

**FIRST AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS**

RECITALS

A. Sunny Hill Home Owners Association (the 'Association'), an Oregon non-profit corporation, is the administrator of certain real property located in the City of Lake Oswego, County of Clackamas, and State of Oregon, known as Sunny Hill (the 'Property'). Owners of lots in the Property are members of the Association ('Members'). From among the Members, directors ('Directors') are elected to serve on the Association's board ('Board of Directors').

B. The plat of Sunny Hill was recorded on December 29, 1977, in book 74, pages 23 and 24, of the Plat Records of Clackamas County, Oregon. The total number of residential lots within the Property is 102. The Property also includes nine common area open space tracts – tracts A, B, C, D, E, F, G, H, and J shown on the plat (the 'Common Area').

C. The initial Sunny Hill Declaration of Restrictions was recorded in Clackamas County, Oregon, on 23 March, 1978 as 78-11873. Amendments were recorded as 78-45253 on 13 October, 1978; 85-09774 on 25 March 1985; 85-20062 on 12 June, 1985; and 86-09277 on 17 March 1986.

D. The Association desires to subject the Property to the covenants, conditions and restrictions set forth herein for the benefit of the Property and its present and subsequent owners. The Association is a nonprofit corporation, to which shall be delegated and assigned the powers of maintaining and administering the Common Area, administering and enforcing the covenants, conditions and restrictions, and collecting and disbursing the assessments and charges hereinafter created.

E. As a planned community, Sunny Hill is subject to certain provisions of the Oregon Planned Community Act (the “Act”), ORS 94.550 to 94.783 and as may be amended, to the extent consistent with the Association’s governing documents. Because the Association was incorporated prior to passage of the Act, not all provisions of the Act apply to the Association.

NOW THEREFORE, Sunny Hill Home Owners Association, with the approval of greater than 50% of its Members, hereby amends and restates the Declaration of Restrictions for Sunny Hill to provide that: from and after the date on which this First Amended and Restated Declaration of Covenants, Conditions, and Restrictions is recorded with the recorder of Clackamas County, Oregon, it will supersede and replace documents recorded as Nos. 7811873, 7845253, 8509774, 8520062, and 86-09277; the conditions, covenants, restrictions, easements and reservations hereinafter set forth shall constitute covenants to run with the land and shall be binding upon all persons claiming under them; and also that the conditions, covenants, restrictions, easements and reservations hereinafter set forth shall inure to the benefit of and be limitations upon all future owners of lots in the Property and owners of any interest in any lot in the Property.

ARTICLE I – RESIDENTIAL USE LIMITATION

No lot shall be used for any purpose other than residential purposes, and no building other than one detached single-family dwelling with at least a two-car garage shall be erected, placed or permitted to remain on any lot. All roof drains shall be dispersed into dry wells on each lot.

ARTICLE II - EASEMENTS

Easements for the utilities, as outlined on the recorded plat of Sunny Hill over the Common Area, are hereby reserved to the City of Lake Oswego.

ARTICLE III – NOXIOUS ACTIVITIES

No noxious or offensive activity shall be permitted upon any lot, nor shall anything be done thereupon, or in any single-family dwelling erected thereon, which may be, or may become, an annoyance or nuisance to the neighborhood.

ARTICLE IV – STRUCTURES AND PARKING

No structure, either affixed to or separate and apart from the residential dwelling, shall be erected or built or placed upon any lot without the prior written consent of the Association; which Association shall require a showing by the applicant that the proposed structure also complies with applicable state and city building codes and any other applicable codes, and that such proposed structure is in harmony with the external design of the residential dwelling on the lot of the proposed structure. No storage structures which are separate and apart from the residential dwelling will be allowed.

No trailer, boat, tent, camper, whether mounted or unmounted, motorhome, recreational vehicle, or any related equipment or similar vehicle, shall be placed, parked, or stored outside of a garage on any lot. Temporary parking of the above items on the driveway for a period not to exceed five (5) days in any calendar month is allowed. Temporary parking for two consecutive five-day periods (the equivalent of ten consecutive days) is not allowed.

No vehicle shall be parked in any location on any lot other than on the driveway, such driveway to conform with all applicable codes and Association restrictions. Parking in public streets adjacent to any lot is governed by the Lake Oswego City Code and not this First Amended and Restated Declaration of Covenants, Conditions and Restrictions.

ARTICLE V - SIGNS

No sign of any kind shall be displayed to public view on any lot or improvement thereon, except one on-premises sign advertising the property for sale or rent.

ARTICLE VI - FENCES

No fence or wall of any kind shall be erected without the prior written consent of the Association. Furthermore, the maximum height of a site-obscuring fence shall be six (6) feet, and such fence shall be of wood construction and shall not be placed forward of the side of the residence along which it parallels.

ARTICLE VII - ANIMALS

Subject only to reasonable accommodations required by fair housing laws, no animals, including livestock or poultry of any kind, shall be raised, bred, or kept on any lot; except that dogs, cats, or other household pets may be kept, provided that they are not kept, bred or maintained for any commercial purposes.

ARTICLE VIII - ANTENNAS

Exterior satellite dishes or antennas with a diameter of one meter or less that are covered under the Federal Communications Commission over-the-air reception devices rule (OTARD) are allowed. All other antennas must be installed in such a manner as to not be visible outside of any dwelling.

ARTICLE IX – PREMISES MAINTENANCE AND LANDSCAPING

Each lot owner shall maintain the exterior of the premises and the improvements situated thereon, including but not limited to roofs, fences, gutters, downspouts, exterior building surfaces, trees, shrubs, grass, walks and other exterior improvements, in a neat and orderly manner and in good order and repair.

