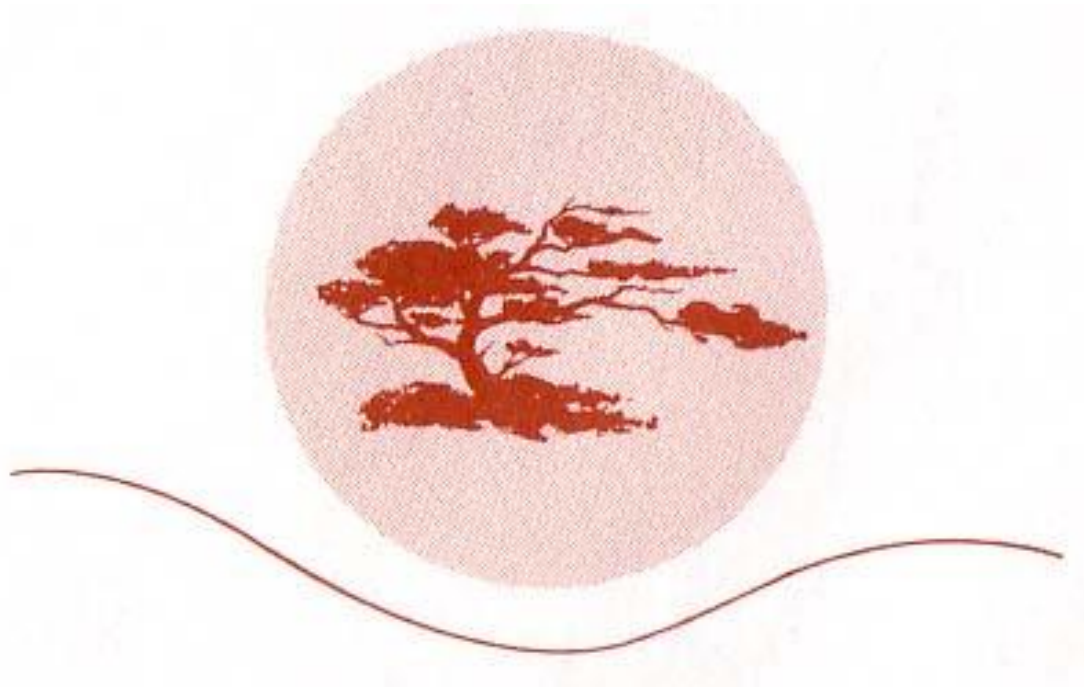


The Plan For Salishan Hills



The management of Salishan Hills provides these documents as a service to unit owners. The Board has attempted to incorporate the latest revisions to all documents. However, if a person is reviewing these documents for other than general informational purposes, he/she is encouraged to consult an attorney and obtain the actual recorded Plan, Declaration, and Bylaws from the Lincoln County Recorder's office.

This document incorporates the original Plan recorded 1976 - Book 62, Pages 309-327 and Amendments recorded 1993 Book 272, Pages 1610-1616.

The Plan

For Salishan Hills

PLAN OF SALISHAN HILLS

(A statement of the Plan of Salishan Hills containing among other things provisions which will subject portions thereof to certain easements, restrictions, assessments, fines, penalties and liens.)

Objectives

Salishan Hills is a development consisting of approximately 80 acres adjacent to Salishan Lodge and Salishan Golf Links located in Lincoln County, Oregon. Salishan Hills is owned by Salishan Hills, Inc., an Oregon corporation, the "Developer".

Developer hopes to create in Salishan Hills a carefully planned community which will provide an unusually attractive place to live, appealing especially to sport enthusiasts, outdoors men, retirees, naturalists, artists and others attracted to the Central Oregon Coast. Developer presently plans to organize within Salishan Hills a residential area embracing a mixture of several dwelling concepts. Other areas within Salishan Hills may be devoted to commercial facilities and to various recreational purposes.

Developer conceives that those living in Salishan Hills may enjoy many advantages on a relatively economical basis through provision for shared costs of common recreational facilities. Therefore, Developer expects to provide common areas, which will be available for use by all of the residents of Salishan Hills and their guests. Special recreational facilities suitable for common use, with or without charge, may be established on some of the common areas. Also, recreational areas for use by all of the residents of Salishan Hills and their guests may be established outside of Salishan Hills. Pursuant to an agreement dated January 17, 1976 between Salishan Properties, Inc., Salishan Lease holders, Inc. and John D. Gray (the "Salishan Leaseholders Agreement"), owners within Salishan Hills will have a right to beach access through the development known as "Salishan", subject to certain limitations contained in the agreement.

By providing standards for the improvement of private areas within Salishan Hills, Developer hopes to assure that property within Salishan Hills will have continuing value for those who acquire it. By requiring proper maintenance of improvements and grounds within private areas within Salishan Hills, Developer hopes to prevent deterioration in the value of property as the result of carelessness on the part of any property owner in Salishan Hills.

The Developer will provide leadership in organizing and administering Salishan Hills during the development period, but expects property owners in Salishan Hills to accept responsibility for community administration by the time the development is complete. By the time the development is complete, the Developer will have conveyed to Salishan Hills Owners' Association title to all common areas and private ways.

Funds for the maintenance and development of common areas, private ways and certain other areas generally will be provided through assessments against those who purchase property, although to assist with the development of Salishan Hills, Developer may from time to time itself provide some improvements. The developer, at his expense before the project is complete, will provide paved roads; some graveled walking trails and three paved and fenced outdoor tennis courts. Also to be provided is a sewer system, a water system and underground telephone, electricity and television cable to a point accessible to each lot; owners will pay normal hook-up charges and connection assessments. For the protection of all owners of property there will be a system designed to assure that

each person who purchases property will pay his share of the monies necessary for the maintenance and development of common areas and private ways.

