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**DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS AND RESTRICTIONS
FOR BATTLE ROCK ESTATES SUBDIVISION (A PLANNED COMMUNITY)**

THIS DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR BATTLE ROCK ESTATES SUBDIVISION (A PLANNED COMMUNITY) (this “Declaration”) is made effective upon its recording in Curry County, Oregon and is executed on the date set forth below by Port Orford QOZB LLC, an Oregon Limited Liability Company (“Declarant.”)

RECITALS

Declarant is the owner of the following described real property located in Curry County, Oregon, described as follows:

See Exhibit A.

(the “Property”).

Declarant intends to develop the Property as a seven (7) lot Class II planned community known as Battle Rock Estates Subdivision (A Planned Community). To establish Battle Rock Estates Subdivision (A Planned Community) as a planned community under ORS 94.550 et seq., Declarant desires to impose these mutually beneficial covenants, conditions, restrictions, easements, assessments, and liens on the Property, under a comprehensive general plan of improvement and development for the benefit of all Lots and Common Property in Battle Rock Estates Subdivision (A Planned Community).

NOW THEREFORE, Declarant declares that the Property shall be held, transferred, sold, conveyed, and occupied subject to the Oregon Planned Community Act as may be amended from time to time (ORS 94.550–94.783) and subject to the following covenants, conditions, restrictions, easements, charges, and liens, which shall run with the land, which shall be binding on all parties having or acquiring any right, title, or interest in the Property or any part thereof, and which shall inure to the benefit of the Association and of each Owner.

ARTICLE 1. DEFINITIONS

1.1 *Articles* shall mean the Articles of Incorporation for the nonprofit corporation, Battle Rock Estates Homeowners Association, as filed with the Oregon Secretary of State.

1.2 *Association* shall mean and refer to Battle Rock Estates Homeowners Association, its successors and assigns.

1.3 *Board* shall mean the Board of Directors of the Association.

1.4 *Bylaws* shall mean and refer to the Bylaws of the Association, which shall be recorded in the Curry County, Oregon, deed records.

1.5 *Common Property* shall mean the Private Road, the Stormwater Management System, and any other property designated as Common Property or common lots on the Plat, including any improvements located thereon, which areas and improvements are intended to be devoted to the common use and enjoyment of the members and which land has been conveyed to the Association.

1.6 *Declaration* shall mean the covenants, conditions, restrictions, and all other provisions set forth in this Declaration.

1.7 *Declarant* shall mean and refer to Sara Whitney and her successors or assigns, or any successor or assign to all or the remainder of her interest in the Property.

1.8 *General Plan of Development* shall mean Declarant's general plan of development of the Property, as approved by appropriate governmental agencies, as may be amended from time to time.

1.9 *Home* shall mean and refer to any portion of a structure situated on a Lot and designed and intended for use and occupancy as a residence by a single family or household.

1.10 *Lot* shall mean and refer to each and any of Lots 1- 7.

1.11 *Members* shall mean and refer to the Owners of Lots in the BATTLE ROCK ESTATES SUBDIVISION (A Planned Community).

1.12 *Occupant* shall mean and refer to the occupant of a Home, whether such person is an Owner, renter, lessee, or any other person authorized by the Owner to occupy the Home.

1.13 *Owner* shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot or a purchaser in possession of a Lot under a land sale contract. The foregoing does not include persons or entities who hold an interest in any Lot merely as security for the performance of an obligation.

1.14 *Plat* shall mean and refer to the Plat of Battle Rock Estates Subdivision (A Planned Community) recorded in the Plat Records of Curry County, Oregon, at Book _____, Pages _____, on _____.

1.15 *Private Road* means the private road designated as Hubbard Lane on the Plat.

1.16 *Property* shall have the meaning attributed to such term in the Recitals of this Declaration.

1.17 *Reserve Account(s)* shall mean and refer to an account set up by the Board to hold funds for construction, improvements or maintenance of the Common Property.

1.18 *Rules and Regulations* shall mean and refer to the documents containing rules and regulations and policies adopted by the Board or the Board Architectural Review, as may be from time to time amended.

1.19 *Stormwater Management System* means the stormwater drainage ditches and containment pond and related improvements created in accordance with the conditions of approval of Battle Rock Estates Subdivision (A Planned Community) and as set forth in the Stormwater Management System Maintenance Agreement entered into between Declarant and Curry County.

ARTICLE 2. PROPERTY SUBJECT TO THIS DECLARATION

2.1 Development. The development of Battle Rock Estates Subdivision (A Planned Community) shall consist of the Property, which shall be held, transferred, sold, conveyed, and occupied subject to this Declaration.

2.2 No Right to Annex Additional Property or to Withdraw Property. Declarant reserves no right to annex additional property to or to withdraw property from Battle Rock Estates Subdivision (A Planned Community).

