association shall provide the copies to the member by first-class United States mail at the expense of the Association and delivered within five days. The written notice that is distributed to each of the Association members shall be in at least 10-point bold type on the front page of the summary of the statements.

(v) In addition to financial statements, the Board shall annually distribute within sixty (60) days prior to the beginning of the fiscal year, a statement of the Association's policies and practices in enforcing its remedies against Members for defaults in the payment of Regular and Special Assessments, including actions at law against an Owner and the recording and foreclosing of liens against Members' Lots;

(k) The Board shall, no less frequently than annually, prepare or cause to be prepared and reviews a current reconciliation of: (i) the Association's operating accounts; the current year's actual reserve revenues and expenses compared to the current year's budget; (iv) the most current operating and reserve account statements prepared by the financial institution where the Association maintains its reserve accounts; and (v) an income and expense statement for the Association's operating and reserve accounts.

(l) To cause to be kept adequate and correct books of account, a register of Members, minutes of Member, Board and Committee meetings, a record of all corporate acts, and other records as are reasonably necessary for the prudent management of the Project. The Membership register (including names, addresses, telephone numbers and voting rights), books of account and minutes of meetings of the Members, of the Board, and of Committees shall be made available for inspection and copying by any Member of the Association, or by his duly appointed representative, at any reasonable time and for a purpose reasonably related to his interest as a Member, at the principal office of the Association or at such other place within the Project as the Board of Directors shall prescribe. The Board shall establish reasonable rules with respect to:

(i) Notice to be given to the custodian of the records by the Member desiring to make the inspection;

(ii) Hours and days of the week when such an inspection may be made; and

(iii)Payment of the cost of reproducing copies of the documents requested by a member;

Every Director shall have the absolute right at any reasonable time to inspect all books, records and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a Director includes the right to make extracts and copies of documents; and

(m) To provide, within ten (10) days of the mailing or delivery of a written request from an Owner or Mortgagee, the following items:

(i) A copy of the Project Documents;

(ii) A copy of the most recent financial statement distributed pursuant to this section; and

(iii) A true statement in writing from an authorized representative of the Association as to the amount of any assessments levied upon the Owner's Lot which are unpaid on the date of the statement. The statement shall also include true information on late charges, interest and costs of collection which, as of the date of the statement, are or may be made a lien upon the Lot.

The Association may charge a fee for this service, which shall not exceed the Association's reasonable cost to reproduce the requested items.

Section 5.4 <u>Enumerated Limitations</u>

(a) Individual Board members are prohibited from withdrawing funds from the Association's reserve account without (i) the signature of at least two (2) Board Members, or (ii) the signature of one (1) Board Member and an Officer of the Association who is not also a Board Member; except, the signature of one (1) Board Member shall suffice until such time as all Class B stock has converted to Class A stock.

(b) Except with the approval of a majority of the Members other than Declarant, the Board shall be prohibited from taking any of the following actions:

(i) Entering into a contract with a third person wherein the third person will furnish goods or services for the Common Area or to the Association for a term longer than one (1) year with the following exceptions:

(A) In the event FHA or VA is a First Mortgagee of a Lot in the Project, a management contract, the terms of which have been approved by the Federal Housing Administration or Veterans Administration;

(B) A contract with a public utility company if the rates charged for the materials or services are regulated by the Public Utilities Commission; provided, however, that the term of the contract shall not exceed the shortest term for which the supplier will contract at the regulated rate;

(C) Prepaid casualty and/or liability insurance policies of not to exceed the three (3) years duration provided that the policy permits short rate cancellation by the insured; and

(D) Agreements for cable television services and equipment, or satellite television services and equipment not to exceed five years duration, provided that the supplier is not an entity in which the declarant has a direct or indirect ownership interest of ten percent (10%) or more.

(E) Agreements for sale or lease of security systems, installation and services not to exceed five years' duration, provided that the supplier or suppliers are not entities in which the Declarant has a direct or indirect ownership interest of ten percent (10%) or more.