By adoption of the Plan of Salishan Hills, Developer is not committing itself to take any action for which definite provision is not made below.

The following is the Plan of Salishan Hills:

SECTION 1 - Definitions

When used herein, the following terms shall have the following meanings:

1.1 "Administrator of Salishan Hills" and "Administrator" shall mean Developer until such time as Developer has delegated and assigned to Salishan Hills Owners' Association all of Developer's powers and responsibilities given to or imposed upon it hereunder, has conveyed to Salishan Hills Owners' Association all of its right, title and interest in common areas and private ways in Salishan Hills and has transferred to Salishan Hills Owners' Association all monies in the maintenance fund, after which the Administrator of Salishan Hills shall be Salishan Hills Owners' Association.

1.2 "Common area" shall mean any area, which is designated as such in a subdivision plat of any portion of Salishan Hills or in any declaration subjecting property to this plan

1.3 "Condominium" shall mean any property submitted to unit ownership in the manner provided by ORS 91.505 through 91.765 as such statutes maybe amended.

1.4 "Committee" shall mean the committee appointed pursuant to the provisions of Section 6 herein.

1.5 "Developer" shall mean Salishan Hills, Inc., its successors or assigns.

1.6 "Guest" shall mean any person who is in Salishan Hills at the invitation of a resident of Salishan Hills and who, to the extent required by the Salishan Hills Rules and Regulations, either is accompanied by a resident of Salishan Hills or has in his possession an unexpired card issued by the Administrator of Salishan Hills.

1.7 "Maintenance assessment" shall mean any assessment imposed in accordance with the provisions of Section 5 herein.

1.8 "Maintenance fund" shall mean the fund to be established pursuant to Section 5 herein.

1.9 "Plan of Salishan Hills" shall mean this instrument together with any amendments or supplements thereto.

1.10 "Private area" shall mean any area, which is designated as such in a subdivision plat of any portion of Salishan Hills or in any declaration subjecting property to this plan.

1.11 "Private way" shall mean any area, which is designated as such in a subdivision plat of any portion of Salishan Hills or in any declaration subjecting property to this plan.

1.12 "Resident of Salishan Hills" shall mean any person who is a unit owner or a lessee of a unit, together with members of his immediate family, provided that a person shall be a "resident of Salishan Hills" only during periods in which he is in possession of his unit.

1.13 "Salishan Hills" shall mean the real property described in Exhibit A attached hereto together with any additional area which hereafter may be owned by Developer, any portion of which shall lie within four miles of any portion of the property described on exhibit A and with respect to which Developer has filed a declaration in the records of deeds of Lincoln County, Oregon, providing that such property shall be part of Salishan Hills.

1.14 "Salishan Hills Owners' Association" shall mean the association to be organized by Developer pursuant to the provisions of Section 8 herein.

1.15 "Salishan Hills Rules and Regulations" shall mean the rules and regulations adopted as provided in Section 4 herein.

1.16 "Unit" shall mean each lot described in the subdivision plat, which is designated as a private area, any condominium unit and any single family dwelling unit within any multiple occupancy building. Developer may specify additional areas, which shall constitute "units" within Salishan Hills. If in any case a unit owner shall have consolidated a lot or portion thereof with another lot in the manner set forth in Section 3 herein, then the area consolidated shall be considered one unit. Lots may be classified into two parts--the "buildable area" and the "open area". "Unit" means both the buildable area and open area of any lot which otherwise constitutes a unit.

1.17 "Unit Owner" shall mean the person or persons who hold legal title to any unit.

SECTION 2 - Land Classifications and Uses within Salishan Hills

2.1 Classifications presently contemplated. Land classifications presently contemplated within Salishan Hills are private areas, common areas, private ways and private recreational areas. Developer reserves the right to create and make provision for additional land classifications in Salishan Hills. The Administrator of Salishan Hills will hold and retain title to common areas, private ways and private recreational areas subject, however, to the right of residents of Salishan Hills and others to use such areas as herein provided.

2.2 Private areas. Restrictions on and rules and regulations governing the use of private areas shall be set forth in the Salishan Hills declaration used to create the private area. By accepting a deed to a private area, the grantee will be deemed to have covenanted that he will use and permit the use of the property only in accordance with, and that he will abide by and cause all those who come upon his premises to abide by the restrictions covenants and conditions contained in the Plan of Salishan Hills, that he will pay to the Administrator of Salishan Hills all amounts provided for in the Plan of Salishan Hills and that his property will be subject to a lien or liens as provided in such instrument. For the protection of all residents of Salishan Hills, the Administrator of Salishan Hills will be generally responsible for the enforcement of such restrictions, covenants, conditions, rules and regulations.

2.3 Private ways. Each unit owner and each resident of Salishan Hills is hereby granted a nonexclusive easement to use private ways for the purpose of walking thereon or traveling thereon by appropriate means. Each resident of Salishan Hills may permit his guests and invitees to use the private ways for such purposes. The easement herein granted shall be appurtenant to and assignable with the unit with respect to which it is granted, but shall not otherwise be assignable. Use of private ways shall be subject to the Salishan Hills Rules and Regulations. The Administrator may grant right of access to Salishan Leaseholders pursuant to the terms of the Salishan Leaseholders Agreement. The Administrator also may grant free access on private ways to police, fire and other public officials, to employees of utility companies serving Salishan Hills and to such other persons to whom the Administrator believes access should be given for the benefit of the residents of Salishan Hills. Developer may use the private ways for its own purposes and for the purpose of location of utilities thereon. By granting the right to residents of Salishan Hills and others to use private ways, Developer does not intend to dedicate private ways to the public but rather intends to preserve the private character of such ways. The administrator shall be deemed to have dedicated such ways to the public only if it shall file in the records of Lincoln County an instrument clearly evidencing its intention to dedicate such ways to the public.