ARTICLE 3. OWNERSHIP AND EASEMENTS

3.1 Nonseverability. The interest of each Owner in the use, benefit and obligations of the Common Property shall be appurtenant to the Lot owned by the Owner. No Lot shall be conveyed by the Owner separately from the interest in the Common Property. Any conveyance of any Lot shall automatically transfer the right to use the Common Property without the necessity of express reference in the instrument of conveyance.

3.2 Ownership of Lots. Title to each Lot in BATTLE ROCK ESTATES SUBDIVISION (A Planned Community) shall be conveyed in fee to an Owner. If more than one person and/or entity owns an undivided interest in the same Lot, such persons and/or entities shall constitute one Owner.

3.3 Ownership of Common Property. Title to any Common Property shall be conveyed to the Association on or before the turnover of the Association to the Owners in accordance with this Declaration and/ or Oregon law.

3.4 Easements.

3.4.1 Easements on Plat. The Common Property and Lots are subject to the easements and rights-of-way shown on the Plat.

3.4.2 Easements for Common Property. Every Owner shall have a nonexclusive right and easement of use and enjoyment in and to the Common Property, which shall be appurtenant to and shall pass with the title to every Lot. Such easement is subject to ORS 94.665, as may be amended from time to time.

3.4.3 Easements for Utilities, Etc. Declarant reserves for itself and the Association for the benefit of the Property a perpetual, nonexclusive blanket easement upon the property for purposes of ingress, egress, installation, maintenance repair and replacement of utilities and infrastructure ; provided that the exercise of the easement shall not unreasonably interfere with the use of any Lot.

ARTICLE 4. LOTS AND HOMES

4.1 Residential Use. Lots shall only be used only for residential purposes. Except with the Board's consent no trade, craft, business, profession, commercial, or similar activity of any kind shall be conducted on any Lot, and no goods, equipment, boats, trailers, vehicles, materials, or supplies used in connection with any trade, service, or business shall be kept, stored or parked on the street in front of any Lot, or in any driveway or front yard of any Lot.

4.2 Landscaping. All landscaping, whether natural, native or cultivated landscaping shall be kept in a neat, clean and attractive manner at all times. In the event any Owner shall fail to maintain the landscaping in a

neat, clean and attractive manner the Association may enter upon the property of Owner for maintenance purposes. All such costs of maintenance shall be charged upon the Owner of the property.

4.3 Maintenance of Lots and Homes. Each Owner shall maintain such Owner's Lot and all improvements thereon in a clean and attractive condition, in good repair, and in such fashion as not to create a fire hazard. Such maintenance shall include, without limitation, maintenance of windows, doors, garage doors, walks, patios, chimneys, and other exterior improvements and glass surfaces. All repainting or restaining and exterior remodeling shall be subject to prior review and approval by the Board. Each Owner shall repair damage caused to such Owner's Lot or improvements located thereon by fire, flood, storm, earthquake, riot, vandalism, or other causes within a reasonable period. Insurance purchased by the Association may be used to effect such repairs, subject to the Association's Board of Directors' right to adjust the losses with the Association's insurance carrier.

4.4 Animals. No animals, livestock, or poultry of any kind, other than a reasonable number of household pets that are not kept, bred, or raised for commercial purposes and that are reasonably controlled so as not to be a nuisance, shall be raised, bred, kept, or permitted within any Lot.

4.5 Nuisance. No noxious, harmful, or offensive activities shall be carried out on any Lot or Common Property. Nor shall anything be done or placed on any Lot or Common Property that interferes with or jeopardizes the enjoyment of, or that is a source of annoyance to, the Owner or other Occupants.

4.6 Parking. Except as described below, all vehicles of any nature shall be parked inside the garage. Vehicles shall be interpreted as broadly as possible and shall include automobiles, recreational vehicles, trailers, motorcycles, snowmobiles, ATVs, and boats. While an Owner is residing in and present at a home located upon the property, vehicles may be parked in the driveway. In the event a person is not present at and occupying the home all vehicles shall be garaged.

4.7 Vehicles in Disrepair. No Owner shall permit any vehicle that is in a state of disrepair or that is not currently licensed to be abandoned or to remain parked on the Common Property or on any street on or adjacent to the Property at any time and may not permit them on a Lot for a period in excess of 48 hours. A vehicle shall be deemed in a "state of disrepair" when the Board reasonably determines that its presence offends the occupants of the neighborhood. If an Owner fails to remove such vehicle within five (5) days following the date on which the Association mails or delivers to such Owner a notice directing such removal, the Association may have the vehicle removed from the Property and charge the expense of such removal to the Owner as a Reimbursement Assessment, which may be collected and enforced as any other assessments imposed pursuant to the Declaration and Bylaws.

