DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS AND RESTRICTIONS FOR CALDERA SPRINGS

THIS DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS AND RESTRICTIONS FOR CALDERA SPRINGS (this “Declaration”), to be effective upon its recording in Deschutes County, Oregon, is made and executed on the date hereinafter set forth by Caldera Springs Real Estate, LLC, an Oregon limited liability company, hereinafter referred to as the “Declarant”.

WITNESSETH

Declarant is the owner of that certain real property described on attached Exhibit A (the “Development Property”). Declarant desires to develop the Development Property as a destination resort pursuant to Oregon law and Deschutes County ordinance. The destination resort shall be known as Caldera Springs. Declarant currently intends, but shall not be obligated to, construct the following components of such destination resort: 320 single family homes, Overnight Lodging Units (as defined in Section 1.19 below) as required by the Final Master Plan for Caldera Springs, as it may be amended, a 9-hole golf course, clubhouse and other recreational and related amenities.

Declarant desires to create the single-family residential component of Caldera Springs as a planned community to be known as Caldera Springs. It shall be developed on that portion of the Development Property described on attached Exhibit B, which property was platted pursuant to that certain plat recorded in the real property records of Deschutes County at 2006-11380 on Feb. 17, 2006 and on such other land as may be added thereto pursuant to the terms and provisions of this Declaration.

NOW THEREFORE, the Declarant declares that the real property described on attached Exhibit B, and any property subsequently annexed into this Declaration (collectively, the “Property”), shall be held, sold, hypothecated, and conveyed subject to the covenants, conditions, and restrictions declared below, which shall be deemed to be covenants running with the land and imposed on and intended to benefit and burden each Lot and other portions of the Property in order to maintain within the Property a community of high standards. Such covenants shall be binding on all parties having any right, title or interest therein or any part thereof, their respective heirs, personal representatives, successors and assigns, and shall inure to the benefit of each Owner thereof.
By recordation of this Declaration in the real property records of Deschutes County, Oregon, Declarant is hereby creating a Class I planned community, pursuant to and subject to ORS 94.550 to 94.785, and applicable successor provisions.

Funds for the maintenance and operation of common maintenance areas will be provided through assessments against those who purchase property within Caldera Springs, although to assist with the development, Declarant may from time to time itself provide some improvements. For the protection of all owners of property in Caldera Springs, there will be a system designed to assure that each person who purchases property in Caldera Springs will pay an equitable share of the costs for maintenance and development of the common maintenance areas.

ARTICLE I - DEFINITIONS

Section 1.1 "Association"

"Association" shall mean Caldera Springs Owners' Association, Inc., an Oregon nonprofit corporation established for the purposes set forth herein and pursuant to ORS Chapter 65.

Section 1.2 "Board"

"Board" shall mean the Board of Directors of Caldera Springs Owners' Association, Inc.

Section 1.3 "Bylaws"

"Bylaws" shall mean the Bylaws of the Association, as amended from time to time. The Bylaws shall be recorded in the real property records of Deschutes County, Oregon.

Section 1.4 "Caldera Springs"

"Caldera Springs" shall mean the community of Caldera Springs created on the Property.

Section 1.5 "Common Areas"

"Common Areas" as used herein, shall mean only that portion of the Property, together with all improvements located thereon, that is established for the common use and benefit of property owners within Caldera Springs and identified as "Common Areas" on a plat of any portion of the Property, in an amendment to this Declaration or in a supplemental declaration or Declaration of Annexation, and which shall be conveyed to the Association for the use and benefit of the Owners. The initial Common Areas are identified on the Plat as Tracts C, D, E, G and H. The Common Areas are anticipated to include lakes, open meadows, pathways, pool, spas, fitness center, open spaces, roads and trails. A legal description of the Common Areas is attached hereto as Exhibit C. Until the Turnover Meeting, the Declarant shall have the
right to designate Common Areas in the future by recordation of a duly approved amendment to this Declaration or by recordation of a supplemental declaration or Declaration of Annexation. In addition, the private ways (roads) are initially designated as Common Maintenance Areas, but the Declarant reserves the right at any time in the future (prior to the Turnover Meeting) to designate such private ways and pathways (whether relocated or not) as Common Areas. Not later than the Turnover Meeting, Declarant shall convey in fee the Common Areas to the Association, subject to the Association’s agreement to continue maintenance thereon. Notwithstanding the foregoing, Declarant reserves the right (i) to retain or cause other persons to maintain, ownership of that portion of the Common Area that includes the entrance gate(s) for so long as it may determine, and (ii) to convey such portion of the Common Area containing the entrance gate(s) to the Association at any time. The Common Areas are subject to such easements as may be recorded against them, including in this Declaration, and/or shown on the Plat.

Section 1.6 "Common Maintenance Areas"

"Common Maintenance Areas" shall mean that property and/or Improvements for which the Association bears some responsibility to operate and/or maintain and/or repair and/or replace and/or insure. Common Maintenance Areas include the Common Areas, but also includes other property and/or Improvements owned by third parties. The Association shall not be responsible for insuring and/or replacing real property that it does not own, though it may choose to do so, if the Board, in its sole discretion, deems the same to be in the best interests of the Association. The Common Maintenance Areas shall include the following:

1. The Common Areas, including all improvements located thereon;

2. Pathways, some of which cross individual Lots;

3. Any areas within public rights of way that are landscaped and/or irrigated by Declarant and/or the Association;

4. Utilities that serve Common Areas and, in the discretion of the Board, that serve Common Maintenance Areas;

5. Perimeter fencing and gates;

6. Any street identification signs, including but not limited to traffic control and parking signs, or Lot markers and address markers installed by Declarant and/or the Association; and

7. Any areas within public rights-of-way, public easements, tracts, public parks or any other property (including improvements) that the Board deems necessary or appropriate to maintain for the common benefit of the Owners.

Until the Turnover Meeting, the Declarant shall have the right to designate additional Common Maintenance Areas (including Common Areas) in the future or to remove
Common Maintenance Areas (but excluding Common Areas unless approved by a vote of the Owners) by recordation of a duly approved amendment to this Declaration or by recordation of a supplemental declaration or Declaration of Annexation.

Section 1.7 “Conversion Date”

“Conversion Date” shall be the date upon which Class “B” membership (as defined in Section 2.2) shall cease and be converted to Class “A” membership (as defined in Section 2.2). Such date shall be the date which is the earliest of (i) the date at which one hundred percent (100%) of the total Lots anticipated to be developed have been conveyed to Class “A” members; or (ii) fifteen (15) years after conveyance of the first Lot to a Class “A” member; or (iii) at such earlier time as Declarant may elect in writing to terminate Class “B” membership.

Section 1.8 “County”

“County” shall mean Deschutes County, Oregon.

Section 1.9 “Declarant”

“Declarant” shall mean Caldera Springs Real Estate LLC and/or its successors and assigns, who are designated as such in writing by Declarant, and who consent in writing to assume the duties and obligations of the Declarant with respect to the Lots acquired by such successor or assign.

Section 1.10 “Declaration”

“Declaration” shall mean this Declaration of Protective Covenants, Conditions, and Restrictions for Caldera Springs and any amendments and supplements thereto made in accordance with its terms.

Section 1.11 “Design Guidelines” or “Guidelines”

“Design Guidelines” or “Guidelines” shall mean the Caldera Springs Architectural and Landscape Design Guidelines, established and revised pursuant to Section 5.2.

Section 1.12 “Design Review Committee” or “DRC”

“Design Review Committee” shall mean the Caldera Springs Design Review Committee, established pursuant to Section 5.1.

Section 1.13 “Directors”

“Directors” shall mean the Board of Directors of the Association.
Section 1.14 “Golf Amenity Owner”

“Golf Amenity Owner” shall mean the holder or holders of record fee title to any portion of the Golf Property or Development Property that is developed as a golf course, clubhouse or other recreational amenity or such owner’s designee(s).

Section 1.15 “Golf Class A Member”

“Golf Class A Member” means the Owner of the Golf Property.

Section 1.16 “Golf Property”

“Golf Property” shall mean that portion of the Development Property that is developed as a 9-hole golf course and practice facilities and owned by Caldera Springs Real Estate, LLC or its successors and assigns.

Section 1.17 “Improvement”

“Improvement” shall mean every structure or improvement of any kind, including, but not limited to, a Residence, landscaping, screening features, site walls, walls, driveways, fixtures, shelters, or other product of construction efforts (including painting, alterations, and reconstruction) on or with respect to Caldera Springs.

Section 1.18 “Lot”

“Lot” shall mean any of the plots or lots of land indicated upon a recorded subdivision Plat of the Property or any part thereof, including any Plat of annexed property, with the exception of the Common Areas and the private ways (roads) and areas deeded to a governmental authority or utility, together with all Improvements thereon.

Section 1.19 “Overnight Lodging Unit”

“Overnight Lodging Unit” shall have the definition set forth in Section 11.1.

Section 1.20 “Owner”

“Owner” shall mean the record owner, whether one or more persons or entities, of a fee simple title to any Lot, including, without limitation, the Golf Property, including contract sellers, but excluding those having an interest merely as security for the performance of an obligation.

Section 1.21 “Phase”

“Phase” shall mean all the Lots made subject to this Declaration together as part of the same Plat.
Section 1.22  "Plat"

"Plat" shall mean the duly recorded plat of Caldera Springs, Phase One, recorded in Cabinet "__", Page ____ under Recorder's No. Volume ________, Official Records, Deschutes County, Oregon and any other recorded plats of real property brought within the jurisdiction of the Association and made subject to this Declaration by a Declaration of Annexation.

Section 1.23  "Property"

"Property" shall mean the real property described on the attached Exhibit B, and such additions thereto as may be brought within the jurisdiction of the Association and be made subject to this Declaration by a Declaration of Annexation.

Section 1.24  "Residence"

"Residence" shall mean any residential dwelling and all related accessory buildings situated upon any Lot.

Section 1.25  "Single Family Class A Members"

"Single Family Class A Members" means the Class A Members other than the Sub-Association Class A Members and the Golf Course Class A Member.

Section 1.26  "Sub-Association"

"Sub-Association" shall mean any sub-association created from time to time by Declarant to govern the administration of any subset of Lots that are subject to this Declaration. Each Sub-Association shall be subject to a separate declaration of covenants, conditions and restrictions and such other documents as may be established by Declarant or its successors and assigns in its sole discretion; provided, however, the terms of such document shall remain subordinate to and subject to the terms of this Declaration and the Articles of Incorporation and Bylaws of the Association. A Sub-Association shall have the right to levy assessments separate from and in addition to the assessments levied hereunder by the Association.

Section 1.27  "Sub-Association Class A Members"

"Sub-Association Class A Members" means the Owners of Residences within the Sub-Association.

Section 1.28  "Turnover Meeting"

"Turnover Meeting" shall be the meeting of the Owners called by the Declarant to turn over control of the Association to the Class A Members.
Section 1.29 “Visitor-Oriented Accommodation”

“Visitor-Oriented Accommodation” shall mean Overnight Lodging Units, restaurants and meeting facilities designed to provide for the needs of visitors rather than residents of Caldera Springs. “Visitor-Oriented Accommodations” shall not include Residences.

ARTICLE II – CALDERA SPRINGS OWNERS’ ASSOCIATION, INC.

Section 2.1 Membership

The Declarant and every Owner of a Lot by virtue of ownership of such Lot shall be a member of the Association. Membership shall be appurtenant to and shall not be separated from ownership of any Lot. Until the Conversion Date, there shall be two (2) classes of membership, Class A and Class B as described in Section 2.2.

Section 2.2 Voting Rights

The Association shall have two (2) classes of voting membership:

2.2.1 Class A

Class A Members shall be all Owners with the exception of Declarant (except that beginning on the date on which Class B membership is converted to Class A Membership, and thereafter, Class A Members shall be all Owners, including Declarant). The Single Family Class A Members shall have one equal vote for each Lot in which they hold the interest required for membership under Section 2.1 and shall have voting rights in the aggregate representing 85 percent of the total Class A voting power. The Golf Course Class A Member shall have voting rights representing 5 percent of the total Class A voting power. The Sub-Association Class A Members shall have voting rights representing 10 percent of the total Class A voting power. Notwithstanding the foregoing, the Golf Course Class A Member and the Sub-Association Class A Members shall have special appointment rights in connection with the selection of directors of the Association, as provided in the Bylaws. All voting and appointment rights of the Sub-Association Class A Members pursuant to the Declaration, Bylaws and Articles may only be exercised by the Sub-Association; individual Owners of Lots within the Sub-Association shall not be entitled to voting or appointment rights. When more than one (1) person holds an interest in any Lot, all such persons shall be members, but the vote for such Lot shall be exercised as they among themselves determine, and in no event shall more than one (1) vote be cast with respect to any Lot.

2.2.2 Class B

The Class B Member shall be the Declarant, who shall be entitled to four hundred (400) votes for each Lot it owns until the Conversion Date at which time the Class B Membership shall be converted to a Class A Membership.
Section 2.3  Suspension

All voting rights of an Owner shall be suspended during any period in which such Owner is thirty (30) or more days overdue in the payment of any assessment duly established pursuant to this Article II (provided the suspension shall not be effective unless and until the Association has followed all notice and hearing requirements established by applicable law, if any) or is otherwise in default under this Declaration, the Bylaws or the Rules and Regulations of the Association.

Section 2.4  Turnover Meeting

The Declarant shall call a Turnover Meeting within ninety (90) days following the Conversion Date for the purposes of turning over control of the Association to the Class A Members. The Declarant shall give notice of the Turnover Meeting to each Owner as provided in the Bylaws. The Turnover Meeting shall be conducted in accordance with the Bylaws of the Association. At the Turnover Meeting, the Declarant shall turn over to the Association the responsibility for the planned community of Caldera Springs and of the Association and the Association shall accept such administrative responsibility. At the Turnover Meeting, the Owners shall elect a Board in accordance with the Bylaws. At the Turnover Meeting, the Declarant shall deliver to the Association those items and documents required by ORS 94.616 or applicable successor provisions. In order to facilitate an orderly transition, during the three-month period following the Turnover Meeting, the Declarant or an informed representative shall be available to meet with the Board on at least three mutually acceptable dates to review the documents delivered pursuant to this Section 2.4. Not later than ninety (90) days after the Turnover Meeting, the Association shall provide Declarant with an estoppel certificate (i) certifying that Declarant has satisfied all of its obligations owed to the Association, including, without limitation, any obligations arising out of or related to this Declaration, or (ii) identifying with specificity the extent to which any such obligations remain unsatisfied.

Section 2.5  Immunity of the Board

No individual member of the Board shall have any personal liability to the Association, any Owner or any other person for the acts or omissions of the Board if such acts or omissions were committed in good faith and without malice. The Association shall defend any action brought against the Association, the Board or any member thereof arising from such acts or omissions.

Section 2.6  Clarification of Role of Association

The Association shall have the general powers and duties of a nonprofit corporation pursuant to the Oregon Nonprofit Corporations Act, as well as the specific powers and duties set forth in the provisions of this Article and the other provisions of this Declaration that expressly relate to the Association, as well as pursuant to the Articles of Incorporation of the Association ("Articles") and the Bylaws. However, unless expressly set forth herein or in the Articles or the Bylaws, the Association shall not act in the capacity of settling disputes between
Owners or resolving problems that Owners may experience. Disputes or problems experienced by Owners to which the Association has no express authority or role as set forth in this Declaration shall be resolved by private, lawful means chosen by the affected Owners and there shall be no recourse to the Association.

Section 2.7 Transitional Advisory Committee

Declarant or the Owners shall form a transitional advisory committee (the “Transitional Advisory Committee”) to provide for the transition from administrative responsibility by Declarant for the planned community of Caldera Springs to administrative responsibility by the Association. Not later than the sixty-ninth (60th) day after Declarant has conveyed to Owners other than Declarant Lots representing fifty (50) percent or more of the Lots then existing in Caldera Springs, Declarant shall call a meeting of Owners for the purpose of selecting the Transitional Advisory Committee. The Transitional Advisory Committee shall consist of three (3) or more members. The Owners, other than Declarant, shall select two (2) or more members. Declarant may select no more than one (1) member. The Transitional Advisory Committee shall have reasonable access to all information and documents that Declarant is required to turn over to the Association under ORS 94.616(3), or applicable successor provisions.

Section 2.8 Funding

Subject to the terms of this Article II, the Declarant hereby covenants for each Lot owned within the Property, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agrees to pay to the Association: (i) annual or periodic assessments or charges; and (ii) special assessments for capital improvements to the Common Areas and Common Maintenance Areas, such assessments to be established and collected as hereinafter provided. The annual or periodic assessments shall include any reserve assessments necessary to establish and maintain any reserve funds created under Section 2.12. Such assessments will remain effective for the full term (and extended term, if applicable) of this Declaration. The annual and special and other assessments, together with interest, costs, and reasonable attorney’s fees, shall be a charge on the land and shall be a continuing lien upon the Lot against which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorney’s fees shall also be the personal obligation of the person who was the Owner of such Lot(s) at the time when the assessment fell due.

Section 2.9 Assessment or Charge for Lots

Subject to the terms of this Article, each Lot is hereby subject to an assessment in an amount not to exceed an amount determined by the Board (until such assessment charge shall be modified as provided in the Bylaws of the Association), for the purpose of creating a fund to be designated and known as the “maintenance fund” for matters described under Section 2.11, the “reserve fund” for matters described under Section 2.12, as well as any other funds contemplated under this Declaration, or any other fund called for by this Declaration or a Declaration of Association. Charges and assessments for funding such funds will be paid by the
Owner or Owners of each such Lot in advance in monthly, quarterly or annual installments, commencing as provided in this Section 2.9. The rate at which each Lot will be assessed, and whether such assessment shall be payable monthly, quarterly or annually, will be determined by the Board at least thirty (30) days in advance of each assessment period. Said rate may be adjusted from time to time by the Board as the needs of the Association may, in the judgment of the Board, require. The annual assessment (excluding additional assessments pursuant to Section 2.13 and/or Section 2.15) for each Lot shall be uniform except that the Sub-Association shall pay an amount equal to 10 percent of all such assessments for Lots included in the Sub-Association from and after formation of the Sub-Association; the Golf Amenity Owner shall pay an amount equal to five percent of all such assessments for the Golf Property, and except as specifically provided herein or as provided in any Declaration of Annexation for Caldera Springs. The Association shall, upon written demand and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether or not the assessment for a particular Lot has been paid for a particular assessment period. No Lot Owner shall have any right to any common profits of the Association. All Lots in a Phase (including those owned by Declarant) become subject to assessment on a date determined by the Board of Directors. Notwithstanding any other terms contained herein, the Declarant shall have the right (i) to abate or pro-rate the initial imposition of annual assessments for the first Phase for a period of time determined by Declarant; and/or (ii) to abate or pro-rate annual assessments for Lots sold prior to the date on which all intended subdivision improvements and/or improvements to Common Maintenance Areas are completed, all in Declarant’s reasonable discretion.

Section 2.10 Declarant Responsibility

So long as there is Class B membership, Declarant hereby covenants and agrees that in the event that the annual maintenance fund revenues are insufficient to pay the operating expenses of the Association, it shall provide the funds necessary to make up the deficit, within thirty (30) days of receipt of request for payment thereof from the Association, provided that if the deficit is the result of the failure or refusal of an Owner or Owners to pay their annual maintenance assessments, the Association shall diligently pursue all available remedies against such defaulting Owners, including the immediate institution of litigation to recover the unpaid assessments, and shall reimburse the Declarant the amounts, if any, so collected.

Section 2.11 Establishment of Maintenance Fund

The Association shall establish a maintenance fund composed of annual maintenance assessments and shall use the proceeds of such fund in providing for the operating expenses and normal, recurring maintenance expenses of the Association. Those items to be funded by such assessments may include, by way of clarification and not limitation, any and all of those items listed in Section 3.2.
Section 2.12 Reserve Funds

2.12.1 Reserve Fund for Replacing Common Maintenance Areas.

Declarant shall in addition establish a reserve fund in the name of the Association for replacement, in whole or in part, of the Common Areas and any Improvements located in, on, or under the Common Maintenance Area for which the Association is responsible pursuant to this Declaration, that will normally require replacement in more than three (3) and fewer than thirty (30) years, including exterior painting, if any. The reserve account need not include those items that could reasonably be funded from the maintenance fund. Declarant may elect to defer payment of accrued assessments for reserves for a Lot owned by Declarant until the date the Lot is conveyed; provided, however, the Declarant may not defer such payment beyond the date of the Turnover Meeting. The book and records of the Association shall reflect the amount owing from the Declarant for all reserve assessments. For purposes of funding the reserve fund, the Association shall impose an assessment to be called the “Reserve Fund Assessment” against each Lot, which assessment shall be spread equally over the Lots. The reserve fund shall be kept separate from other funds and may be used only for the purposes for which reserves have been established as specified in this Section. However, after the Turnover Meeting (as required by ORS 94.616 or applicable successor provisions), if the Board has adopted a resolution, which may be an annual continuing resolution, authorizing the borrowing of funds, the Board may borrow funds from the reserve account to meet high seasonal demands on the regular operating funds or to meet unexpected increases in expenses. Not later than the adoption of the budget for the following year, the Board shall adopt by resolution a written payment plan providing for repayment of the borrowed funds within a reasonable period. The Association shall administer the reserve fund and shall make periodic payments into the account. The Board shall set future assessments for the reserve fund annually. Any funds established for any of the purposes mentioned in this Section shall be deemed to be a reserve fund notwithstanding that it may not be so designated by the Board. The amount of the reserve fund shall constitute an asset of the Association and shall not be refunded or distributed to any Owner. The reserve portion of the initial assessment determined by the Declarant shall be based upon the initial reserve study described in Section 2.12.2.a, or other sources of reliable information.

2.12.2 Reserve Study

a) Prior to conveying the first Lot, the Declarant shall conduct an initial reserve study, which shall comply with the requirements for reserve studies set forth in Section 2.12.2.b. below and applicable law.

b) The Board shall annually commission or conduct a reserve study, or review and update an existing study, to determine the reserve fund account requirements and may adjust the amount of payments as indicated by the study or update and provide for other reserve items that the Board, in its discretion, may deem appropriate. The reserve study shall include (a) identification of all items for which reserves are required to be established; (b) the estimated remaining useful life of each item as of the date of the reserve study; (c) the estimated cost of maintenance, repair, or replacement of each item at the end of its useful life; and (d) a
thirty (30) year plan with regular and adequate contributions, adjusted by estimated inflation and interest earned on the reserve fund, to meet the maintenance, repair, and replacement schedule. The 30-year plan shall be appropriate for the size and complexity of the Common Maintenance Area components and shall address issues that include but are not limited to warranties and the useful life of Common Maintenance Area components. The Board and the Declarant, as applicable, shall, within 30 days after conducting the reserve study, provide to every owner a written summary of the reserve study and of any revisions to the 30-year plan adopted by the Board or the Declarant as a result of the reserve study.

Section 2.13 Non-payment of Assessments: Remedies of the Association

Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate set by the Board by resolution from time to time but in no event greater than the highest rate of interest allowed by Oregon law at the time of the non-payment. The Association shall have the authority to impose late charges to compensate for the administrative, legal (if any) and processing costs of late payments on such terms as it may establish by duly adopted resolutions, and the Association may bring an action at law against the Owner personally obligated to pay the same. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Maintenance Area or abandonment of Owner’s Lot and/or Residence.

Section 2.14 Subordinated Lien to Secure Payment and Other Obligations

To secure the payment of the maintenance charge and all other assessments (including for reserves) established hereby and to be levied on individual Lots as provided in this Article II and the payment of interest, late charges, attorneys’ fees or other charges against Owners provided for in this Declaration and/or the Bylaws and all other obligations of a Lot Owner under this Declaration and the Bylaws, there is hereby reserved a lien for the benefit of the Association on each Lot, said lien to be enforceable through appropriate proceedings at law or in equity by such beneficiary; provided, however, that each such lien shall be specifically made secondary, subordinate and inferior to any prior recorded deed of trust securing payment for the subject Lot and/or the Residence on such Lot; and further provided that as a condition precedent to any proceeding to enforce such lien upon any Lot upon which there is an outstanding valid and subsisting first mortgage lien, the Association shall give the holder of such first mortgage lien sixty (60) days written notice of such proposed action, such notice, which shall be sent to the nearest office of such first mortgage lien holder by prepaid U.S. registered mail, to contain the statement of the delinquent maintenance charges upon which the proposed action is based. Upon the request of any such first mortgage lien holder, the Association shall acknowledge in writing its obligation to give the foregoing notice with respect to the particular property covered by such first mortgage lien to the holder thereof. The provisions of ORS 94.709 (or applicable successor provisions) shall apply to the Association’s lien. Sale or transfer of a Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to mortgage foreclosure shall extinguish the lien of such assessment as to payments that became due before such sale or transfer. No sale, foreclosure or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof. No sale, foreclosure or
transfer shall extinguish the personal obligation of the Owner who owned the Lot at the time the delinquent assessment and/or payment became due. The lien described herein shall include not just assessments but also interest, late charges, attorneys’ fees, costs or other amounts imposed hereunder or under the Bylaws, regardless of whether the same are characterized as assessments.

Section 2.15 Additional Assessments

In addition to the periodic assessments described in this Article II, the Association shall have the authority to assess an Owner’s Lot(s) for costs and expenses incurred by the Association for corrective action that is required as a result of the willful or negligent actions or omissions of such Owner or such Owner’s family members, tenants, guests, contractors or invitees, including, without limitation, a breach of this Declaration. Each such additional assessment, together with interest, costs, and reasonable attorney’s fees, shall be a charge on the land, a continuing lien upon the Lot, and the personal obligation of the Owner in the manner described in Section 2.8 for annual and special assessments.

Section 2.16 Limited Assessments

In addition to the other assessments set forth herein, the Association shall have the authority to levy assessments to satisfy the common expenses of a particular project or effort undertaken by the Association that benefits some, but less than all, of the Lots (such assessments, “Limited Assessments”), as determined by the Board of Directors in its reasonable discretion. Limited Assessments shall be levied against the Owners of those Lots that benefit from the project or effort undertaken by the Association. An example, for illustrative purposes only and not as a limitation, of a project or effort giving rise to a Limited Assessment, is maintenance or repair of a tract of property that benefits and serves certain Lots, but not other Lots.

Section 2.17 Reallocation Upon Annexation of Property

If additional property is annexed to the Property, the Association shall, during the next annual budget cycle, recompute the budget based upon the additional Lots and Common Areas and Common Maintenance Areas and recompute all applicable assessments for each Lot. New Lots shall be subject to assessment from the time of annexation of such Lots to the Property even though such assessment may not be levied for several months, pending the reallocation during the next annual budget cycle. The Association shall send notice of any applicable assessment to the Owners of new Lots not later than the next occurring annual assessment. Assessments shall be due and payable on or before a date set forth in the notice which shall be not less than thirty (30) days after the date the notice is mailed or at such other time or times as the Association may specify in the notice in accordance with this Declaration or the Bylaws. If additional property is annexed to the planned community of Caldera Springs during the Association’s fiscal year, the Association shall send notice of and shall collect adjustments to assessments for Lots that were within the Property prior to the annexation. Notice of the adjustment in the assessments shall be sent to such Owners with the next occurring annual assessment. To the extent that any adjustment results in a credit with respect to assessments
payable by an Owner, such credit shall be applied toward the next occurring payment or payments of the applicable assessment.

Section 2.18  Association Maintenance Standards

The Association shall maintain the Common Maintenance Areas to such standards as the Board may establish from time to time in its sole and absolute discretion.

Section 2.19  Professional Management

The Association may be professionally managed. In the event that the Board or the Owners elect to use a professional manager, the same shall be selected and hired by the Association Board. If a professional manager is engaged, the Board shall annually review the scope of and compensation provided by, the management contract.

Section 2.20  Transfer Assessment/Working Capital Fee

In addition to all other assessments provided for herein, each person, person(s) or entity acquiring fee title to a Lot shall pay an assessment or working capital fee in the amount of three times the then-current monthly assessments (including maintenance and reserves) to the Association, but in any event no less than $700.00. Such assessment shall be paid at closing of the purchase of the Lot and shall apply each time the Lot is re-sold. The assessment may be used by the Association to defray the costs of reflecting the Lot ownership change on its books and records or such other expenses as it deems appropriate in its sole and absolute discretion.

Section 2.21  Limitation of Increases of Assessments,

Except for assessment increases necessary for emergency situations, the Board may not impose assessments that are more than 20 percent greater than those assessments for the immediately preceding fiscal year, without the affirmative vote of a majority of those Members represented at a meeting of the Association at which a quorum is present. For purposes of this Section, “quorum” means Members representing more than 50 percent of the total voting power of the Association.

ARTICLE III - GENERAL POWERS AND DUTIES OF BOARD OF DIRECTORS

Section 3.1  Interim Board

Declarant shall have the right to appoint an interim board of three (3) directors, who shall serve as the Board until replaced by Declarant or until their successors have been elected by the Owners at the Turnover Meeting.

Section 3.2  Purpose of Maintenance Fund

The Board, for the benefit of the Owners, shall provide and shall pay for out of the maintenance fund provided for in Article II above the following:
3.2.1 Labor, supplies and operating costs associated with running the Association and performing its obligations hereunder, including the operation of Common Maintenance Areas;

3.2.2 Normal, recurring maintenance of the Common Maintenance Areas (including, but not limited to, mowing, edging, watering, clipping, sweeping, pruning, raking, snow plowing, snow removal and otherwise caring for landscaping) and the Improvements to such Common Maintenance Areas, such as fences, columns, walls, grounds, landscaping, lights, irrigation systems, swimming pool, spas, fitness center, docks, and entry monuments, provided that the Association shall have no obligation (except as expressly provided hereinafter) to make capital improvements to the Common Maintenance Areas;

3.2.3 Repairs and enhancement of the Common Maintenance Areas;

3.2.4 Taxes and assessments and other liens and encumbrances which shall properly be assessed or charged against the Common Areas rather than against the individual Lots and/or Owners, if any;

3.2.5 Payment of expenses for utilities serving Common Maintenance Areas for which the Association is responsible or the Board deems to be in the best interest of the Association;

3.2.6 The services of a professional person or management firm to manage the Association or any separate portion thereof to the extent deemed advisable by the Board, and the services of such other personnel as the Board shall determine to be necessary or proper for the operation of the Association, whether such personnel are employed directly by the Board or by the manager; provided that a management agreement entered into prior to the Turnover Meeting shall not have a term in excess of three (3) years and shall be terminable without penalty if the Board gives not less than thirty (30) days written notice of termination to the other party not later than sixty (60) days after the Turnover Meeting. The management agreement may provide that if it is not terminated as provided in the foregoing sentence, it will renew automatically for successive one-year periods, until terminated by either party (i) without cause, effective as of the next scheduled renewal date, by providing not less than sixty (60) days' written notice to the other party; or (ii) with cause, effective upon the date of written notice, by providing such notice to the other party;

3.2.7 Legal and accounting services for the benefit of the Association or otherwise deemed necessary by the Board, including, without limitation, payment of all legal and other expenses incurred in connection with the enforcement of all recorded covenants, restrictions and conditions affecting the Property;

3.2.8 Payment of all reasonable and necessary expenses in connection with the collection and administration of assessments and Association funds;
3.2.9 A policy or policies of insurance insuring the Association and/or its Board and officers against any liability to the public or to the Owners (and/or invitees or tenants) incident to the operation of the Association in any amount or amounts as determined by the Board, including a policy or policies of insurance as provided in Article IV;

3.2.10 Workers compensation insurance to the extent necessary to comply with any applicable laws;

3.2.11 Such fidelity bonds as may be required by the Bylaws or as the Board may determine to be advisable; and

3.2.12 Any other materials, supplies, insurance, furniture, labor, services, maintenance, repairs, structural alterations, taxes, assessments, fees or costs, which (i) the Board is required to obtain or pay for pursuant to the terms of this Declaration or by law; (ii) are necessary to fulfill the obligations of the Association hereunder; (iii) in the Board’s opinion shall be necessary or proper for the enforcement of this Declaration; (iv) are necessary or desirable in the opinion of the Board to keep the Property neat and in good order; or (v) the Board considers to be of general benefit to the Owners or occupants of the Property.

The judgment of the Board in the expenditure of funds and what constitutes a proper expense under Section 2.9, 2.11, 2.12 and this Section 3.2 shall be final and conclusive so long as such judgment is exercised in good faith.

Section 3.3 Powers and Duties of Board

The Board, for the benefit of the Owners, shall have the following general powers and duties, in addition to the specific powers and duties provided for herein and in the Bylaws of the Association and the powers and duties of a non-profit corporation pursuant to the Oregon Nonprofit Corporation Act and a homeowners association pursuant to ORS 94.630:

3.3.1 To execute all declarations of ownership for tax assessment purposes with regard to the Common Areas, if any, on behalf of all Owners.

3.3.2 To borrow funds to pay costs of operation secured by assignment or pledge of rights against delinquent Owners if the Board sees fit.

3.3.3 To enter into contracts, maintain one (1) or more bank accounts, and generally to have all the power necessary or incidental to the operation and management of the Association.

3.3.4 To protect or defend the Common Areas from loss or damage by suit or otherwise and to provide adequate reserves for replacements.

3.3.5 To make reasonable rules and regulations for Caldera Springs, including the operation of the Common Areas, and to amend them from time to time; provided that, any rule or regulation may be amended or repealed by an instrument in writing signed by a majority of the
Owners, or with respect to a rule applicable to less than all of the Property, by the Owners in the portions affected.

3.3.6 Within ninety (90) days after the end of the fiscal year, the Board shall prepare or cause to be prepared an annual financial statement consisting of a balance sheet and income and expenses statement for the preceding fiscal year and distribute a copy of such financial statement to each Owner and, upon written request, to any mortgagee of a Lot. In the event annual assessments of the Association exceed $75,000.00, the Board shall cause the financial statement to be reviewed by an independent certified public accountant licensed in the State of Oregon, as required by ORS 94.670(4).

3.3.7 To make available for inspection by Owners within sixty (60) days after the end of each year an annual report and to make all books and records of the Association available for inspection by Owners at reasonable times and intervals.

3.3.8 To adjust the amount, collect and use any insurance proceeds to repair damage or replace lost property, and if proceeds are insufficient to repair damage or replace lost property, to assess the Owners in proportionate amounts to cover the deficiency.

3.3.9 To enforce the provisions of any rules made hereunder and to enjoin and seek damages from any Owner for violation of such provisions or rules.

3.3.10 To collect all assessments and enforce all penalties for non-payment including the filing of liens and institution of legal proceedings.

3.3.11 To grant easements, licenses and concessions through or over the Common Areas.

Section 3.4 Board Powers Exclusive

The Board shall have the exclusive right to contract for all goods, services and insurance, payment of which is to be made from the maintenance fund and the exclusive right and obligation to perform the functions of the Board except as otherwise provided herein. The foregoing shall not be construed so as to prohibit the Board from delegating some or all of its contracting or other day-to-day management authority to a professional manager(s) and/or an officer(s), provided the Board maintains supervisory authority over such manager(s) and/or officer(s) and such manager(s) and/or officer(s) operate within a budget approved by the Board.

Section 3.5 Maintenance Contracts

The Board, on behalf of the Association, may enter into contracts by which the Association agrees to perform services that the Association is not otherwise required to perform. Such contracts may be with any Owner or other person or entity and shall be upon such terms and conditions and for such consideration as the Board may deem proper, advisable and in the best interest of the Association.
Section 3.6 Indemnification

The Association shall indemnify every officer, director, or member of a committee established under the Bylaws against all expenses, including attorneys’ fees and costs, reasonably incurred in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the Board) to which he or she may be a party by reason of being or having been an officer, director, or committee member. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any present or former officer, director, or committee member may be entitled. The Association shall, as an expense funded by maintenance assessments, maintain adequate officers' and directors' liability insurance to fund this obligation.

ARTICLE IV - COMMON MAINTENANCE AREAS

Section 4.1 Improvements

The Declarant has or will construct the following Improvements to the Common Maintenance Areas (which shall become Common Maintenance Areas upon completion): swimming pool, spas, fitness center, dock, lawn sports field, and roads and pathways. The foregoing shall not be construed so as to require that such Improvements be built to any specified design or other standards, except applicable Deschutes County or State of Oregon codes and requirements. Notwithstanding the foregoing, the Declarant does not choose to limit its right to add Improvements not described in this Declaration to the planned community of Caldera Springs, whether on Common Maintenance Areas or not.

Section 4.2 Association to Hold

Declarant shall convey the Common Areas to the Association, free and clear of financial liens and encumbrances not later than the Turnover Meeting. The Association shall own all Common Areas in fee simple and assume all maintenance obligations with respect to any Common Maintenance Areas, including any Common Areas that may be hereafter established. Nothing contained herein shall create an obligation on the part of Declarant to establish any additional Common Area. Following the conveyance of the Common Areas to the Association, the dedication, mortgage, or conveyance of any Common Areas by the Association shall require the affirmative vote of at least seventy five percent (75%) of the votes of the Association. Notwithstanding the foregoing, Declarant reserves the right (i) to retain or cause other persons to maintain, ownership of that portion of the Common Area that includes the entrance gate(s) for so long as it may determine, and (ii) to convey such portion of the Common Area containing the entrance gate(s) to the Association at any time.

Section 4.3 Liability Insurance; Casualty Insurance

From on and after the date on which title to or responsibility for any Common Areas or Common Maintenance Areas vests in the Association, the Association shall purchase and carry (i) insurance for all insurable improvements in the Common Maintenance Areas
against loss or damage by fire or other hazards, including extended coverage, vandalism and malicious mischief, which insurance shall cover the full replacements costs of any repair or reconstruction in the event of damage or destruction from any such hazard if the insurance is available at reasonable cost; and (ii) a general comprehensive public liability insurance policy for the benefit of the Association, covering occurrences on the Common Areas and in the Common Maintenance Areas and all damage or injury caused by the negligence of the Association, which policy limits shall be as determined by the Board of the Association, but shall include public liability insurance of at least Two Million Dollars ($2,000,000.00) per occurrence. The Association shall use its best efforts to see that such policy shall contain, if available, cross-liability endorsements or other appropriate provisions for the benefit of the Board, the Owners and other insureds, as their interests may be determined by the Board, ensuring all against liability to each other insured as well as third parties. Any proceeds of insurance policies owned by the Association shall be received, held in a segregated account (if such proceeds are $1,000 or more) and distributed to all interested parties, as their interests may be determined. The insurance coverage obtained and maintained by the Association may not be brought into contribution with insurance bought by Owners or their mortgagees.

Section 4.4  Condemnation

If there is a condemnation or a sale in lieu thereof of all or any portion of the Common Areas, the Association shall represent the Owners in negotiations with the condemning authority. The funds payable with respect thereto shall be payable to the Association and shall be used by the Association to purchase additional Common Areas to replace that which has been condemned or to take whatever steps it deems reasonably necessary to repair or correct any damage suffered as a result of the condemnation. If the Board of Directors of the Association determines that the funds cannot be used in such a manner due to the lack of available land for additional Common Areas or for whatever reason, any remaining funds may be distributed to each Owner based on an equal amount per Lot.

Section 4.5  Maintenance of Common Maintenance Areas

The Association will permanently maintain, repair and replace as necessary:

4.5.1 All Common Maintenance Areas (including Common Areas); and

4.5.2 The Improvements installed pursuant to Section 4.1, to the extent the same benefit the Association and/or the Owners.

Section 4.6  Prohibited Activities

Neither the Association nor any Owner shall conduct any of the following activities within any Common Maintenance Area or any Common Area: i) the removal of any tree without the written approval of the Design Review Committee; ii) the removal of any other vegetation without the written consent of the DRC; iii) the modification, grading, excavation, filling or other activities which would alter the topography or vegetative cover of any Common Area.
Maintenance Area or Common Area without the written consent of the DRC; v) the disposal or placement of any debris, refuse, soil, rock, landscape debris or other deleterious materials; vi) parking, storage, repair, or disposal of any motor vehicle; and vii) motor vehicle access (except on pathways, roads or roadways or as may be necessary for repairs or maintenance approved by the Board or in conjunction with maintenance of utilities). The prohibitions contained in this Section 4.6 shall not apply to the activities of Declarant or to any Lots owned by Declarant.

ARTICLE V - ARCHITECTURAL REVIEW

Section 5.1 Design Review Committee

A committee to be known as the Design Review Committee (the “DRC”) shall be established consisting of the number of members as determined by the Board, except that the DRC shall consist of not less than three (3) members. DRC members need not be members of the Association.

5.1.1 The members of the DRC shall be appointed, terminated and/or replaced by the Declarant until the earlier to occur of the following: (i) the date of expiration of the Initial Term of this Declaration; or (ii) the date on which Declarant records an instrument in the real property records of Deschutes County stating that it is turning over control of architectural review, including appointment of DRC members, to the Association, which shall occur no earlier than the date of the Turnover Meeting, but which may occur later than the date of the Turnover Meeting. Thereafter the Board shall appoint the members of the DRC. After Declarant has turned over control of architectural review, members of the DRC may be terminated and/or replaced by the Board with or without cause. Individuals may serve as members of the Board and members of the DRC simultaneously. The Board may elect to compensate members of the DRC who are not Owners for such members' services to the DRC.

5.1.2 The purpose of the DRC is to enforce the architectural, design standards and fire safety standards of the community and to approve or disapprove plans for Improvements proposed for the Lots.

5.1.3 The DRC shall act by simple majority vote, and shall have the authority to delegate its duties or to retain the services of a professional engineer, architect, designer, landscaper, inspector or other person to assist in the performance of its duties.

5.1.4 The DRC shall establish an appeal procedure from time to time which shall include an opportunity to appeal to the Board, but subject to such appeal(s), the decision of the DRC shall be final.

5.1.5 No approval of the DRC required hereunder shall be valid unless and until the same is granted in writing.
Section 5.2  Design Guidelines

The Declarant has adopted the initial Caldera Springs Architectural and Landscape Design Guidelines (the “Design Guidelines”). Amendments, modifications, or revisions to the Guidelines may be made by the Declarant, without the consent of anyone, prior to the date on which Declarant turns over control of the Design Review Committee pursuant to Section 5.1.1. Thereafter, the DRC shall have the sole authority to amend, modify, or revise the Guidelines, with Board consent. No such amendments, modifications, or revisions shall affect any prior DRC approval.

Section 5.3  Scope of Review

No building, wall, patio, deck, outbuilding, landscaping, pool, spa, athletic facility or other structure or Improvement shall be erected, altered or added onto or repaired upon any portion of the Property without the prior written consent of the DRC. The Guidelines shall include restrictions on, and DRC review shall include a review of, materials, colors, design, location and such other items as the DRC shall determine from time to time in its sole discretion. White, bright or other reflective materials, including, without limitation, roofing materials, are prohibited for use in Residences or other Improvements within Caldera Springs.

Section 5.4  Submission of Plans

Before the initiation of construction upon any Lot (including material changes to landscaping), the Owner thereof shall first submit to the DRC such documents and materials as may be required by the Guidelines in accordance with the procedure outlined in the Guidelines. Such submission shall include payment of the review fee payable pursuant to the schedule established and amended by the DRC from time to time.

Section 5.5  Plan Review

The DRC shall review all submissions in accordance with the procedures established in the Guidelines. The proposed Improvements will be approved if, in the sole opinion of the DRC: (i) the Improvements will be of an architectural style and material compatible with the other structures in the Property; (ii) the Improvements will not violate any restrictive covenant or encroach upon any easement or cross building setback lines; (iii) the Improvements will not result in the reduction in property value, use or enjoyment of any of the Property; (iv) the individual or company intended to perform the work has provided proof that it is licensed under the laws of the State of Oregon, has procured insurance reasonably acceptable to the DRC and it in good standing with the DRC; (v) the Improvements will be substantially completed, including all cleanup, within the schedule set by the DRC; and (v) the Improvements meet the Deschutes County Fire Wise requirements and rules and regulations adopted by the DRC to meet such requirements.
Section 5.6 Non-Conforming Structures

If there shall be a material deviation from the approved plans in the completed Improvements, such Improvements shall be in violation of this Article V to the same extent as if erected without prior approval of the DRC unless the Owner subsequently obtains DRC approval for such deviation, which approval may be granted or denied in the DRC’s sole discretion. The DRC, the Association or any Owner may maintain an action at law or in equity for the removal or correction of the non-conforming structure and, if successful, shall recover from the Owner in violation all costs, expenses and fees incurred in the prosecution thereof, which, if incurred by the DRC and/or the Association, shall constitute an assessment against the applicable Lot(s).

Section 5.7 Immunity of DRC Members

No individual member of the DRC shall have any personal liability to any Owner or any other person for the acts or omissions of the DRC if such acts or omissions were committed in good faith and without malice. The Association shall defend any action brought against the DRC or any member thereof arising from acts or omissions of the DRC committed in good faith and without malice.

Section 5.8 Limited Review

Any review and approval made by the DRC is limited to compliance with the intent of the architectural and design standards of the Caldera Springs Community as may from time to time be established by the DRC and/or the Guidelines. The review and approval made by the DRC is not to be construed as superseding, replacing, or modifying any review, approval, or permit required by any local, state or federal jurisdictional agencies. It is the applicant’s responsibility to obtain and comply with any permits that may be required by any local, state, or federal jurisdictional agency. Nor shall any such review or approval by the DRC be deemed an assurance or statement of compliance with any applicable laws, ordinances or regulations. The DRC may grant variances from the Guidelines, in its sole discretion.

Section 5.9 Address for Notice

Requests for DRC approval or correspondence with the DRC shall be addressed to Caldera Springs Design Review Committee, PO Box 3609, 56485 S. Century, Sunriver, Oregon 97707 or such other address as may be designated from time to time by the DRC in a writing addressed to all Owners. No correspondence or request for approval shall be deemed to have been received until actually received by the DRC in a form satisfactory to the DRC.

Section 5.10 Completion of Improvements

Once construction has commenced, each Owner shall substantially complete construction, including all cleanup, of the initial Residence and the installation of landscaping on the Lot within the schedule set by the DRC. DRC approval shall be deemed invalid if construction does not commence on the approved Improvement within a period established by
the DRC. The DRC shall have the right to grant extensions for any deadlines it established with respect to any Lot when it deems the same reasonable under the circumstances.

Section 5.11 Unimproved Lot Maintenance

Each Owner shall maintain any vacant Lot in accordance with standards set forth by the Board of Directors. At a minimum, all vacant lots shall be maintained in good condition and clear of debris and vegetation or other materials constituting a fire hazard.

Section 5.12 Declarant Exempt

Improvements erected, altered, added onto or repaired by Declarant and the Overnight Lodging Units shall be exempt from the provisions of this Article V.

ARTICLE VI- EASEMENTS

Section 6.1 Utility Easements

As long as the Declarant owns a Lot, the Declarant hereby reserves the right to grant perpetual, nonexclusive easements for the benefit of Declarant or its designees, upon, across, over, through and under any portion of the Common Area for ingress, egress, installation, replacement, repair, maintenance, use and operation of all utility and service lines and service systems, public and private, including, without limitation, fiber optic cables. Declarant, for itself and its designees, reserves the right to retain title to any and all pipes, lines, cables or other improvements installed on or in such easements. The Board shall also have the right to grant the easements described herein, subject to the approval of the Declarant so long as Declarant owns a Lot.

Section 6.2 Declarant's Easement to Correct Drainage

Declarant hereby reserves for the benefit of Declarant (including its contractors and employees) a blanket easement, including a right of entry, on, over and under the ground within the Property to maintain and correct drainage of surface waters and other erosion controls in order to maintain reasonable standards of health, safety and appearance and shall be entitled to remove trees or vegetation, without liability for replacement or damages, as may be necessary to provide adequate drainage facilities. Notwithstanding the foregoing, nothing herein shall be interpreted to impose any duty upon Declarant to correct or maintain any drainage facilities within the Property.

Section 6.3 Easement for Unintentional Encroachment

The Declarant hereby reserves an exclusive easement for the unintentional encroachment by any structure upon the Common Area caused by or resulting from, construction, repair, shifting, settlement or movement of any portion of the Property, which exclusive easement shall exist at all times during the continuance of such encroachment as an easement appurtenant to the encroaching property to the extent of such encroachment.
Section 6.4  Entry Easement

If the Owner of any Lot fails to maintain the Lot as required herein, fails to comply with any requirements hereunder, or if there is an emergency, the Association and/or the DRC (in the case of violations of the Design Guidelines) shall have the right to enter upon the Lot as provided herein. The Association shall have the right to enter upon the Lot to make emergency repairs without providing advance notice. The Association shall have the right to enter upon the Lot to do other work reasonably necessary for the proper maintenance and operation of the Lot after providing five (5) days’ written notice to the Owner. In the event that the failure to comply is related to Article V and/or the Guidelines, the DRC shall have the right to enter upon the Lot to do the work reasonably necessary to bring the Lot into compliance by providing one (1) day written notice to the Owner. In each case that notice is required, such notice may be made by a posting on the front door of the Residence located on the particular Lot or, if the Lot is vacant, upon a post placed on the Lot. Entry upon the Lot as provided herein shall not be deemed a trespass, and neither the Association nor the DRC shall be liable for any damage so created unless such damage is caused by the Association’s or the DRC’s willful misconduct or gross negligence.

Section 6.5  Reserved Easements

Easements for installation and maintenance of utilities and/or buffers with adjacent property are reserved for Declarant as may be shown on the Plat or any replat of the Property. Within these easement areas, no structure, planting or other material shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities, or which would violate the terms of the easements as described on the Plat. The easement area of each Lot and all improvements contained therein shall be maintained continuously by the Owner of the Lot, except for those improvements for which a public authority, utility company or the Association is responsible. In addition, the Declarant hereby reserves an easement in favor of the Association to permit maintenance, repair and replacement of pathways, utilities serving Common Maintenance Areas and all other Common Maintenance Areas, as deemed reasonably necessary by the Board.

Section 6.6  Temporary Completion Easement

Until the Turnover Meeting, all Lots shall be subject to an easement of ingress and egress for the benefit of the Declarant, its employees, subcontractors, successors and assigns, over and upon the front, side and rear yards of the property as may be expedient or necessary for the construction, servicing and completion of Improvements on Common Areas or Common Maintenance Areas and construction of dwellings and landscaping upon Lots adjacent to the property.

Section 6.7  Maintenance Easements

An easement is hereby granted and reserved in favor of the Association and its successors, assigns, contractors, property managers, agents and employees over, across and upon
the Common Areas and any Common Maintenance Areas or other areas of Caldera Springs necessary or appropriate for purposes of accomplishing the maintenance, repair, replacement or other obligations of the Association hereunder. The foregoing includes, without limitation, an easement over and across individual Lots to permit maintenance, repair and replacement of pathways.

Section 6.8 Environmental Easement

There is hereby reserved for the benefit of Declarant, the Association, and their respective invitees, a non-exclusive easement on, over and across all portions of the Caldera Springs, excluding structures, for the purposes of taking any action necessary to effect compliance with environmental rules, regulations, and procedures promulgated or instituted from time to time by the board or by any governmental entity. This easement includes, without limitation, the right, but not the obligation, to implement erosion control procedures and practices, the right to maintain any and all wetland areas on Caldera Springs, the right to drain standing water and the right to do whatever is necessary to comply with federal, state or local laws governing toxic or hazardous wastes.

Section 6.9 Golf Easements

The easements and rights specified in this Section 6.9 are hereby created for the benefit of the Golf Property, the Golf Amenity Owner and all Invitees of the Golf Amenity Owner whose presence at the Golf Property is at the request of or approved by the Golf Amenity Owner and shall exist whether or not such easements are also set forth in individual grant deeds conveying Lots. All easements shall be appurtenant to the Golf Property and shall be binding upon the successors-in-interest and assigns of the owners of both the dominant and servient tenements. No easement set forth in this subsection shall be construed to act as a limitation upon the ability of Golf Property or the Golf Amenity Owner to hold tournaments or events from time to time and to provide whatever temporary services and facilities are deemed appropriate by the Golf Amenity Owner in connection with such tournament, including but not limited to, parking and storage on Common Areas.

6.9.1 Golf Course Overspray and Intrusion Easement

There is reserved for the benefit of the Golf Property, the Golf Amenity Owner, and its Invitees a non-exclusive right and easement appurtenant to the Golf Property for purposes of overspray in connection with the watering of the golf courses, for the intrusion of golf balls from the fairways, roughs and greens thereof and for the retrieval of golf balls. In addition, Declarant reserves for the Golf Amenity Owner an exclusive easement to retrieve golf balls from the lakes within the Common Areas. Any person or entity for whose benefit the right and easement for overspray and intrusion is reserved shall not be liable to any Owner or the Association for any damage to person or property occasioned by such overspray or intrusion unless occasioned by the intentional act of such person. The rights and easements reserved by this subsection shall be for the benefit of the Golf Property as well as for the Declarant and the Golf Amenity Owner and for the benefit of their employees, contractors, agents, guests, invitees,

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licensees or members (collectively referred to as "beneficiaries"). Each Owner of a Lot acknowledges and agrees that owning property adjacent to a golf course has benefits as well as detriments and that the detriments include the risk of damage to property or injury to persons and animals from golf balls or from players retrieving golf balls. Each Owner hereby assumes such risks, releases Declarant, the Golf Amenity Owner and their beneficiaries from and agrees to indemnify Declarant, the Golf Amenity Owner and their beneficiaries and hold Declarant, the Golf Amenity Owner and their beneficiaries harmless from and against any and all liability for damage or injury caused by golf balls which intrude in, on or around the Owner's Lot or Residence.

6.9.2 Utility Easement

The Golf Property shall have and is hereby granted a non-exclusive easement over, under, through and across the Common Area for the purposes of installing, maintaining, repairing and replacing, and using master television antenna or cable systems, fiber optic, coaxial cable, or other data transmission devices, wireless communication systems, security and similar systems, and all permanent and temporary utilities, including, but not limited to, sewers, drainage systems, storm drainage systems, retention ponds, electrical, gas, telephone, and water necessary or appropriate for the development or operation of the Golf Property, including tournaments or events held on any portion of the Golf Property.

6.9.3 Ingress and Egress Easement

The Golf Property shall have and is hereby granted a non-exclusive appurtenant easement over and across the Common Area for the purposes of ingress to and egress from the Golf Property by golf course maintenance vehicles, and vehicles, pedestrians and bicycles using or visiting the Golf Property. The Association may not unreasonably restrict rights of ingress and egress to the Golf Property. The Association may not impose any restrictions, limitations or requirements for entry into any portion of the Golf Property that are not imposed and enforced against all Owners and Invitees. If vehicle passes are issued to Association's Members to access areas of Caldera Springs that include roadways accessing the Golf Property, they must be made available to the Golf Amenity Owner and their licensees and members on the same terms as they are made available to Association's Members.

6.9.4 General Easements onto Common Area and 20 Foot Strip Over Lots

The Golf Property shall have and is hereby granted a non-exclusive appurtenant easement over and across the Common Area and the first twenty (20) feet of any Lot which shares a common boundary with the Golf Property for the following purposes: (i) use and enjoyment of the golf cart paths by golf course maintenance vehicles and vehicles and pedestrians using the golf course located within the Golf Property, provided however, no golf cart path shall be constructed on any portion of a Lot, (ii) constructing, maintaining, repairing and replacing pedestrian and golf cart paths and directional signs related to the golf course located within the Golf Property, (iii) maintaining any lake, pond, wetland area, waterway, or other body of water and moving and removing unsightly brush, and (iv) permitting registered
golf course players and their caddies to enter to retrieve golf balls in accordance with the rules of the game of golf (any such entry shall be limited to pedestrian access for the minimum period of time required to retrieve golf balls).

6.9.5 Easements To Facilitate Tournaments

The Golf Property shall have and is hereby granted a non-exclusive easement over and across the Common Area appurtenant to the Golf Property for all purposes reasonably necessary to hold and conduct tournament play or events at any golf course located on the Golf Property or other locations within Caldera Springs, including without limitation, ingress and egress by vehicular and pedestrian traffic, parking, utility services, directional signs, traffic control and other related uses. During such periods, the Golf Amenity Owner shall have the right to take all reasonable actions which are appropriate for holding such an event. The Golf Amenity Owner shall be solely responsible for all additional costs incurred as a result of the tournament or event and shall repair any damage caused to the Common Area as a result of the tournament. The Association shall have no right to prohibit or impair the ability of the Golf Amenity Owner to take any and all reasonable actions which are appropriate for holding a tournament.

6.9.6 Additional Easements

The Golf Amenity Owner and its duly authorized agents and representatives shall have a non-exclusive right and easement as is necessary or appropriate to the exercise of any rights granted to the Golf Property or to the Golf Amenity Owner by this Declaration, including the right to enter upon Lots and Common Area, subject to the limitations contained in this Declaration.

6.9.7 Sign Easements

The Golf Property shall have and is hereby granted a non-exclusive easement over and across the Common Area appurtenant to the Golf Property for the purposes of locating, establishing, maintaining, repairing, replacing and lighting all of its signs permitted pursuant to this Declaration, subject to Deschutes County regulations.

6.9.8 Right to Photograph

Declarant and the Golf Amenity Owner each hereby reserves a non-exclusive easement and right in gross to display, use and distribute for any and all purposes photographs, video recording and similar reproductions of the exterior of all Residences and Improvements constructed anywhere in Caldera Springs.

6.9.9 Irrigation

Declarant reserves the right for the Golf Amenity Owner to draw water from the lake(s) that are part of the Common Area for purposes of irrigating the Golf Property. The Golf Amenity Owner is hereby granted an easement to access the lake(s) as needed and to install pipes and other equipment on the Common Area for purposes of such withdrawal of water. The Golf
Amenity Owner shall pay the Association a fee for all water drawn from the lake(s) calculated at the same rate charged to the Association by the water provider.

Section 6.10 Easement for School District

Declarant hereby grants a perpetual easement to the Bend-LaPine School District, its successors and assigns, for access over all private roads within Caldera Springs. The Bend-LaPine School District shall not be liable for repair or the costs of repair of any road damage to the private roads caused by the district’s vehicles.

Section 6.11 Access Easement

Declarant hereby reserves for itself and its successors and assigns and designees a perpetual nonexclusive easement of access across the Property to and from property adjacent to and through the northern boundary of the Development Property, in the location depicted on the Plat. In the event Declarant or its successors, assigns or designees construct a road or roads on such easement area, the Association shall maintain, repair and replace such roads. Such party and the Association shall enter into a cost-sharing agreement which shall allocate the costs of maintenance of such roads and all other roads within Caldera Springs based upon anticipated proportional usage.

Section 6.12 Parking Easement

Declarant hereby reserves for itself and its successors and assigns, the Golf Amenity Owner, golfers utilizing the Golf Property, guests, and users of the Visitor-Oriented Accommodations and invitees of the Golf Amenity Owner a perpetual nonexclusive easement to park operational motor vehicles in all parking lots owned by the Association.

ARTICLE VII- USE, OCCUPANCY, CASUALTY, AND INSURANCE

Section 7.1 Residential Use/Rental/Compliance by Invitees

All Lots and Residences shall be used only for single-family residential purposes in accordance with, and subject to, the other provisions of this Declaration. No Lot and/or Residence may be sold to or owned by more than four (4) people or entities jointly. Pursuant to ORS 94.811, in no event shall any Lot and/or Residence, other than the Overnight Lodging Units, be used as a “timeshare” (as that term is defined by Oregon law, ORS 94.803). Each Owner shall be responsible for compliance by all of such Owner’s visitors, tenants or invitees, whether such visitor, tenant or invitee is occupying the Owner’s Lot and/or Residence or otherwise visiting or using any portion of the Property, with all provisions of this Declaration, any and all rules and regulations, and all applicable laws.
Section 7.2 Occupancy Restrictions

Occupancy of Residences shall be limited as provided by Deschutes County Code Section 5.12.020, which currently provides a maximum overnight occupancy for dwelling units of two persons per bedroom or sleeping loft, plus two additional persons.

Section 7.3 Commercial, Institutional, or Other Non-Residential Uses

No commercial, institutional, or other non-residential use (including, without limitation, residential day care facilities, garage sales, rummage sales, moving sales and estate sales) shall be conducted on any Lot without the written approval of the Board; provided, however, home offices shall be permitted unless so long as the same does not constitute a nuisance. In the event of disputes, the determination of the Board as to whether a home office constitutes a nuisance shall be final. Any such use must comply with applicable law, including, without limitation, zoning requirements. The decision of the Board shall be final and conclusive. The Board may review, and repeal, any such approval from time to time at the discretion of the Board if, in the opinion of the Board, the use has changed or increased to a level not consistent with the original approval. In no event shall the decision of the Board as to permissibility of a requested non-residential use be construed as a representation of the legal permissibility of such use.

Section 7.4 Declarant Use/Construction Trailers

The provisions of this Article shall not apply to the use of any Lot or Residence by the Declarant, as i) a model home, sales office, or construction office; or ii) the use of any Lot as a site for a sales office trailer or construction office trailer. Construction trailers may be permitted with written approval from the DRC, which approval may be granted or withheld in the DRC’s sole discretion.

Section 7.5 Casualty to Residence

In the event of damage to or destruction of a Residence, the Owner of the Residence shall repair, reconstruct, and rebuild the damaged or destroyed portions of the Residence to substantially the same condition that existed prior to the damage or destruction or consistent with such plans and specifications as are approved in accordance with Article V of this Declaration. Alternatively, the Owner shall promptly clear the Lot of all debris and ruins and maintain the Lot consistent with the terms of Section 5.11. All clearing, repair, reconstruction, or rebuilding shall begin within six (6) months following the damage or destruction, and shall be diligently pursued to completion within twelve (12) months following the damage or destruction (or within such other schedule as is established by the DRC in writing), unless work is delayed by causes beyond the reasonable control of the Owner. If an Owner fails to timely repair such damage or clear the Lot, the Association shall have all rights of enforcement and remedies set forth under this Declaration. The DRC shall have the right to extend the deadlines contained in this Section 7.4 if it deems the same reasonable under the circumstances; provided, however, in
no event may any Owner leave his or her Residence or Lot in a condition that poses a health or safety hazard.

Section 7.6 Appearance of Golf Property

Each Owner acknowledges and agrees that neither any Owner nor the Association shall have any right to compel the Golf Amenity Owner or the owner of the golf course on any portion of the Golf Property to maintain the Golf Property or golf course or any improvements thereon to any particular standard of care and that the appearance of the Golf Property, golf course and improvements shall be determined in the sole discretion of the Golf Amenity Owner.

Section 7.7 Golf Course Areas

Owners and their Invitees adjacent to all golf course areas of the Golf Property shall not engage in any action which would distract from the playing quality of the golf course. Such actions include but are not limited to burning materials where the smoke will cross the golf course, maintaining pets which are creating excess noise, playing loud radios, stereos, televisions or musical instruments, running, walking, jogging, bicycle riding, or skateboarding on the fairways or golf cart paths, picking up golf balls or otherwise interfering with play.

Section 7.8 Golf Cart Paths

Portions of the golf cart path system on the Golf Property, if any, may be situated on the Common Area. No Owner or Invitee shall have any right to use any portion of the golf cart path system, including any portion situated on the Common Area or any Lot without the prior approval of the owner or manager of the affected portion of the Golf Property. All golf cart paths, if any, shall be maintained, repaired and replaced by the Golf Amenity Owner.

Section 7.9 Resort Events and Tournaments

From time to time, some portion of the Golf Property may be used for events or tournament play. At such times, vehicular and pedestrian traffic within Caldera Springs is likely to increase substantially as persons who will participate in the event will be invited, people who will play in the tournament as well as persons who will watch the tournament will be invited, the broadcast media and their equipment may be present and additional parking, utility services, directional signs, traffic control, security, clean-up crews and other services may be required. During all such periods, the applicable Golf Amenity Owner(s) shall have the right to take all reasonable actions which are appropriate for holding such an event as long as such Golf Amenity Owner(s) is solely responsible for all additional costs incurred as a result of the event or tournament, including repairing any damage caused to the Common Area as a result of the event or tournament. The Association shall have no right to prohibit the Golf Amenity Owner from taking any and all reasonable actions which are appropriate for holding an event or tournament.
Section 7.10 Intrusion onto Golf Course

Neither the Association nor any Owner shall have any right of entry onto any portion of the Golf Property without the prior written consent of the Golf Amenity Owner. All permitted entry shall be made only through entry points designated by the Golf Property or Golf Amenity Owner; no Owner may access any portion of the Golf Property from any adjacent residential Lot. Neither the Association nor any Owner may permit any irrigation water to overspray or drain from its Common Area or Lot onto any portion of the Golf Property without approval of the Golf Amenity Owner. Neither the Association nor any Owner may permit any fertilizer, pesticides or other chemical substances to overspray, drain, flow or be disposed of in any manner upon any portion of the Golf Property. If the Association or any Owner violates the provisions of this Section 7.9, it shall be liable to the Golf Amenity Owner for all damages to the turf resulting from the violation and all damages, including consequential damages suffered by the Golf Amenity Owner.

Section 7.11 Liquor Sales

The Golf Property may be used for the sale of liquor to be consumed on-site and/or off-site. In addition, special event liquor licenses and other permits may be obtained for activities within Caldera Springs from time to time. Special event liquor licenses for events held within Common Area (if required by applicable law) are subject to the approval of the Board; the Board shall have sole and absolute discretion to determine whether to grant approval of any request. By acceptance of a deed to a Lot, each Owner agrees not to contest any application for a liquor license to be used for the sale of liquor within the Golf Property or any other portion of the Development Property and not to object to any special event liquor licenses applied for or issued from time to time.

Section 7.12 Ownership of Property Near a Golf Course

By acceptance of a deed to a Lot, each Owner acknowledges and agrees that owning property adjacent to the golf course has benefits as well as detriments and that the detriments include: (a) the risk of damage to property or injury to persons and animals from golf balls which are hit onto an Owner’s Lot or other portion of the Project utilized by the Owner, (b) the entry by golfers onto Owner’s Lot or other portions of the Project utilized by the Owner to retrieve golf balls; (c) overspray in connection with the watering of the roughs, fairways and greens on the golf courses; (d) noise from golf course maintenance and operation equipment (including, without limitation, irrigation systems, compressors, blowers, mulchers, tractors, utility vehicles and pumps, all of which may be operated at all times of the day and night and/or continuously); (e) odors arising from irrigation and fertilization of the turf situated on the golf courses; (f) disturbance and loss of privacy resulting from golf cart traffic and golfers; and (g) noise, vehicular and pedestrian traffic, congestion and loss of privacy as a result of tournaments held on the golf courses. Additionally, each Owner acknowledges that pesticides and chemicals may be applied to the golf courses throughout the year and that reclaimed water, treated waste water or other sources of non-potable water may be used for irrigation of the golf courses. Each Owner expressly assumes such detriments and risks and agrees that neither Declarant, the Golf
Amenity Owner or manager of the golf course, nor any of their successors or assigns shall be liable to the Owner or anyone claiming any loss or damage, including, without limitation, indirect, special or consequential loss or damage arising from personal injury, destruction of property, trespass or any other alleged wrong or entitlement to remedy based upon, due to, arising from or otherwise related to the proximity of the Owner’s Lot or Residence to the golf courses, including, without limitation, any claim arising in whole or in part from the negligence of Declarant, the manager or Golf Amenity Owner of the golf course, or their successors or assigns. Each Owner hereby agrees to indemnify and hold harmless Declarant and the Golf Amenity Owner, manager of the golf courses, and their respective successors and assigns, against any and all such claims by Owner’s Invitees.

By acceptance of a deed to a Lot, each Owner acknowledges and agrees that there are no express or implied easements over the Golf Property for view purposes, and no guaranty or representation is made by Declarant or any other person that any view over and across the Golf Property will be preserved without impairment, and that neither the Golf Amenity Owner, the Declarant nor the Association shall have any obligation to prune or thin trees or other landscaping to preserve views over the Golf Property. Each Owner acknowledges that the Golf Amenity Owner may use pellet guns to control pests on the Golf Property.

By acceptance of a deed to a Lot, each Owner specifically covenants and agrees that he or she will specifically disclose the existence and contents of this Section 7.11 to his or her subsequent transferees.

**Section 7.13 Wells and Septic Systems**

Except as specifically permitted and approved by Declarant in connection with the conveyance of a Lot and as permitted by Deschutes County, no well for water shall be constructed or installed on any Lot. No septic system and/or tank shall be constructed or installed on any Lot. Declarant has no express or implied obligation to permit the installation of any well and approving the installation of any well or wells does not impose any express or implied obligation on Declarant to approve the installation of any other well. Owners may not contract with any provider for water or sewer service other than the providers designated by the Declarant or, after the Turnover Date, by the Association.

**Section 7.14 Use of Lakes**

Declarant reserves for itself and the Golf Amenity Owner and their employees and invitees the right to access and use the lake(s) included in the Common Area for the stocking of fish, fishing activities, canoeing and the use of other non-motorized boats and the right to use the dock for such activities.

**Section 7.15 Casualty to Common Maintenance Area; Insurance**

7.15.1 **Damage and Destruction.** Immediately after damage or destruction to all or any part of the Common Maintenance Area covered by insurance written in the name of the
Association, the Board or its duly authorized agent shall file and adjust all insurance claims and obtain reliable and detailed estimates of the cost of repair or reconstruction. Repair or reconstruction, as used in this Section, means repairing or restoring the property to substantially the condition in which it existed prior to the damage, allowing for changes or Improvements necessitated by changes in applicable building codes.

Any damage to or destruction of the Common Maintenance Area shall be repaired or reconstructed unless Members representing at least 75 percent of the Class A voting power and Declarant, so long as Declarant owns any property described on Exhibit A or B, decide within 60 days after the loss not to repair or reconstruct. If either the insurance proceeds or reliable and detailed estimates of the cost of repair or reconstruction, or both, are not available to the Association within such 60-day period, then the period shall be extended until such funds or information are available. However, such extension shall not exceed 60 additional days. No Mortgagee shall have the right to participate in the determination of whether the damage or destruction to the Common Area shall be repaired or reconstructed. Assessments of the Association shall not be abated during the period of insurance adjustment and repair and reconstruction.

If it is determined in the manner described above that damage or destruction to the Common Maintenance Area shall not be repaired or reconstructed and no alternative Improvements are authorized, the affected property shall be cleared of all debris and ruins and maintained by the Association in a neat and attractive, landscaped condition consistent with Section 5.11.

7.15.2 Disbursement of Insurance Proceeds. Any insurance proceeds remaining after paying the costs of repair or reconstruction, or after such settlement as is necessary and appropriate, shall be retained by and for the benefit of the Association and placed in a capital Improvements account. This is a covenant for the benefit of Mortgagees and may be enforced by the Mortgagee of any affected Residence.

7.15.3 Repair and Reconstruction. If insurance proceeds are insufficient to cover the costs of repair or reconstruction, the Board shall, without a vote of the Members, levy Special Assessments against the Lots to fund such repair or reconstruction costs.

7.15.4 Association as Attorney in Fact. Each and every Owner hereby irrevocably constitutes and appoints the Association as such Owner's true and lawful attorney-in-fact in such Owner's name, place, and stead for the purpose of dealing with the Improvements on the Common Maintenance Areas upon damage or destruction as provided in this Section 7.15 or a complete or partial taking as provided in Section 4.4. Acceptance by any grantee of a deed or other instrument of conveyance from Declarant or from any Owner shall constitute appointment of the Association as attorney-in-fact as herein provided. As attorney-in-fact, the Association shall have full and complete authorization, right, and power to make, execute, and deliver any contract, assignment, deed, waiver, or other instrument with respect to the interest of any Owner which may be necessary or appropriate to exercise the powers granted to the Association as attorney-in-fact.
ARTICLE VIII- PROPERTY RIGHTS

Section 8.1 Owner's Use and Occupancy

Except for the easements shown on the Plat and/or granted herein, or as otherwise provided herein, by applicable law or by the terms of any instruments recorded against the applicable Lot, the Owner of a Lot shall be entitled to the exclusive use and benefit of such Lot. Declarant, the DRC and any representative of the Association authorized by the Association may at any reasonable time, and from time to time at reasonable intervals, enter upon any Lot for the purpose of determining whether or not the use of and/or Improvements on such Lot are then in compliance with this Declaration; provided however, except in the case of emergency, the Association shall first provide the Owner with five (5) days' prior written notice if entry is to be by the Association or Declarant or one (1) day written notice if entry is to be by the DRC, which notice may be given by posting on the front door of the Residence or, if the Lot is vacant, upon a post placed on the Lot. No notice shall be required in the case of emergency. No such entry shall be deemed to constitute a trespass, conversion, or otherwise create any right of action in the Owner of such Lot.

Section 8.2 Owners' Easements of Enjoyment

Every Owner shall have a right and easement in and to the Common Areas and a right and easement of ingress and egress to, from and through said Common Areas, and such easement shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

8.2.1 The right of the Association to establish and publish rules and regulations governing Caldera Springs, including use of the Common Areas, affecting the welfare of Association members.

8.2.2 The right of the Association (subject to such notice and/or hearing requirements as may be imposed by applicable law) to suspend the right of use of the Common Areas and the voting rights of an Owner for any period during which any assessment against his Lot remains unpaid or during which such Owner is otherwise in material breach hereunder; and for a period not to exceed 60 days for any infraction of its published rules and regulations.

8.2.3 The right of the Association, subject to the provisions hereof, to dedicate or transfer all or any part of the Common Areas, if any, to any public agency, authority or utility for public right-of-way purposes. Any other transfer or mortgage of Common Areas requires the consent of at least seventy-five percent (75%) of the votes outstanding, and the consent of the Declarant so long as Declarant owns a Lot.

8.2.4 All easements herein described are easements appurtenant to and running with the land; they shall at all times inure to the benefit of and be binding upon the undersigned, all of their grantees, and their respective heirs, successors, personal representatives and assigns, perpetually and in full force.
Section 8.3  Effect of Declaration

Reference in any deed, mortgage, trust deed or any other recorded documents to the easements, restrictions and covenants herein described or to this Declaration shall be sufficient to create and reserve such easements and covenants to the respective grantees, mortgagees, or trustees of said parcels as fully and completely as if those easements, restrictions and covenants were fully related and set forth in their entirety in said documents.

Section 8.4  Rezoning Prohibited

No Lot shall be rezoned without the prior written consent of the Board and of the Declarant so long as Declarant owns a Lot, which may be withheld in the Board’s or Declarant’s sole discretion, as applicable. Declarant or the Board may enforce this covenant by obtaining an injunction against any non-approved rezoning at the expense of the enjoined party.

Section 8.5  Lot Consolidation and Division

An Owner may consolidate multiple Lots he or she owns, provided, however, the same is first approved by the Deschutes County and then the DRC has approved the design plan for the Residence. No Lot may be subdivided, except for subdivision of previously consolidated Lots to their original configuration. Notwithstanding the foregoing, so long as there is at least one Class B Member, Declarant shall have the right to consolidate and/or subdivide Lots or Tracts within Caldera Springs, subject to applicable Deschutes County Ordinances without first obtaining the consent of the DRC. Upon the completion of a subdivision of a Lot or Tract, each newly created parcel shall immediately constitute a Lot or Tract, as applicable, and the Owner of fee title to each newly created Lot thereof shall become an Owner with all of the rights granted to Owners hereunder. Upon the completion of a subdivision of a Lot, each newly created Lot shall be entitled to the voting rights as set forth in Section 2.2, and assessments shall be reallocated and reapportioned in the manner set forth in Section 2.17 as if each of the newly created lots had been annexed into Caldera Springs. Upon the completion of a consolidation of multiple Lots, the newly created Lot shall be treated as the original number of Lots for voting and assessment purposes.

Section 8.6  Drainage Alteration Prohibited

The surface water drainage contours of each Lot shall conform to the approved grading plan established by the Declarant. No Owner shall fill or alter any drainage swale established by the Declarant, nor shall any Owner install landscaping or other improvements that divert surface water runoff from the drainage patterns, swales and easements established by the Declarant. Each Owner shall take steps to assure that its Lot has adequate drainage and does not cause runoff to be directed onto any adjacent property.

Section 8.7  Damage or Destruction By Owner

If damage to any Common Area or Common Maintenance Area is directly attributable to an Owner or the family members, invitees, licensee, or guest of an Owner, then
that Owner shall repair such damage or destruction as soon as reasonably practicable, but in no event later than fifteen (15) days after the date the damage occurred, at his or her sole expense and without a right of reimbursement. If an Owner fails to repair such damage timely, the Association shall have all rights of enforcement and remedies set forth under this Declaration.

Section 8.8  Consent of Master Plan

By acquiring a Lot, each purchaser of property within Caldera Springs hereby consents to the Master Plan for the Project, as the same may hereafter be amended. By adoption of such Master Plan and this Declaration, Declarant is not committing itself to take any action for which definite provision is not made below. One who acquires property in Caldera Springs will have the advantage of any further development of the Project, but shall not have any legal right to insist that there be development, except as provided in this instrument or in the instruments which hereafter may be recorded annexing areas to Caldera Springs and subjecting areas to this Declaration.

ARTICLE IX- USE RESTRICTIONS/BUILDING STANDARDS

Section 9.1  Exterior Lighting and Noise-making Devices.

All exterior lighting and noise-making devices, including, without limitation, alarms, fireworks, bull horns, and audio speakers, shall be subject to the Design Guidelines, the review and approval of the DRC and all applicable ordinances.

Section 9.2  Nuisances

No noxious or offensive activity shall be carried out upon any Lot, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood. Without limiting the generality of the foregoing, “noxious or offensive activity” shall include the generation of noxious odors or noise. The Board shall have the sole authority to determine nuisances and its decision shall be final and conclusive.

Section 9.3  Development Activity

Notwithstanding any other provision herein, Declarant, and its successors and assigns to whom Declarant assigns such rights, shall be entitled to conduct on the Property all activities normally associated with and convenient to the development of the Property and the construction and sale of dwelling residences on the Property.

Section 9.4  Temporary Structures

No structure of a temporary character, including, without limiting the generality thereof, any trailer, tent, shack, garage, barn, motor home or mobile home or other outbuilding, and no prefabricated or relocated structure shall be used on any Lot at any time as a residence, either temporarily or permanently. This restriction shall not be interpreted to limit the right of
Declarant to use trailers or outbuildings as sales offices, construction offices, material storage facilities, or sanitation facilities.

Section 9.5 Signs

Except as permitted in this Section 9.5, no sign or emblem of any kind may be kept or placed upon any Lot or mounted, painted or attached to any Residence or other improvement upon such Lot or carried by any person or by any other means displayed within the Property except with the written approval of the DRC. Notwithstanding the foregoing, the Association shall have the right, at any time, to post any signs it deems necessary on common areas or other places to advise of hazards. In addition, until the Turnover Meeting, Declarant may erect signs or billboards, and at any time, Declarant or the Association shall have the right to erect signs or monuments that identify Caldera Springs, in either case without the need for DRC approval. This Section 9.5 shall not be construed to prohibit flags; flags shall be subject to such restrictions and/or prohibitions as may be contained in the Guidelines and/or the rules and regulations.

The Declarant and/or the Golf Amenity Owner may post the following signs on Common Areas:

9.5.1 Golf Property Crossing Signs: Appropriate signs may be displayed by the Golf Amenity Owners to identify, warn and otherwise control crossings of streets and roads within the Project by golf carts and pedestrian golfers;

9.5.2 Golf Course Identification: Permanent and temporary signs may be displayed by the Golf Amenity Owners to identify the Golf Property and provide appropriate directions to the Golf Property and/or golf courses for motorists and pedestrians; and

9.5.3 Golf Course Boundaries: Permanent and temporary markers may be displayed by the Golf Amenity Owners to identify the boundaries of the golf courses.

Section 9.6 Campers, Boats, Recreational Vehicles, Certain Trucks, Commercial Vehicles, and other Non-Passenger Vehicles

No campers, boats, boat trailers, recreational vehicles, commercial vehicles, trucks weighing more than 10,000 pounds GVW, or other types of non-passenger vehicles, equipment, implements, or accessories shall be kept or stored on any Lot for more than 24 hours at a time up to a maximum of 48 hours in any seven (7) day period as necessary for loading and unloading except (i) with the Board’s approval, or (ii) as provided below:

9.6.1 Except to the extent the same is completely screened from public view and from the view from adjacent property (including adjacent Lots and public rights of way), no recreational vehicles, disabled vehicles, campers, boats, boat trailers, recreational trailers, or other types of non-passenger vehicles, equipment, implements, or accessories shall be parked or stored on or adjacent to any Lots. In the event of a dispute as to whether there is adequate screening for purposes of this Section 9.6, the determination of the DRC shall be definitive.
9.6.2 The Board, as designated in this Declaration, shall have the absolute authority to determine from time to time whether a vehicle, equipment, implements and/or accessory is operable and adequately screened from public view and from the view from any portion of the Property other than the applicable Lot. Upon an adverse determination by said Board, the vehicle and/or accessory shall be removed and/or otherwise brought into compliance with this Section 9.6.

9.6.3 No dismantling or assembling of motor vehicles, boats, trailers, recreational vehicles, or other machinery or equipment shall be permitted in the streets within the Property, or in any driveway or yard adjacent to a street, or that is not screened from public view and from the view from any portion of the Property other than the applicable Lot.

Section 9.7 Pets, Livestock and Poultry

No animals, livestock or poultry of any kind shall be raised, bred or kept on any Lot, except for dogs, indoor cats or other generally recognized household pets of a reasonable number, provided that they are not kept, bred, or maintained for any commercial purpose. In the event of a dispute, the Board shall make the final decision as to what constitutes “a reasonable number” under particular circumstances. All such animals shall be kept on the Lot within the Residence or other enclosed structure or if on pathways, on a leash, and in strict accordance with all applicable laws and ordinances (including leash laws) and in accordance with all rules established by the Association. No animal shall be allowed to run at large, and all animals shall be kept within enclosed areas which must be clean, sanitary, and reasonably free of refuse, insects and waste at all times. Such enclosed area shall be constructed in accordance with plans approved by the DRC, shall be of reasonable design and construction to adequately contain such animals in accordance with the provisions hereof, and shall be subject to the DRC approval. Each Owner is solely responsible for his or her pets, shall assure that such pets do not create a nuisance or otherwise damage any portion of the Property, and shall clean up after such pets. The Association may create a dedicated, controlled location for exercising domestic animals and such area may be designated as a Common Area. Additional pet restrictions are set forth in Section 12.1.

Section 9.8 Garbage and Refuse Disposal; Wood Piles

No Lot, Common Area or any other portion of Caldera Springs shall be used or maintained as a dumping ground for rubbish. Compost, recycling, trash, garbage or waste shall not be kept, or disposed of, on any Lot or Common Area except in sanitary containers. All equipment for the storage or disposal of such material shall be kept in a clean and sanitary condition. No cans, bags, containers or receptacles for the storing or disposal of compost, trash, garbage, refuse, rubble, debris, or recyclable materials shall be stored, kept, placed or maintained on any Lot where visible from any street except solely on a day designated for removal of garbage, rubbish, or recyclable materials, and on which days only such cans, bags, containers, and receptacles may be placed in front of a residence and beside a street for removal, but shall be removed from view before the following day. All screening shall be of an attractive nature, consistent with the overall development scheme of Caldera Springs. Wood storage shall be in
the garage or other fully enclosed space of any Residence with a wood burning stove or fireplace. Outdoor storage of wood is prohibited.

Section 9.9 Parking in Common Areas/No Parking Signage

No vehicles, trailers, implements or apparatus may be driven or parked in the Common Areas, or on any easement unless in use for maintaining such Common Areas or as otherwise permitted in this Declaration, provided however, that this restriction shall not apply to driveways, streets, parking lots or paved areas intended for vehicular use. In addition, parking of vehicles is prohibited on any public or private street within the Property unless it is signed or otherwise marked as permitted parking by the Association or a governmental authority. The Association shall have the right to tow any vehicles in violation of this Section 9.9 at the vehicle owner’s expense.

Section 9.10 Commercial or Institutional Use

No Lot, and no building erected or maintained on any Lot shall be used for manufacturing, industrial, business, commercial, institutional or other non-residential purposes, except as set forth in Article VII.

Section 9.11 Detached Buildings

No detached accessory buildings, including, but not limited to, detached garages and storage buildings, shall be erected, placed or constructed upon any Lot without the prior consent of the DRC, with the exception of such buildings built by Declarant. Every detached accessory building, inclusive of such structures as storage buildings, greenhouses, doghouses, or children’s playhouses shall be compatible with the dwelling to which it is appurtenant in terms of its design and material composition and consistent with the Guidelines.

Section 9.12 General Landscaping and Exterior Maintenance

9.12.1 Each Lot Owner shall keep all shrubs, trees, grass, and plantings of every kind on his or her Lot cultivated, pruned, free of trash, and other unsightly material. Each Lot Owner shall keep all Improvements upon his or her Lot in good condition and repair and adequately painted or otherwise maintained. Declarant, the Association, and the DRC shall have the right at any reasonable time to enter upon any Lot to replace, maintain, and cultivate shrubs, trees, grass, or other plantings as deemed necessary; and to paint, repair, or otherwise maintain any improvements in need thereof; and to charge the cost thereof to the Lot Owner; provided, however, except in the case of emergency, the Declarant, the Association and/or the DRC shall first provide the Owner with at least one (1) day prior written notice, which notice may be given by a posting on the front door of the Residence located on such Lot or, if the Lot is vacant, upon a post placed on the Lot.

9.12.2 The initial landscaping, as well as all subsequent material changes to such landscaping, shall be subject to final approval by the DRC. All landscaping shall remain fully irrigated unless otherwise approved by the DRC. All Owners shall keep their Lots, including all

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Improvements thereon, well-maintained and in an attractive condition, consistent with the overall development approved within Caldera Springs by the DRC. All vacant Lots shall be maintained in a manner that is consistent with DRC guidelines for vacant Lots.

9.12.3 Except in the case of imminent threat of harm to persons or Improvements or as may be deemed advisable by the Association, the removal of trees greater than 4 inches dbh shall require the prior written approval of the DRC. All tree removal shall comply with applicable laws and ordinances.

Section 9.13 Antennae, Satellite Dishes and Solar Collectors

No Owner may erect or maintain a television or radio receiving or transmitting antenna, satellite dish or similar implement or apparatus, or solar collector panels or equipment upon any Lot unless such apparatus is erected and maintained in such a way that it is screened from public view and painted to match the background of the roof or siding to which such equipment is attached, and no such apparatus shall be erected without the prior written consent of the DRC. In no event shall any satellite dish exceed 18 inches in diameter. The DRC, as designated in this Declaration, shall have the absolute authority to determine whether an accessory is adequately screened. The authority of the DRC in this matter shall be subject to any regulations issued by the Federal Communications Commission ("FCC") or any other applicable governmental authority.

Section 9.14 Clothes Hanging Devices/Fences

Clothes hanging devices exterior to a dwelling shall be temporary, unaffixed structures and shall not be visible from adjacent property or any portion of the Property. Clothes hanging devices shall be screened from public view and from the view from any portion of the Property other than the applicable Lot. No fences shall be permitted except as may be installed by the Association or Declarant.

Section 9.15 Security

Neither Declarant nor the Association shall be responsible for security of the Common Maintenance Areas (including the Common Areas) or any Residence or Lot, and the Owners are exclusively responsible for their own security and the security of their Residences, Improvements, Lots and property. The Association may elect to, but shall not be required to, provide security features, such as security guards, patrols and/or security cameras within Caldera Springs. The provision of such security features shall not, in any event, be construed to obligate the Association to provide security for Caldera Springs, nor shall it subject the Association to liability for any failures of such security features. By acceptance of a deed, each Owner specifically agrees to the terms of this Section 9.15.

Section 9.16 Construction Activities

This Declaration shall not be construed so as to unreasonably interfere with or prevent normal construction activities during the construction or remodeling of or making of
additions to improvements by a Lot Owner (including Declarant) upon any Lot within the Property. Specifically, no such construction activities shall be deemed to constitute a nuisance or a violation of this Declaration by reason of noise, dust, presence of vehicles or construction machinery, posting of signs or similar activities, provided that such construction is pursued to completion with diligence and conforms to usual construction practices in the Deschutes County area. In the event that construction upon any Lot does not conform to usual practices in the area as determined by the DRC in its sole good faith judgment, the DRC shall have the authority to obtain an injunction to stop such construction. In addition, if during the course of construction upon any Lot, there is excessive accumulation of debris of any kind which is offensive, or detrimental to it or any other portion of the Property, then the DRC may contract for or cause such debris to be removed, and the Lot Owner shall be liable for all expenses incurred in connection therewith. Each Owner shall assure that his or her contractor(s) shall strictly comply with such construction rules and regulations as may be set forth by the DRC and/or the Board from time to time.

Section 9.17 Residence Construction

All buildings or other Improvements, permanent or temporary, habitable or uninhabitable, must be constructed, placed and maintained in conformity with such setback and height standards as may be imposed by the local governmental jurisdictional authority, as may be set forth in the deed for a particular Lot and/or as may be established by the DRC from time to time. In no event shall any Owner apply to the applicable local governmental jurisdictional authority and/or the DRC for a variance to construct any Improvement in excess of thirty (30) feet in height.

Section 9.18 DRC Supervisory Authority Over Construction Activities

All construction activities on the Property, including, without limitation, staging, shall be governed by the DRC and such guidelines, rules and regulations as it may promulgate from time to time. The foregoing is intended and shall be construed to give the DRC the right, but not the obligation, (i) to provide supervision of construction activities; and (ii) to enforce DRC guidelines, rules and regulations.

Section 9.19 Motorized Vehicles

Except for emergency vehicles, security and maintenance vehicles (to the extent owned, commissioned or authorized by the Association), mechanized wheel chairs and utility maintenance vehicles, no motorized vehicles of any kind shall be permitted on any part of the Property other than roads and driveways or as permitted in this Declaration.

Section 9.20 By Golf Amenity Owner

If either the Association or an Owner ("Defaulting Party") fails to maintain any landscaping or fencing situated adjacent to any portion of the Golf Property and within twenty (20) feet of any portion of either golf course, the Golf Amenity Owner shall have the right, but
not the duty, to maintain the landscaping or fencing at the sole cost and expense of the Defaulting Party. If the Golf Amenity Owner desires to perform any such maintenance authorized by the preceding sentence, the Golf Amenity Owner shall first notify the Defaulting Party in writing and provide the Defaulting Party with at least thirty (30) days from the date of the notice to perform such maintenance. If the Defaulting Party fails to commence and complete such maintenance within said thirty (30) day period, the Golf Amenity Owner shall have the right to enter the Lot or Common Area on which the maintenance is required during reasonable business hours and perform such maintenance. Written notice of the costs incurred by the affected Golf Amenity Owner in performing such maintenance and/or repair shall be given to the Defaulting Party who shall have ten (10) days to reimburse the Golf Amenity Owner in full. The Golf Amenity Owner shall have the right to deduct any charges which remain unpaid for longer than thirty (30) days from its obligation to the Association described in Section 9.20 of this Declaration. The Association may then assess any such charges which are attributable to a specific Owner against that Owner and the Owner’s Lot as an Additional Assessment.

Section 9.21 Notice of Sale or Transfer

An Owner desiring to sell or otherwise transfer title to his or her Lot (except transfers by operation of law) shall give the Board at least seven days prior written notice of the name and address of the purchaser or transferee, the date of the transfer of title, and such other information as the board may reasonably require.

Section 9.22 Use of Name of Caldera Springs

No person shall use the word “Caldera Springs” or any derivative, or any other term which Declarant may select as the name of the Development Property or any component thereof, in any printed or promotional material, on the Internet or any means of advertising without Declarant’s prior written consent. Owners may use the word “Caldera Springs” in printed or promotional materials solely to specify that particular property is located within the Development Property, and the Association shall be entitled to use the word “Caldera Springs” in its name.

Section 9.23 Parking Restrictions on Streets and Lots

No more than one (1) vehicle per bedroom in each Residence, up to a maximum of four (4) vehicles, may be parked on the Lot on which such Residence is situated in the designated parking areas or in the driveway. Parking of vehicles is prohibited on all streets and all areas of Lots other than the driveway and garage without the prior written consent of the Board.

Section 9.24 Restrictions on Use of Roads and Pathways

Electric scooters are prohibited on roads and pathways in Caldera Springs. Skateboards and roller blades may be used on the pathways, provided that such equipment may not be used in a way that damages any Improvements.
ARTICLE X - ANNEXATION

Section 10.1  Annexation by Declarant

At any time during the Initial Term of this Declaration, the Declarant may, at its sole option, annex additional property into the Association to be subject to the terms hereof to the same extent as if originally included herein and subject to such other terms, covenants, conditions, easements and restrictions as may be imposed thereon by Declarant. Declarant currently anticipates that there will be a total of approximately 355 Lots in the planned community of Caldera Springs, including the Lots currently existing, and Lots expected to be created in property to be annexed to Caldera Springs, but this number may be adjusted at the sole discretion of Declarant, subject to the terms of Section 10.1.1. There shall be no maximum number of Lots which may be created by Declarant. Declarant shall have no obligation of any kind to annex any additional property to the Property.

10.1.1 Eligible Property

Any or all of the real property in Deschutes County, Oregon adjacent to ("adjacent" property shall include property on the other side of a public right of way, a public or private street or a river) or contiguous with the Property shall be eligible for annexation. There is no limitation on the amount of land that Declarant may annex to the Property, or the right of Declarant to annex common property, except as may be established by applicable ordinances, agreements, or land use approvals or as set forth herein.

10.1.2 Consent or Joinder Not Required

No consent or joinder of any Class A Member or other party except the record owner of the land being annexed shall be necessary to effect any annexation made pursuant to this Section.

10.1.3 Declaration of Annexation

Annexation shall be evidenced by a written Declaration of Annexation (the "Declaration of Annexation") executed by the Declarant, or (in the case of an annexation by action of members) by the Board and the owners of the property being annexed, setting forth the legal description of the property being annexed and any additional covenants, conditions and restrictions to be applied to such annexed property. Notwithstanding any provision apparently to the contrary, a declaration of annexation with respect to any annexed property may:

i) establish such limitations, uses, restrictions, covenants and conditions with respect thereto as Declarant may deem to be appropriate for the development of the annexed property;

ii) establish additional or different limitations, uses, restrictions, covenants and conditions as Declarant may deem to be appropriate for the development of such annexed property; and/or
iii) contain provisions necessary or appropriate to comply with any condition, requirement, or imposition of any governmental or regulatory authority.

Without limitation of the meaning of the foregoing provisions of this Section 10.1, in any Declaration of Annexation Declarant may, but shall not be obligated to, establish easements particular to different Lots and/or to create any such Sub-Associations as it may elect.

10.1.4 Voting Rights: Allocation of Assessments

Upon annexation, additional Lots so annexed shall be entitled to the voting rights as set forth in Section 2.2, and assessments shall be reallocated and reapportioned in the manner set forth in Section 2.17.

Section 10.2 Annexation by Action of Members

At any time the Board may request approval of the membership for the annexation of additional property into the Association to be subject to all of the terms of this Declaration to the same extent as if originally included herein. No such annexation shall be effective unless approved by at least seventy-five percent (75%) of the outstanding votes and by Declarant so long as Declarant owns at least one (1) Lot. Any property that is contiguous to existing property subject to this Declaration may be annexed hereto according to the foregoing requirements, provided however, that no such annexation shall be effective without the consent and joinder of the owners of the property to be annexed. Such annexation must be evidenced by a Declaration of Annexation as set forth in Subsection 10.1.3 above executed by the parties herein described.

Section 10.3 No Duty to Annex

Nothing herein contained shall establish any duty or obligation on the part of the Declarant or any member to annex any property into the Association and no owner of property excluded from the Association shall have any right to have such property annexed thereto.

ARTICLE XI – OVERNIGHT LODGING

Section 11.1 Designated Overnight Lodging Units

All Lots designated on the Plat as Lots to be owned by individuals, but recorded with deed restrictions identifying such Lots as “overnight lodging” (each, an “Overnight Lodging Unit”) shall comply with this Article XI. Each Lot or Overnight Lodging Unit that is created on or from another part of the Development Property and that is recorded with a deed restriction identifying such Lots or residences as “overnight lodging” shall also be considered an “Overnight Lodging Unit” and shall comply with this Article XI. All Overnight Lodging Units shall be available for overnight rentals no fewer than 45 weeks per year. Declarant covenants for itself and its successors that sufficient Overnight Lodging Units will be created to satisfy applicable Deschutes County ordinances and the requirements contained in the Final Master Plan for Caldera Springs. Declarant further declares that the terms of this Article XI shall run with the land and be binding upon Declarant and each successive owner of each Overnight Lodging Unit.
created from any portion of the Property. Such rentals shall be through the central reservation system established for the Project. Such central reservation system may be created and operated by Declarant or created and/or operated by an entity to which Declarant assigns such central reservation system, which entity may be the owner or operator of a hotel in the Project.

Section 11.2 Rights of County

In consideration of the approval by Deschutes County of the Project, Declarant hereby covenants and agrees, and each Owner of a Lot by the acceptance of any deed thereto, for itself and its heirs, executors, administrators, successors in interest and assigns, covenants and agrees as follows:

11.2.1 If any Owner of an Overnight Lodging Unit fails to comply with the terms of this Article XI, the County shall have authority to enforce such terms.

11.2.2 It is understood that by the provisions hereof, the County is not required to take any affirmative action, and any action undertaken by the County shall be that which, in its sole discretion, it deems reasonable to enforce the provisions.

11.2.3 It is understood that action or inaction by the County, under the provisions hereof, shall not constitute a waiver or relinquishment of any of its rights to seek redress for the violation of any of the provisions of this Article XI or any of the rules, regulations and ordinances of the County, or of other laws by way of a suit in law or equity in a court of competent jurisdiction or by other action.

11.2.4 It is further understood that the remedies available to the County by the provision of this Article XI or by reason of any other provisions of law shall be cumulative and not exclusive, and the maintenance of any particular remedy shall not be a bar to the maintenance of any other remedy.

Section 11.3 Amendment

This Article XI cannot be amended or eliminated without the written consent of the County.

ARTICLE XII -- WILDLIFE ISSUES

Section 12.1 Domestic Pets

Outdoor domestic cats are prohibited on the Property. All Owners shall assure that any domestic cat he or she owns, brings onto the Property, or otherwise allows to come onto the Property, shall be confined to the interior of Residences or other enclosed structures and shall not be permitted access to the outdoors. All other domestic pets within the Property shall be permitted outside only when on a leash. All Owners shall comply with this restriction and shall assure that its tenants, licensee, invitees and family members so comply.
Section 12.2  Feeding of Wildlife

Feeding of wildlife is prohibited on the Property. No Owner shall feed wildlife, including big game species, within the Property. All Owners shall comply with this restriction and shall assure that its tenants, licensees, invitees and family members so comply.

Section 12.3  Nest Boxes and Nests

Upon completion of the construction of the golf course, the Association shall assure that no fewer than 20 nest sites, no fewer than 10 owl boxes and no fewer than 10 bat boxes shall be placed and maintained near water features on the Property. Declarant shall have the right, but not the obligation, to place such boxes and nests.

ARTICLE XIII -- GENERAL

Section 13.1  Remedies

If any default by any Owner under the provisions of the Declaration, Bylaws, Design Guidelines or rules and regulations of the Association shall occur, the Association and any Owner shall have each and all of the rights and remedies which may be provided for in this Declaration, the Bylaws and said rules and regulations, and those which may be available at law or in equity, and may prosecute any action or other proceedings against such defaulting Owner and/or others for enforcement of any lien, statutory or otherwise, including foreclosure of such lien and the appointment of a receiver for the Lot and ownership interest of such Owner, or for damages or injunction, or specific performance, or for judgment for payment of money and collection thereof, or for any combination of remedies, or for any other relief. No remedies herein provided or available at law or in equity shall be deemed mutually exclusive of any other such remedy. All expenses of the Association in connection with any such actions or proceedings, including court costs and attorneys’ fees and other fees and expenses, and all damages, liquidated or otherwise, together with interest from the due date until paid at the rate set by the Board by resolution from time to time but in no event greater than the highest rate allowed by Oregon law at the time of the non-payment, shall be charged to and assessed against such defaulting Owner, and shall be added to and deemed part of his respective additional assessment or maintenance assessment (to the same extent as the lien provided herein for unpaid assessments), upon the Lot and upon all of his additions and Improvements thereto, and upon all of his personal property upon the Lot. Any and all of such rights and remedies may be exercised at any time and from time to time, cumulatively or otherwise, by the Association or any Owner. Without limiting the generality of this Section 13.1, any and all costs incurred by the Association and/or the DRC in remedying an Owner’s violation of this Declaration shall be an assessment against such Owner’s Lot in accordance with Section 2.15, secured by a lien upon such Lot pursuant to the terms of Section 2.14.

Except as specifically provided for in this Declaration or the Bylaws, no party in any arbitration, mediation or other proceeding shall be entitled to recover costs or attorneys’ fees in connection therewith. To the fullest extent allowed by law, the Association shall not file or
maintain any litigation for damages in excess of $10,000 unless first approved by at least sixty-six percent (66%) of the votes of the Association, and the defendant may cause any such litigation filed without such prior approval to be dismissed with prejudice. The foregoing restriction shall not apply to litigation related to the collection of assessments, fines or interest owed to the Association pursuant to the terms of this Declaration or the Bylaws; for actions initiated by the Association for so long as there is a Class B Member; for actions challenging ad valorem taxation or condemnation proceedings; initiated against any contractor or vendor hired by the Association or supplier of goods and services to the Association; to defend claims filed against the Association or to assert counterclaims in proceedings instituted against it; actions to appoint a receiver pursuant to Section 5.9 of these Bylaws; for the defense of the Association of an action or proceeding brought against the Association (except for non-mandatory counterclaims); or to actions to summarily abate and remove a structure or condition that violates the Declaration or the Bylaws. The limitation set forth in this paragraph shall increase by $500 on each fifth anniversary of the recording of this Declaration.

Section 13.2 Fines Imposed by the Association

In addition to any other remedies available to the Association hereunder, the Association shall have the right to impose reasonable fines upon an Owner who violates the Declaration, Bylaws and any rules or regulations of the Association, in the manner and amount the Board deems appropriate in relation to the violation. Prior to collecting (but not prior to imposing) such fines, the Association shall give such written notice and an opportunity to be heard as may be required by applicable law. All such charges or fines shall be based upon (i) a schedule contained in the Bylaws (or amendment thereto or to this Declaration that is delivered to each Lot, mailed to the mailing address of each Lot or mailed to the mailing addresses designated in writing by the Owners); or (ii) a resolution of the Association or it Board that is delivered to each Lot, mailed to the mailing address of each Lot or mailed to the mailing addresses designated in writing by the Owners.

Section 13.3 Term and Amendments

The covenants and restrictions of this Declaration shall run with and bind the land for a term of thirty (30) years from the date this Declaration is recorded (the “Initial Term”), after which time they shall be automatically extended for successive periods of ten (10) years each, unless a signed petition containing the signatures of at least seventy-five percent (75%) of the votes outstanding is presented to the Board or other duly appointed and authorized persons, which shall authorize the Board, or other duly appointed and authorized persons, to execute and properly record a notice of termination of this Declaration in the real property records of Deschutes County, Oregon. This Declaration may be amended at any time during the first thirty (30) year period or any extension thereof, by a vote of at least seventy-five percent (75%) of the votes outstanding, and the consent of the Declarant so long as the Declarant owns any part of the Property or has the right to annex additional property to the Planned Community, whichever is longer, which shall authorize the Board, or other duly appointed and authorized persons, to execute and properly record an instrument amending this Declaration. Notwithstanding the foregoing, no amendment to this Declaration shall change the boundaries of any Lot or any uses
to which any Lot or Residence is restricted or change the method of determining liability for common expenses, the method of determining the right to common profits or the method of determining voting rights of any Lot unless the Owners of affected Lots or Residence unanimously consent to the amendment. Upon approval of an amendment as provided herein, the president and secretary shall execute an instrument amending this Declaration and certifying that the amendment was adopted in accordance with this Declaration and ORS 94.590, which certification shall be properly acknowledged in the manner of acknowledgment of deeds, and the Board, or other duly appointed and authorized persons, shall record the instrument amending this Declaration. For purposes of voting on an amendment to this Declaration pursuant to this Section 13.3, Declarant shall be treated as a Class A Member with one (1) vote per Lot owned, except as otherwise provided by ORS 94.585. Subject to the provisions of Section 11.4, notwithstanding any provisions hereof to the contrary, the Declarant may, at its sole discretion and without consent being required of anyone, modify, amend or repeal this Declaration at any time before the closing of the sale on the first Lot, provided said amendment, modification, or repeal is in writing and properly recorded in the Deed Records of Deschutes County, Oregon. In no event shall an amendment pursuant to this Section create, limit, or diminish Declarant’s special rights (including without limitation, Declarant’s rights as the Golf Amenity Owner hereunder for so long as Declarant owns the Golf Property) without Declarant’s written consent or change the boundaries of any Lot or any use to which any Lot is restricted unless the Owners of the affected Lots consent to the amendment.

Declarant further reserves the right at any time to amend this Declaration, or any amendment hereto, in order to correct scrivener’s errors. In no event shall an amendment pursuant to this Section create, limit, or diminish Declarant’s special rights without Declarant’s written consent or change the boundaries of any Lot or any use to which any Lot is restricted unless the Owners of the affected Lots consent to the amendment.

Section 13.4 Regulatory Amendments

Notwithstanding the provisions of Section 11.3, until the Turnover Meeting described in the Bylaws and to the extent permitted by applicable law, Declarant shall have the right to amend this Declaration or the Bylaws in order to comply with the requirements of any applicable statute, ordinance, regulation or guideline of any department, bureau, board, commission or agency of the State of Oregon or to comply with any applicable law, including, without limitation, the Oregon Planned Community Act.

Section 13.5 Declarant’s Right of Consent

For a period of 10 years after the date of the Turnover Meeting or for so long as Declarant owns any property within the Development Property, whichever is longer, the Bylaws, the rules and regulations, and this Declaration, the Bylaws and rules and regulations may not be modified, added to, amended, or repealed without Declarant’s prior written consent in each instance.
Section 13.6 Severability

Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions that shall remain in full force and effect.

Section 13.7 Rights and Obligations

The provisions of this Declaration and the Articles of Incorporation and Bylaws and the rights and obligations established thereby shall be deemed to be covenants running with the land and shall inure to the benefit of, and be binding upon, each and all of the Owners and their respective heirs, representatives, successors, assigns, purchasers, grantees and mortgagees. By the recording or the acceptance of a deed conveying a Lot or any ownership interest in the Lot whatsoever, the person to whom such Lot or interest is conveyed shall be deemed to accept and agree to be bound by and subject to all of the provisions of this Declaration and the Articles of Incorporation and Bylaws, whether or not mention thereof is made in said deed.

Section 13.8 Miscellaneous Provisions

Any provision of this Declaration or of the Articles of Incorporation and Bylaws to the contrary notwithstanding, the following provisions shall control:

13.8.1 Notice to Institutional Holders of First Mortgage Liens

The following actions will require notice to all institutional holders of first mortgage liens: (i) abandonment or termination of the Association; or (ii) material amendment to the Declaration.

13.8.2 Notice to Institutional Holders of First Mortgage of Default or Liens

Upon the written request of any first mortgagee of a dwelling on a Lot, the Association shall furnish to such mortgagee a written notice of any default by the Owner of such dwelling in the performance of such Owner’s obligations under the within Declaration or the Bylaws or Association rules or regulations which is not cured within thirty (30) days. Any first mortgagee of a dwelling who comes into possession of the said dwelling pursuant to the remedies provided in the mortgage, a foreclosure of the mortgage, or deed (or assignment) in lieu of foreclosure, shall take such property free of any claims for unpaid assessments or charges in favor of the Association against the mortgaged dwelling which accrued before the time such holder comes into possession of the dwelling.

13.8.3 Consent of Institutional Holders of First Mortgage Liens

Unless at least seventy-five percent (75%) of the first mortgagees (based upon one (1) vote per Lot for each mortgage) have given their prior written approval, neither the Association nor the Owners shall be entitled to:
i) by act or omission seek to abandon, partition, encumber, or transfer
the Common Areas, if any, or any portion thereof or interest therein except for the purpose of
dedication for public right of way. (The granting of easements for public utilities or other public
purposes consistent with the intended use of such property shall not be deemed a transfer within
the meaning of this clause.);

ii) substantially change the method of determining the obligations,
assessments, dues or other charges which may be levied against an Owner by the Association;

iii) by act or omission change, waive, or abandon any scheme of
regulations or enforcement thereof pertaining to the architectural design or the exterior
appearance of the Residences or maintenance of the Residences or Lots; or

iv) fail to maintain liability and extended coverage insurance on
insurable property comprising a part of the Common Areas on a current replacement cost basis in
an amount not less than one hundred (100) percent of the insurable value (based on current
replacement costs).

Section 13.9 Personal Pronouns

All personal pronouns used in this Declaration, whether used in the masculine,
feminine or neuter gender, shall include all other genders; the singular shall include the plural,
and vice versa.

Section 13.10 Statutory References

All references to particular statutory provisions in this Declaration shall be
deemed to refer to such statutory provisions or their successor provisions, if applicable.

Section 13.11 Headings

The headings contained in this Declaration are for reference purposes only and
shall not in any way affect the meaning or interpretation of this Declaration.

Section 13.12 Conflicts

If there is a conflict between the terms of this Declaration and any Bylaws, the
Design Guidelines, rules, regulations or Articles of Incorporation of the Association, this
Declaration shall control.

Section 13.13 Partial Invalidity

The invalidation of any one of these covenants by judgment or court order shall in
no way affect any of the other provisions, which shall remain in full force and effect.
IN WITNESS WHEREOF, the Declarant has caused this instrument to be executed on its behalf, attested and its corporate seal to be hereunto affixed as of this 16th day of February, 2006.

DECLARANT: CALDERA SPRINGS REAL ESTATE, LLC, an Oregon limited liability company

By: Sunriver Resort Limited Partnership, sole member

By: Lowe Sunriver Inc., general partner

By: ____________________________

Tom Keith, Vice President

STATE OF OREGON  }

COUNTY OF DESCHUTES}

The foregoing instrument was acknowledged before me the 16th day of February 2006, by Tom Keith, Vice President of Lowe Sunriver Inc., the general partner of Sunriver Resort Limited Partnership, the sole member of Caldera Springs Real Estate, LLC, an Oregon limited liability company, on behalf of the company.

Notary Public, State of Oregon
My Commission Expires: 10-7-06
EXHIBIT “A”

DEVELOPMENT PROPERTY

PARCEL 1:

The Southeast Quarter of the Southwest Quarter (SE1/4SW1/4) and the Southwest Quarter of the Southeast Quarter (SW1/4SE1/4) of Section Eight (8) and the Northeast Quarter of the Northwest Quarter (NE1/4NW1/4) and the Northwest Quarter of the Northeast Quarter (NW1/4NE1/4) and the Southeast Quarter of the Northwest Quarter (SE1/4NW1/4) of Section Seventeen (17), all in Township Twenty (20) South, Range Eleven (11) East of the Willamette Meridian, Deschutes County, Oregon.

EXCEPTING THEREFROM a portion of the Southeast Quarter of the Southwest Quarter (SE1/4SW1/4) of Section Eight (8) and the Northeast Quarter of the Northwest Quarter (NE1/4NW1/4) of Section Seventeen (17), all in Township Twenty (20) South, Range Eleven (11) East of the Willamette Meridian, Deschutes County, Oregon, being more fully described as follows:

That portion of said SE1/4W1/4 and said NE1/4W1/4 lying West of the westerly right-of-way of South Century Drive as monumented by Deschutes County Public Works in W.C. Kauffman survey dated 8/30/89.

PARCEL 2:

The Southeast Quarter of the Northwest Quarter (SE1/4NW1/4) except the County Road right of way and the Oregon Trunk Railway right of way, and also the West Half of the Southwest Quarter of the Northeast Quarter (W1/2SW1/4NE1/4), all in Section Eight (8), Township Twenty (20) South, Range Eleven (11), East of the Willamette Meridian, Deschutes County, Oregon.

The West Half of the Southeast Quarter (W1/2SE1/4) in Section 8, Township 20 South, Range 11, East of the Willamette Meridian, Deschutes County, Oregon.

EXCEPTING THEREFROM the Southwest Quarter of the Southeast Quarter (SW1/4SE1/4) of said Section 8.

The East Half of the Southwest Quarter (E1/2SW1/4) in Section 8, Township 20 South, Range 11, East of the Willamette Meridian, Deschutes County, Oregon.

Save and except: The Southeast Quarter of the Southwest Quarter (SE1/4SW1/4); of Section 8, Township 20 South, Range 11, East of the Willamette Meridian.

The Northeast Quarter of the Northwest Quarter (NE1/4NW1/4) of Section 8, Township 20 South, Range 11, East of the Willamette Meridian, lying West of the Townsite of Harper, Deschutes County, Oregon. EXCEPTING the Oregon Trunk Railway right of way and the
County Road right of way.

PARCEL 3:

All of Townsite of Harper except Lots One (1), Two (2), Three (3), Four (4), Five (5), Six (6), Twenty-One (21), Twenty-Two (22), Twenty-Three (23), Twenty-Four (24), Twenty-Five (25), and Twenty-Six (26), and the North 7.50 feet of lots Seven (7) and Twenty (20), in Block One (1).

PARCEL 4:

A parcel of land being a portion of Lot Sixteen (16), Block Two (2), BUSINESS PARK I, a subdivision located in the South One-half (S1/2) of Section Five, Township Twenty (20) South, Range Eleven (11), East of the Willamette Meridian, Deschutes County, Oregon, being more particularly described as follows:

Lot Sixteen (16), Block Two (2), “BUSINESS PARK I”, Deschutes County, Oregon.

EXCEPTING THEREFROM:

A parcel of land being a portion of Lot 16, Block 2, “BUSINESS PARK I”, Deschutes County, Oregon, being more particularly described as follows:

Beginning at the Southwest corner of Lot 16, Block 2, BUSINESS PARK I”, Deschutes County, Oregon; thence North 05°20’38” East, along the West boundary of said Lot 16, 408.31 feet to the Southerly right of way of Venture Lane; thence along said right of way the following two (2) courses: along the arc of a non-tangent 280.00 foot radius curve to the left, through a central angle of 12°40’20” , an arc length of 61.93 feet, (the chord of which bears South 67°20’19” East, 61.80 feet); thence South 73°43’32” East, 21.55 feet; thence leaving said right of way, South 06°16’39” West, 378.80 feet to the South boundary of said Lot 16; thence South 89°38’26” West along said South boundary, 4.62 feet; thence South 89°53’50” West continuing along said South boundary, 69.71 feet to the point of beginning.

PARCEL 5:

A portion of the Southeast Quarter of the Southwest Quarter of Section Eight (8) and the Northeast Quarter of the Northwest Quarter of Section Seventeen (17) all being in Township Twenty (20) South, and Range Eleven (11) East of the Willamette Meridian in Deschutes County, Oregon, being more fully described as follows:

That portion of said Southeast Quarter of the Southwest Quarter and said Northeast Quarter of the Northwest Quarter lying west of the westerly right of way of South Century Drive as monumented by Deschutes County Public Works in W.C. Kauffman survey dated 8/30/89.
EXHIBIT "B"

PROPERTY SUBJECT TO DECLARATION

Lots 1 through 217, inclusive, Tracts A through H, inclusive, Tract J and the private roads Caldera Springs Drive, Dancing Rock Loop, Trailmere Circle, Fireglass Loop, Fireglass Court, Sunstone Loop, Raven Rock Circle and Glowstone Loop, as shown on the plat of Caldera Springs, Phase One, recorded in the plat records of Deschutes County, Oregon, concurrently herewith.
EXHIBIT “C”

COMMON AREAS

Tracts C, D, E, G and H, as shown on the plat of Caldera Springs, Phase One, recorded in the plat records of Deschutes County, Oregon, concurrently herewith.
DECLARATION OF ANNEXATION OF REAL PROPERTY
TO
DECLARATION OF PROTECTIVE COVENANTS,
CONDITIONS, AND RESTRICTIONS
FOR CALDERA SPRINGS

This DECLARATION OF ANNEXATION OF REAL PROPERTY TO
DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR CALDERA SPRINGS (this “Declaration”) is made this 20th day of April, 2006, by
CALDERA SPRINGS REAL ESTATE, LLC, an Oregon limited liability company
(“Declarant”).

Recitals:

A. Declarant owns the real property (“Caldera Springs, Phase Two”) located in
Deschutes County, Oregon, legally described on the plat of Caldera Springs, Phase Two, which
has been duly recorded in the Plat Records of Deschutes County, Oregon, Document No.
2006-27328 (the “Plat”), concurrently with the recordation of this Declaration.

B. Declarant recorded that certain Declaration of Protective Covenants, Conditions,
and Restrictions for Caldera Springs, dated as of February 16, 2006, in the Deed Records of
Deschutes County, Oregon, as Document No. 2006-11383 on February 17, 2006 (such
Declaration, as amended from time to time, being referred to as the “CC&Rs”).

C. Pursuant to Section 10.1 of the CC&Rs, Declarant desires to annex Caldera
Springs, Phase Two (the “Annexed Property”) to the real property that is subject to the CC&Rs,
upon the terms and conditions contained in this Declaration.

NOW, THEREFORE, Declarant hereby declares that the Annexed Property shall
be held, sold and conveyed subject to the following easements, covenants, restrictions and
charges that, subject to the terms of this Declaration, shall run with the land and shall be binding
upon all parties having or acquiring any right, title or interest in the Annexed Property, or any
part thereof, and shall inure to the benefit of each owner thereof.
ARTICLE 1  DEFINITIONS

Except to the extent otherwise defined herein, capitalized terms used in this Declaration shall have the meanings ascribed to such terms in the CC&Rs.

1.1  **Annexed Common Areas** shall mean Tracts K, L, M, N and P, as shown on the Plat.

1.2  **Annexed Common Maintenance Areas** shall mean the Annexed Common Areas and items described in Section 2.3 below.

1.3  **Annexed Lots** shall mean Lots 218 through 320, inclusive, as shown on the Plat.

ARTICLE 2  ANNEXATION OF PROPERTY

2.1  **Annexation.** The Annexed Property is hereby annexed to and made a part of the Property, and is owned and shall be owned, held, conveyed, hypothecated, encumbered, used, occupied and improved in perpetuity, subject to the easements, covenants, restrictions and charges contained in the CC&Rs, as modified or supplemented by the terms of this Declaration.

2.2  **Annexed Common Areas.** The Annexed Common Areas shall be included among the Common Areas and shall be subject to all of the easements, covenants, restrictions, and charges regarding the Common Areas set forth in the CC&Rs (as modified or supplemented by the terms of this Declaration) and as stated in the Plat.

2.3  **Annexed Common Maintenance Areas.** The Association will permanently maintain and repair, as necessary: (a) the Annexed Common Areas, including, without limitation, all entry monument signage, landscaping, bike paths, lighting improvements, water features, and the stormwater detention pond within the Annexed Common Areas, as applicable; (b) the swale or any drainage facilities located in the drainage easements on Lots 319 and 320, and on Lots 311 and 312, as shown on the Plat; and (c) any other area determined by the Board to be in the interest of the Association to maintain. All of the foregoing areas and items in this Section are referred to collectively as the “**Annexed Common Maintenance Areas.**”

2.4  **Annexed Lots.** Except to the extent expressly provided otherwise in this Declaration, the Annexed Lots, including, without limitation, any Improvements on such Lots, shall be subject to all of the easements, covenants, restrictions and charges regarding the Lots set forth in the CC&Rs, as supplemented or modified by this Declaration.

ARTICLE 3  MEMBERSHIP IN ASSOCIATION

The Owners of Annexed Lots shall become members of the Association and shall be entitled to voting rights therein as set forth in Sections 2.2 of the CC&Rs and Section 6.1 of this Declaration.
ARTICLE 4  ASSESSMENTS

The Annexed Lots shall be subject to assessment in the manner and on the terms set forth in the CC&Rs, as supplemented by the terms of this Declaration.

ARTICLE 5  PROPERTY RIGHTS AND EASEMENTS

5.1  Owners' Use and Occupancy. Except as otherwise expressly provided in this Declaration, the CC&Rs, in the Plat or any recorded easement of record, the Owner of an Annexed Lot shall be entitled to the exclusive use and benefit of such Annexed Lot. Declarant, the DRC and any representative of the Association authorized by the Association may at any reasonable time, and from time to time at reasonable intervals, enter upon any Annexed Lot for the purpose of determining whether or not the use of and/or Improvements on such Lot are then in compliance with this Declaration and the CC&Rs. No such entry shall be deemed to constitute a trespass, conversion, or otherwise create any right of action in the Owner of such Lot. Declarant or the Association may grant or assign easements over or with respect to any Annexed Lot to municipalities or other utilities performing utility services and to communications companies.

5.2  Declarant's Easements. In addition to any other easements to which Declarant may be entitled, there is hereby reserved by Declarant for the benefit of Declarant and the Association and their employees, agents, representatives and assigns, an easement for access, construction, placement, maintenance and improvement of utilities and drainage over, under and across any portion of the Annexed Property, together with easements in roadways and utility lines specified or established within the Annexed Property, along with the right to connect thereto.

5.3  Maintenance Easement. An easement is hereby granted and reserved in favor of the Association and its successors, assigns, contractors, property managers, agents and employees over, across, upon, and under the Annexed Common Maintenance Areas, and any other areas of the Annexed Property necessary or appropriate for purposes of accomplishing the maintenance and repair by the Association in relation to the obligations of the Association hereunder.

ARTICLE 6  TERM AND AMENDMENTS

The covenants and restrictions of this Declaration shall run with and bind the land for a term of thirty (30) years from the date that the CC&Rs were recorded, after which time they shall be automatically extended as provided in, and in the manner set forth in Section 13.3 of the CC&Rs. This Declaration may be amended in the same manner and subject to the same restrictions as set forth in Section 13.3 and 13.4 of the CC&Rs.
ARTICLE 7 MISCELLANEOUS PROVISIONS

7.1 Non-Waiver. Failure by the Association or by any Owner of an Annexed Lot to enforce a covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

7.2 Construction; Severability. This Declaration and the CC&Rs shall be liberally construed as one document to effect the annexation of the Annexed Property to the Property. Nevertheless, each provision of this Declaration and the CC&Rs shall be deemed independent and severable, and the invalidity or partial invalidity of any provision shall not affect the validity or enforceability of the remaining part of that or any other provision.

7.3 Run with Land. Subject to Article 6 and Section 7.4, this Declaration and the easements, covenants, restrictions and changes described herein shall run with the land and shall be binding on the parties and any person acquiring any right, title, or interest in the Annexed Property.

7.4 Termination. This Declaration shall terminate upon the termination of the CC&Rs in accordance with the terms thereof.

7.5 Title. Declarant shall convey fee title to the Annexed Common Areas not later than the Turnover Meeting. Notwithstanding the foregoing, Declarant reserves the right (i) to retain or cause other persons to maintain, ownership of that portion of the Common Maintenance Areas that includes the entrance gate(s) and greeters cabin(s) for so long as it may determine, and (ii) to convey such portion of the Common Maintenance Areas containing the entrance gate(s) and greeters cabin(s) to the Association at any time.

IN WITNESS WHEREOF, Declarant has executed this Declaration as of the date first set forth above.

CALDERA SPRINGS REAL ESTATE, LLC, an Oregon limited liability company

By: Sunriver Resort Limited Partnership, a Delaware limited partnership, Member

By: Lowe Sunriver, Inc., a California corporation

Its: General Partner

By: ______________________

Title: VP


Tom Keith
STATE OF OREGON
County of Deschutes


The foregoing instrument was acknowledged before me on this 26th day of April 2006 by Tom Keith, who is the Vice President of Lowe Sunriver, Inc., a California corporation, the general partner of Sunriver Resort Limited Partnership, a Delaware limited partnership, the member of Caldera Springs Real Estate, LLC, an Oregon limited liability company, on behalf of the limited liability company.

Mandy M. Crouch
Notary Public for Oregon
My Commission Expires: 9-7-08
AFTER RECORDING RETURN TO:

→ Caldera Springs Owners’ Association, Inc.
P.O. Box 3609
Sunriver, Oregon 97707
Attn: Catherine Smith

DECLARATION OF ANNEXATION OF REAL PROPERTY
TO DECLARATION OF PROTECTIVE COVENANTS,
CONDITIONS, AND RESTRICTIONS
FOR CALDERA SPRINGS

This DECLARATION OF ANNEXATION OF REAL PROPERTY TO
DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR CALDERA SPRINGS (this "Declaration") is made this ___ day of January 2008, by
CALDERA SPRINGS REAL ESTATE, LLC, an Oregon limited liability company ("Declarant")
and CALDERA SPRINGS VILLAGE LLC ("Cabin Developer").

Recitals:

A. Cabin Developer owns the real property ("Caldera Cabins, Phase Three") located
in Deschutes County, Oregon, legally described on the plat of Caldera Springs, Phase Three,
which has been duly recorded in the real property records of Deschutes County, Oregon,
Document No. 1007-50992 (the "Plat"), concurrently with the recordation of this Declaration.

B. Declarant recorded that certain Declaration of Protective Covenants, Conditions,
and Restrictions for Caldera Springs, dated as of February 16, 2006, and recorded in the Deed
Records of Deschutes County, Oregon, as Document No. 2006-11383 on February 17, 2006, as
supplemented by that certain Declaration of Annexation, recorded in the Deed Records of
Deschutes County, Oregon, as Document No. 2006-27330 (such Declaration, as amended
and supplemented from time to time, being referred to as the "Master Declaration").

C. Pursuant to Section 10.1 of the Master Declaration, Declarant desires to annex the
Caldera Cabins, Phase Three (the "Annexed Property") to the real property that is subject to the
Declaration, upon the terms and conditions contained in this Declaration, and Cabin Developer
desires to consent to the same.

NOW, THEREFORE, Declarant hereby declares that the Annexed Property shall
be held, sold and conveyed subject to the following easements, covenants, restrictions and
charges that, subject to the terms of this Declaration, shall run with the land and shall be binding
upon all parties having or acquiring any right, title or interest in the Annexed Property, or any
part thereof, and shall inure to the benefit of each owner thereof, and Cabin Developer hereby
consents to the same.

Recorded by Amerititle as an
accommodation only. No liability
is accepted for the condition of
title or for the validity, sufficiency,
or effect of this document.
ARTICLE 1  DEFINITIONS

Except to the extent otherwise defined herein, capitalized terms used in this Declaration shall have the meanings ascribed to such terms in the Master Declaration.

1.1 Annexed Lots shall mean Lots 1 through 45, inclusive, Caldera Cabins, as shown on the Plat.

ARTICLE 2  ANNEXATION OF PROPERTY

2.1 Annexation. The Annexed Property is hereby annexed to and made a part of the Property, and is owned and shall be owned, held, conveyed, hypothecated, encumbered, used, occupied and improved in perpetuity, subject to the easements, covenants, restrictions and charges contained in the Master Declaration, as modified or supplemented by the terms of this Declaration. The Annexed Property is or will in the future become a part of the Caldera Cabins Owners’ Sub-Association (the “Sub-Association”) pursuant to the Declaration of Protective Covenants, Conditions and Restrictions (the “Sub-Association Declaration”) recorded concurrently herewith.

2.2 Annexed Lots. Except to the extent expressly provided otherwise in this Declaration, the Master Declaration and the Sub-Association Declaration, the Annexed Lots, including, without limitation, any Improvements on such Lots, shall be subject to all of the easements, covenants, restrictions and charges regarding the Lots set forth in the Master Declaration, as supplemented or modified by this Declaration. Notwithstanding the foregoing, to the extent any of the Annexed Lots are not a part of the Sub-Association, they shall still be exempt from the design review provisions and processes contained in Article VI of the Master Declaration.

ARTICLE 3  MEMBERSHIP IN ASSOCIATION

The Owners of Annexed Lots shall become members of the Association and shall be entitled to voting rights therein as set forth in Sections 2.2 of the Master Declaration and Section 6.1 of this Declaration, which vests the right to cast such votes in the Caldera Cabins Owners’ Sub-Association. Notwithstanding the foregoing, until an Annexed Lot is made subject to the Sub-Association Declaration, its voting rights under the Master Declaration shall be voted directly by such Lot’s owner. Each Owner of an Annexed Lot is a Sub-Association Class A Member, as defined in Section 1.27 of the Master Declaration.

ARTICLE 4  ASSESSMENTS/TRANSFER FEE

Except as specifically provided herein, the Annexed Lots shall be subject to assessment in the manner and on the terms set forth in the Master Declaration, as supplemented by the terms of this Declaration and the terms of the Sub-Association Declaration.

Notwithstanding the foregoing, the Annexed Lots shall be exempt from the Transfer Fee/Working Capital Assessment described in Section 2.20 of the Master Declaration. Once an Annexed Lot is subject to the Sub-Association Declaration, the buyer(s) of such
Annexed Lots will be subject to the similar fee established pursuant to the Sub-Association Declaration and payable to the Sub-Association.

ARTICLE 5 PROPERTY RIGHTS AND EASEMENTS

5.1 Owners’ Use and Occupancy. Except as otherwise expressly provided in this Declaration, the Master Declaration, the Sub-Association Declaration, in the Plat or any recorded easement of record, the Owner of an Annexed Lot shall be entitled to the exclusive use and benefit of such Annexed Lot. Declarant, the DRC and any representative of the Association authorized by the Association may at any reasonable time, and from time to time at reasonable intervals, enter upon any Annexed Lot for the purpose of determining whether or not the use of and/or Improvements on such Lot are then in compliance with this Declaration and the Master Declaration. No such entry shall be deemed to constitute a trespass, conversion, or otherwise create any right of action in the Owner of such Lot. Declarant or the Association may grant or assign easements over or with respect to any portion of the Annexed Property, including any Annexed Lot, to municipalities or other utilities performing utility services and to communications companies.

5.2 Declarant’s Easements. In addition to any other easements to which Declarant may be entitled, there is hereby reserved by Declarant for the benefit of Declarant and the Association and their employees, agents, representatives and assigns, an easement for access, construction, placement, maintenance and improvement of utilities and drainage over, under and across any portion of the Annexed Property, together with easements in roadways and utility lines specified or established within the Annexed Property, along with the right to connect thereto.

5.3 Maintenance Easement. An easement is hereby granted and reserved in favor of the Association and its successors, assigns, contractors, property managers, agents and employees over, across, upon any areas of the Annexed Property necessary or appropriate for purposes of accomplishing the maintenance and repair by the Association in relation to the obligations of the Association under the Master Declaration and/or hereunder.

ARTICLE 6 TERM AND AMENDMENTS

The covenants and restrictions of this Declaration shall run with and bind the land for a term of thirty (30) years from the date that the Master Declaration were recorded, after which time they shall be automatically extended as provided in, and in the manner set forth in Section 13.3 of the Master Declaration. This Declaration may be amended in the same manner and subject to the same restrictions as set forth in Section 13.3 and 13.4 of the Master Declaration.

ARTICLE 7 MISCELLANEOUS PROVISIONS

7.1 Non-Waiver. Failure by the Association or by any Owner of an Annexed Lot to enforce a covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.
7.2 Construction: Severability. This Declaration and the Master Declaration shall be liberally construed as one document to effect the annexation of the Annexed Property to the Property. Nevertheless, each provision of this Declaration and the Master Declaration shall be deemed independent and severable, and the invalidity or partial invalidity of any provision shall not affect the validity or enforceability of the remaining part of that or any other provision.

7.3 Run with Land. Subject to Article 6 and Section 7.4, this Declaration and the easements, covenants, restrictions and changes described herein shall run with the land and shall be binding on the parties and any person acquiring any right, title, or interest in the Annexed Property.

7.4 Termination. This Declaration shall terminate upon the termination of the Master Declaration in accordance with the terms thereof.

IN WITNESS WHEREOF, Declarant has executed, and Cabin Developer has consented to, this Declaration as of the date first set forth above.

CALDERA SPRINGS REAL ESTATE, LLC, an Oregon limited liability company

By: Sunriver Resort Limited Partnership, a Delaware limited partnership, Member

By: Lowe Sunriver, Inc., a California corporation

Its: General Partner

By: ____________________________

Title: Vice President

CALDERA SPRINGS VILLAGE LLC, an Oregon limited liability company

By: Sunriver Resort Limited Partnership, a Delaware limited partnership, Member

By: Lowe Sunriver, Inc., a California corporation

Its: General Partner

By: ____________________________

Title: Vice President
The foregoing instrument was acknowledged before me on this 28th day of January 2008 by Tom Keith, who is the Vice President of Lowe Sunriver, Inc., a California corporation, the general partner of Sunriver Resort Limited Partnership, a Delaware limited partnership, the member of Caldera Springs Real Estate, LLC, an Oregon limited liability company, on behalf of the limited liability company.

Notary Public for Oregon
My Commission Expires: 8.26.10

The foregoing instrument was acknowledged before me on this 28th day of January 2008 by Tom Keith, who is the Vice President of Lowe Sunriver, Inc., a California corporation, the general partner of Sunriver Resort Limited Partnership, a Delaware limited partnership, the member of Caldera Springs Village LLC, an Oregon limited liability company, on behalf of the limited liability company.

Notary Public for Oregon
My Commission Expires: 8.26.10

5
SUPPLEMENTAL DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS AND RESTRICTIONS FOR CALDERA SPRINGS
(DESIGNATION OF ADDITIONAL COMMON AREAS)

THIS SUPPLEMENTAL DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS AND RESTRICTIONS FOR CALDERA SPRINGS (DESIGNATION OF ADDITIONAL COMMON AREAS) (this "Declaration") is made this 2nd day of September 2009 by CALDERA SPRINGS REAL ESTATE LLC, an Oregon limited liability company ("Declarant"), and CALDERA SPRINGS VILLAGE LLC, an Oregon limited liability company ("Cabin Developer"), and shall be effective upon its recording in the official records of Deschutes County, Oregon.

RECITALS

A. Declarant executed the Declaration of Protective Covenants, Conditions and Restrictions for Caldera Springs dated as of February 16, 2006 and recorded in the official records of Deschutes County, Oregon on February 17, 2006 as Document No. 2006-11383 (the "CC&Rs").

B. Declarant executed the Declaration of Annexation of Real Property to the Declaration of Protective Covenants, Conditions and Restrictions for Caldera Springs dated as of April 20, 2006 and recorded in the official records of Deschutes County, Oregon on April 20, 2006 as Document No. 2006-27330, which annexed additional real property into Caldera Springs and made it subject to the terms and provisions of the CC&Rs.

C. Declarant and Cabin Developer executed the Declaration of Annexation of Real Property to the Declaration of Protective Covenants, Conditions and Restrictions for Caldera Springs dated as of January 2008 and recorded in the official records of Deschutes County, Oregon on January 31, 2008 as Document No. 2008-04667, which annexed additional real property into Caldera Springs and made it subject to the terms and provisions of the CC&Rs.

D. Pursuant to Sections 1.5 and 1.6 of the CC&Rs, Declarant now desires to designate a portion of the real property included within Caldera Springs and legally described on the attached Exhibit A (the "Property") as Common Areas, and Cabin Developer, in its capacity as the owner of a portion of the Property, desires to consent to such designation.
DECLARATION

NOW, THEREFORE, Declarant hereby declares that the Property shall be held, sold and conveyed subject to the following easements, covenants, restrictions and charges that, subject to the terms of this Declaration, shall run with the land and shall be binding upon all parties having or acquiring any right, title or interest in the Property, or any part thereof, and shall inure to the benefit of each owner thereof, and Cabin Developer hereby consents to the same.

ARTICLE 1  DEFINITIONS

Except to the extent otherwise defined herein, capitalized terms used in this Declaration shall have the meanings ascribed to such terms in the CC&Rs.

ARTICLE 2  DESIGNATION OF COMMON AREAS

The Property, including any and all Improvements located thereon, shall constitute and be part of the Common Areas and shall be subject to all of the easements, covenants, restrictions and charges contained in the CC&Rs which relate to the Common Areas, as the same may be modified or supplemented by the terms of this Declaration. Without limiting the generality of the foregoing, the Association shall be responsible for permanently maintaining and repairing the Property and all Improvements located thereon as part of the Common Areas. If Declarant or Cabin Developer constructs any roads, other Improvements or utilities within the Property pursuant to the rights and easements reserved under Article 3 below, then upon completion of construction, all such roads, other Improvements and utilities shall constitute Common Areas and shall be owned and maintained by the Association. The use of such roads, other Improvements and utilities shall be subject to any applicable recorded easements and use restrictions, any applicable governmental permits and laws and to such rules and regulations as may be established by the Association from time to time.

ARTICLE 3  EASEMENTS

In addition to any other rights or easements to which Declarant may be entitled pursuant to the CC&Rs or any other document of record, there is hereby reserved by Declarant and Cabin Developer for the benefit of Declarant, Cabin Developer and each of their respective employees, agents, contractors, representatives, affiliates and assigns, the following rights and easements, which rights and easements shall terminate fifteen (15) years from the date hereof:

(a) an easement to enter onto the Property and to install, construct, repair, replace and/or maintain roads, other Improvements (which shall include, without limitation, landscaping and lighting) and utilities included within or located on the Property as either Declarant or Cabin Developer shall deem advisable in its sole discretion;

(b) an easement to enter onto the Property and to use the same for construction staging or other similar purposes; and

(c) the right to grant such easements and/or impose such use restrictions, in the name of/ on behalf of the Association, related to the roads, other Improvements and/or utilities included
within or located on the Property, as either Declarant or Cabin Developer shall deem advisable in its sole discretion.

ARTICLE 4 TERM AND AMENDMENTS

The covenants and restrictions of this Declaration shall run with and bind the land for a term of thirty (30) years from the date that the CC&Rs were recorded, after which time they shall be automatically extended as provided in, and in the manner set forth in Section 13.3 of the CC&Rs. This Declaration may be amended in the same manner and subject to the same restrictions as set forth in Sections 13.3 and 13.4 of the CC&Rs.

ARTICLE 5 MISCELLANEOUS PROVISIONS

5.1 Non-Waiver. Failure by the Association or any Owner to enforce a covenant or restriction contained in this Declaration shall not be deemed a waiver of the right to do so thereafter.

5.2 Construction; Severability. This Declaration and the CC&Rs shall be liberally construed as one document to effect the designation of the Property as Common Areas. Nevertheless, each provision of this Declaration and the CC&Rs shall be deemed independent and severable, and the invalidity or partial invalidity of any provision shall not affect the validity or enforceability of the remaining part of that or any other provision.

5.3 Run with Land. Subject to Article 4 and Section 5.4, this Declaration and the easements, covenants, restrictions and charges described herein shall run with the land and shall be binding on the parties and any person acquiring any right, title or interest in the Property.

5.4 Termination. This Declaration shall terminate upon the termination of the CC&Rs in accordance with the terms thereof.
IN WITNESS WHEREOF, Declarant has executed, and Cabin Developer has consented to, this Declaration as of the date first set forth above.

DECLARANT: CALDERA SPRINGS REAL ESTATE LLC, an Oregon limited liability company

By: Sunriver Resort Limited Partnership, a Delaware limited partnership
Its: Sole Member

By: Lowe Sunriver, Inc., a California corporation
Its: General Partner

By: Name: Tom O'Shea Title: Sen. VP.

STATE OF OREGON )
County of Deschutes )

The foregoing instrument was acknowledged before me on this 2 day of June 2009 by Tom O'Shea, who is the Senior Vice President of Lowe Sunriver, Inc., a California corporation, the general partner of Sunriver Resort Limited Partnership, a Delaware limited partnership, the sole member of Caldera Springs Real Estate LLC, an Oregon limited liability company, on behalf of the limited liability company.

D. Suzanne Conditt
Notary Public for Oregon
My Commission Expires: Mar. 20, 2011

(Signatures Continued on Following Page)

OFFICIAL SEAL
D SUZANNE CONDITT
NOTARY PUBLIC-OREGON
COMMISSION NO. 415445
MY COMMISSION EXPIRES MAR. 20, 2011
CABIN DEVELOPER: CALDERA SPRINGS VILLAGE LLC, an
Oregon limited liability company

By: Sunriver Resort Limited Partnership, a
Delaware limited partnership
Its: Sole Member

By: Lowe Sunriver, Inc., a
California corporation
Its: General Partner

By: 
Name: TOM O'SHEA
Title: Sun V.P.

STATE OF OREGON    )
ss.
County of Deschutes )

The foregoing instrument was acknowledged before me on this 2 day of June
2009 by TOM O'SHEA, who is the Senior Vice President of Lowe
Sunriver, Inc., a California corporation, the general partner of Sunriver Resort Limited
Partnership, a Delaware limited partnership, the sole member of Caldera Springs Village LLC,
an Oregon limited liability company, on behalf of the limited liability company.

D. SUZANNE CONDITT
Notary Public for Oregon
My Commission Expires: Mar. 20, 2011
EXHIBIT A

Property

All private roads of CALDERA SPRINGS, PHASE ONE, Deschutes County, Oregon, as shown on the Plat of Caldera Springs, Phase One recorded in the official records of Deschutes County, Oregon on February 17, 2006 as Document No. 2006-11380 and in Plat Cabinet G at Page 1051, and as modified by the Plat of Caldera Springs, Phase Three which was recorded in the official records of Deschutes County, Oregon on September 20, 2007 as Document No. 2007-50992 and in Plat Cabinet H at Page 461; and

All private roads of CALDERA SPRINGS, PHASE TWO, Deschutes County, Oregon, as shown on the Plat of Caldera Springs, Phase Two recorded in the official records of Deschutes County, Oregon on April 20, 2006 as Document No. 2006-27328 and in Plat Cabinet G at Page 1107; and

All private roads of CALDERA SPRINGS, PHASE THREE, Deschutes County, Oregon, as shown on the Plat of Caldera Springs, Phase Three recorded in the official records of Deschutes County, Oregon on September 20, 2007 as Document No. 2007-50992 and in Plat Cabinet H at Page 461; and

Parcel 2 of Partition Plat 2009-09, Deschutes County, Oregon, according to the official plat thereof, recorded in the official records of Deschutes County, Oregon on January 28, 2009 as Document No. 2009-03886 and in Plat Cabinet 3 at Page 696; and

Parcel 2 of Partition Plat 2009-08, Deschutes County, Oregon, according to the official plat thereof, recorded in the official records of Deschutes County, Oregon on January 28, 2009 as Document No. 2009-03885 and in Plat Cabinet 3 at Page 691.