2.4 Common areas. Each resident of Salishan Hills is hereby granted a non-exclusive easement to use common areas for such recreational purposes as may be permitted by the Salishan Hills Rules and Regulations and in the manner permitted therein. Each resident of Salishan Hills may permit his guests to use common areas for such purposes and in such manner. Common areas shall not be platted or otherwise divided into parcels for residential use. The Administrator of Salishan Hills may develop special recreational or service facilities on portions of the common areas for the general use and benefit of all residents of Salishan Hills and their guests. The Administrator may from time to time permit residents of Salishan Hills to use designated portions of common areas for recreational or service uses of benefit to such residents only (as, for example, maintaining a volley ball or badminton court) provided that such permission shall be revocable at any time. The Administrator may use common areas for the purpose of location of utilities thereon. The Administrator may bar any unit owner, members of his family and his guests from using common areas during periods in which the owner's maintenance assessments are delinquent.

SECTION 3 - Consolidation of lots within Private Areas.

Whenever a person shall own all of a lot restricted to single family residence use within a private area (the "basic lot"), together with one or more contiguous lots or contiguous portions thereof also restricted to single family residential use (the "additional lot" or "additional portion") and shall wish to consolidate the basic lot and the additional lot or additional portion, he may do so. The consolidation shall be effected by the owner filing in the records of deeds of Lincoln County, Oregon, a declaration stating that the two areas are consolidated.

The consolidation for, in this section, shall have the following effects:

(a) The consolidated areas shall constitute one unit for all purposes under the Plan of Salishan Hills, including the payment of maintenance assessments.

(b) The entire consolidated area may be used for the construction of only one residence thereon.

(c) No residence or other structure may be placed upon the remainder of a lot, a portion of which was consolidated with another lot but which remainder has not been consolidated with another lot, unless the area of such remainder constitutes at least 95 percent of the original area of the lot.

(d) "Areas which have once been consolidated may be partitioned to the original lot dimensions provided that all maintenance assessments reduced due to the consolidation be paid in full. Any structures that have been built on the consolidated area must conform to Design Committee rules on the partitioned lot or lots, if the partitioning is to be allowed. Any changes in lot dimensions due to consolidation or partitioning must be filed and recorded in the Office of the Clerk of Lincoln County."

SECTION 4 - Salishan Hills Rules and Regulations

In the exercise of its powers and in the performance of its obligations pursuant to the Plan of Salishan Hills, the Administrator of Salishan Hills may adopt, amend or repeal rules and regulations to be known as the Salishan Hills Rules and Regulations, to provide for the manner in which common areas (including special recreational facilities established thereon), private ways and any other areas which all residents of Salishan Hills are entitled to use shall be used. The Salishan Hills Rules and Regulations may provide for the manner in which private areas may be used.

The Salishan Hills Rules and Regulations may, among other things, provide for any of the following:

(a) For speed and other traffic controls, safety patrols, parking controls and restrictions upon the type of vehicles, which may use the private ways;

(b) As to the spaces within common areas which may be used for particular recreational or service purposes and as to the times and manner in which such spaces may be used;

(c) For charges for use of recreational facilities and for services to be supplied by the Administrator of Salishan Hills to be applied uniformly to all residents of Salishan Hills and their guests;

(d) For the control of noise, for litter control and trash disposal, for pet and animal control, for the fixing and collecting of building permit charges and for the personal conduct of residents of Salishan Hills and their guests while in the common areas and private ways;

(e) For the conditions upon which guests of residents of Salishan Hills will be entitled to use the common areas and private ways and for the terms and conditions upon which cards will be issued.

All rules and regulations must be applicable on a nondiscriminatory basis. However, provisions uniformly applicable to class of persons, such as children of particular ages, will not be deemed discriminatory. A current copy of the Salishan Hills Rules and Regulations shall be kept on file at the principal office of the Administrator of Salishan Hills at all times. Such Rules and Regulations shall have the same force and effect as if set forth herein as part of the Plan of Salishan Hills.

SECTION 5 - Maintenance and Reserve Funds

5.1 Imposition of regular assessments. The Administrator of Salishan Hills shall have the right to impose an assessment against each unit owner within Salishan Hills in an amount not in excess of \$15.00 per month for each unit owned by each unit owner, unless such amount shall be increased as provided in Sections 5.2 and 5.3 herein. Such assessments shall be applied uniformly to all unit owners except that Developer shall not be assessed with respect to a unit owned by it upon which no dwelling house has been erected and no assessment shall be imposed with respect to a condominium unit which has never been sold; On or before June 1 of each year the Administrator shall fix the amount of the assessment to be imposed during the ensuing fiscal year and shall notify each person who is then a unit owner of the amount of the assessment to be imposed for such year. Any unit owner who shall pay the assessment to be imposed for all 12 months of the ensuing fiscal year prior to July 1 of such year shall be entitled to a discount in the amount of three percent of the gross amount assessed for such 12-month period. At least three-month assessment must be paid on or before July 1 and the remaining nine months assessment must be paid on a quarterly basis on or before April 1 of the year due. In the event that a person shall acquire a unit or his unit shall first become subject to assessment during the course of a fiscal year his first assessment shall come due on the first day of the month following the month during which title is recorded for his unit or during which the unit first became subject to assessment.