4.8 Signs. No signs shall be erected or maintained on any Lot except that not more than one "For Sale" or "For Rent" sign placed by the Owner or by a licensed real estate agent, not exceeding 24 inches high and 36 inches long, may be temporarily displayed on any Lot. The restrictions contained in this Section 4.8 shall not prohibit the temporary placement of "political" signs on any Lot by the Owner or Occupant. Provided, however, political signs shall be removed within three (3) days after the election day pertaining to the subject of the sign. Real estate signs shall be removed within three (3) days after the sale closing date.

4.9 Rubbish and Trash. No Lot or part of the Common Property shall be used as a dumping ground for trash or rubbish of any kind. All garbage and other waste shall be kept in appropriate containers for proper disposal and out of public view.

4.10 Fences and Hedges. No fences or boundary hedges shall be installed or replaced without prior written approval of the Board.

4.11 Service Facilities. Service facilities, including garbage containers, above-ground fuel tanks, or clotheslines, shall be screened so that such facilities are not visible at any time from the street or a neighboring property. All telephone, electrical, cable television, and other utility installations shall be placed underground in conformance with applicable law and subject to approval by the Board.

4.12 Antennas and Satellite Dishes. Without prior consent of the Board and, except as otherwise provided by law or this section, no exterior antennas, satellite dishes, microwave, aerial, tower, or other devices for the transmission or reception of television, radio, or other forms of sound or electromagnetic radiation shall be erected, constructed, or placed on any Lot, with the exception of small satellite TV dishes that are for household use only.

4.13 Exterior Lighting or House Numbers. Except with the consent of the Board and except as described in this paragraph, all exterior lighting is prohibited. One (1) five foot (5') above grade post and lantern photocell controlled light is permitted. The permitted outdoor light shall contain a working photocell that will activate the permitted outdoor light from dusk until dawn. The Association will maintain the permitted outdoor light. Homeowners are prohibited from tampering with the permitted outdoor light. One purpose of the permitted outdoor light is to provide emergency lighting for emergency responders. The permitted outdoor light will also be the location for house numbers. Any exterior lighting permitted under this Declaration shall comply with all applicable local government dark sky regulations and ordinances.

4.14 Association Rules and Regulations. The Board from time to time may adopt, modify, or revoke such Rules and Regulations governing the conduct of persons and the operation and use of Lots and the Common Property as it may deem necessary or appropriate to assure the peaceful and orderly use and enjoyment of the Property and the administration and operation of the Association. A copy of the Rules and Regulations, upon adoption, and a copy of each amendment, modification, or revocation thereof, shall be delivered by the Board promptly to each Owner and shall be binding upon all Owners and occupants of all Lots on the date of delivery or actual notice thereof. The method of adoption of such Rules and Regulations shall be provided in the Bylaws of the Association. Subject to the Board's approval or consent, the Board may adopt rules and regulations pertinent to its functions.

4.15 Temporary Structures. No structure of a temporary character or any trailer, basement, tent, shack, garage, barn, or other outbuilding shall be used on any Lot as a residence, either temporarily or permanently.

ARTICLE 5. COMMON PROPERTY

5.1 Use of Common Property. Use of the Common Property is subject to the provisions of the Declaration, Bylaws, Articles, and the Rules and Regulations adopted by the Board. There shall be no obstruction of any part of the Common Property. Nothing shall be stored or kept in the Common Property without the prior written consent of the Board. No alterations or additions to the Common Property shall be permitted without the prior written consent of the Board.

5.2 Maintenance of Common Property. The Association shall be responsible for maintenance, repair, replacement, and upkeep of the Common Property at the equal expense of the Owners. The Association shall keep the Common Property in good condition and repair, provide for all necessary services, and cause all acts to be done that may be necessary or proper to assure the maintenance of the Common Property.

ARTICLE 6. BOARD ARCHITECTURAL REVIEW

6.1 Architectural Review. Except for initial construction by Declarant, no improvement shall be commenced, erected, placed, or altered on any Lot until the construction plans and specifications showing the nature, shape, heights, materials, colors, and proposed location of the improvement have been submitted to and approved in writing by the Board. This Article's purpose is to assure quality of workmanship and materials and harmony between exterior design and the existing improvements and landscaping and as to location with respect to topography and finished grade elevations. The Board shall act as an architectural review committee. The Board shall not be responsible for determining compliance with structural and building codes, solar ordinances, zoning codes, or other governmental regulations, all of which are the applicant's responsibility. The procedure and specific requirements for review and approval of construction shall be set forth in design guidelines and standards adopted from time to time by the Board. The provisions of this Article shall apply in all instances in which this Declaration requires the Board's consent.

6.2 Duties. The Board shall consider and act on the proposals and/or plans submitted pursuant to this Article. The Board, from time to time and at its sole discretion, may adopt architectural rules, regulations, and guidelines (“Architectural Standards”).