Premises surrounding buildings shall be maintained; weeds shall be removed with reasonable frequency; and grass shall be cut during growing seasons so as to conform to neighborhood appearances. Board of Directors approval is not required for landscaping changes; however, the outside appearances of the homes and land surrounding them shall be maintained in a manner and to a standard consistent with that generally maintained by the neighboring properties and lots throughout the Property.

ARTICLE X – EXTERIOR CHANGES TO HOMES

Prior to commencement of construction of any dwelling and/or fence on any lot, the plans, elevations, site location, materials and exterior colors must be approved in writing by the Board of Directors; once approval is received, any subsequent changes of any kind must be submitted to the Board of Directors for written approval.

Board of Directors approval is required before commencing major exterior alterations or renovations to an existing home on any lot, including, but not limited to, additions, roofing or siding replacement, painting, and driveway replacement or modification.

Board of Directors approval is not required for minor changes to the exterior of an existing home, including, but not limited to, siding or roofing repair, touch-up painting, replacement of exterior light fixtures, replacement of house numerals, and like-for-like replacement of exterior features not included in the above list of major exterior alterations or renovations.

For exterior alterations or renovations requiring Board of Directors approval, plans and specifications showing the nature, kind, shape, type, materials, color and location of the same

shall be submitted to and approved by the Board of Directors in writing, such approval considering the harmony of external design and compatibility to surrounding structures.

ARTICLE XI – ASSOCIATION RESPONSIBILITIES

The Association shall be responsible for the care, maintenance, and costs of the Common Area and any improvements to the Common Area, and for levying and collecting annual charges and assessments, as provided in the Articles of Incorporation and By-Laws of the Association.

ARTICLE XII – ANNUAL ASSESSMENTS

Each lot in Sunny Hill shall be subject to an annual charge or assessment as more specifically set forth in the Articles of Incorporation and By-Laws of the Association, to which reference may be made for additional provisions and details.

ARTICLE XIII – REASONABLE STIPULATIONS AND AMENDMENT

In construing this First Amended and Restated Declaration of Covenants, Conditions and Restrictions (also referred to in Article XIII as the “Document”), or any part thereof, stipulations which are necessary to make the Document, or any of its terms or provisions, reasonable, are implied. The determination by any court that any of the provisions of the Document are unlawful or void shall not affect the validity of any of the other provisions hereof.

All of the conditions, restrictions, and charges set forth in the Document are imposed upon said property for the direct benefit thereof, and of the owners thereof, as a part of the general plan of development, improvement, building, and maintenance hereby adopted. These conditions, covenants and restrictions shall run with the land and shall continue in full force and effect until extinguished or modified as herein provided. Any of the conditions, covenants and restrictions may be changed, modified or extinguished at any time by a written instrument approved by a -majority or more of the lots in Sunny Hill. Any amendment must be executed, recorded, and certified as provided by law.

ARTICLE XIV - ENFORCEMENT

Enforcement of the provisions hereof shall be by action at law or suit in equity against any person or persons violating, or attempting to violate, any provision or provisions hereof, and

the prevailing party shall be entitled to such attorney's fees as the court may deem reasonable in any such action or suit.

If an action at law or suit in equity is brought by one or more Members against one or more other Members without involvement of the Association, then the Association shall not be liable for attorney's fees regardless of the outcome of the action.

ARTICLE XV - WAIVER

The provisions contained in this Declaration shall bind and inure to the benefit of, and be enforceable by, the Association and the owner or owners of any portion of the Property, and their, and each of their, legal representatives, successors, heirs, and assigns, and failure by the Association, or by any of the property owners or their legal representatives, heirs, successors, or assigns to enforce any of such conditions, covenants or restrictions or herein contained shall in no event be deemed a waiver of the right to do so.

ARTICLE XVI – MISCELLANEOUS

Governing Document Priority - In the event of a conflict among any of the provisions in the documents governing the Association, such conflict shall be resolved by looking to the following documents in the order of precedence shown below, with (a) having the highest precedence:

- (a) Declaration
- (b) Articles
- (c) Bylaws
- (d) Rules and Regulations created or amended by the Board of Directors.

Voting Methods. The Board of Directors may designate the method of voting on any particular matter, to include casting votes in person, by written ballot, by absentee ballot, by proxy, or by any other means specified in the Oregon Planned Community Act, including electronic ballot.

Indemnification - To the fullest extent authorized by law and the governing documents of the Association, the personal liability of each Director to the Association or the Members for monetary damages for conduct as a Director shall be eliminated. Each Director and officer and the manager or managing agent, if any, shall be indemnified and held harmless by the

Association, to the fullest extent permitted by laws, from and against all liabilities, including attorneys' fees, reasonably incurred or imposed upon such person in connection with any proceeding to which they may be a party, or in which they may become involved, by reason of being or having been a Director, officer, manager, or managing agent, and shall be indemnified upon any reasonable settlement thereof. The foregoing rights of indemnification shall be in addition to and not exclusive of any and all other rights conferred on such persons under any agreement, vote of the Members or otherwise.

Director Liability - No Director of the Association shall have personal liability to the Association or the Members for monetary damages arising out of such Director's conduct as a Director occurring after the date of filing of the Articles of Incorporation, except for the following:

- (1) Any breach of the Director's duty of loyalty to the Association and the Members;
- (2) Acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law.

A Director's civil liability for the negligent performance of the Director's duties shall be limited to acts of gross negligence and intentional acts. If any past or current officer is made party to a legal proceeding because of their position on the Board of Directors, the Association shall indemnify the individual against liability and expenses incurred to the maximum extent permitted by law.