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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTION

for

SPENCER'S CREST

COMMON AREA

Lane County, Oregon

THIS DECLARATION, made on the date hereinafter set forth by
SPENCER'S CREST PARTNERSHIP, hereinafter referred to as the
"Declarant".

WITNESSETH:

WHEREAS, Declarant is the owner of certain property in Eugene
Lane, County of Lane,
State of Oregon, which is more particularly described as:

Beginning at the Initial Point which is marked by a 2" by 36" galvanized iron pipe driven 6" below the surface of the ground, said Initial Point being at the intersection of the centerline of a 30 foot wide roadway with the South line of and North 88° 21' 45" East 35.42 feet from the Southwest corner of lot 13, Humbolt, as platted and recorded in File 72, Slide 8, Lane County, Oregon, Plat Records, said Initial Point also being 1032.07 feet North and 1276.18 feet West of the Southeast corner of Section 18, in Township 18 South, Range 3 West of the Willamette Meridian; thence along said 30 foot wide roadway centerline the following courses and distances. South 10° 19' 54" West 308.03 feet; South 19° 36' 46" West 123.49 feet; and South 26° 53' 47" West 149.99 feet, thence leaving said roadway centerline South 89° 27' 01" West 1110.75 feet to the Easterly right of way line of Willamette Street, thence, along said right of way line along the arc of a 643.11 foot radius curve left, a distance of 59.18 feet (the chord of which bears North 35° 58' 57" East 59.16 feet), thence North 33° 20' 49" East 286.37 feet; thence along the arc of a 921.47 foot radius curve left, a distance of 275.31 feet (the chord of which bears North 24° 47' 17" East 274.29 feet) to the Southwest corner of Lot 4 of the aforementioned plat of Humbolt; thence North 88° 21' 45" East 968.46 feet to the Initial Point of Beginning, in Lane County, Oregon.

NOW THEREFORE, Declarant hereby declares that all of the properties described above shall be held, sold and conveyed subject to the following easements, restrictions, covenants, and conditions, which are for the purpose of protecting the value and desirability of, and which shall run with, the real property and be binding on all parties having any right, title or interest in the described properties or any part thereof, their heirs, successors, and assigns, and shall inure to the benefit of each owner thereof.

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ARTICLE I

DEFINITIONS

Section 1. "Association" shall mean and refer to Spencer's Crest Partnership, its successors and assigns.

Section 2. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 3. "Properties" shall mean and refer to that certain real property hereinbefore described, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 4. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the owners. The Common Area to be owned by the Association at the time of the conveyance of the first lot is described as follows:

All real property falling within the overall legal boundary description of Spencer's Crest but not delineated on a lot number basis, and any road or land not dedicated to City of Eugene.

Section 5. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties with the exception of the Common Area.

Section 6. "Declarant" shall mean and refer to Spencer's Crest Partnership, its successors and assigns if such successors or assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development.

ARTICLE II

PROPERTY RIGHTS

Section 1. Owners' Easements of Enjoyment. Every owner shall have a right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

(a) the right of the Association to charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Area;

(b) the right of the Association to suspend the voting rights and right to use of the recreational facilities by an owner for any period during which any assessment against his Lot remains unpaid; and for a period not to exceed 60 days for any infraction of its published rules and regulations;

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(c) the right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless an instrument signed by two-thirds (2/3) of each class of members agreeing to such dedication or transfer has been recorded.

Section 2. Delegation of Use. Any owner may delegate, in accordance with the By-Laws, his right of enjoyment to the Common Area and facilities to the members of his family, his tenants, or contract purchasers who reside on the property.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

Section 1. Every owner of a lot which is subject to assessment shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any lot which is subject to assessment.

Section 2. The Association shall have two classes of voting membership:

Class A. Class A members shall be all Owners with the exception of the Declarant and shall be entitled to one vote for each lot owned. When more than one person holds an interest in any lot, all such persons shall be members. The vote for such lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any lot.

Class B. The Class B member(s) shall be the Declarant and shall be entitled to three (3) votes for each lot owned. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

- (a) when the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership, or
- (b) on July 1, 1987.

ARTICLE IV

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each lot owned within the Properties, hereby covenants, 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 agree to pay to the Association:

- (1) annual assessments or charges, and
- (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided.