6.3 Board Decision. The Board shall render its written decision approving or denying each application submitted to it within thirty (30) working days after its receipt of all materials required with respect to such application. If the Board fails to render such written decision within forty-five (45) days of its receipt of all required materials or request an extension, the application shall be deemed approved. The Board shall be entitled to request one or more extensions of time, not to exceed forty-five (45) days. In the event of such extension requests, if the Board does not render a written decision within thirty (30) days after the expiration of the extension(s), the application shall be deemed approved. Provided, however, the applicant may agree to further extensions to allow the applicant to complete or supplement the application.

6.4 Board Discretion. The Board, at its sole discretion, may withhold consent to any proposed work if the Board finds the proposed work would be inappropriate for the particular Lot or incompatible with the design standards that the Board intends for Battle Rock Estates Subdivision (A Planned Community). The Board may consider siting, shape, size, color, design, height, solar access, or other effect on the enjoyment of other Lots or the Common Property, and any other factors that it reasonably believes to be relevant in determining whether or not to consent to any proposed work.

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

6.6 Appeal. There shall be no right of appeal.

6.7 Effective Period of Consent. The Board’s consent to any proposed work shall automatically expire three (3) months after issuance unless construction of the project has been commenced or the Owner has applied for and received an extension of time from the Board.

6.8 Determination of Compliance. The Board may inspect, from time to time, all work performed and determine whether it is in substantial compliance with the approval granted. If the Board finds that the work was not performed in substantial conformance with the approval granted, or if the Board finds that the approval required was not obtained, the Board shall notify the Owner in writing of the noncompliance. The notice shall specify the particulars of noncompliance and shall require the Owner to remedy the noncompliance.

6.9 Noncompliance. If the Board determines that an Owner has not constructed an improvement consistent with the specifications of an Board approval or has constructed an improvement without obtaining Board approval, sends a notice of noncompliance to such Owner, and such Owner fails to commence diligently remedying such noncompliance in accordance with such notice, then, effective at 5:00 p.m. on the third day after issuance of such notice, the Board shall provide notice of a hearing to consider the Owner’s continuing noncompliance. The hearing shall be set not more than thirty (30) days from the date on which the notice of noncompliance was issued. At the hearing, if the Board finds that there is no valid reason for the continuing noncompliance, the Board shall determine the estimated costs of achieving compliance and may issue a fine against the noncomplying Owner for such amount. The Board also shall require the Owner to remedy such noncompliance within ten (10) days after the date of the Board’s determination. If the Owner does not comply with the Board’s ruling within such period or any extension thereof granted by the Board, at its sole discretion, the Board may remove the noncomplying improvement, remedy the noncompliance, and/or record a notice of noncompliance in the county deed records. The costs of any such action shall be assessed against the Owner as a Reimbursement Assessment either before or after any remedial action is taken.

6.10 Liability. Neither the Board nor any member thereof shall be liable to any Owner, Occupant, or builder for any damage, loss, or prejudice suffered or claimed on account of any action or failure to act of the Board

or a member thereof, provided only that the Board or the member has, in accordance with its or his or her actual knowledge, acted in good faith.

6.11 Fees. The Board may charge applicants a reasonable application fee and additional costs incurred or expected to be incurred by the Board to retain architects, attorneys, engineers, and other consultants to advise the Board concerning any aspect of the applications and/or compliance with any appropriate architectural criteria or standards, including, without limitation, those pertinent to house siting and height. Such fees shall be collectible as assessments pursuant to Article 10.

6.12 Declarant and Successor Exempt from Board. The Declarant or a successor to all of the unsold Lots shall be exempt from the requirement to submit and have plans approved by the Board.

ARTICLE 7. MEMBERSHIP IN THE ASSOCIATION

7.1 Members. Each Owner shall be a member of the Association. Membership in the Association shall be appurtenant to, and may not be separated from, ownership of any Lot. Transfer of ownership of a Lot shall automatically transfer membership in the Association. Without any other act or acknowledgment, Occupants and Owners shall be governed and controlled by this Declaration, the Articles, Bylaws, and the Rules and Regulations of the Association and any amendments thereof.

7.2 Proxy. Each Owner may cast such Owner's vote in person, by written ballot, or pursuant to a proxy executed by such Owner. An Owner may not revoke a proxy given pursuant to this Section 7.2 except by actual notice of revocation to the person presiding over a meeting of the Association. A proxy shall not be valid if it is undated or purports to be revocable without notice. A proxy shall terminate one (1) year after its date, unless the proxy specifies a shorter term.

7.3 Voting Rights. Subject to the provisions of Article 8, all Owners of Lots shall be entitled to one (1) vote for each Lot owned with respect to all matters in which Owners are entitled to vote.

7.4 Procedure. All meetings of the Association, the Board, the Board, and Association committees shall be conducted with such rules of order as may from time to time be adopted by the Board. Notwithstanding which rule of order is adopted, the President shall be entitled to vote on all matters, not merely to break a tie vote. A tie vote does not constitute a majority or approval of any motion or resolution.