5.2 Cost of living adjustment in maximum amount of maintenance and reserve assessments. The maximum amount of the maintenance and reserve assessments provided in Section 5.1 shall be increased by five percent for each five percent increase occurring after January 1, 1976 over the level on January 1, 1967 of the United States Department of Labor, Bureau of Labor Statistics. Consumer Price Index, All items, United States City Average (1967 equals 100), or the successor of such index.

5.3 Increase in maximum amount of maintenance and reserve assessments with consent of unit owners. In the event that the Administrator shall deem the maintenance and reserve funds to be inadequate for the purposes for which they are to be maintained, taking into account the need for reasonable reserves for special purposes, the annual maintenance and reserve assessments may be increased above the amount provided for in Sections 5.1 and 5.2, provided that such increase shall have been approved in writing by unit owners owning at least 60 percent of the units within Salishan Hills which are subject to assessment. (Class 1)

5.4 Special purpose assessments. In the event the Administrator of Salishan Hills deems it to be to the advantage of the residents of Salishan Hills to impose a special purpose assessment to provide funds for the development of a particular recreational facility, it may impose such a special assessment provided that the amount of the assessment and the terms upon which it will be imposed have been approved in writing by the unit owners, other than Developer, owning at least 60 percent of the units which will be subject to the assessment. All special purpose assessments shall be applied uniformly to all unit owners, including Developer. In the event that such an assessment is imposed, the Administrator shall add the monies derived therefrom to the maintenance fund, but shall keep the same in a special account and shall use the same only for the purposes set forth in the instrument by which the unit owners consented to the special assessment.

5.5 Maintenance fund. The Administrator shall keep all monies which it may collect from maintenance assessments together with all other monies which it is required to add to the maintenance fund pursuant to the provisions hereof in a separate fund to be called the "maintenance fund", and shall use the monies in the maintenance fund only for the following purposes:

(a) Payment of the cost of maintaining private ways (including street lights, entrance gate and signs), common areas and facilities on common areas available for use by all of the residents of Salishan Hills.

(b) Payment of taxes and assessments levied against private ways, common areas and the improvements thereon.

(c) Payment of the cost of providing patrol and fire prevention and control service, garbage and trash disposal, if provided.

(d) Payment of the cost of insurance, including insurance protecting the Administrator of Salishan Hills, the Design Committee and Salishan Hills Owners' Association against liability arising out of their functions and activities in the administration of the Plan of Salishan Hills.

(e) Payment of the cost of enforcing the provisions contained in the Plan of Salishan Hills and the Salishan Hills Rules and Regulations.

(f) Payment to Salishan Hills Owners' Association of costs incurred in the performance of any obligation of the Administrator of Salishan Hills, which has been delegated, to Salishan Hills Owners' Association.

(g) Payment of fees of the professional members of the Design Committee and of expenses incurred by the Design Committee.

(h) Payment for other services which the Administrator deems to be of general benefit to residents of Salishan Hill, including Salishan Hills share of the maintenance costs as provided in the Salishan Leaseholders Agreement.

(i) Payment of costs incurred in collecting maintenance assessments.

(j) Payment of expenses incurred in organizing Salishan Hills Owners' Association and of maintaining same as a corporation.

(k) Payment of any expense reasonably incurred by the Administrator in carrying out any function for which it has been given responsibility hereunder.

(l) Payment to the Administrator of Salishan Hills of a portion of its overhead reasonably attributable to the performance of the functions set forth in (a) thru (k) above.

Included among the monies which are to be paid into the maintenance fund are all maintenance assessments, fine, penalties, fees for use of recreational facilities located on common areas, Design Committee fees; interest on amount payable into the maintenance fund and payments to reimburse the Administrator for monies expended from maintenance fund. Except as stated above no part of the maintenance fund will inure to the benefit of the Developer.

5.6 Reserve Fund. The Administrator shall keep all monies which it may collect from reserve assessments together with all other monies - which it is required to add to the Reserve fund pursuant to the provisions hereof - in a separate fund called the "Reserve fund," and shall use the monies in the Reserve fund only for the following purposes:

(a) Replacement of all items of common property which will normally require replacement, in whole or in part in more than three and less than 30 years. The items may be identified in the reserve account as those, which are insurable, by a common carrier of all-purpose risk insurance.

(b) Rebuilding and replacement of roads, roadbeds, adjacent areas affected by or affecting roads and road pavement located in any private way.

(c) This account may be used only for the replacement of common property and is to be kept separate from assessments for maintenance. However, the Board of Directors may borrow funds from this reserve account to meet high seasonal demands on the regular operating funds or to meet other temporary' expenses. Funds borrowed to meet these temporary expenses must be repaid later from special assessments or maintenance fees.

(d) The amounts assessed for the reserve fund shall take into account the estimated remaining life of the items for which the reserve is created and the current replacement cost of those items.

5.7 Annual accounting. Within 90 days following the close of each fiscal year the Administrator shall render to each unit owner an accounting which shall set forth the amount and source of all income received in the maintenance fund and all disbursements from the fund during the previous fiscal year together with a statement of the assets of and liabilities of the maintenance fund at the close of the last fiscal year. The Administration of

Salishan Hills shall maintain records of all amounts received into the maintenance fund and of all disbursements therefrom, which records shall be open to inspection by any unit owner or by the officers of Salishan Hills Owners' Association at any reasonable time during normal business hours.

SECTION 6 - Design Committee

6.1 Function of the Design Committee. The Design Committee shall exercise the functions for which it is given responsibility in any Declaration subjecting property to this Plan. Generally, the Design Committee will be responsible for the approval of plans and specifications for the development of private areas.