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The annual and special 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 property 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 property at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the residents in the Properties and for the improvement and maintenance of the Common Area, and of the homes situated upon the Properties.

Section 3. Maximum Annual Assessment. Until January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment shall be One Hundred Twenty dollars (\$120.00) per Lot.

(a) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased each year not more than 10% above the maximum assessment for the previous year without a vote of the membership.

(b) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased above 10% by a vote of two-thirds (2/3) of each class of members who are voting in person or by proxy, at a meeting duly called for this purpose.

(c) The Board of Directors may fix the annual assessment at an amount not in excess of the maximum.

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of members who are voting in person or by proxy at a meeting duly called for this purpose.

Section 5. Assessments for Maintenance or Improvements Subject to Lien by the City of Eugene. The provisions of section 2, 3, and 4 notwithstanding, the following provisions shall apply:

Any maintenance or improvement on the land owned by the Association for which the City of Eugene is entitled to impose a lien shall be assessed by the Association to all Members on an equal basis for every Lot. Such assessment shall be levied by the Association

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immediately upon completion of the maintenance or construction of the improvement and notification by the City of Eugene as to the cost thereof, and no vote of the membership shall be required nor may any vote of the membership prevent such assessment. The Association shall commence foreclosure proceedings against any Lot for which the assessment or any installment thereof is not paid. The assessment shall be payable by each Owner and the Association to the City over a ten-year period in equal annual installments, including interest at the legal rate on all unpaid balances. The assessment referred to in this section shall be a general obligation of the Association, notwithstanding the right of the Association to assess the Lots subject to the Declaration. The City of Eugene is hereby granted the right to seek specific performance of the provisions of this Section in a court of equity, it being acknowledged that the City is a third-party beneficiary of this section.

Section 6. Notice and Quorum for Any Action Authorized Under Sections 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or 4 shall be sent to all members not less than 30 days nor more than 60 days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast sixty percent (60%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half ($\frac{1}{2}$) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than 60 days following the preceding meeting.

Section 7. Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all Lots and may be collected on a monthly basis.

Section 8. Date of Commencement of Annual Assessments: Due Dates. The annual assessments provided for herein shall commence as to all Lots on the first day of the month following the conveyance of the Common Area. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the association setting forth whether the assessments on a specified Lot have been paid.

Section 9. Effect of Nonpayment 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 of 10% per annum. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the property. No owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot.

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Section 19. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage. Sale or transfer of any Lot shall not affect the assessment lien.

Section 11. Exempt Property. All properties dedicated to, and accepted by, a local public authority and all properties owned by a charitable or non-profit organization exempt from the assessments created herein. However, no land or improvements devoted to dwelling use shall be exempt from said assessments.

ARTICLE V

ARCHITECTURAL CONTROL

No building, fence, wall or other structure shall be commenced, erected or maintained upon the Properties, nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials, and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors of the Association, or by an architectural committee composed of three (3) or more representatives appointed by the Board. In the event said Board, or its designated committee, fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with.

ARTICLE VI

GENERAL PROVISIONS

Section 1. Enforcement. The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens, and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

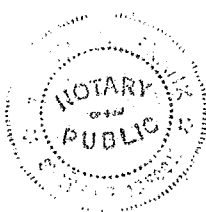
Section 3. Amendment. The covenants and restrictions of this Declaration shall run with and bind the land, for a term of thirty (30) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended during the first twenty (20) year period by an instrument signed by not less than ninety per cent (90%) of the lot owners, and thereafter by an instrument signed by not less than seventy-five per cent (75%) of the lot owners. Any amendment must be recorded.

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Section 4. Annexation. Additional residential property and Common Area may be annexed to the Properties without the consent of the members within ten (10) years of the date of this instrument, provided that the annexation is in accord with the general plan heretofore approved.

Section 5. FHA/VA Review. As long as there is a Class B membership, the following actions will require the prior review of the Federal Housing Administration or the Veterans Administration: Annexation of additional properties, dedication of Common Area, and amendment of this Declaration of Covenants, Conditions and Restrictions.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has hereunto set its hand and seal this second day of June, 1980.