ARTICLE 8. DECLARANT CONTROL

8.1 Interim Board and Officers. Declarant shall be the Board and reserves complete administrative control of the Association including all voting rights until such time as Declarant, in writing, terminates such Declarant control or until the sale of the last Lot by Declarant, whichever occurs first.

8.2 Turnover Meeting. Declarant shall call a meeting for the purposes of turning over administrative control of the Association from Declarant to the Members within sixty (60) days of the earlier of the following dates:

8.2.1 Earliest Date. The date on which the last Lot is sold in Battle Rock Estates Subdivision (A Planned Community) and conveyed to persons other than Declarant;

8.2.2 Optional Turnover. The date on which Declarant has elected in writing to terminate its administrative control.

Declarant shall give notice of the Turnover Meeting to each Owner as provided in the Bylaws.

ARTICLE 9. DECLARANT'S SPECIAL RIGHTS

9.1 General. Declarant shall have the special rights set forth in this Article 9 until all Lots are sold or transferred by Declarant.

9.2 Marketing Rights. Declarant shall have the right to maintain a sales office and model on one or more of the Lots that Declarant owns. Declarant and prospective purchasers and their agents shall have the right to use and occupy the sales office and models during reasonable hours any day of the week. Declarant may maintain a reasonable number of "For Sale" signs at reasonable locations on the Property, including, without limitation, on the Common Property.

9.3 Declarant Easements. Declarant reserves easements over the Property as more fully described in Sections 3.4 hereof.

9.4 Additional Improvements. Declarant does not agree to build any improvements not described in this Declaration.

9.5 Declarant Assessments. Declarant shall be exempt from all Association assessments for any Lots owned by Declarant.

ARTICLE 10. FUNDS AND ASSESSMENTS

10.1 Purpose of Assessments; Expenses. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, aesthetics, and welfare of the Owners and Occupants of Battle Rock Estates Subdivision (A Planned Community), for the improvement, operation, and maintenance of the Common Property, for the administration and operation of the Association, and for any purpose permitted under the Oregon Planned Community Act.

10.2 Covenants to Pay. Declarant and each Owner covenant and agree to pay the Association the assessments and any additional charges levied pursuant to this Declaration or the Bylaws. All assessments for operating expenses, repairs and replacement, and reserves shall be allocated among the Lots and their Owners as set forth in this Article 10.

10.2.1 Funds Held in Trust. The assessments collected by the Association shall be held by the Association for and on behalf of each Owner and shall be used solely as set forth in Section 10.1. On the sale or transfer of any Lot, the Owner's interest in such funds shall be deemed automatically transferred to the successor in interest to such Owner.

10.2.2 Offsets. No offsets against any assessment shall be permitted for any reason.

10.2.3 Right to Profits. Association profits, if any, shall be the property of the Association and shall be contributed to the Current Operating Account.

10.3 Basis of Assessment; Commencement of Assessments. Declarant shall pay all common expenses of the Association until the Lots are assessed for common expenses. The amount and date of commencement of the initial annual assessment to Owners other than Declarant shall be determined by Declarant. In the sole and unfettered discretion of Declarant, Declarant may defer payment of reserves for a Lot until the Lot is conveyed to a third party. However, Declarant may not defer payment of accrued reserves beyond the date of the Turnover Meeting.

10.4 Annual Assessments. Annual assessments for each fiscal year shall be established when the Board approves the budget for that fiscal year. The initial annual assessment shall be determined by Declarant and may be prorated on a monthly basis at the time of the closing of the first sale from Declarant. For proration purposes, any portion of a month shall count as a full month. Annual assessments shall be payable on a periodic basis, not more frequently than monthly, as determined by the Board. The fiscal year shall be the calendar year unless another year is adopted by vote of the Association members.

10.4.1 Budgeting. Each year following Turnover the Board shall prepare, approve, and make available to each Member a pro forma operating statement (budget) containing (a) estimated revenue and expenses on an accrual basis; (b) the amount of the total cash reserves of the Association currently available for replacement or major repair of the Common Property and for contingencies; (c) an itemized estimate for the remaining life of, and the methods of funding to defray repair, replacement, or additions to major components of such improvements as provided in Section 10.6.2; and (d) a general statement setting forth the procedures used by the Board in the calculation and establishment of reserves to defray the costs of repair, replacement, or additions to major components of the Common Property. Notwithstanding that budgeting shall be done on an accrual basis, the Association's books shall be kept on a cash basis and the Association shall be a cash basis taxpayer, unless applicable governmental regulations require otherwise. For the first fiscal year, the budget shall be approved by the Board no later than the date on which annual assessments are scheduled to commence. Thereafter, the Board shall annually prepare and approve the budget and distribute a copy or summary thereof to each Member, together with written notice of the amount of the annual assessments to be levied against the Owner's Lot, within thirty (30) days after adoption of such budget.