6.2 Members: term and removal. The Design Committee shall consist of as many persons, not less than three, as the Administrator of Salishan Hills may from time to time appoint. The Administrator may remove any member of the Design Committee from office at any time and may appoint new or additional members at any time. The Administrator shall keep on file at its principal office a list of the names and addresses of the members of the Design Committee. Individual appointments shall be for a 2-year term.

6.3 Action. Except as otherwise provided herein, a majority of the members of the Design Committee shall constitute a quorum with power to act on behalf of the Committee. The act of a majority of the members at a meeting at which a quorum is present shall be the act of the Committee. The Committee may render its decisions only by written instrument, with signatures of those members present, setting forth the action of the members consenting thereto.

6.4 Failure to act. If at any time the Design Committee shall for any reason fail to function, the Board of Directors of the Administrator shall have complete authority to serve as pro tem Design Committee.

6.5 Duties and rules. The Design Committee shall consider and act upon all matters properly submitted to it pursuant to the Plan of Salishan Hills. In furtherance of this function, the Design Committee may, by a majority vote from time to time and with the approval of the Salishan Hills Board of Directors, adopt, amend, and repeal rules and regulations to be known as the "Design Committee Rules" establishing its operating procedures and interpreting, detailing and implementing the provisions of the instruments pursuant to which it is charged with responsibility. In order to cover the costs that the Design Committee may incur in considering and acting upon matters submitted to it, the Salishan Hills Board may establish a reasonable fee to be paid by the requesting owners. Such fees shall be paid into the maintenance fund. A current copy of the Design Committee Rules shall be kept on file at the principal office of the Administrator of Salishan Hills at all times. Such rules shall have the same force and effect as if set forth herein as part of the Plan of Salishan Hills.

6.6 Nonwaiver. Consent by the Design Committee to any matter proposed to it or within its jurisdiction shall not be deemed to constitute a precedent or waiver impairing its right to withhold approval as to any similar matter thereafter proposed or submitted to it for consent.

6.7 Estoppel certificate. Within 30 days after written demand thereof by a unit owner, the Design Committee shall execute and deliver to the unit owner requesting the same an estoppel certificate certifying with respect to the unit of such unit owner that as of the date of the certificate either (a) all improvements and other work within said unit comply with the Plan of Salishan Hills, or (b) that such improvements and work do not so comply for reasons specified in the certificate. Any purchaser or mortgagee of a unit may rely on such certificate with respect to the matters set forth therein, such matters being conclusive against the Administrator of Salishan Hills and all unit owners in Salishan Hills.

6.5 Liabilities. Neither the Design Committee nor any member thereof shall be liable to any unit owner or the Administrator of Salishan Hills for any damage, loss or prejudice suffered or claimed on account of any action or failure to act of the Committee or a member thereof, provided only that the member, in accordance with actual knowledge possessed by him, has acted in good faith.

SECTION 7 - Administrator of Salishan Hills

7.1 Powers and responsibilities of the Administrator. In addition to such other powers and responsibilities as shall be given to or imposed upon it by this Plan of Salishan Hills, the Administrator of Salishan Hills shall have the following powers and responsibilities:

- (a) The Administrator shall be responsible for maintaining all private ways, common areas and the improvements thereon.
- (b) The Administrator shall be responsible for the construction of such improvements on the private ways and common areas as it deems will be of benefit to the residents of Salishan Hills and their guests in accordance with the Salishan Hills Rules and Regulations.
- (c) The Administrator shall be responsible for the enforcement of all covenants and restrictions contained in the Plan of Salishan Hills.
- (d) The Administrator shall be responsible for the promulgation and enforcement of the Salishan Hills Rules and Regulations and the enforcement of the Design Committee Rules and the decisions of the Design Committee.
- (e) The Administrator shall be responsible for the payment of all ad valorem taxes and assessments imposed on any of the common areas and private ways within Salishan Hills.
- (f) The Administrator shall be responsible for the provision of such services to the residents of Salishan Hills as it shall deem to be of benefit to the residents of Salishan Hills.
- (g) The Administrator shall be responsible for procuring and maintaining insurance on all improvements constructed on the common areas.
- (h) The Administrator shall be responsible for the fixing of fees for use of recreational and service facilities within the common areas and for the collection thereof. All such fees shall be paid into the maintenance fund.
- (i) The Administrator shall be responsible for administrating the Salishan Leaseholders Agreement as it applies to residents of Salishan Hills.

7.2 Delegation of function. The Administrator of Salishan Hills may at any time delegate to Salishan Hills Owners' Association responsibility for the performance of any duty or function of the Administrator of Salishan Hills and Salishan Hills Owners' Association shall accept such responsibility, provided that the Administrator shall arrange to pay to Salishan Hills Owners' Association the expenses which it shall reasonably incur in the performance of such duty or function.

7.3 Limitation of liability. The Administrator of Salishan Hills shall not be liable for failure to carry out any responsibility enumerated in Section 7.1 herein or elsewhere in the Plan of Salishan Hills in cases in which there are not sufficient monies in the maintenance fund to enable it to carry out its responsibility. The Administrator shall have sole power to determine for which authorized purposes monies in the maintenance fund shall be spent including the power to determine how much shall be held in reserve. Neither the Administrator or any officer or director thereof shall be liable to any unit owner, to any resident of Salishan Hills nor to Salishan Hills Owners' Association on account of any action or failure to act of the Administrator, provided only that in accordance with actual knowledge possessed by it, it has acted in good faith.