(ii) Incurring aggregate expenditures for capital improvements to the Common Area in any fiscal year in excess of fifty percent (50%) of the budgeted gross expenses of the Association for that fiscal year;

(iii)Selling during any fiscal year property of the Association having an aggregate fair market value greater than five percent (5%) of the budgeted gross expenses of the Association for that fiscal year; and

(iv)Paying compensation to Directors or to Officers of the Association for services performed in the conduct of the Association's business; provided, however, that the Board may reimburse a Director or Officer for expenses incurred in carrying out the business of the Association.

ARTICLE 6
ASSESSMENTS

Section 6.1 Agreement to Pay Assessments and Individual Charges

Declarant for each Lot owned by it, hereby covenants and agrees, and each owner, by acceptance of a deed to a Lot, is deemed to covenant and agree for each Lot owned, to pay to the Association all Regular Assessments and all Special Assessments (collectively "Assessments"), and all Individual Charges, to be established and collected as provided in this Declaration and in the other Project Documents.

Section 6.2 Purpose of Assessments

The purpose of Assessments is to raise funds necessary to operate the Project. Assessments shall be used exclusively to promote the recreation, health, safety and welfare of all the owners and for the improvement, maintenance and administration of the Project and other expenditures incurred in the performance of the duties of the Association as set forth in the Project Documents.

Section 6.3 Regular Assessments

The purpose of Regular Assessments is to raise funds necessary to pay the anticipated costs of operating the Project during the fiscal year and to accumulate reserves to pay costs anticipated in future years. Not less than ninety (90) days before the beginning of each fiscal year, the Board shall prepare or cause to be prepared, and distributed to each Owner, a proposed budget for the forthcoming fiscal year. Any Owner or Mortgagee may make written comments to the Board with respect to said proposed budget. The proposed budget shall be prepared consistently with the prior fiscal year's budget and shall include adequate reserves for contingencies and for maintenance, repairs and replacement of the Common Area improvements or Association personal property likely to need maintenance, repair or replacement in the future.

Not more than ninety (90) days nor less than sixty (60) days before the beginning of each fiscal year, the Board shall meet for the purpose of establishing the budget and Regular Assessment for the forthcoming fiscal year. At such meeting, the Board shall review the proposed budget, written comments received and any other information available to it and, after making any adjustments that the Board deems appropriate, shall establish the budget and Regular Assessment for the forthcoming fiscal year; provided, however, that the Board may not impose a Regular Assessment for any fiscal year which is more than twenty percent (20%) greater than the Regular Assessment of the prior fiscal year, or impose Special Assessments which in the aggregate exceed five percent (5%) of the budgeted gross expenses of the Association for that fiscal year, without the approval of Owners, consisting of a quorum, casting a majority of the votes at a meeting or election of the Association.

For the purposes of this section, quorum means the majority of the Owners of the Association. This section does not limit assessment increases necessary for emergency situations. For purposes of this section, an emergency situation is anyone of the following: (a) an extraordinary expense required by an order of a court; (b) an extraordinary expense necessary to repair or maintain the common area or any part of it for which the Association is responsible where a threat to personal safety on the property is discovered; or (c) an extraordinary expense necessary to repair or maintain the common interest development or any part of it for which the Association is responsible that could not have been reasonably foreseen by the Board in preparing and distributing the pro forma operating budget. However, prior to the imposition or collection of an assessment under this subdivision, the Board shall pass a resolution containing written findings as to the necessity of the extraordinary expense involved and why the expense was not or could not have been reasonably foreseen in the budgeting process, and the resolution shall be distributed to the members with the notice of assessment.

Not less than thirty (30) days nor more than sixty (60) days prior to the beginning of each fiscal year, the Board shall prepare or cause to be prepared, and, distribute to each Owner, a pro forma operating budget for the forthcoming fiscal year.

Regular Assessments shall be payable in one (1) annual payment due on the first day of January or two (2) equal semi-annual payments due on the first day of January and the first day of July, unless the Board adopts some other basis for collection.