10.4.2 Allocation of Assessments. The total amount in the budget shall be charged equally against all Lots as annual assessments.

10.4.3 Nonwaiver of Assessments. If before the expiration of any fiscal year the Association fails to fix annual assessments for the next fiscal year, the annual assessments established for the preceding year shall continue until a new annual assessment is fixed.

10.5 Special Assessments. The Board and/or the Owners shall have the power to levy special assessments against an Owner or all Owners in the following manner for the following purposes:

10.5.1 Correct Deficit. To correct a deficit in the operating budget, by vote of a majority of the Board;

10.5.2 Special Obligations of an Owner. To collect amounts due to the Association from an Owner for breach of the Owner's obligations under this Declaration, the Bylaws, or the Rules and Regulations, by vote of a majority of the Board;

10.5.3 Repairs. To collect additional amounts necessary to make repairs or renovations to the Common Property if sufficient funds are not available from the operating budget or replacement reserve accounts, by vote of a majority of the Board; or

10.5.4 Capital Improvements. To make capital acquisitions, additions or improvements, by vote of at least eighty percent (80%) of all votes allocated to the Lots.

10.5.5 Reimbursement Assessments. The Association shall levy a reimbursement assessment against any Owner and such Owner's Lot if a failure to comply with this Declaration, Bylaws, Architectural Standards, or any Rules and Regulations has (a) necessitated an expenditure of monies by the Association to effect compliance or (b) resulted in the imposition of a fine or penalty against such Owner or such Owner's Lot (a "Reimbursement Assessment"). A Reimbursement Assessment shall be due and payable to the Association when levied. A Reimbursement Assessment shall not be levied by the Association except on at least ten (10) days' written notice to the Owner being assessed. If, within said 10-day period, the Owner makes a written request to the Board for a hearing, a hearing shall be held. On request for a hearing, the Board shall conduct it not less than ten (10) nor more than thirty (30) days after the request by the Owner, and shall make its decision within not more than thirty (30) days after the hearing is held. If a notice has been previously given, and the hearing has already been held or waived (in writing or by the Owner's failure to appear) for the violation resulting in the Reimbursement Assessment, no additional notice and hearing is required before levying the Reimbursement Assessment.

10.6 Accounts.

10.6.1 Types of Accounts. Assessments collected by the Association shall be deposited into at least two separate accounts with a bank, which accounts shall be clearly designated as (a) the Current Operating Account and (b) the Reserve Account. The Board shall deposit those portions of the assessments collected for current maintenance and operation into the Current Operating Account and shall deposit those portions of the assessments collected as reserves for replacement and deferred maintenance of capital improvements into the Reserve Account. Withdrawal of funds for the Association's Reserve Account shall require the signatures of either two Directors or one Director and an officer of the Association who is not a Director. In its books and records, the Association shall account separately for operating expenses relating to the Common Property and operating expenses relating to all other matters, as well as for necessary reserves relating to the Common Property and necessary reserves relating to all other matters.

10.6.2 Reserve Account. Declarant shall establish a Reserve Account, in the name of the Association, which shall be kept separate from all other funds held by the Association. The Association shall pay out of the Reserve Account only those costs that are attributable to the maintenance, repair, or replacement of Common Property property that normally requires replacement, in whole or in part, within three (3) to thirty (30) years and not for regular or periodic maintenance and expenses. No funds collected for the Reserve Account may be used for ordinary current maintenance and operation purposes.

10.6.2.1 Calculation of Reserve Assessment; Reserve Study. The Board of Directors of the Association shall annually conduct a reserve study, or review and update an existing study, of the Common Property to determine the reserve account requirements. A reserve account shall be established for those items of the Common Property all or part of which will normally require replacement in more than three and less than thirty (30) years, for exterior painting, and for the maintenance, repair, or replacement of other items as may be required under the Declaration or Bylaws or that the Board of Directors, in its discretion, may deem appropriate. The reserve account need not include items that could reasonably be funded from operating assessments. The reserve study shall include:

- (a) identification of all items for which reserves are required to be established;
- (b) the estimated remaining useful life of each item as of the date of the reserve study;
- (c) the estimated cost of maintenance, repair or replacement of each item at the end of its useful life; and
- (d) a thirty (30) year plan with regular and adequate contributions, adjusted by estimated inflation and interest earned on reserves, to meet the maintenance, repair and replacement schedule.

The reserve account assessment shall be allocated pursuant to Section 10.4.2.

10.6.2.2 Loan from Reserve Account. After the Turnover Meeting described in Section 8.2, the Board may borrow funds from the Reserve Account to meet high seasonal demands on the Association's regular operating fund or to meet unexpected increases in expenses. Funds borrowed must be repaid later from assessments if the Board has adopted a resolution, which may be an annual continuing resolution, authorizing the borrowing of funds. Not later than the adoption of the budget for the following year, the Board shall adopt by resolution a written payment plan providing for repayment within a reasonable period.