7.4 Required transfer of functions. At such time as the Developer deems it desirable or in any event when the development of Salishan Hills is substantially completed, Developer will delegate and assign to Salishan Hills Owners' Association all of its powers and responsibilities given to or imposed upon it by the Plan of Salishan Hills, will convey to Salishan Hills Owners' Association all of its right, title and interest in and to the private ways and common areas and will transfer over to Salishan Hills Owners' Association all monies then in the maintenance fund and Salishan Hills Owners' Association shall accept the same. The development of Salishan Hills shall be deemed to be substantially complete at the earlier of (a) the time when Developer shall declare it to be so; (b) the time when

Developer shall have sold, leased or converted into common areas, private ways and private areas, 90 percent of the total land area within Salishan Hills; or (c) January 1, 1981.

SECTION 8 - Salishan Hills Owners' Association

Developer expects to delegate from time to time an association representing all unit owners within Salishan Hills responsibilities which Developer has assumed pursuant to this Plan of Salishan Hills and as provided in Section 7.4, eventually will delegate to such association all of its responsibilities to the end that the association shall become the Administrator of Salishan Hills. In order to facilitate the accomplishment of such purposes the Developer shall organize an association to represent all unit owners within Salishan Hills not later than January 1, 1979. Developer shall have the right to organize the association on such basis as shall appear to Developer to be most advantageous to the unit owners of Salishan Hills at the time of organization subject to, however, to the following conditions:

(a) The association shall be incorporated as a nonprofit corporation under the general nonprofit corporation laws of the State of Oregon

(b) The articles of incorporation of the association shall provide for its perpetual existence, but in the event the association shall at any time be dissolved, whether inadvertently or deliberately, it shall immediately be succeeded by an unincorporated association of the same name. In that event all of the powers and obligations of the incorporated association existing immediately prior to its dissolution shall thereupon automatically vest in the successor unincorporated association, which vesting shall thereafter be confirmed and evidenced by appropriate conveyances and assignments by the incorporated association. To the greatest extent possible any such successor unincorporated association shall be governed by the articles of incorporation and bylaws of the incorporated association as if they had been made to constitute governing documents of the unincorporated association.

(c) The articles of incorporation of the association shall provide that each unit owner shall be a member of the association with one vote for each unit owned by him. The articles shall all provide that representation of each unit owner through membership in the association shall commence, exist and continue simply by virtue of ownership of a unit, shall expire automatically upon termination of such ownership and need not be confirmed or evidenced by any certificate or acceptance of membership.

(d) The articles of incorporation shall provide that the association will at any time, and from time to time accept any responsibilities of Developer contained in the Plan of Salishan Hills which Developer may delegate to the association, provided that Developer shall provide funds from the maintenance fund to the association necessary to enable it to carry out the responsibilities which it assumes. Also, the articles of incorporation shall provide that the Association will accept title to the private ways and common areas within Salishan Hills at such time as Developer may elect to convey the same to the association.

(e) The articles of incorporation of the association shall provide that the association shall exercise and perform all of the following powers and obligations:

(i) The powers and obligation delegated, conveyed or otherwise assigned to the Association by Developer,

(ii) The powers and obligations of a nonprofit corporation pursuant to the general nonprofit corporation laws of the State of Oregon; and

(iii) Any additional or different powers and obligations necessary or desirable for the purpose of carrying out the functions of the association pursuant to the Plan of Salishan Hills or otherwise promoting the general benefit of unit owners within Salishan Hills.

(f) The articles of incorporation of the association shall be subject to amendment as provided in the Oregon nonprofit corporation law and the bylaws of the association shall be subject to amendment by the board of directors of the association.

Neither the association nor an officer or director thereof shall be liable to any unit owner or to Developer for any damage, loss or prejudice suffered or claimed on account of any action or failure to act of the association, provided only that the association, in accordance with actual knowledge possessed by it, has acted in good faith.

SECTION 9 - Enforcement

9.1 Enforcement of Salishan Hills Rules and Regulations. It will be important to the residents of Salishan Hill that Salishan Hills Rules and Regulations be enforced in as impartial and uniform manner as practicable. In most cases it will not be desirable to resort to the public authorities for the enforcement of these rules and regulations. Therefore, the Administrator of Salishan Hills may impose penalties for the violation of the Salishan Hills Rules and Regulations within the following limits.

(a) The Administrator may impose a fine upon the resident of Salishan Hills who has violated or whose guest has violated a rule or regulation in an amount not to exceed:

(i) For violations of rules and regulations governing motor vehicles and traffic, the maximum amount that can be imposed under any Oregon statute in force at the time of the violation which prescribes a penalty for the same offense had it occurred upon a state highway;

(ii) For all other violations including motor vehicle and traffic rules and regulations that have no counterpart in state law, the maximum sum of \$100 for any one violation.

If such fine is not paid by the person upon whom it is imposed, it shall be paid by the unit owner who by virtue of his ownership of a unit caused the person upon whom the fine was imposed to be a guest or resident of Salishan Hills.

(b) The Administrator may provide that a person who has violated a rule or regulation shall be deprived of his right to use the common areas for a period of not to exceed one year on account of any one violation. Such penalty shall become effective ten days after delivery by the Administrator of notice thereof to the person upon whom it is imposed.