Section 6.4 Special Assessments – General

If the Board determines that the estimated total amount of funds necessary to defray the common expenses of the Association for a given fiscal year is or will become inadequate to meet expenses for any reason, including, but not limited to, unanticipated delinquencies, unexpected repairs or replacements of capital improvements on the Common Area, the Board shall determine the approximate amount necessary to defray such expenses, and if the amount is approved by the Board it shall become a Special Assessment. The Board may, in its discretion, provide for the payment in installments of such Special Assessment over the remaining months of the fiscal year or levy the entire Special Assessment immediately against each Lot. Special Assessments shall be due on the first day of the month following notice of their levy.

Section 6.5 <u>Limitation on Special Assessments</u>

Any Special Assessment which singly or in the aggregate with previous Special Assessments for the fiscal year would amount to more than fifty percent (50%) of the budgeted gross expenses of the Association for the fiscal year, shall require approval of a majority of the Members other than Declarant.

The provisions of this Section do not limit assessment increases by the Board without Member approval for the following purposes: (1) the maintenance or repair of the Common Areas or other areas which the Association is obligated to maintain or repair, including, but not limited to, the payment of insurance premiums, the payment of utility bills, the costs incurred in maintaining or repairing structures or improvements, and funding reserves; or (2) addressing emergency situations.

Section 6.6 <u>Individual Charges</u>

Individual Charges may be levied against a Member (i) as a monetary penalty imposed by the Association as a disciplinary measure for the failure of a Member to comply with the Project Documents; (ii) as a means of reimbursing the Association for costs incurred by the Association for repair of damage to Common Areas and facilities for which the Member was responsible; (iii) for repair and maintenance of common driveways and entry lights as described in Article 2, Section 2.6; or (iv) to otherwise bring the Member and his/her Lot into compliance with the Project Documents. Such Individual Charges (other than reasonable late charges, interest, costs of collection and reasonable attorneys' fees related to the collection of Assessments) shall not be enforceable through the lien provisions of the Project Documents.

Section <u>6.7 Allocation of Regular and Special Assessments</u>

Regular and Special Assessments shall be levied against each Lot (and its Owner) equally based on a fraction, the numerator of which is one (1) and the denominator of which is the total number of Lots in the Project.

Section 6.8 <u>Commencement of Assessments and Individual Charges</u>

The right to levy Assessments and Individual Charges shall commence as to all Lots in this Project on the date of the first conveyance of a Lot after Final Approval from the City of Florence. Regular Assessments shall be levied on the first day of the first month of the fiscal year.

Section 6.9 <u>Delinquent Assessments; Charges</u>

Regular and Special Assessments are delinquent fifteen (15) days after they become due. If an assessment is delinquent, the Association may recover all of the following:

(a) Reasonable costs incurred in collection the delinquent assessment, including reasonable attorney's fees;

(b) A late charge not exceeding ten percent (10%) of the delinquent assessment or ten dollars ($10.00), whichever is greater; and

(c) Interest on all sums imposed in accordance with this Section, including the delinquent assessment, reasonable costs of collection and late charges, at an annual percentage rate not to exceed twelve percent (12%) interest, commencing 30 days after the assessment becomes due.

Section 6.10 Creation of the Assessment Lien; Personal Obligation for Assessments and Individual Charges

The Assessments, together with late charges, interest, costs and reasonable attorney's fees, shall be charged and a continuing lien upon the Lot against which each Assessment is made, the lien to become effective upon recordation of a Notice of Delinquent Assessment.

All Assessments and Individual Charges, together with late charges, interest, costs, and reasonable attorneys' fees incurred in collecting delinquent Assessments and Individual Charges, shall be the personal obligation of the Owner of such Lot at the time when the Assessments or individual Charges fell due. If more than one person or entity was the Owner of a Lot at the time the Assessments or Individual Charges fell due, the personal obligation to pay each Assessment and Individual Charge shall be joint 'and several. The personal obligation for delinquent Assessments and Individual Charges shall not pass to any transferee unless expressly assumed by him. No Owner may exempt himself from liability for his Assessments or Individual Charges Obligation by waiver of the use or enjoyment of any of the Project.