10.6.2.3 Increase or Reduction, or Elimination of Reserve Account Assessment. At any time after the second year after the Turnover Meeting, future assessment for the Reserve Account may be increased or reduced by the vote of Owners of Lots representing seventy-five percent (75%) of the votes computed in accordance with Section 7.3.

10.6.2.4 Investment of Reserve Account. Nothing in this Section 10.6 prohibits the prudent investment of Reserve Account funds, subject to any constraints imposed by the Board, the Bylaws, or the Rules and Regulations.

10.6.2.5 Refunds of Assessments. Assessments paid into the Reserve Account are the property of the Association and are not refundable to sellers or Owners of Lots. Sellers or Owners of Lots may treat their outstanding share of the Reserve Account's balance as a separate item in the sales contract providing for the conveyance of their Lot.

10.6.3 Current Operating Account. All costs other than those to be paid from the Reserve Account pursuant to Section 10.6.2 may be paid from the Current Operating Account.

10.7 Default in Payment of Assessments, Enforcement of Liens.

10.7.1 Personal Obligation. All assessments properly imposed under this Declaration or the Bylaws shall be the joint and several personal obligation of all Owners of the Lot to which such assessment pertains. In a voluntary conveyance (i.e., one other than through foreclosure or a deed in lieu of foreclosure), the grantees shall be jointly and severally liable with the grantors for all Association assessments imposed through the recording date of the instrument effecting the conveyance. A suit for a money judgment may be initiated by the Association to recover such assessments without either waiving or foreclosing the Association's lien.

10.7.2 Association Lien. The Association shall have a lien against each Lot for any assessment (of any type provided for by this Declaration or the Bylaws) or installment thereof that is delinquent. Such lien shall accumulate all future assessments or installments, interest, late fees, penalties, fines, attorney fees (whether or not suit or action is instituted), actual administrative costs, and other appropriate costs properly chargeable to an Owner by the Association, until such amounts are fully paid. Recording of the Declaration constitutes record notice and perfection of the lien. Said lien may be foreclosed at any time pursuant to the Planned Community Act. The Association shall record a notice of a claim of lien for assessments and other charges in the deed records of Curry County, Oregon, before any suit to foreclose may be filed. The lien of the Association shall be superior to all other liens and encumbrances except property taxes and assessments, any first mortgage, deed of trust or land sale contract recorded before the Association's notice of lien, and any mortgage or deed of trust granted to an institutional lender that is recorded before the Association's notice of lien.

10.7.3 Interest; Fines; Late Fees; Penalties. The Board, in its reasonable discretion, may from time to time adopt resolutions to set the rate of interest and to impose late fees, fines, and penalties on delinquent assessments or for violations of the provisions of this Declaration, the Bylaws, Architectural Standards, and the Rules and Regulations adopted by the Board or the Board. The adoption of such impositions shall be communicated to all Owners in writing not less than thirty (30) days before the effective date by a notice mailed to the assessment billing address of such Owners. Such impositions shall be considered assessments that are lienable and collectible in the same manner as any other assessments; provided, however, that fines or penalties for violation of this Declaration, the Bylaws, or any rule and regulation, other than late fees, fines, or interest arising from an Owner's failure to pay regular, special, or reimbursement assessments may not be imposed against an Owner or such Owner's Lot until such Owner is given an opportunity for a hearing as elsewhere provided herein.

10.7.4 Acceleration of Assessments. If an Owner is delinquent in payment of any assessment or installment on any assessment, the Association, on not less than ten (10) days' written notice to the Owner, may accelerate the due date of the full annual assessment for that fiscal year and all future installments of any special assessments.

10.7.5 Association's Right to Rents; Receiver. In any foreclosure suit by the Association with respect to such lien, the Association shall be entitled to collect reasonable rent from the defaulting Owner for the use of such Owner's Lot or shall be entitled to the appointment of a receiver.

ARTICLE 11. GENERAL PROVISIONS

11.1 Records. The Board shall preserve and maintain minutes of the meetings of the Association, the Board and any committees. The Board also shall keep detailed and accurate financial records, including individual

assessment accounts of Owners, the balance sheet, and income and expense statements. Any request by any Owner to copy or inspect Association records shall be governed by ORS 94.670 and the Oregon Planned Community Act.