9.2 Violation of Salishan Hills Declaration by nonqualifying improvement or condition. In the event any unit owner constructs or permits to be constructed on his unit an improvement contrary to the provisions of the Salishan Hills Design Committee Rules or any Salishan Hills Declaration or in the event that a unit owner maintains or permits any improvement, condition or other thing on his unit contrary to the provisions of the Salishan Hills Design Committee Rules or any Salishan Hills Declaration, the Administrator of Salishan Hills may no sooner than 60 days after delivery to such unit owner of written notice of the violation, obtain an appropriate court order and enter upon the offending unit and remove the cause of such violation or alter, repair or change the item which is in violation of such Rule in such manner as to make it conform thereto. The Administrator may charge such unit owner for the entire cost of the work done by it pursuant to this section. Such amount shall become payable upon delivery by the Administrator to the unit owner of notice of the amount due, and shall be paid into the maintenance fund to the extent that the costs being reimbursed were paid out of the maintenance fund.

9.3 Violation of Salishan Hills Declaration relating to landscaping. In the event that any unit owner fails to comply with the provisions of the Salishan Hills Design Committee Rules limiting the removal of trees and shrubs, the Administrator of Salishan Hills may impose on such unit owner a fine in an amount not to exceed \$25 for each shrub removed in violation of such rule and not to exceed \$25 per inch of the diameter of the stump of each tree removed in violation of such Rule. The Administrator may also restore the original landscaping insofar as is reasonably possible and charge the unit owner for the entire cost involved in such restoration. Such costs shall become payable upon delivery by the Administrator to the unit owner of notice of the amount thereof and shall be paid into the maintenance fund to the extent that amounts being reimbursed were paid out of the maintenance fund.

9.4 Violation of Salishan Hills Rules or Declaration by prohibited activity. In the event that any unit owner shall violate a provision of the Salishan Hills Rules and Regulations or any Salishan Hills Declaration relating to the activities which may be conducted on his unit or if any person on the unit with the permission of the unit owner shall

violate such a provision the Administrator of Salishan Hills may impose a fine upon such unit owner in an amount not to exceed \$100 for any one violation.

9.5 Payment of fines. Each fine imposed pursuant to Sections 9.1, 9.3 or 9.4 shall become payable by the person upon whom it is imposed ten days after delivery by the Administrator of notice thereof to the person by whom it is payable. Each notice of fine shall refer to the rule, regulation or provision which has been violated and set forth a succinct statement of the conduct which the Administrator claims has violated such rule, regulation or restriction. All fines shall be paid into the maintenance fund.

9.6 Appeal. Any person upon whom a fine or penalty has been imposed pursuant to Sections 9.1, 9.3 or 9.4 who deems that such fine or penalty was unfairly imposed, either because he did not violate a rule, regulation or provision as charged or because the fine or penalty is unduly severe, may appeal from the imposition of the fine or penalty by filing a statement to that effect with the Administrator at any time before the fine becomes payable or the penalty effective. All appeals shall be determined by the Board of Directors in accordance with such rules of procedure as such Board may adopt from time to time. The Board shall render its decisions on appeals determined by it in writing and notice thereof shall be given to the person upon whom the fine or penalty was imposed. Pending a decision on appeal, collection of a fine or imposition of penalty shall be stayed. The decision of the Board shall be binding.

9.7 Interest. Any amount not paid to the Administrator of Salishan Hills when due in accordance with the Plan of Salishan Hills shall bear interest from the date due until paid at the rate of 10 percent per annum to be billed on a monthly basis. Amounts due to the Administrator considered paid as of the date of the postmark on the envelope containing the payment, or the date of receipt when received by other means of delivery.

9.8 Default in payment of maintenance assessments, fines and charges. Each maintenance assessment, fine or charge levied or imposed pursuant to the Plan of Salishan Hills, together with interest thereon, shall be a separate, distinct and personal debt and obligation of the unit owner or resident of Salishan Hills against whom the maintenance assessment, fine or charge is levied or imposed or from whom the amount is due. If a unit owner fails to pay any such fine, assessment or charge or any installment thereof when due, the owner shall be in default and the amount of the fine, assessment or charge not paid, together with interest, costs and attorneys' fees as elsewhere provided for herein shall become a lien upon the unit or units owned by the person from whom the fine, assessment or charge is due upon the filing by the Administrator of Salishan Hill in the records of mortgages of Lincoln County, Oregon, of a notice of lien setting forth the amount due and a description of the units against which the lien is imposed. Such lien shall not take effect until notice thereof has been so filed. Thus, such lien shall be subordinate to the lien of any mortgage upon any unit, which is accepted in good faith, and for value and which was recorded prior to the filing of the notice of lien. The Administrator of Salishan Hills may commence proceedings to foreclose any such lien at any time within three years following the date of such filing.

9.9 Expenses and attorney's fees. In the event that the Administrator of Salishan Hills shall bring any suit or action to enforce any provision contained in the Plan of Salishan Hills to collect any money due to it thereunder or to foreclose a lien, the defendant in such suit or action shall pay to the Administrator all costs and expenses which the Administrator shall incur 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 therein, including attorney's fees incurred in connection with any appeal from a decision of the trial court or an intermediate appellate court.

9.10 Nonexclusiveness and accumulation of remedies. Election by the Administrator of Salishan Hills to pursue any remedy provided for the violation of any provision of the Plan of Salishan Hills shall not prevent concurrent or subsequent exercise of another remedy permitted thereunder or which is permitted by law. The remedies provided in the Plan of Salishan Hills are not intended to be exclusive, but shall be in addition to all other remedies, including actions for damage or suits for injunctions or for specific performance available under applicable law.

9.11 Right of entry. The Administrator of Salishan Hills or any member of the Design Committee authorized by the Administrator may at any reasonable time, and from time to time at reasonable intervals, enter upon any unit within Salishan Hills for the purpose of determining whether or not the use of such unit or improvement thereon is then in compliance with the Plan of Salishan Hills. No such entry shall be deemed to

constitute a trespass or otherwise to create any right of action by the unit owner or occupant of such parcel. The Administrator may at its discretion obtain a court order to enforce this right of entry.