ARTICLE 7
ENFORCEMENT OF RESTRICTIONS

Section 7.1 General

The Association or any Owner shall have the right to enforce compliance with the Project Documents in any manner provided by law or in equity, including without limitation, the right to enforce the Project Documents by bringing an action for damages, an action to enjoin the violation or specifically enforce the provisions of the Project Documents, to enforce the liens provided for herein (except that no Owner shall have the right to enforce independently of the Association any Assessment, Individual Charge or Assessment lien created herein) and any statutory lien provided by law, including the foreclosure of any such lien and the appointment of a receiver for an Owner and the right to take possession of the Lot in the manner provided by law.

In the event the Association or any Owner shall employ an attorney to enforce the provisions of the Project Documents, against any Owner, the prevailing party shall be entitled to reasonable attorneys' fees and costs in addition to any other amounts due as provided for herein.

All sums payable hereunder by an Owner shall bear interest at the maximum rate permitted by law from the due date, or if advanced or incurred by the Association, or any other Owner pursuant to authorization contained in the Project Documents, commencing fifteen (15) days after repayment is demanded.

All enforcement powers of the Association shall be cumulative. Failure by the Association or any Owner to enforce any covenant, lien or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

The City of Florence may, at its discretion, undertake acts it deems necessary to enforce provisions of the MARINERS VILLAGE Conditions of Approval of the Tentative and Final Maps.

Section 7.2 Specific Enforcement Rights

In amplification of, and not in limitation of, the general rights specified in Section 1 above, the Association shall have the following rights:

(a) The Association shall have no power to cause a forfeiture or abridgement of an Owner's right to the full use and enjoyment of his Lot on account of a failure by the Owner to comply with provisions of the Project Documents except where the loss or, forfeiture is the result of the judgment of a court or a decision arising out of arbitration or on account of a foreclosure or sale under a power of sale for failure of the Owner to pay Assessments levied by the Association.

(b) The Association may impose reasonable monetary penalties, temporary suspensions of reasonable duration (not to exceed thirty (30) days per violation) of an Owner's rights as a Member of the Association or other appropriate discipline for failure to comply with the Project Documents. Notwithstanding the foregoing, the Association shall have no right to interfere with an Owner's right of ingress to or egress from his Lot.

    Before disciplinary action authorized under this sub-article may be imposed by the Association, the Owner against whom such action is proposed to be taken shall be given notice and the opportunity to be heard as follows:

    (i) The Board shall give written notice to the Owner at least fifteen (15) days prior to the meeting at which the Board will consider imposing disciplinary action. Such notice shall set forth those facts which the Board believes justify disciplinary action, and the time and place of the meeting;

    (ii) At such meeting the Owner shall be given the opportunity to be heard, including the right to present evidence, either orally or in writing, and to question witnesses; and

(iii) The Board shall notify the Owner in writing of its decision within three (3) days of the decision. The effective date of any disciplinary action imposed by the Board shall not be less than eight (8) days after the date of said decision.

(c) A suit to recover a money judgment for unpaid Assessments or unpaid Individual Charges, together with late charges, interest, costs, and reasonable attorney's fees shall be maintainable by the Association. In the case of unpaid Assessments such suit shall be maintainable without foreclosing or waiving the lien securing such unpaid Assessments.

(d) The amount of an Assessment, plus any costs of collection, late charges and interest assessed in accordance with Article 6, shall be a lien on the Owner's Lot from and after the time the Association causes to be recorded with the Lane County Recorder a Notice of Delinquent Assessment, which shall state the amount of the Assessment and other sums imposed in accordance with Article 6, a description of the Owners Lot against which the Assessment and other sums are levied, the name of the record Owner of the Lot against which the lien is imposed, and, in order for the lien to be enforced by non-judicial foreclosure, the name and address of the trustee authorized by the Association to enforce the lien by sale. The Notice of Delinquent Assessment shall be signed by the person designated by the Association for that purpose, or if no one is designated, by the president of the Association. Upon payment of the sum specified in the Notice of Delinquent Assessment, the Association shall cause to be recorded a further notice stating the satisfaction and release of the lien thereof.