SPENCER'S CREST PARTNERSHIP
Declarant

By: James H. Douglas
James H. Douglas

Subscribed and sworn before me
this 2nd day of June, 1980,
in the county of Lane,
in the state of Oregon.

My Commission expires 5-11-82.

Glenn H. Clark
Notary Public for the state of Oregon

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State of Oregon,
County of Lane--ss.
I, D.M. Penfold, Director of the Depart-
ment of General Services, in and for the said
County, do hereby certify that the within
instrument was received for record at

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Lane County OFFICIAL Records.
D.M. Penfold, Director of the Department of
General Services.

By: Glenn H. Clark
Notary Public

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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

for

SPENCER'S CREST
SINGLE-FAMILY AND TOWNHOUSE LOTS

Lane County, Oregon

SPENCER'S CREST PARTNERSHIP hereby declare that all of the property known to the easements, conditions, covenants, restrictions and reservations hereinafter set forth, all of which are for the purpose of enhancing and protecting the value, desirability and attractiveness of SPENCER'S CREST.

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Definitions.

- (a) "Declarant" shall be Spencer's Crest Partnership.
- (b) "Board" shall mean the Board of Directors of Spencer's Crest Homeowners Association.
- (c) "Association" shall mean all the lot owners acting as a group in accordance with the Declaration and Bylaws under the name Spencer's Crest Homeowners Association.
- (d) "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the owners. The Common Area to be owned by the Association at the time of the conveyance of the first lot is described as follows:

All real property falling within the overall legal boundary description of Spencer's Crest but not delineated on a lot number basis, and any road or land not dedicated to City of Eugene.

- (e) "Lot" shall mean and refer to any plot of land including townhouses shown upon any recorded subdivision map of the Properties with the exception of the Common Area.

Section 1. Members. All lot owners must be members of Spencer's Crest Homeowners Association and are subject to the rules and regulations of that organization, including provisions for enforcement thereof.

Section 2. Use. Each lot shall be for residential use only. Homes or portions thereof may be rented by owners. No other commercial activity of any kind shall be conducted in or from the property except those complying with the City of Eugene Zoning Ordinance. No commercial activity may be advertised or offered for sale to the public upon the property of

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Spencer's Crest. By consent of seventy-five percent (75%) of all lot owners exceptions may be granted.

Section 3. Specifications. Not more than three structures are allowed on each lot. Those structures must conform to City of Eugene ordinances, conditions of Spencer's Crest PUD plat approval and requirements of the Design Control Committee (see Section 7).

Section 4. Set Backs. Set backs shall conform to governmental regulations with variances allowable when approved by the City. Lots 20, 21, 22, 23 and 24 may require a setback of less than 20 feet. Refer to the final PUD Conditions.

Section 5. Trees. All trees will be left standing, with the exception of those needing removal for the purpose of construction.

Section 6. Painting. All buildings constructed on any portion of Spencer's Crest, excepting the portions of the whole thereof constructed of brick or stone, shall be painted or stained on all exterior surfaces within five (5) months of the date of construction of the building is started and shall be periodically painted thereafter. The Board shall have the power to have the exterior painted or stained and assess the owner for charges.

Section 7. Design Control. The Board shall appoint a Design Control Committee to ensure that buildings constructed will be well designed and harmonious with the character of the development. Purchasers of lots within Spencer's Crest shall not construct or alter any improvement on their site until:

(a) They submit preliminary plans including a site plan, floor plan, elevations and a list of materials and colors. Refer to Guide for Planning Your Spencer's Crest Home.

(b) The Owners have submitted to the Design Control Committee, two complete sets of plans and specifications therefore in form satisfactory to the committee, showing insofar as the appropriate (i) the size and dimensions of the improvement, (ii) the exterior design, (iii) the exterior color scheme, (iv) the exact location of the improvement on the homesite, (v) the location of driveways and parking areas, (vi) the scheme for drainage and grading, and (vii) the landscaping arrangement; and

(c) Such plans and specifications have been approved in writing by the committee and a copy of such plans and specifications as finally approved deposited for permanent record with the committee.

7.1 Approval of said plans and specifications may be withheld, not only because of their noncompliance with any of the restrictions and conditions contained in this Declaration, but also because of the dissatisfaction of the committee with the grading and drainage plan, the location of the structure on the homesite, the color scheme, the finish, design, proportions, shape, height, style, or appropriateness of the proposed

improvements or alterations, the material used therein, the kind, shape, or type of roof proposed to be placed thereon or because it would render the proposed improvement inharmonious or out of keeping with the improvements erected on other homesites in the immediate vicinity of the premises.

