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AFTER RECORDING, RETURN TO:

Karen Smith
Resort Resources, Inc.
P.O. Box-1466
Bend, OR 97709

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**DECLARATION ANNEXING THE FALLS CLUBHOUSE
TO THE RIDGE AT EAGLE CREST**

THIS DECLARATION is made this 13th day of January 2003,
by **EAGLE CREST, INC.**, an Oregon corporation ("**Declarant**").

RECITALS

A. Declarant is the Declarant under that certain Declaration of Protective Covenants, Conditions, Restrictions and Easements for The Ridge at Eagle Crest, recorded June 5, 1996 in the Records of Deschutes County, Oregon, as Document No. 96-20423 (the "**Master Declaration**").

B. The Falls is a Project within The Ridge at Eagle Crest established pursuant to the Amended and Restated Declaration Annexing Phase 1 of The Falls to The Ridge at Eagle Crest, recorded June 4, 1998, as Document No. 98-23450; Declaration Annexing Phase 2 of The Falls to The Ridge at Eagle Crest, recorded May 24, 1999, as Document No. 99-25616; Declaration Annexing Phase 3 of The Falls to The Ridge at Eagle Crest, recorded May 18, 2000, as Document No. 2000-19580; Declaration Annexing Phase 4 of The Falls to The Ridge at Eagle Crest, recorded October 3, 2001, as Document No. 2001-48713; Declaration Annexing Phase 5 of The Falls to The Ridge at Eagle Crest, recorded December 27, 2001, as Document 2001-64035; and Declaration Annexing Phase 6 of The Falls to The Ridge at Eagle Crest, recorded May 22, 2002, as Document No. 2002-27934; and any further declarations annexing additional phases or common areas to The Falls, as the same may be amended or supplemented (collectively, the "**Project Declaration**").

C. Pursuant to Section 6.11 of the Project Declaration, Declarant has established The Falls Owners Association as a Project Association by filing the Articles of Incorporation of The Falls Owners Association and recording the Initial Bylaws of The Falls Owners Association on November 1, 2002, in the Records of Deschutes County, Oregon, as Document No. 2002-61058.

B. The Master Declaration provides that additional properties may be annexed to The Ridge at Eagle Crest pursuant to the provisions of Section 2.2 of the Master Declaration.

Declarant wishes to annex the real property described in the attached "**Exhibit A**", as improved (the "**Falls Clubhouse**") to the Master Declaration and Project Declaration upon the terms and conditions set forth in this Declaration and to designate the Falls Clubhouse as The Falls Project Common Area as defined in Section 1.8 of the Master Declaration.

NOW, THEREFORE, Declarant does hereby declare and provide as follows:

1. **DEFINITIONS.** As used in this Declaration, the terms set forth below shall have the following meanings:

1.1 **Falls Clubhouse.** Falls Clubhouse means the real property described in Exhibit A, including the Improvements thereon.

1.2 **Master Association.** Master Association means The Ridge at Eagle Crest Owners Association, an Oregon nonprofit corporation.

1.3 **Master Declaration.** Master Declaration means the Declaration of Protective Covenants, Conditions, Restrictions and Easements for The Ridge at Eagle Crest, recorded June 5, 1996 in the Records of Deschutes County, Oregon, as Document No. 96-20423

1.4 **Project Association.** Project Association means The Falls Owners Association, an Oregon nonprofit corporation

1.5 **Project Declarant.** Project Declarant means C Corp, Inc., an Oregon corporation, and its successors and assigns, if such successor or assignee should acquire Project Declarant's interest in the remainder of The Falls or if a recorded instrument executed by Project Declarant assigns to the transferee all of Project Declarant's rights under the Articles of Incorporation of the Project Association.

1.6 **Project Declaration.** Project Declaration means the documents referred to in Recital B above.

1.7 **Incorporation by Reference.** Except as otherwise specifically provided in this Declaration, each of the terms defined in Article 1 of the Master Declaration shall have the meanings set forth in such Article.

2. **ANNEXATION.** The Falls Clubhouse is hereby annexed to The Ridge at Eagle Crest and The Falls Project and made subject to the Master Declaration and the Project Declaration on the terms and conditions set forth in this Declaration.

3. **LAND CLASSIFICATIONS.** The Falls Clubhouse shall be The Falls Project Common Area as defined in Section 1.8 of the Master Declaration.

4. **MASTER DECLARATION.** The Falls Clubhouse shall be subject to all of the terms and provisions of the Master Declaration as supplemented by the Project Declaration and this Declaration.

5. **RESTRICTIONS ON USE OF FALLS CLUBHOUSE.** Except as otherwise provided in Section 6 below, use of the Falls Clubhouse shall be restricted to clubhouse and other community recreation facilities for The Falls. Any other use must be approved by a majority vote of the members of the Project Association at a meeting or by written ballot held or conducted in accordance with the Bylaws of the Project Association, together with the written consent of Declarant and Project Declarant. This restriction may be enforced by Declarant and Project Declarant, in addition to the Owners within The Falls.