A lien created pursuant to this section shall be prior to all other liens recorded subsequent to the Notice of Assessment, except as otherwise provided in this Declaration.

A lien created pursuant to this Section may be enforced in any manner permitted by law, including sale by the Assessment, or sale by a trustee substituted pursuant to Oregon law. Any sale by the trustee shall be conducted in accordance with the provisions of law applicable to the exercise of powers of sale in mortgages and deeds of trust.

Nothing in this section prohibits actions against the owner of separate interest to recover sums for which a lien is created pursuant to this section, or prohibits the Association from taking a deed in lieu of foreclosure.

In connection with any sale under this section, the Board is authorized to appoint its attorney, any officer or director, or any title insurance company authorized to do business in Oregon as trustee for purposes of conducting the sale.

The Association, acting on behalf of the Owners, shall gave the power to bid upon the Lot at foreclosure sale and to acquire, hold, rent, lease, mortgage and convey the Lot.

Nothing in this section prohibits actions against an Owner to recover sums for which a Lien is created pursuant to this section, or prohibits the Association from taking a deed in lieu of foreclosure.

(e) In a sale or transfer of the Lot, the personal obligation for delinquent Assessments or Individual Charges shall not pass to the Transferee unless expressly assumed by him. The sale or transfer of any Lot shall not effect the Assessments lien nor the right of the Association to impose a Lien for Assessments which become due prior to such sale or transfer. However, the sale or transfer of any Lot pursuant to the exercise of a power of sale or judicial foreclosure involving a default under a First Mortgage shall extinguish the lien and right to lien for Assessments which became due prior to such sale or transfer. No transfer of the Lot as the result of a foreclosure or exercise of a power of sale shall relieve the new Owner, whether it be the former beneficiary of the First Mortgagee or another person, from liability for any Assessments or Individual Charges thereafter becoming due or from the lien thereof.

(f) Each Owner to the extent permitted by law, waives, to the extent of any liens created pursuant to the Project Documents, the benefit of any homestead or exemption laws of Oregon in effect at the time any Assessment becomes due.

ARTICLE 8
INSURANCE, DESTRUCTION, CONDEMNATION

Section 8.1 Insurance

In addition to other insurance required to be maintained by the Project Documents, the Association shall obtain from generally accepted insurance carriers, and maintain in effect at all times the following insurance:

(a) Liability Insurance. To the extent available for a reasonable cost, the Association shall obtain and maintain comprehensive public liability insurance insuring the Association and its agents and employees against any liability incident to the ownership, use or maintenance of the Common Area and Lots. The limits of such insurance shall not be less than One Million Dollars ($1,000,000.00) covering all claims for death, personal injury and property damage arising out of a single occurrence. Such insurance shall include coverage against any liability customarily covered with respect to similar projects. Such policy may provide for a reasonable deductible limit.

(b) Casualty Insurance. To the extent available for a reasonable cost, the Association shall obtain and maintain a policy of casualty insurance for the full insurable replacement value (without deduction for depreciation) of all of the improvements within the Common Area. Such policy may provide for a reasonable deductible limit. The policy shall name as insured the Association for the benefit of the Owners, and all Mortgagees as their respective interests shall appear, and may contain a loss payable endorsement in favor of any trustee described in Section (d) below.

(c) Trustee. At the Board's option, all casualty insurance proceeds payable under Section l(b) for losses to real property and improvements may be paid to a trustee, to be held and expended for the benefit of the Owner and others, as their respective interests shall appear. Said trustee shall be a commercial bank or trust company in Lane County that agrees in writing to accept such trust.