7.2. If within 30 calendar days after their submission, the owner has not been notified in writing as to the acceptance or nonacceptance of the plans and specifications, then they shall be deemed to have been approved by the Design Control Committee.

7.3. The composition of the Design Control Committee shall be one architect, one representative of the developer, and one landscape architect. If it is not possible for one member to participate, the remaining two shall pick a third substitute member.

7.4. The Design Control Committee has prepared an architectural guide setting forth the general design elements required. Such a guide may be modified from time to time. Any modification will be effective for all applicants unless preliminary plans have been approved.

Section 8. Lot Division. No lot shall be divided without the written consent of the Declarant or its heirs and assigns.

Section 9. Code Compliance. All dwellings shall comply with the requirements of all governmental agencies having jurisdiction.

Section 10. Cleanliness. Each parcel and its improvements shall be maintained in a clean and attractive condition in good repair and in such a fashion as not to create fire hazard or visual pollution.

Section 11. Screening. All garbage, trash, cutting, refuse and garbage containers, fuel tanks, clothes lines, service facilities, and recreational vehicles or other items deemed necessary by the Design Control Committee shall be screened from view from neighboring lots and streets. The Design Control Committee shall determine whether screening is satisfactory.

Section 12. Dumping. No parcel or common area shall be used or maintained as a dumping ground for rubbish, trash or garbage and other waste shall not be kept except in sanitary containers at all times. All equipment for the storage or disposal of such material shall be kept in clean and sanitary condition. No rubbish may be burned or buried.

Section 13. Drilling or Mining. No oil drilling, oil development operation, oil refining, quarrying or mining operations of any kind shall be permitted upon or in any lot, nor shall oil wells, tanks, tunnels, mineral excavations or shafts be permitted upon or in any lot. No derrick or other structure designed for use in boring shall be erected, maintained or permitted upon any lot.

Section 14. Mobile Homes. Mobile homes of any kind are not permitted.

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Section 15. Temporary Building. No trailer, tent, shack, or other building shall be constructed or placed upon any portion of any parcel to be used as a temporary or permanent residence. However, a small structure for use by a builder as his construction shack may be used for the duration of the construction period.

Section 16. Fences. No fence, wall, or hedge is permitted without approval from the Design Control Committee.

Section 17. Signs. No commercial sign may be displayed to the public view from any parcel except a "For Sale", "For Rent", or one used by a builder to advertise its property during the construction and sales period.

Section 18. Easements. The Declarant reserves the right to change, extend or close any streets or roads in Spencer's Crest or depicted on the plat of said Addition, and to cut new streets or roads; provided such changes shall not interfere with the ingress or egress to the property or any owner.

18.1 Easements and rights of way are hereby specifically reserved to the Declarant and the Association, their respective successors and assigns, for the erection, construction, operation and maintenance of roads, poles, telephone, sewers, drains, water systems, and for any other reasonable purpose, and any other method of conducting and performing any public or quasi-public utility service or function.

18.2 Maintenance shall include the right to remove trees, limbs of trees, shrubs, flowers, undergrowth, or other obstructions that endanger and interfere with said equipment, water flow, and service. The owner or owners of lots upon which said easements are located shall have the right to use at their own risk, the portions of the easement within their lots for trees, gardens or other purposes which do not interfere with or threaten to interfere with the use of said easement for the purpose for which it is intended and reserved.

Section 19. Assessment. Each lot excepting common areas shall be subject to its prorated share of the necessary costs and expenses incurred in providing labor, material, fees, or insurance for the operation or maintenance of roads, sidewalks, paths, bicycle paths, access easements, common recreational facilities and other common areas or facilities. Pro-rata shall be based on one lot divided by the total number of lots at the time of the proration. Each lot, tract or parcel of land benefitted by these expenses shall be subject to a lien in favor of the Declarant or the Association for the collection of these expenses and this lien shall be of the same kind and may be enforced as provided in ORS Chapter 91, Unit Ownership.

Section 20. Assessments for Maintenance or Improvements Subject to Lien by the City of Eugene. Any maintenance or improvement on the land owned by the Association for which the City of Eugene is entitled to impose a lien shall be assessed by the Association to all Members on an equal basis for every lot. Such assessment shall be levied by the

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Association immediately upon completion of the maintenance or construction of the improvement and notification by the City of Eugene as to the cost thereof, and no vote of the membership shall be required nor may any vote of the membership prevent such assessment. The Association shall commence foreclosure proceedings against any Lot for which the assessment or any installment thereof is not paid. The assessment shall be payable by each Owner and The Association to the City over a ten-year period in equal installments, including interest at the legal rate on all unpaid balances. The assessment referred to in this section shall be a general obligation of the Association, notwithstanding the right of the Association to assess the Lots subject to the Declaration. The City of Eugene is hereby granted the right to seek specific performance of the provisions of this Section in a court of equity, it being acknowledged that the City is a third-party beneficiary of this section.

Section 21. Offensive Activity. No illegal, noxious, or offensive activity including any nuisance or annoyance is permitted. The noise and other occurrences incident to construction of a house or other building shall not be considered an offensive activity.

Section 22. Firearms. The shooting of firearms on the premises is prohibited.

Section 23. Pets. No animals other than domestic pets shall be kept and domestic pets shall not be kept, bred, or maintained for commercial purpose.

Section 24. Requirement to Build Within Two Years. All lot owners shall be required to begin construction within two years of the date of purchase and to complete construction within one year after commencing. If requested by the Declarant completion is to be demonstrated by a Certificate of Completion from the City of Eugene. Noncompliance with this provision shall automatically give the Declarant the opportunity to repurchase the unimproved lot for the same price and terms as the initial sale. In the event that improvements have been made to the lot, then the Declarant shall automatically have the opportunity to repurchase the lot at the same price and terms and to repay the lot owner for his improvements by paying the price which is the lesser of 1) the audited by a Certified Public Accountant cost of the improvements, or the value determined by an appraiser who is a member of the Appraisal Institute. To determine who the auditor and appraiser will be, the Declarant and lot owner will each choose an auditor and appraiser and each of those selected will agree on a third auditor and appraiser who will determine their respective values. The costs of the audit and appraisal will be borne by the lot owner.

Section 25. Party Walls Within Tract C.

(a) General Rules of Law to Apply. Each wall which is built as a part of the original construction of the homes upon the Properties and placed on the dividing line between the Lots shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

(b) Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall shall be shared by the Owners who make use of the wall in proportion to such use.

(c) Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, any Owner who has used the wall may restore it, and if the other Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however, to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

(d) Weatherproofing. Notwithstanding any other provisions of this Article, an Owner who has by his negligent or willful act caused the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

(e) Right to Contribution Runs with Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

(f) Arbitration. In the event of any dispute arising concerning a party wall, or under the provisions of this Article, each party shall choose one arbitrator, and such arbitrators shall choose one additional arbitrator, and the decision shall be by a majority of all the arbitrators following the rules of the American Arbitration Association.

Section 26. Enforcement. These restrictions shall be deemed to be for the protection and benefit of each of the owners or occupants of any portion of Spencer's Crest and is intended hereby that any such person shall have the right to prosecute such proceeding at law or in equity as may be appropriate to enforce the restrictions hereby set forth, including a suit for injunction or for damages.

Section 27. Term. These restrictions shall run with the land and shall be binding on the owner or tenant of any or all of said land and all persons claiming by, through, or under them indefinitely. At any time these covenants, conditions, and restrictions can be changed by a concurring vote of seventy-five percent (75%) of the lot owners.

Section 28. Invalidation. Invalidation of any one of these foregoing covenants, restrictions, or conditions or any portion hereof by court order, judgment, or decree shall in no way effect any of the other remaining provisions hereof which shall continue to remain in full force and effect.

Section 29. Binding. The foregoing conditions and restrictions shall bind and inure to the benefit of each of the owners or occupants and each of their legal representatives, heirs, successors, or assigns, and a failure, either by the owners above named or their legal representatives, heirs, successors, or assigns, to enforce any of such conditions or restrictions shall in no event be deemed a waiver of the right to do so thereafter. See the Declaration of Covenants, conditions, and Restrictions (COMMON AREA) for additional restrictions relating to the common area and binding upon all lot owners.

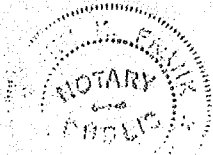
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Section 30. Omission or Conflict. When these covenants do not apply, the rules and regulations of the City of Eugene shall be applied. In all cases where there are conflicting rules showing a difference in requirements, the strictest of the two is to be used. The decisions of the Board shall govern in determining which rule is more strict.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands this second day of June, 1980.

SPENCER'S CREST PARTNERSHIP



By James H. Douglas
James H. Douglas

Subscribed and sworn before me
this 2nd day of June, 1980
in the county of Lane, in the
state of Oregon.

My Commission expires 5-11-82.

Gerard Clark
Notary Public for the state of Oregon

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State of Oregon--ss.
County of Lane--ss.
I, D.M. Penfold, Director of the Department of General Services, in and for the said County, do hereby certify that the within instrument was received for record.

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Lane County OFFICIAL Records.

D.M. Penfold, Director of the Department of General Services.

By

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BY-LAWS

OF

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SPENCER'S CREST HOMEOWNERS
ASSOCIATION

ARTICLE I

NAME AND LOCATION. The name of the corporation is SPENCER'S CREST
HOMEOWNERS ASSOCIATION, hereinafter referred to as the "Association".
The principal office of the corporation shall be located at 860 Olive Street,
Eugene, Oregon but meetings of members and directors
may be held at such places within the State of Oregon,
County of Lane, as may be designated by the Board of Directors.

ARTICLE II

DEFINITIONS

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Section 1. "Association" shall mean and refer to Spencer's Crest
Homeowner's Association, its successors and assigns.

Section 2. "Properties" shall mean and refer to that certain real property
described in the Declaration of Covenants, Conditions and Restrictions, and such
additions thereto as may hereafter be brought within the jurisdiction of the
Association.

Section 3. "Common Area" shall mean all real property owned by the Association
for the common use and enjoyment of the Owners.

Section 4. "Lot" shall mean and refer to any plot of land including Townhouses
recorded subdivision map of the Properties with the exception of the Common Area.

Section 5. "Owner" shall mean and refer to the record owner, whether one or
more persons or entities, of the fee simple title to any Lot which is a part of the
Properties, including contract sellers, but excluding those having such interest
merely as security for the performance of an obligation.

Section 6. "Declarant" shall mean and refer to Spencer's Crest
Partnership, its successors and assigns if such successors or assigns
should acquire more than one undeveloped Lot from the Declarant for the purpose of
development.

Section 7. "Declaration" shall mean and refer to the Declaration of Covenants,
Conditions and Restrictions applicable to the Properties recorded in the Office
of Recorded Deeds and Documents, Lane County, Oregon.

Section 8. "Member" shall mean and refer to those persons entitled to member-
ship as provided in the Declaration.

ARTICLE III 8028266

MEETING OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the members shall be held within one year from the date of incorporation of the Association, and each subsequent regular annual meeting of the members shall be held on the same day of the same month of each year thereafter, at the hour of 7:00 o'clock, P. M. If the day for the annual meeting of the members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the members may be called at any time by the president or by the Board of Directors, or upon written request of any member who is entitled to vote,

Section 3. Notice of Meetings. Written notice of each meeting of the members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least 15 days before such meeting to each member entitled to vote thereat, addressed to the member's address last appearing on the books of the Association, or supplied by such member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

Section 4. Quorum. The presence at the meeting of members entitled to cast, or of proxies entitled to cast, one-tenth (1/10) of the votes of each class of membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these By-Laws. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 5. Proxies. At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his Lot.

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ARTICLE IV 8028266

BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE

Section 1. Number. The affairs of this Association shall be managed by a Board of five (5) directors, who need not be members of the Association.

Section 2. Term of Office. At the first annual meeting the members shall elect one directors for a term of one year, two directors for a term of two years and two directors for a term of three years; and at each annual meeting thereafter the members shall elect directors whose term expires for a term of 3 years.

Section 3. Removal. Any director may be removed from the Board, with or without cause, by a majority vote of the members of the Association. In the event of death, resignation or removal of a director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

Section 4. Compensation. No director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 5. Action Taken Without a Meeting. The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

ARTICLE V

NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among members or non-members.

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Section 2. Election. Election to the Board of Directors shall be by secret written ballot. At such election the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VI

MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held monthly without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the president of the Association, or by any two directors, after not less than three (3) days notice to each director.

Section 3. Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board. Any member can attend the board of director's meeting.

ARTICLE VII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have power to:

(a) adopt and publish rules and regulations governing the use of the Common Area and facilities, and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof;

(b) suspend the voting rights and right to use of the recreational facilities of a member during any period in which such member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed 60 days for infraction of published rules and regulations;

(c) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation, or the Declaration.

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(d) declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors; and

(e) employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties.

Section 2. Duties. It shall be the duty of the Board of Directors to:

(a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members, or at any special meeting when such statement is requested in writing by any member who is entitled to vote.

(b) supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;

(c) as more fully provided in the Declaration, to:

(1) fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period;

(2) send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period; and

(3) foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date or to bring an action at law against the owner personally obligated to pay the same.

(d) issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

(e) procure and maintain adequate liability and hazard insurance on property owned by the Association;

(f) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;

(g) cause the Common Area to be maintained.

(h) provide for payment of maintenance, upkeep and repair expenses with the President and Treasurer both approving and both signing all checks or other payment vouchers.

ARTICLE VIII

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The officers of this Association shall be a president and vice-president, who shall at all times be members of the Board of Directors, a secretary, and a treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the members.

Section 3. Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time giving written notice to the Board, the president or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Multiple Offices. The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Duties. The duties of the officers are as follows:

President

(a) The president shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes.

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Vice-President

(b) The vice-president shall act in the place and stead of the president in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

Secretary

(c) The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the members; keep appropriate current records showing the members of the Association together with their addresses, and shall perform such other duties as required by the Board.

Treasurer

(d) The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the members.

ARTICLE IX

COMMITTEES

The Association shall appoint an Architectural Control Committee, as provided in the Declaration, and a Nominating Committee, as provided in these By-Laws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose.

ARTICLE X

BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any member. The Declaration, the Articles of Incorporation and the By-Laws of the Association shall be available for inspection by any member at the principal office of the Association, where copies may be purchased at reasonable cost.

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ARTICLE XI 8028266

ASSESSMENTS

As more fully provided in the Declaration, each member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of 6 percent per annum, and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs, and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No Owner may waiver or otherwise escape liability for the assessments provided for herein by nonuse of the Common Area or abandonment of his Lot.

ARTICLE XII

CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words: Spencers Crest Homeowners Association

ARTICLE XIII

AMENDMENTS

Section 1. These By-Laws may be amended, at a regular or special meeting of the members, by a vote of a majority of a quorum of members present in person or by proxy, except that the Federal Housing Administration or the Veterans Administration shall have the right to veto amendments while there is Class B membership.

Section 2. In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

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ARTICLE XIV

MISCELLANEOUS

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

IN WITNESS WHEREOF, we, being all of the directors of the Spencer's Crest Homeowners Association

have hereunto set our hands this 2nd day of June, 1980.

James H. Douglas
Larry Dean Beggs

Christine McCullough
Robert C. Mention

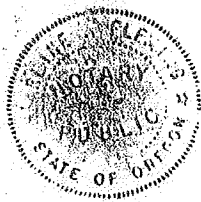
STATE OF OREGON,) ss.
County of Lane

BE IT REMEMBERED, That on this 2nd day of June 1980, before me, the undersigned, a Notary Public in and for the County and State, personally appeared the within named James H. Douglas, Larry Dean Beggs, Christine McCullough, Donna J. Sprecker and Robert C. Mention known to me to be the identical individuals described in and who executed the within instrument and acknowledged to me that they are the directors of the Spencer's Crest Homeowners Association and that they executed the same freely and voluntarily.

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

Arline A. Fleming
Notary Public for Oregon

My Commission Expires: 12-30-83



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State of Oregon - ss.
County of Lane - ss.
I, D.M. Penfold, Director of the Department of General Services, in and for the said County, do hereby certify that the within instrument was received for record at

79-73273

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Reel

Lane County OFFICIAL Records.

D.M. Penfold, Director of the Department of General Services.

By [Signature] Deputy

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