11.2 Indemnification of Directors, Officers, Employees, and Agents. The Association shall indemnify any Director, officer, employee, or agent who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative (other than an action by the Association) by reason of the fact that such person is or was a Director, officer, employee, or agent of the Association or is or was serving at the request of the Association as a Director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, against expenses (including attorney fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by said person in connection with such suit, action, or proceeding if such person acted in good faith and in a manner that such person reasonably believed to be in, or not opposed to, the best interest of the Association, and, with respect to any criminal action or proceedings, had no reasonable cause to believe that such person's conduct was unlawful. The termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or with a plea of nolo contendere or its equivalent, shall not of itself create a presumption that a person did not act in good faith and in a manner that such person reasonably believed to be in, or not opposed to, the best interest of the Association, and, with respect to any criminal action or proceedings, had reasonable cause to believe that such person's conduct was unlawful. Payment under this clause may be made during the pendency of such claim, action, suit, or proceeding as and when incurred, subject only to the right of the Association to reimbursement of such payment from such person, should it be proven at a later time that such person had no right to such payments. All persons who are ultimately held liable for their actions on behalf of the Association as a Director, officer, employee, or agent shall have a right of contribution over and against all other Directors, officers, employees, or agents and members of the Association who participated with or benefited from the acts that created said liability.

11.3 Enforcement; Attorney Fees. The Association and the Owners and any mortgagee holding an interest on a Lot shall have the right to enforce all of the covenants, conditions, restrictions, reservations, easements, liens, and charges now or hereinafter imposed by any of the provisions of this Declaration as may appertain specifically to such parties or Owners by any proceeding at law or in equity. Failure by either the Association or by any Owner or mortgagee to enforce any covenant, condition, or restriction herein contained shall in no event be deemed a waiver of their right to do so thereafter. In the event suit or action is commenced to enforce the terms and provisions of this Declaration (including without limitations, for the collection of assessments), the prevailing party shall be entitled to its actual administrative costs incurred because of a matter or event that is the subject of the suit or action, attorney fees and costs in such suit or action to be fixed by the trial court, and in the event of an appeal, the cost of the appeal, together with reasonable attorney fees, to be set by the appellate court. In addition, the Association shall be entitled to its reasonable attorney fees and costs incurred in any enforcement activity or to collect delinquent assessments, together with the Association's actual administrative costs, whether or not suit or action is filed.

11.4 Severability. Invalidation of any one of these covenants, conditions, or restrictions by judgment or court order shall not affect the other provisions hereof and the same shall remain in full force and effect.

11.5 Duration. The covenants, conditions, and restrictions of this Declaration shall run with and bind the land for a term of fifty (50) years from the date of this Declaration being recorded, after which time they shall be automatically extended for successive periods of 20 years, unless terminated by a vote of at least ninety (90%) of the Owners and ninety (90%) of the first mortgagees; provided, however, that amendments that do not constitute termination of this Declaration may be adopted as provided in Section 11.6.

11.6 Amendment. Except as otherwise provided in Section 11.5 or ORS 94.590, and the restrictions set forth elsewhere herein, this Declaration may be amended at any time by an instrument approved by not less than seventy-five percent (75%) of the total votes of members that are eligible to vote. Any amendment must be executed, recorded, and certified as provided by law; provided, however, that no amendment of this Declaration shall effect an amendment of the Bylaws or Articles without compliance with the provisions of such documents, and the Oregon Nonprofit Corporation Act and that no amendment affecting the general plan of development or any

other right of Declarant herein contained may be effected without the express written consent of Declarant or its successors and assigns, including, without limitation, amendment of this Section 11.6.

11.7 Unilateral Amendment by Declarant. In addition to all other special rights of Declarant provided in this Declaration, Declarant may amend this Declaration in order to comply with the requirements of the Federal Housing Administration of the United States, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Home Mortgage Loan Corporation, any department, bureau, board, commission, or agency of the United States or the State of Oregon, or any other state in which the Lots are marketed and sold, or any corporation wholly owned, directly or indirectly, by the United States or the State of Oregon, or such other state, the approval of which entity is required in order for it to insure, guarantee, or provide financing in connection with development of the Property and sale of Lots. Before the Turnover Meeting, no such amendment shall require notice to or approval by any Class A member.

11.8 Compliance with HB2534. This Declaration shall not be interpreted to contain any restriction, rule or regulation against the use of the community or the lots by a person or group of persons because of race, color, religion, sex, sexual orientation, gender identity, national origin, marital status, familial status, source of income, disability or the number of individuals, including family members, persons of close affinity or unrelated persons, who are simultaneously occupying a dwelling unit within occupancy limits.

11.9 Resolution of Document Conflicts. In the event of a conflict among any of the provisions in the documents governing Battle Rock Estates Homeowners Association, this Declaration shall control.

IN WITNESS WHEREOF, Declarant has executed this instrument this ____ day of _____, 2024.

DECLARANT:

Port Orford QOZB LLC

By Patrick Todd, its Member

STATE OF OREGON)
) ss.
County of _____)

I certify that on the ___ day of _____, 2024, Patrick Todd appeared before me and acknowledged that he signed this instrument and acknowledged it to be his free and voluntary act.

Notary Public of Oregon
My Commission Expires: _____