(d) Other Insurance. The Board shall purchase and maintain worker's compensation insurance, to the extent that it is required by law, for all employees or uninsured contractors of the Association. The Board may purchase and maintain insurance on personal property owned by the Association, and any other insurance that it deems necessary.

(e) Owner's Liability Insurance. An Owner may carry whatever personal and property damage liability insurance with respect to his Lot that he desires.

(f) Owner's Fire and Extended Coverage Insurance. Each Owner shall obtain and maintain fire, casualty and extended coverage insurance for the full replacement value of all of the improvements on his Lot. An Owner may also insure his personal property.

(g) Officer and Director Insurance. The Association may purchase and maintain insurance on behalf of any Director, Officer, or Member of a committee of the Association (collectively the "agents") against any liability asserted against or incurred by the agent in such capacity or arising out of the agent's status as such, whether or not the Association would have the power to indemnify the agent against such liability under the applicable law.

Section 8.2 Waiver of Subrogation

All property and liability insurance carried by the Association, or the Owners shall contain provisions whereby the insurer waives rights of subrogation as to the Association, Directors, Officers, Declarant, Owners, their family, guests, agents and employees.

Section 8.3 Notice of Cancellation

All insurance carried by the Association shall require the insurer to notify any First Mortgagee requesting such notice at least fifteen (15) days in advance of the effective date of any reduction or cancellation of the policy.

Section 8.4 Annual Review of Policies

All insurance policies shall be reviewed at least annually by the Board in order to ascertain whether the coverage contained in the policies is adequate.

Section 8.5 Payment of Premiums

Premiums on insurance maintained by the Association shall be a common expense funded by Assessments levied by the Association.

Section 8.6 Destruction Affecting the Common Area

In the event of damage or destruction to the Common Area, the Board shall have the duty to repair and reconstruct it.

Section 8.7 Rebuilding Contract

It shall be the obligation of the Board to take all steps necessary to assure the commencement and completion of authorized repair and reconstruction at the earliest possible date. The Board shall have the authority to enter into a written contract with a reputable contractor for the repair and reconstruction, and to compensate the contractor according to the terms of the contract.

Section 8.8 Special Assessment to Rebuild

The Association may levy a Special Assessment against all Lot Owners to cover the cost of rebuilding not covered by insurance proceeds or other available funds.

Section 8.9 Destruction Affecting Lots

If there is a total or partial destruction of a Lot, the Owner thereof shall have the following options:

(a) The Owner shall rebuild or repair the Lot in substantial conformity with its appearance, design, and structural integrity immediately prior to the damage or destruction.

Notwithstanding the foregoing, any Owner of an affected Lot may apply to the Board for reconstruction of his Lot in a manner which will provide for an exterior appearance and/or design which is different from that which existed prior to the date of the destruction. Application for such approval shall be made in writing together with full and complete plans, specifications, maps and working drawings showing the proposed reconstruction and the end result thereof. The Board shall grant such approval only if it finds that the reconstructed Lot will be compatible in exterior appearance and/or design with the other Lots in the Project. Failure of the Board to approve or reject any such proposed change within thirty days (30) after the date of submission thereof shall be conclusively deemed an approval thereof; or

(b) The Owner shall clear all structures and improvements from the Lot and shall landscape it in a manner which is approved by the Board. Board approval shall not be unreasonably withheld. Failure to rebuild the Lot shall not relieve the Lot or its Owner from any Assessment obligation.

Rebuilding or landscaping shall be commenced within ninety (90) days of the date of the damage or destruction and shall be diligently pursued to completion.

Section 8.10 Condemnation Affecting Common Area

If an action for condemnation of all or a portion of the Common Area is proposed or threatened by any entity having the right of eminent domain, then on the unanimous written consent of all of the Owners, the Common Area, or a portion of it may be sold by the Board. The proceeds of the sale shall be available to the Board to establish and improve easements and roads over the Project as necessary to replace that portion of the Common Area which has been sold. The proceeds of the sale, if distributed, shall be distributed among the Lots on the same basis as their Regular Assessment obligation and between the Lot Owners and their Mortgagees as their respective interests shall appear.

