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GSL Properties, Inc.
2164 S.W. Park Place
Portland, OR 97205

Declaration of
Protective Covenants, Conditions and Restrictions Affecting
HAPPY VALLEY HEIGHTS
Phase 3

Being 6.719 acres
Plat No. 3590 Book 117 Page 22

Whereas, H.V. Rolling Hills Limited Partnership, as Oregon limited partnership is the owner of certain real property situated in Clackamas County, known as Happy Valley Heights Phase 3 (the "Property").

Whereas, Declarant desires to declare of public record certain protective covenants, conditions and restrictions upon the ownership of the Property:

1. Shall become and are hereby made a part of all conveyances of the Property and any portion thereof;
2. Shall by reference become part of any conveyances of the Property or any part thereof, shall run with the Property, shall be binding on all parties having or acquiring any right, title or interest therein and shall apply thereto as fully and with the same effect as if set forth in full therein.

ARTICLE I
DEFINITIONS

1.01 "Association" shall mean and refer to Happy Valley Heights Homeowner's Association, an Oregon nonprofit corporation to be organized in accordance with the terms hereof, its successors and assigns.

1.02 "Declarant" shall mean H.V. Rolling Hills Limited Partnership, an Oregon limited partnership, its successors and assigns.

1.03 "Lot" shall mean a plot of land designated for residential use within the Property and identified on the plat or plats thereof by Arabic numerals, together with such additional lots or parcels as may hereafter, by recorded conditions or restrictions, be brought within the jurisdiction of the Association.

1.04 "Member" shall mean and refer to every person or entity who holds membership in the Association.

1.05 "Owner" shall mean the owner of record, whether one or more persons or entities, of a fee simple title to any Lot, including contract sellers.

1.06 The "Plat" shall mean the plat of Happy Valley Heights Phase 3 subdivision filed for record in the plat records of Clackamas County, Oregon, in Book 117, Page 22, on November, 2000.

1.07 "Property" shall mean the real property situated in Clackamas County, Oregon, described on the attached Exhibit "A", together with such additional lots or parcels as may hereafter, by recorded conditions or restrictions, be brought within the jurisdiction of the Association.

1.08 "Residence" shall mean that portion or part of any structure intended or designed to be occupied by one family as a dwelling, together with attached or detached garage and the patios, porches, or steps annexed thereto.

1.09 The "Subdivision" shall mean collectively, all of the Lots within the Property, as subdivided by the Plat and future plats of the portion of the Property not included within the Plat.

1.10 "These covenants" or "Declaration" shall mean the protective covenants, conditions and restrictions and other provisions as set forth in this Declaration, as the same may be amended and supplemented from time to time in accordance with the provisions of this Declaration.

ARTICLE II PROPERTY SUBJECT TO THESE COVENANTS

2.01 Declaration of Covenants. Declarant hereby declares that the Property is held and shall be held, conveyed, hypothecated, encumbered, used, occupies and improved subject to these covenants.

ARTICLE III OWNER'S ASSOCIATION

3.01 Organization. The Declarant shall organize an Association of all the Owners of Lots. Such Association, its successors and assigns, shall be organized under the name Happy Valley Heights Homeowner's Association or a name similar thereto and shall have property, powers and obligations as set forth in these covenants for the benefit of the Properties. The Declarant shall organize the Association as a nonprofit corporation under the general nonprofit corporations laws of the State of Oregon. The Articles of Incorporation of the Association shall provide for its perpetual existence, but in the event the Association is any time dissolved, whether inadvertently or deliberately, an unincorporated Association of the same name shall automatically succeed it. In that event, all of the property, powers and obligations of the incorporated Association existing immediately prior to its dissolution shall thereupon automatically vest in the successor unincorporated association, and such vesting shall thereafter be confirmed and evidenced by

appropriate conveyances and assignments by the incorporated Association. To the greatest extent possible, any successor unincorporated Association shall be governed by the Articles of Incorporation and the Bylaws of the Association, as if they had been made to constitute the governing documents of the unincorporated Association. The Articles of Incorporation and the Bylaws of the Association shall be deemed covenants running with the ownership of Lots and shall be binding upon Owners as if verbatim recited herein.

3.02 Membership. Every person or entity who is a record owner of a fee or undivided fee interest in any Lot (including Lots created or annexed under Section 2.02) shall be proprietary Members of the Association. The foregoing is not intended to include persons or entities that hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any Lot, which is subject to assessment, by the Association. Ownership of such Lot shall be the sole qualification for membership.

3.03 Control of Affairs of Association. On the date that is not later than 120 days after homes representing seventy-five percent (75%) of the votes of the Members have been conveyed, Declarant shall call a meeting and at such meeting shall turn over administrative responsibility to the Association in accordance with applicable statute.

3.04 Voting Rights. The Association shall have two classes of voting membership:

Class A. Class A Members shall be all of those Members as defined in this Article with the exception of H.V. Rolling Hills Limited Partnership, its successors and assigns; provided, that it shall become a Class A Member when its Class B membership has been converted as hereinafter defined. Class A Members shall be entitled to one (1) vote for each Lot in which they hold the interest required for membership by Section 3.02. When more than one person or entity holds such interest in any Lot, each such person or entity shall be a Member. The vote with respect to such Lot shall be exercised as they among themselves determine and shall have certified unanimously and in writing to the secretary of the Association, but in no event shall more than one (1) vote be cast with respect to any Lot.

Class B. The Class B membership shall be H.V. Rolling Hills Limited Partnership, its successors and assigns. The Class B Member shall be entitled to three (3) votes for each Lot within the Property in which it holds the interest required for membership by Section 3.02; provided, that the Class B membership shall cease and be converted to Class A membership on the earlier to occur of the following events: (i) when the total votes outstanding in the Class A membership equals the total votes outstanding in the Class B membership; or (ii) twelve (12) years from the date of recording these Covenants in the County Deed Records.

ARTICLE IV COVENANT FOR MAINTENANCE ASSESSMENTS

4.01 Creation of the Lien and Personal Obligation of Assessments. The Declarant hereby covenants for the Property, that each owner and each vendee of any Lot, whether or not it shall

be so expressed in any deed or other conveyance or agreement for conveyance, is deemed to covenant and agree to pay the Association (i) regular annual or other regular periodic assessments or charges as established by the Association and (ii) special assessments for capital improvements, such assessments to be fixed, established and collected from time to time as hereinafter provided. The regular and special assessments, together with such interest thereon and costs of collection thereof, as hereinafter provided, shall be a charge on the Lot 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 fees, shall also be the personal obligation of a person or entity that was the Owner of such property at the time such assessment became due. The obligation shall remain a lien upon the property until paid or foreclosed, but shall not be a personal obligation of successors in title unless expressly assumed by them.

4.02 Purpose of Assessments. The assessments levied by the Association shall be used exclusively for the maintenance for the common and wetland areas, irrigation, fencing, and monumentation of the landscaping along the entry road, and the maintenance of insurance policies thereon, and for funding the Reserve Account.

The Association may also render such additional services as designated by its Directors.

4.03 Reserve Account. The Declarant shall establish a reserve account for replacement of all items of common property which will normally require replacement, in whole or in part, in more than three (3) and less than thirty (30) years and which are insurable by a common carrier of all purpose risk insurance.

(a) The Reserve Account established under this section shall be funded by assessments against the Lots for maintenance of items for which the reserves are established. The amount assessed shall take into account the estimated remaining life of the items for which the reserve is created and the current replacement costs of those items.

(b) The Reserve Account shall be established in the name of the Association. The Association is responsible for administering the account and for making periodic payments into it. The Association shall adjust the amount of the payments at regular intervals to reflect changes in current replacement costs.

(c) The account may be used only for replacement of common property and is to be kept separate from assessments for maintenance. However, after the individual lot Owners have assumed responsibility for Administration pursuant to Section 3.03, the Board of Directors of the Association may borrow funds from the Reserve Account to meet temporary expenses. Funds borrowed to meet temporary expenses under this subsection must be repaid from special assessments or maintenance fees.

(d) Following the second year after the Association has assumed administrative responsibility for the Association under Section 3.03, if Owners of Lots representing seventy-five percent (75%) of the Properties agree to the action, they may vote to increase, reduce or eliminate future assessments for the Reserve Account.

(e) Assessments paid into the Reserve Account are the property of the Association and are not refundable to sellers or Owners of Lots.

4.05 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 or reconstruction or unexpected repair or replacement of a described capital improvement upon the common areas, (which for this purpose may include lighting facilities for roads, streets and other public thoroughfares) including the necessary fixtures and personal property related thereto, provided that any such special assessment for structural alterations, capital additions or capital improvements shall require the assent of fifty-one percent (51%) of the votes of each class of Members who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be sent to all Members not less than thirty (30) days not more than sixty (60) days in advance of the meeting setting forth the purpose of the meeting. This section shall not prohibit the Directors from authorizing capital expenditures for replacements or repairs or improvements from funds generated by regular assessments.

4.06 Uniform Rate of Assessment; Common Profits. Both annual assessments and any special assessments must be fixed as a uniform rate for services rendered for all Lots and may be collected on an annual, quarterly or monthly basis at the discretion of the Directors. If special services are rendered to specific Lots at the request of such Owner, additional assessments shall be charges to such Lots. If the Association has any common profits at the end of any fiscal year the Board of Directors may, in its sole discretion, elect to distribute said profits to Members in proportion to the assessments made to the Members' Lots during the same fiscal year.

4.07 Quorum for Any Action Authorized Under Section 3 and 5. At the first meeting called, as provided in Section 5.03 and 5.05 hereof, the presence at the meeting of Members or of proxies entitled to cast twenty percent (20%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not forthcoming, at any meeting, another meeting may be called, subject to the notice requirement set forth in Section 5.03 and 5.05, and the required quorum at such subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the date of the meeting at which no quorum was forthcoming.

4.08 Date of Commencement of Annual Assessment; Due Dates. The annual assessments provided for herein shall commence as to all Lots on the first day of the month following the conveyance to the Association of the common areas located with such plat. The first regular 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 regular assessment 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 at any reasonable time, furnish a certificate in writing signed by an officer of the Association setting forth whether the assessments on a specific Lot have been paid. A reasonable charge may be made by the Board for the issuance of these certificates; such

certificate shall be conclusive evidence of payment of any assessment therein stated to have been paid.

4.09 Effect of Nonpayment of Assessments; Remedies of the Association. 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 following rate per annum: From the date hereof until the first annual meeting of Members, twelve percent (12%) per annum; and thereafter at a rate per annum which the Members shall establish at each such annual meeting to be in effect until the next such annual meeting, but if no such rate is so established by the Members, then the rate shall be twelve percent (12%) per annum. The Secretary of the Association shall file in the office of the County Clerk, or appropriate recorder of conveyances of Clackamas County, Oregon within one hundred twenty (120) days after delinquency, a statement of the amount of any such charges or assessments together with interest as aforesaid, which have become delinquent with respect to any Lot. Upon payment in full thereof, the Secretary shall execute and file a proper release of the lien securing the same. The aggregate amount of such assessment, together with interest, costs, expenses and reasonable attorney's fees for filing and enforcement thereof, shall constitute a lien on the Lot with respect to which it is fixed, including any improvement thereon, from the date the notice of delinquency thereof is filed in the office of said County Clerk or other appropriate recording office, until the same has been paid or relapsed as herein provided. Such lien may be enforced by the Association in the manner provided by law with respect to liens upon real property. The Owner of said Lot at the time said assessment becomes due shall be personally liable for the expenses, costs, disbursements and attorney's fees, which shall also be secured by said lien, including additional attorney's fees incurred on appeal. The Owner at the time such assessment is incurred shall also be personally liable for any deficiency remaining unpaid after any foreclosure sale. No Owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the common areas or abandonment of his Lot or any improvement thereon.

4.10 Subordination of the Lien to Mortgagees. The lien of the assessments provided for herein shall be inferior, junior and subordinate to the lien of all mortgages and trust deeds now or hereafter placed upon said Property or any part thereof. The sale or transfer of any Lot which is subject to any mortgage or trust deed, pursuant to a decree of foreclosure under such mortgage or trust deed or any proceeding in lieu of foreclosure thereof, shall extinguish the lien of such assessments as to amounts thereof which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot and any improvements thereon from liability for any assessments thereafter becoming due or from the lien thereof.

4.11 Exempt Property. The following property subject to this Declaration shall be exempt from the assessments created herein: (a) all properties expressly dedicated to and accepted by a local public authority; (b) the common areas, (c) all other properties owned by the Association.

**ARTICLE V
RESIDENTIAL COVENANTS**

5.01 Land and Building Type. No Lot shall be used except for residential purposes. No building shall be erected, altered, placed or permitted to remain on any Lot other than one detached single family dwelling, not to exceed two and one-half (2 1/2) stories in height, excluding pony walls, as determined by the Architectural Control Committee and a private garage for not less than two (2) cars. Carports are prohibited. The foregoing provisions shall not exclude construction of a private greenhouse, storage unit, private swimming pool, or a shelter or port for the protection of such swimming pool, or for storage of a boat and/or camping trailer kept for personal use provided that the location of such structure is in conformity with the applicable municipal regulations, and is compatible in design and decoration with the Residence constructed on such Lot, and has been approved by the Architectural Control Committee, prior to construction. Please refer to 6.05 also.

The foregoing provisions shall not be deemed to prohibit the construction of a Residence on a Lot in accordance with this Declaration nor the storage, during the course of construction, of construction materials and equipment on said Lot as may be necessary for such construction nor the use of any Residence on a Lot as a sales office or model home for the purpose of sales in the Subdivision under such circumstances and for such periods of time as may from time to time be deemed reasonable by the Architectural Control Committee.

5.02 Residence Size. The total living area of any one level Residence exclusive of open porches and garage shall not be less than 1800 square feet, as measured by the Architectural Control Committee. In the case of a two (2) story, the total square footage shall not be less than 2200 square feet, exclusive of open porches and garages.

In the case of a two-story, multi-level, split entry, split foyer, or daylight basement home, the total square footage shall not be less than 2200, exclusive of open porches and garages. The main level must have a minimum of 1200 square feet. The Architectural Control Committee, upon receiving written application, may at its discretion, waive any violation of this provision, which the Committee finds to have been inadvertent.

5.03 Building Setbacks. No building shall be located on any Lot nearer than twenty (20) feet to the front and rear lot lines or nearer than five (5) feet to a side lot line. On corner Lots, the side yard shall be a minimum of fifteen (15) feet on the side without drive or garage abutting the street and twenty (20) feet where drive or garage abuts street.

The Architectural Control Committee, upon application from a Member, may in its discretion waive any violation of this Section 5.03, which it finds to have been inadvertent, provided the same would not constitute a violation of applicable law.

5.04 Easements. Easements for installation and maintenance of utilities and drainage, and irrigation facilities are reserved, as shown on the recorded plat. Within these easements no

structure, fence, planting or other materials shall be placed or permitted to remain which may damage or interfere with the installation or maintenance of such utilities, or which may change the direction of flow of water through drainage channel in the easements or which may obstruct or retard the flow of water through drainage channels in the easements. The easement area of each Lot and all improvements in it shall be maintained continuously by the Owner of the Lot, except those improvements for which a public authority or utility company is responsible.

5.05 Temporary Structure or Moving of Residences. No structures of a temporary character, trailer, basement, tent, shack, garage, barn or other outbuilding shall be used on any Lot at any time as residence, whether temporarily or permanently. No residences shall be moved onto any Lot from another location. No manufactured homes or move-in housing will be allowed on any Lot.

5.06 Fences. No fence shall exceed six (6) feet in height from the finished Lot grade on the highest side. In no event shall side yard fences project beyond the front walls of any Residence or other dwelling or any garage, except as allowed by the Architectural Control Committee. Chain link fencing is prohibited, except in rear of Lots facing wetlands. All wood fencing shall be #1 cedar of "good neighbor" design or equivalent and shall have a two (2) inch by six (6) inch top cap.

Good neighbor designs are Board on Board or 8' Staggered Panels (reverse panels). The Architectural Control Committee must approve all other types of fencing, as well as placement of fencing on the side yard abutting the street for any corner lot.

Hedges or other solid screen planting may be used as lot line barriers. No building, wall, fence, paving, landscaping or construction of any type shall be erected or maintained by an Owner of a Lot so as to trespass or encroach upon the common areas.

5.07 Offensive Activity. No noxious or offensive activity shall be carried upon any Lot, nor shall anything be done thereon which may be, or may become an annoyance or a nuisance to the neighborhood.

5.08 Business and Commercial Uses. No trades, crafts, businesses, professions, or commercial or similar activity of any kind shall be conducted on any Lot, except as allowed by applicable law and duly constituted governmental authorities, nor shall any goods, equipment, vehicles, materials or supplies used in connection with any trade, service or business be kept or stored on any Lot, excepting the right of any homebuilder and the Declarant to construct Residences on any Lot, to store construction equipment and materials on said Lots in the normal course of said construction and to use any single family Residence as a sale office or model home for purposes of sales in the Subdivision. This provision, however, shall not be construed so as to prevent or prohibit an Owner from maintaining professional telephone calls, or conferring with business or professional associates, clients, or customers in Owner's home.

5.09 Signs. No sign of any kind shall be displayed to the public view on any Lot or improvement, except professionally made signs of not more than six (6) square feet advertising the property for sale. This restriction shall not prohibit the temporary placement of political signs on any Lot by

the Owner, or placement of a professionally made sign by the Declarant, which must comply with local applicable sign ordinances. This restriction does not apply to signs used by Declarant, builders, Realtors or agents during construction and sales.

5.10 Parking. Parking of boats, trailers, motorcycles, trucks, truck-campers and like equipment will not be allowed on any part of any Lot or on public ways adjacent thereto, except on an occasional basis, consistent with guidelines the Architectural Control Committee may from time to time adopt. However, such parking shall be allowed within the confines of an enclosed garage, or behind a screening fence or shrubbery, which shall in no event project beyond the front walls of any Residence or other dwelling or any garage. No Owner shall permit any vehicle, which is in a state of disrepair to be abandoned or to remain parked upon any Lot or on the common areas for a period in excess of forty-eight (48) hours.

5.11 Animals. No animals, livestock, or poultry of any kind shall be raised, bred or kept on any Lot, except that a maximum of 3 dogs, cats, or other household pets may be kept provided that they are not kept, bred, or maintained for commercial purposes and are reasonably controlled so as not to be a nuisance.

5.12 Trash or Rubbish. No Lot shall be used or maintained as a dumping ground for rubbish. Trash, garbage or other waste shall be kept in sanitary containers and out of public view. All incinerators or other equipment for the storage or disposal of such materials shall be kept in a clean and sanitary condition. Yard rakings and dirt resulting from landscaping work shall not be dumped onto streets of on any Lots.

5.13 Construction Completion. Construction of any Residence shall be completed, including exterior decoration, with eight (8) months from the date of the start of such construction. All Lots shall, prior to the construction of improvements thereon, be kept in a neat and orderly condition and free of brush, vines, weeds, debris and the grass thereon cut or mowed at sufficient intervals to prevent creation of a nuisance or fire hazard. All lots purchased will commence construction within twelve (12) months, and subject to 7.01 Enforcements of Covenants.

5.14 Landscape Completion. All front yard landscaping must be completed within six (6) months from date of occupancy. Back and side yards must be completed within one year from occupancy. Each lot will require a minimum of two (2) street trees to be planted, except for narrow cul-de-sac lots. Corner lots will require a minimum of four (4) street trees to be planted. Planting to be completed by declarant and is included in price of lot.

5.15 (a) Antennas and Service Facilities. Exterior antennas shall not be permitted to be placed upon the roof of any structure or on any Lots. No CB or short wave radio antennas of any kind are permitted. Laser dishes such as a small Sony or RCA (two (2) feet in diameter) will be accepted subject to review by the Architectural Control Committee.

(b) Utilities. No outdoor overhead wire, service drop or other facility for the distribution of electric energy or for telecommunication purposes, nor any pole, tower or other structure supporting outdoor overhead wires shall be erected, placed or maintained within the Property. All

Owners of Lots, their heirs, successors and assigns shall use underground service wires to connect their premises and the structure built thereon to the underground electric, telephone utility or cable television facilities provided, except as mandated by local jurisdictions or public utility companies.

5.16 Basketball Hoops No permanent basketball hoops are allowed in front or street-side yard of any Lot.

5.17 Water Supply. No individual water supply system shall be permitted on any Lot.

5.18 Exterior Finish. The exterior of all construction on any Lot shall be designed, built and maintained in such a manner as to blend in with the natural surroundings, existing structures and landscaping in the Subdivision. The Architectural Control Committee will establish guidelines to regulate the color of building exteriors. The Architectural Control Committee in accordance with the provisions of Article V, must approve exterior colors prior to painting. Exterior trim, fences, doors, railings, decks, eaves, gutters and the exterior finish of garages and other accessory buildings shall be designed, built and maintained to be compatible with the exterior of the structure they adjoin. All exterior flashings or visible metal must be painted. Any "0-clearance" fireplaces must be enclosed in a wood chase with a metal chase enhancer. Fireplaces and chimneys in the front or on the street side of a home must be brick. All structures will have a minimum of forty (40) square feet of brick or stone veneer in front of house. Brown and bright offensive colors are not allowed. Stucco or stamped concrete are not considered brick or stone veneer.

Any synthetic stucco, to be used in lieu of the forty (40) square feet of brick or stone veneer requirement and must be approved by the Architectural Control Committee when submitted for approval prior to installation with a colored front elevation showing in detail all trim, corbels, banding and detail etc.

5.19 Exterior Materials. The Architectural Control Committee in accordance with the provisions of Article II must approve exterior materials for use herein, and in accordance with the provisions of Article II herein, and in accordance with the provisions appearing in the Real Estate Contract for the purchase of Lots in this Subdivision. Roofing materials must be cedar shake, tile or presidential comp or equivalent, if approved by Architectural Control Committee prior to installation, in driftwood gray tones. No manufactured wood roofs or metal roofs are permitted. Other man-made roofing products may be permitted subject to approval of the Architectural Control Committee. Windows must be wood or vinyl. Exterior siding shall be cedar, L.P. lap, cement composite or a decorative siding approved by the Architectural Control Committee. T-111 plywood siding will not be permitted. All homes are to be double-wall construction. Minimum roof pitch is to be no less than five-twelfth (5/12); with the exception Frank Lloyd Wright Prairie Designs of which minimum roof pitch is to be no less than four-twelfth (4/12) pitch.

5.20 Trees, Vegetation and Soil Condition. Declaring / Developer is not responsible for trees, vegetation or soil condition on any Lot.

5.21 Mail Box Clusters. Each Lot will have a mailbox in a brick enclosed mailbox cluster to be constructed by the Declaring.

**ARTICLE VI
ARCHITECTURAL CONTROL COMMITTEE**

6.01 Membership: Appointment and Removal. The Architectural Control Committee, hereinafter referred to as the Committee, shall consist of as many persons, but not less than one (1), as the Declaring may from time to time appoint. The Declaring shall keep on file at its principle office a list of names and addresses of the members of the Committee. The powers and duties of such Committee shall cease one year after completion of construction of all the single family dwellings, and the sale of said dwellings to the initial owner / occupant on all of the building sites within the property. No member of the Architectural Control Committee, however created or constituted, shall receive any compensation from Association or make any charge for his services.

6.02 Procedures. In the event the Architectural Control Committee fails to approve or disapprove plans and specifications within fifteen (15) working days after such complete plans and plot plans with proper set backs and specifications have been submitted to it, or in any event, if no suit to enjoin the construction contemplated by such plans and specifications has been commenced prior to the completion thereof, approval will not be required and the related covenants shall be deemed to have been fully complied with, but all plans must adhere to these covenants of record. The Architectural Control Committee will keep one complete set of plans until such time the dwelling has been completed and has received final approval from the city or county. A signed letter will be sent out to each owner approving and or disapproving plans submitted.

6.03 Action. Except as otherwise provided herein, any one member of the Architectural Control Committee shall have power to act on behalf of the Committee, without the necessity of a meeting and without the necessity of consulting the remaining members of the Committee. The Committee may render its decision only by written instrument setting forth the action taken by the members consenting thereto.

6.04 Liability. Neither the Architectural Control Committee, nor any member thereof shall be liable to any Owner, occupancy, builder or developer for any damage, loss or prejudice suffered or claimed on account of any action or failure to act by the Committee or a member thereof, provided that the member has in accordance with actual knowledge possessed by him, acted in good faith.

6.05 Approval of Plans by Architectural Control Committee. No Residence, building, garage, or other structure, including swimming pools, animal runs and storage units shall be commenced, erected, placed or altered on any Lot until the construction plans and

specifications, plot plan, and a plan showing the nature, shape, height, materials and colors, together with detailed plans showing the proposed location of the same on the particular building site, have been submitted to and approved in writing by the Architectural Control Committee. All plans and specifications for approval by the Architectural Control Committee must be submitted at least fifteen (15) working days prior to the proposed construction starting date.

6.06 Architectural Control Committee Decision. The Committee may, at its sole discretion, withhold consent to any proposed work if the Committee finds that the proposed work would be inappropriate for the particular Lot or incompatible with the design standards that Declaring intends for the Subdivision. The committee in determining whether or not to consent to any proposed work may take considerations such as setting, shape, size, color, design, height, and impairment of the view from other Lots within this Subdivision or other effects on the enjoyment of other factors, which the Committee reasonably believes to be relevant, into account. Any view Lots could require special approval when the dwelling could block views of other Lots.

6.07 Construction by Declarant. This Article shall not govern construction by Declarant upon portions of property owned by the Declarant. However, Declarant shall approve in writing all plans for original construction prior to the commencement of such construction. Declarant does not choose to limit Declarant's rights to add improvements not described in this Declaration.

6.08 Effective Period of Consent. The Committee's consent to any proposed work shall automatically be revoked one year after issuance, unless construction of the work has been commenced or the Owner has applied for and received an extension of time from the Committee.

6.09 Limitation of Liability of Declarant. Neither Declarant nor any officer or director thereof shall be liable to any Owner on account of action or failure to act by Declarant in performing its duties or rights hereunder, provided that Declarant has, in accordance with actual knowledge possessed by Declarant, acted in good faith.

ARTICLE VII ENFORCEMENT

7.01 Enforcement of Covenants. In the event any Owner shall violate any provision of this Declaration, the Bylaws of the Association or other rules adopted by the Association, then the Association, acting through its Board of Directors shall notify the Owner in writing that the violations or nuisance exist and that the Owner is responsible for them and may (a) notify the Owner in writing that his voting rights are suspended and that the duration of such suspension shall continue for the period that the violations or nuisances remain unabated, or (b) impose fines upon the Owner of \$500 per offense with each day being a separate offense; (c) enter the offending Lot and remove the cause of such violation, or alter, repair or change the item which is in violation of these Covenants in such a manner as to make it conform thereto, in which case the Association may assess such Owner for the entire cost of the work done, which amounts shall immediately be payable to the Association, or (d) bring suit or action against the Owner on behalf of the Association and other Owners to enforce these Covenants, or may do any of the above in

conjunction with each other. Such fines immediately shall be paid to the Association and deposited into the Reserve Account.

7.02 Interest, Expenses and Attorney's Fees. Any amount not paid to the Association when due in accordance with this Declaration shall bear interest from the due date until paid at the following rate per annum: From the date hereof until the first annual meeting of Members, twelve (12) percent per annum; and hereafter at a rate per annum which the Members shall establish at each such annual meeting to be in effect until the next such annual meeting, but if no such rate is so established by the Members, then the rate shall be twelve (12) percent per annum. In the event the Association shall bring any suit or action to enforce this Declaration, to collect any money due to it, or to foreclose a lien, the prevailing party shall be entitled to recover all costs and expenses incurred by him in connection with such suit or action, including a foreclosure title report and such amount as the court may determine to be reasonable as attorney's fees at trial and upon any appeal thereof.

7.03 Nonexclusiveness and Accumulation of Remedies. An election by the Association to pursue any remedy provided for violation of the Declaration shall not prevent concurrent or subsequent exercise of any remedy permitted under this Declaration. The remedies provided in this Declaration are not exclusive but shall be in addition to all other remedies, including actions for damages and suits for injunctions and specific performance, available under applicable laws.

7.04 Effect of Breach. The breach of any of the covenants, conditions or restrictions of the Declaration shall not defeat or render invalid the lien of any mortgage or deed of trust made in good faith for value as to any Lot or Lots or portions of Lots, but these covenants, conditions and restrictions shall be binding upon and effective against any such mortgagee or trustee or Owner thereof, whose title thereto is or was acquired by foreclosure, trustee's sale or otherwise.

7.05 Delay. No delay or omission on the part of the Declarant or the Owners of other Lots in the property in exercising any rights, power or remedy, herein provided, in the event of any breach of the covenants, conditions or restrictions herein contained, shall be construed as a waiver thereof or acquiescence therein, and no right of action shall accrue nor shall any action be brought or maintained by anyone whatsoever against the Declarant for or on account of the failure to bring any action or account of any breach of these covenants, conditions or restrictions, or for imposing restrictions herein which may be unenforceable by the Declarant.

ARTICLE VIII GENERAL PROVISIONS

8.01 Right to Enforce. The Association, or any Member, or Owner of any recorded mortgage or trust deed on any part of the Property shall have the right to enforce, by and proceeding at law or in equity, all restrictions, conditions, covenants, reservations, easements, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or any Member to enforce any covenant or restriction shall not be deemed a waiver of the right to do so thereafter.

In the event of any of violation of any of the provisions of this Declaration, the Declarant or any other person or persons owning real property within the plat may, at their option, exercise the right to enforce these covenants by prosecuting any proceeding at law or in equity necessary to prevent the violation or to recover damages sustained by reason of such violation. Failure by any party to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. In any action successfully prosecuted to abate or recover damages for a violation of the provisions of this Declaration, the prevailing party shall be entitled to recover all costs, including reasonable attorney fees, incurred in such enforcement.

8.02 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.

8.03 Duration. The covenants and restrictions of this Declaration shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Association, or the Owner of any Lot subject to this Declaration, their respective legal representatives, heirs, successors and assigns, for a term of twenty-five (25) years from the date appearing on this Declaration, after which time said covenants shall be automatically extended for successive periods of ten (10) years each.

8.04 Term and Amendment. These covenants and restrictions shall run with and bind all the property within this Subdivision for a term of twenty (20) 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 or parts hereof can be terminated, revoked, or amended only by duly recording an instrument which contains the amendment or the order of revocation or termination and which is signed by the owners of seventy-five (75) percent of the platted Lots except that the Declarant shall retain the authority to make amendments until it has closed no less than seventy-five (75) percent of the Lots. After seventy-five (75) percent of Lots have been sold, any of the covenants and restrictions of this Declaration, except the easements herein granted, may be amended by an instrument signed by Members entitled to cast not less than seventy-five (75) percent of the votes of each class of membership. Easements herein granted and reserved shall not be amended except by instrument signed and acknowledged by one-hundred (100) percent of the Owners of the property concerned, and by the Architectural Control Committee. All such amendments must be recorded in the appropriate Deed Records of Clackamas County, Oregon to be effective.

8.05 No Right of Reversion. Nothing in this Declaration, or in any form of deed which may be used by Declarant, or its successors and assigns, in selling said Property, or any part thereof, shall be deemed to vest or reserve in Declarant or the Association any right or reversion or reentry for breach or violation of any one or more of the provisions hereof.

8.06 Right of Mortgagees Relating to Maintenance. The record holder of any mortgage or deed of trust on any Lot, who becomes the record owner of such Lot through foreclosure, judicial sale, deed-in-lieu-of-foreclosure, or any other legal means, shall be considered an Owner for purposes of these covenants and shall have all rights and obligations of other Owners hereunder.

8.07 Loss of Property. In order to protect and preserve the appearance and value of the Property, each Owner is required to repair or rebuild his Residence after any loss to it.


8.08 No Waiver. Provisions contained in this Declaration shall bind and inure to the benefit of and be enforceable by Declarant, the Association and the Owner or Owners of any portion of the Property, and their heirs and assigns, and each of their legal representatives; and failure by Declarant or by the Association or by any of the Members of their legal representatives, heirs, successors or assigns, to enforce any such conditions, restrictions or charges shall in no event be deemed a waiver of the right to do so.

8.09 Assignment, Delegation of Declarant's Rights. Declarant hereby appoints GSL Properties, Inc., a New Mexico corporation, Declarant's agent for the exercise of Declarant's rights and powers hereunder and for the enforcement of these covenants. Any or all rights, powers and reservations of Declarants herein contained may be assigned to the Association or to any other corporation or association which is now organized or which may hereafter be organized and which will assume the duties of Declarant hereunder pertaining to the particular rights, powers and reservations assigned; and upon any such corporation or association evidencing its intent in writing to accept such assignment and assume such duties it shall to the extent of such assignment have the same rights and powers to be subject to the same obligations and duties as are given to and assumed by Declarants herein. All rights of Declarants hereunder reserved or created shall be held and exercised by GSL Properties, Inc., so long as Declarants own any interest in any portion of the Property.

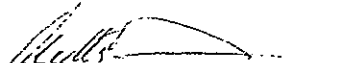
In Witness Whereof, the Declarant caused its name to be subscribed by its General Partners on this ____ day of _____, 2000.

H.V. ROLLING HILLS LIMITED PARTNERSHIP

By: Wilson Homes & Development, INC., General Partner

By: 
Keith L. Wilson, President

By: GSL Properties, Inc., General Partner

By: 
Walter O. Grodahl, III, Chairman / CEO

STATE OF OREGON)

County of) Clarkamas) ss.

On this 14 day of March, 2000, before personally appeared Keith L. Wilson, who being duly sworn, did say that he is the President of Wilson Homes & Development, INC. an Oregon corporation, General Partner of H.V. Rolling Hills Limited Partnership, an Oregon limited partnership, and that said instrument was signed and sealed on behalf of said partnership by authority of its governing board; and he acknowledged that this instrument is the partnership's voluntary act and deed.

Kathy Jensen
Notary Public for Oregon
My Commission Expires: _____



STATE OF OREGON)

County of) Washington) ss.

On this 14th day of March, 2000, before personally appeared Walter O. Grodahl, III, who being duly sworn, did say that he is the Chairman and CEO of GSL Properties, Inc., a New Mexico corporation, General Partner of H.V. Rolling Hills Limited Partnership, an Oregon limited partnership and that said instrument was signed and sealed on behalf of said partnership by authority of its governing board; and he acknowledged that this instrument is the partnership's voluntary act and deed.

Sharyl K. Arkwenuk
Notary Public for Oregon
My Commission Expires: March 30, 2000



EXHIBIT A
HAPPY VALLEY HEIGHTS 3
PHASE 3
DESCRIPTION
June 14, 1999
Revised: November 23, 1999
Revised: March 1, 2000

A tract of land in the northeast one-quarter of Section 35, Township 1 South, Range 2 East, Willamette Meridian, Clackamas County, Oregon, and being described as follows:

Beginning at the northeast corner of Tract 'A', "Northview at Happy Valley Heights", Plat No. 3442, Clackamas County Plat Records; thence S.88°26'57"W. along the northerly line of said "Northview at Happy Valley Heights", 543.56 feet to the southeast corner of Lot 121, "Happy Valley Heights 2", Plat No. 3377, Clackamas County Plat Records; thence tracing the boundary of said "Happy Valley Heights 2" along the following courses: N.01°32'55"W., 111.09 feet; and thence N.88°27'17"E., 36.35 feet; and thence N.01°32'39"W., 162.32 feet; and thence N.85°20'43"W., 20.94 feet; and thence N.34°27'51"E., 7.41 feet; and thence N.28°05'41"W., 32.54 feet; and thence N.53°01'22"W., 69.87 feet; and thence N.42°32'14"W., 21.85 feet to the most southerly corner of Lot 20, "Happy Valley Heights", Plat No. 3259, Clackamas County Plat Records; thence tracing the boundary of said "Happy Valley Heights" along the following courses: N.52°16'53"E., 144.88 feet; and thence N.55°54'45"E., 225.28 feet; and thence N.88°54'17"E., 304.61 feet to the west line of that certain tract of land described in Fee No. 91-065092, Clackamas County Records; thence S.01°07'18"E. along said west line, 575.05 feet to the Point of Beginning.

Contains 6.719 acres, more or less.