SECTION 10 - Miscellaneous Provisions

10.1 Amendment and repeal. With the consent of the Administrator of Salishan Hills any provision of this Plan of Salishan Hills may at any time be amended or repealed or provisions may be added by either of the following methods:

(a) Unit owners owning 75 percent of the units may consent in writing to the amendment or repeal of a provision or to the addition of a new provision; or

(b) Salishan Hills Owners' Association may consent to such amendment, repeal or addition.

Salishan Hills Owners' Association shall be deemed to have consented to the amendment or repeal of a provision contained in the Plan of Salishan Hills or to the addition of a new provision if the following procedure shall have been followed:

(a) The Board of Directors of Salishan Hills Owners' Association shall have adopted a resolution setting forth the proposed amendment, provision for repeal or proposed additional provision and directing that it be submitted to a vote at a meeting of the members, which may be either an annual or a special meeting.

(b) Written notice setting forth the proposed amendment, provision for repeal or proposed additional provision, or a summary of the changes to be effected thereby, shall be given to each unit owner at least 60 days prior to the time of the meeting at which the proposed amendment, provision for repeal or proposed additional provision is to be considered.

(c) Written notice setting forth the proposed amendment, provision for repeal or proposed additional provision, or a summary of the changes to be effected thereby, shall also be given to each member of the Salishan Hills Owners' Association with his notice of the meeting of the members at which the proposed additional provision is to be considered.

(d) At the meeting of the members at which the proposed amendment, provision for repeal or proposed additional provision is to be considered, the proposed amendment, provision for repeal or proposed additional provision shall be submitted to a vote of the members. The proposed amendment, provision for repeal or proposed additional provision shall be adopted upon receiving two thirds of the votes entitled to be cast by all of the members of the Association.

Notwithstanding any other provision in this section; any amendment of this Plan, which changes the ratio of assessments against unit owners, shall require the written approval of all holders of mortgages or trust deeds on units within Salishan Hills.

Any amendment or repeal of a provision of the Plan of Salishan Hills or additional provision shall become effective only upon the filing in the records of deeds of Lincoln County, Oregon, of a certificate of the president, secretary or assistant secretary of the Administrator of Salishan Hills setting forth in full amendment, amendments, additional provision or repeal approved as provided in this section and certifying that said amendment, amendments, additional provision or repeal have been approved in the manner required therefore herein.

10.2 Joint owners. In any case in which two or more persons share the ownership of any unit, regardless of the form of ownership, the responsibility of such persons to comply with the provisions of the Plan of Salishan Hills shall be a joint and several responsibility. The act on consent of any one or more of such persons shall constitute the act or consent of the entire ownership interest provided, however, that in the event that such persons disagree among themselves as to the manner in which any vote or right of consent held by them shall be exercised with respect to a pending matter, any such person may deliver written notice of such disagreement to the Administrator of Salishan Hills or Salishan Hills Owners' Association, as the case may be, and the vote or right of consent involved shall then be disregarded completely in determining the proportion of votes or consents given with respect to such matter.

10.3 Construction; severability; number; captions. The Plan of Salishan Hills shall be construed as an entire document to accomplish the purposes stated in the introductory paragraphs of the Plan. Nevertheless, each provision of the Plan of Salishan Hills shall be deemed independent and severable, and the invalidity or partial invalidity of any provision shall not affect the validity or enforceability of the remaining part of that or any other provision.

As used herein the singular shall include the plural, and the plural the singular. The masculine and neuter shall each include the masculine, feminine and neuter, as the context requires. All captions used herein are intended solely for convenience or reference and shall in no way limit any of the provisions of the Plan of Salishan Hills.

10.4 Notices. Any notice permitted or required by the Plan of Salishan Hills may be delivered either personally or by mail. Delivery by mail shall be deemed to have been accomplished 24 hours after the notice has been deposited as certified or registered mail in the United States mail, with postage prepaid, addressed as follows:

To the Secretary, the Design Committee or to the Administrator (which is the Board of Directors) of Salishan Hills:

Salishan Hills Owners Association
P.O. Box 177
Glenden Beach, OR 97388

If to a unit owner, at the address given by him at the time of his purchase of a unit or at the address of his unit within Salishan Hills. The address of any person may be changed by him at any time by notice in writing delivered as provided herein.

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Date of last revision to The Plan: Annual Meeting of Salishan Hills Owners Association, 1993. Original Document recorded 1976 - Book 62, Pages 309-327 Amendments recorded 1993 -Book 272, Pages 1610-1616

THE PLAN OF SALISHAN HILLS

Amended December 4, 1993

- 1.11 Deleted and each paragraph in Section 1 has been thereafter renumbered. 124-1993
- 2.4 Amended 12-4-1993
- 2.5 Deleted 12-4-1993
- 3(d) Replaced 12-4-1993
- 5 Replaced in entirety 12-4-1993 - amended 5/16/94, corrected 12/94
- 6.1 Amended 12-4-1993
- 6.2 Amended 12-4-1993
- 6.3 Amended 12-4-1993
- 6.5 Amended 12-4-1993
- 9.1 (a)(ii) Amended 12-4-1993
- 9.2 Amended 12-4-1993
- 9.4 Amended 12-4-1993
- 9.6 Amended 12-4-1993
- 9.7 Amended 12-4-1993
- 9.11 Amended 12-4-1993
- 10.4 Amended 12-4-1993 corrected 12/94