Section 8.11 Award

If the Common Area, or a portion of it, is not sold but is instead taken, the judgment of condemnation shall by its terms distribute the award. If the judgment of condemnation does not distribute the award then the award shall be distributed as provided in Section 10 above.

Section 8.12 Condemnation Affecting Lots

If an action for condemnation of all or a portion of, or otherwise affecting a Lot (except the Common Area) is proposed or threatened, the Owner and the Mortgagees of the affected Lot, as their 'respective interests shall appear, shall be entitled to the proceeds of any sale or award relating to the affected Lot.

If any Lot is rendered irreparably uninhabitable as a result of such a taking, the Lot shall be deemed deleted from the Project and the Owners and Mortgagees of the affected Lot, upon receiving the award and any portion of the reserve funds of the Association reserved for the Lot, shall be released from the applicability of the Project Documents and deemed divested of any interest in the Common Area.

ARTICLE 9
MORTGAGE PROTECTIONS

Section 9.1 Mortgages Permitted

Any owner may encumber his Lot with Mortgages or similar financing documents.

Section 9.2 Subordination

Any lien created or claimed under the provisions of this Declaration is expressly made subject and subordinate to the rights of any First Mortgage that encumbers any Lot or other portion of the Project, made in good faith and for value, and no such lien shall in any way defeat, invalidate, or impair the obligation or priority of such First Mortgage unless the First Mortgagee expressly subordinates his interest, in writing, to such lien.

Section 9.3 Effect of Breach

No breach of any provision of this Declaration shall invalidate the lien of any Mortgagee made in good faith and for value, but all of the covenants, conditions and restrictions shall be binding on any Owner whose title is derived through foreclosure sale, trustee's sale, or otherwise.

Section 9.4 Right to Appear at Meetings

Any Mortgagee may appear at meetings of the Members and the Board.

Section 9.5 Right to Furnish Information

Any Mortgagee may furnish information to the Board concerning the status of any Mortgage.

Section 9.6 Right to Examine Books and Records, Etc.

The Association shall make available to Owners, prospective purchasers and First Mortgagees, current copies of the Project Documents and the books, records and financial statements of the Association. "Available" means available for inspection, upon request, during normal business hours or under other reasonable circumstances.

Any First Mortgagee shall be entitled, upon written request, and at its expense, to a financial statement for the immediately preceding fiscal year. Such financial statement shall be furnished by the Association within a reasonable time following such request.

ARTICLE 10
GENERAL PROVISIONS

Section 10.1 Notices

Notices provided for in Project Documents shall be in writing and shall be deemed sufficiently given when delivered personally or forty-eight (48) hours after deposit in the United States mail, postage prepaid, addressed to an Owner at the last address such Owner designates to the Association for delivery of notices, or in the event of no such designation, at such Owner's last known address, or if there be none, at the address of the owner's Lot. Notices to the Association shall be addressed to the address designated by the Association by written notice to all Owners.

Section 10.2 Notice of Transfer

No later than five (5) days after the sale or transfer of any Lot under circumstances whereby the transferee becomes the Owner thereof, the transferee shall notify the Association in writing of such sale or transfer. Such notices shall set forth: (i) the Lot involved; (ii) the name and address of the transferee and transferor; and (iii) the date of sale. Unless and until such notice is given, the Association shall not be required to recognize the transferee for any purpose, and any action taken by the transferor as an Owner may be recognized by the Association. Prior to receipt of any such notification by the Association, any and all communications required or permitted to be given by the Association shall be deemed duly given and made to the transferee if duly and timely made and given to such transferee's transferor.

Section 10.3 Headings

The headings used in this Declaration and the attached Exhibits are for convenience only and are not to be used to interpret the meaning of any of the provisions of this Declaration or the other Project Documents.