6. **USE OF THE FALLS CLUBHOUSE BY PROJECT DECLARANT.** As long as Project Declarant owns any Lot within The Falls, Project Declarant may construct, use and maintain upon portions of the Falls Clubhouse property such facilities and activities as, in Project Declarant's opinion, may reasonably be required, convenient, or incidental to the construction or sale of Lots, subject to any limitations imposed by applicable governmental rules, the Master Declaration, and Master Association Policies and Procedures. Further, Project Declarant shall have the right of access to and the right to use of the Falls Clubhouse for parties, special events, and marketing activities in connection with the marketing and sale of The Falls and other communities being developed, marketed or sold by Project Declarant, its agents or affiliates, subject to any limitations imposed by applicable governmental rules, the Master Declaration, and Master Association Policies and Procedures. Further, Declarant reserves and grants the right to Project Declarant to require the Project Association to maintain the Falls Clubhouse in attractive condition and in a good and workmanlike manner to render it fit for the purposes for which it is intended and operate the Falls Clubhouse in such a way as to not excessively inflate the budget.

7. **RIGHT TO IMPROVE.** As long as Project Declarant owns any Lot within The Falls, Project Declarant and its employees, agents and designees shall have a right of access and use and an easement over and upon the Falls Clubhouse for the purpose of making, constructing, and installing such improvements to the Falls Clubhouse as it deems appropriate.

8. **POLICIES AND PROCEDURES.** The Board of Directors of The Falls Owners Association shall adopt Policies and Procedures regarding use of the Falls Clubhouse, including without limitation, policies regarding use by family members and guests and procedures for identification and access, provided that such policies and procedures are consistent with and do not conflict with, the Master Association Policies and Procedures. As long as Project Declarant owns any Lot within The Falls, Project Declarant shall have the right to unilaterally amend the Policies and Procedures for use of the Falls Clubhouse for any purpose, provided that such amendments are consistent with and do not conflict with, the Master Association Policies and Procedures.

9. **AMENDMENT.** This Declaration may be amended by the vote or written consent of Owners owning not less than seventy-five percent (75%) of the Lots within The Falls, together with the written consent of the Class B member of the Project Association, if such

Class B membership has not been terminated. Any such Amendment shall become effective only upon recordation in the Deed Records of Deschutes County, Oregon, of a certificate of the President or Secretary of the Project Association, setting forth in full the amendments so approved and certifying that the Amendment has been approved in the manner required by this Declaration. In no event shall such an Amendment create, limit or diminish special Declarant rights granted to Declarant or Project Declarant hereunder without the written consent of Declarant or Project Declarant, as applicable.

10. **BINDING EFFECT.** The Falls Clubhouse shall be held, conveyed, hypothecated, encumbered, used, occupied, and improved only in accordance with the provisions of the Master Declaration and Project Declaration, as modified by this instrument, which easements, covenants, restrictions, and charges shall run with the Falls Clubhouse and shall be binding upon all parties having or acquiring any right, title or interest in the Falls Clubhouse, or any part thereof, and shall inure to the benefit of each Owner thereof.

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

EAGLE CREST, INC., an Oregon corporation

By Lauri Miller
Its Asst. Secretary

STATE OF OREGON)
)ss.
County of Deschutes)

The foregoing instrument was acknowledged before me this 13th day of January, 2003 by Lauri Miller, the Asst Secretary of EAGLE CREST, INC., an Oregon corporation, on its behalf.



Karen L. Smith
Notary Public for Oregon
My commission expires: Oct 17, 2004

“EXHIBIT A”

to the Declaration Annexing The Falls Clubhouse to The Ridge at Eagle Crest

A parcel of land being located in the Southwest One-quarter (SW1/4) of Section Fourteen (14), Township Fifteen (15) South, Range Twelve (12) East of the Willamette Meridian, Deschutes County, Oregon, being more particularly described as follows:

Common Area “A”, RIDGE AT EAGLE CREST 25, Deschutes County, Oregon.

TOGETHER WITH a portion of the Northeast One-quarter of the Southwest One-quarter (NE1/4SW1/4) of said Section Fourteen (14), more particularly described as follows:

Beginning at the Southeast corner of Common Area “A”, of said “RIDGE AT EAGLE CREST 25”; thence North 00°19’45” East, 101.21 feet along the East boundary of said Common Area “A”; thence leaving said boundary, South 90°00’00” East, 90.42 feet; thence South 00°00’00” West, 237.81 feet; thence North 90°00’00” West, 158.50 feet; thence North 00°00’00” East, 137.00 feet to the South boundary of said Common Area “A”; thence South 89°40’15” East, 67.50 feet along said South boundary to the point of beginning.

EXCEPTING THEREFROM:

A portion of said Common Area “A”, more particularly described as follows:

Beginning at the Northeast corner of said Common Area “A”; thence South 00°19’45” West, 92.69 feet along the East boundary of said Common Area “A”; thence leaving said boundary, North 89°40’15” West, 210.20 feet; thence North 68°20’30” West, 33.00 feet to the West boundary of said Common Area “A” and the Easterly right of way of Niagara Falls Drive; thence along said West boundary and Easterly right of way, along the arc of a non-tangent, 400.00 foot radius curve to the left, through a central angle of 17°53’41”, an arc length of 124.93 feet, (the chord of which bears North 12°42’40” East, 124.42 feet) to the Northwest corner of said Common Area “A”; thence South 78°52’44” East, 218.12 feet along the North boundary of said Common Area “A” to the point of beginning.