Section 10.4 Severability

The provisions of this Declaration shall be deemed independent and severable, and the invalidity or partial invalidity or unenforceability of any provision or provisions shall not invalidate any other provisions.

Section 10.5 Exhibits

All exhibits referred to are incorporated herein by such reference.

Section 10.6 Easements Reserved and Granted

Any easements referred to in this Declaration shall be deemed reserved or granted, or both reserved and granted, by reference to this Declaration in a deed to any Lot.

Section 10.7 Binding Effect

This Declaration shall inure to the benefit of and be binding on the successors and assigns of the Declarant, and the heirs, personal representatives, grantees, tenants, successors and assigns of any Owner.

Section 10.8 Conflict of Project Documents

If there is any conflict among or between the Project Documents, the provisions of this Declaration shall prevail; thereafter, priority shall be given to Project Documents in the following order: Article, Bylaws; and Rules and Regulations of the Association.

Section 10.9 Delivery of Project Documents to Transferee

Prior to the transfer of title to a Lot, the transferor shall provide the prospective transferee a copy of the Project Documents and such other documents and information as are required by Oregon law.

Section 10.10 Termination of Declaration

This Declaration shall run with the land, and shall continue in full force and effect for a period of fifty (50) years from the date on which this Declaration is executed. After that time, this

Declaration and all its covenants and other provisions shall be automatically extended for successive ten (10) year periods unless this Declaration is revoked by an instrument executed by Owners of not less than seventy-five percent (75%) of the Lots in the Project, and recorded in the Office of the Lane County, Oregon Recorder within one year prior of the end of said 50-year period or any succeeding 10-year period.

ARTICLE 11
AMENDMENTS

Section 11.1 Amendments

Until the first conveyance of a Lot in the Project, Declarant shall have the unilateral right to amend or revoke this Declaration, subject only to the requirements of the City of Florence.

Section 11.2 Amendments After First Conveyance

After the first conveyance, under authority of a Final Approval by the City of Florence, of a Lot in the Project, this Declaration shall be amended only as follows, except as required to comply with federal laws under ORS 94.585:

(a) Two Classes. So long as Class A and Class B Memberships exist, upon the vote or written assent of a majority of each class.

(b) Single Class. After conversion of Class B to Class A Memberships, upon the vote or written assent of a majority of the Association including a majority of the Members other than Declarant.

(c) Specific Provisions. The percentage of the voting power necessary to amend a specific clause or provision herein shall not be less than the percentage of affirmative votes prescribed for action to be taken under said clause or provision.

Section 11.3 Amendment Instrument

An amendment shall become effective when it has received the required approvals and the Secretary of the Association has executed, acknowledged and recorded in the Office of the Lane

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County Recorder, an instrument expressing the amendment and certifying that the required approvals were received.

Certification

The president and the secretary of the MARINERS VILLAGE Homeowners Association hereby certify that this Restated Declaration includes all previously adopted amendments in effect regarding the declarations for Phase 1, Phase 2, and Phase 3, and no other changes except to correct scriveners' errors or to conform to format and style.

Brian Holmes
President

Paula Ryan
Secretary

STATE OF OREGON, County of Lane: ss.

This instrument was acknowledged before me on February 22, 2013 by Brian Holmes, president of the Mariners Village Homeowners Association.

OFFICIAL SEAL
LINDA C KRUEGER
NOTARY PUBLIC-OREGON
COMMISSION NO. 469312
MY COMMISSION EXPIRES JUNE 17, 2016

Notary Public for Oregon
My Commission Expires: June 17, 2016

STATE OF OREGON, County of Lane: ss.

This instrument was acknowledged before me on Feb 25th, 2013 by Paula Ryan, secretary of the Mariners Village Homeowners Association.

OFFICIAL SEAL
ARIKA ANN MC GALLIAN
NOTARY PUBLIC - OREGON
COMMISSION NO. 458214
MY COMMISSION EXPIRES JUNE 03, 2015

Notary Public for Oregon
My Commission Expires: