

AFTER RECORDING RETURN TO:
CASCADE TITLE COMPANY
811 WILLAMETTE ST., EUGENE, OR 97401

CTS/23-0329 JJ

AFTER RECORDING, RETURN TO:

Sahhali South Homeowners Association
840 BELTLINE ROAD, SUITE 202
SPRINGFIELD, OR 97477

Tillamook County, Oregon

08/01/2023 02:30:01 PM

2023-03406

DEED-ACCR

\$295.00 \$11.00 \$10.00 \$61.00 \$10.00 - Total =\$387.00

I hereby certify that the within instrument was received
for record and recorded in the County of Tillamook,
State of Oregon.

Tassi O'Neil, Tillamook County Clerk

**AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS AND
RESTRICTIONS OF SAHHALI SOUTH**

RECITALS

A. Declarant was the owner of all the real property described in Exhibit "A" attached, including Lots 1 through 56 depicted in the plat of Sahhali South recorded in the Tillamook County, Oregon, Deed records on February 16, 2007, as Document No. 2007-001312. The Declarant has annexed additional real property to the Planned Community through the Supplemental Declaration of Covenants, Conditions and Restrictions of Sahhali South recorded in Tillamook County, Oregon records on June 4, 2013, at instrument number 2013-003304. The annexed property consists of Lots 1 through 5 depicted in the plat of Sahhali North recorded in the Tillamook County, Oregon, Deed records at instrument 2013-003301 and described in Exhibit "B" attached. All real property described in these recitals and Exhibits A and B hereto ("Property") is subject to the terms and provisions of the Declaration of Covenants, Conditions, and Restrictions (as amended), the Association's Articles of Incorporation, the Bylaws, and the Rules and Regulations of Sahhali South Homeowners Association. Upon recordation, these Amended and Restated Covenants, Conditions, and Restrictions replace all prior Covenants, Conditions, and Restrictions as well as all previous addenda and amendments thereto.

B. While Declarant remains in control of the Association as provided in Section 4, Declarant reserves the right, but is not undertaking the obligation, to annex additional property to the Planned Community and subject it to the terms and provisions of this Declaration, the Articles, and the Bylaws, as they may be amended or supplemented. This right shall extend to any other property selected by Declarant, there being no limitation on the number of lots or units or Common Property which Declarant may create or annex to the Planned Community. Declarant may annex additional property to the Planned Community in one or more Supplemental Declarations.

C. Declarant, deeming it desirable for the efficient preservation of the values and amenities in the Planned Community, created the Association to own, maintain, and administer the Common Property and facilities, to administer and to enforce the covenants and restrictions, to collect and disburse the assessments and charges hereinafter created, and to promote the recreation, health, safety, and welfare of the residents.

D. Declarant and the Association desire to provide for the preservation and enhancement of the property values, amenities, and opportunities in Sahhali South and for the maintenance of the Property and improvements thereon, and to this end desire to subject the Property to the covenants, restrictions, easements, charges and liens hereinafter set forth, each and all of which is and are for the benefit of the Property and each owner of any Lot.

E. Declarant and the Association recognize that the lots in the Planned Community will share to varying degrees for their common benefit the common use of streets, paths, sewerage, and a water system. This Amended and Restated Declaration is recorded subject to this Declaration all of the property described in Exhibit "A" and Exhibit "B," together with such additional property as may hereafter be added to the Planned Community.

F. The Property shall be held, transferred, sold, conveyed, and occupied subject to the provisions of the Oregon Planned Community Act, ORS 94.550 et seq., as it may be amended or supplemented, and to the covenants, conditions, restrictions, easements, charges, and liens set forth in this Amended and Restated Declaration.

G. This Amended and Restated Declaration, having been approved by 75% of the total votes in the planned community, shall be effective immediately upon its recordation.

SECTION 1 DEFINITIONS

1.1 "Articles" means the Articles of Incorporation for the nonprofit mutual benefit corporation, Sahhali South Homeowners Association, as filed with the Oregon Secretary of State.

1.2 "Assessment" means any and all charges the Association levies or charges on or against an Owner or Lot and includes, without limitation, all Regular Assessments for common expenses, Special Assessments, fines, late fees, interest, and attorney's fees and costs.

1.3 "Association" means Sahhali South Homeowners Association, its successors, and assigns.

1.4 "Board of Directors" means the Board of Directors of the Association.

1.5 "Bylaws" means the Bylaws of the Association.

1.6 "Common Property" means that area of land shown on the recorded plat or plats of the Property, including any improvements thereon that are intended to be devoted to the common use and enjoyment of the Owners and which land has been conveyed to the Association.

1.7 "Declaration" means the Amended and Restated Declaration of Covenants, Conditions, and Restrictions of Sahhali South.

1.8 "Declarant" means Sahhali South, LLC and its successors and assigns as to any interest in the development of the Property.

1.9 "Living Unit" or "Unit" means any portion of a structure situated upon the Property designed and intended for use and occupancy as a residence by a single family.

1.10 "Lot" means Lots 1 through 56 of Sahhali South as shown on the plat recorded on Instrument #2007-001312, Records of Tillamook County, Oregon, Lots 1 through 5 of Sahhali North as shown on the plat recorded on instrument number 2013-003301, Record of Tillamook County Oregon, and any of the lots which may be subsequently annexed to the Planned Community on any supplemental declaration and plat submitting additional property to the terms of this Declaration. "Lot," however, shall not include any lot depicted on any plat of the Property that is designated for use as Common Property on such plat or declaration of Sahhali South.

1.11 "Member" means each Owner of a Lot, and each Owner shall be a Member of the Association.

1.12 "Occupant" means the occupant of a Living Unit who may be the owner, lessee, or any other person authorized by the Owner to occupy the Living Unit.

1.13 "Open Space" means all of the real property described in Exhibit "A" other than Lots 1 through 56 and the roads depicted on the plat of Sahhali South filed on February 15, 2007, in the Plat Records of Tillamook County, Oregon as Instrument Number 2007-001312. Open Space includes, but is not limited to, the area depicted as Open Space on the Plat. No part of the Open Space will become Common Property unless and until that Open Space has been conveyed to the Association by or through the

Declarant. Any part of the Open Space will become part of the Common Property at such time as it is conveyed to the Association by or through the Declarant.

1.14 "Owner" means the record owner, whether one or more persons or entities of the fee simple title to any Lot or a purchaser in possession under a land sale contract. The foregoing does not include persons or entities that hold an interest in any Lot merely as security for the performance of an obligation.

1.15 "Planned Community" means the Lots together with the Common Property for which the Association has the obligations set forth in the Recitals and elsewhere in this Declaration. The Planned Community is also referred to herein as Sahhali South.

1.16 "Property" means the real property consisting of Lots 1 through 56 of Sahhali South, the Common Property and all improvements located on said real property subject to this Declaration together with Lots 1 through 5 of Sahhali North and such additional Lots and Common Property as may, from time to time, be annexed to the Planned Community.

1.17 "Rules and Regulations" means the documents containing rules and regulations and policies adopted by the Board of Directors or the Architectural Review Board as may be from time to time amended.

1.18 STEP Effluent Disposal System ("STEP System") means the dosing tanks, dosing tank effluent pump, pressure effluent lines, holding tanks, AdvanTex Textile filter units, splitter valves, and the common absorption facilities, together with all other facilities necessary to establish and operate the STEP System. The STEP System shall be part of the Common Property and shall be operated by the Association under the terms of an easement until such time as all Lots served by the STEP System are served by another sewerage system owned either publicly or by the Association. At such time, the easement for the STEP System shall at Declarant's option, revert to Declarant, or if Declarant is no longer in existence, to the members of Declarant. Reversion shall be effective upon satisfaction of the foregoing condition and the recording by Declarant of a "Notice of Reversion."

SECTION 2

PROPERTY SUBJECT TO THIS DECLARATION

2.1 Property included. The real property which is and shall be held, transferred, sold, conveyed and occupied subject to this Declaration is located in Tillamook County, Oregon and consists of Lots 1 through 56 and the adjoining Common Property of Sahhali South which are included within the description in Exhibit "A," Lots 1 through 5 of Sahhali North which are included in the description in Exhibit "B" and any additional property that may be subsequently annexed to the Association.

2.2 Property Excluded

2.2.1 The property described in Exhibit "C" is not and will not at any point in time in the future, be forced to be a member of the Sahhali South Homeowners Association, which is subject to the provisions of this Declaration.

2.2.2 The property described in Exhibit "C" is not contributing to the cost of maintenance of any of the Common Areas, roads, or other amenities on site, and therefore, is not entitled to any of the rights of the Association's Members contained in this Declaration, beyond the right to use the Common Areas, in compliance with the Rules and Regulations of the Association.

2.2.3 The property described in Exhibit "C" may join the Association at any time. If the owners of Tax Lot 202 choose to become Members of the Association at any time in the future, they will be responsible for all assessments, from the date of joining forward, and shall have all of the same rights, responsibilities and restrictions, as any other Member of the Association.

SECTION 3

HOMEOWNERS ASSOCIATION MEMBERSHIP AND VOTING RIGHTS

3.1 Organization. Declarant organized a nonprofit mutual benefit corporation under the name Sahlali South Homeowners Association, which is referred to herein as the Association. The Association Bylaws will be recorded in the office of the Recording Officer of Tillamook County. The Association will have the powers set forth in the Recitals, this Declaration, the Bylaws, the Oregon Nonprofit Corporation Act, and the Oregon Planned Community Act.

3.2 Members. Each Owner is automatically a mandatory Member of the Association. Membership in the Association is appurtenant to, and may not be separated from, ownership of any Lot. Transfer of ownership of a Lot automatically transfers membership in the Association. Occupants and Owners are governed and controlled by this Declaration, the Articles, Bylaws, and Rules and Regulations of the Association and any amendments thereof.

3.3 Proxy. Owners may cast their votes by absentee ballot or by proxy. An Owner may not revoke a proxy given pursuant to this Section 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.

3.4 Voting Rights. Voting rights are described in Article 2 of the Bylaws of the Association.

3.5 Procedure. All meetings of the Association, the Board of Directors, the Architectural Review Board, and Association committees shall be conducted in accordance with such rules of order as may from time to time be adopted by the Board of Directors.

SECTION 4

DECLARANT CONTROL

4.1 Interim Board and Officers. The Declarant hereby reserves administrative control of the Association until the turnover meeting described in Section 4.3 ("Turnover"). The Declarant, in its sole discretion, shall have the right to appoint and remove members of a three-member Interim Board of Directors, which shall manage the affairs of the Association, and which shall be invested with all powers and rights of the Board of Directors. Notwithstanding the provisions of this Section, at the Turnover Meeting at least one (1) Director shall be elected by Owners other than the Declarant, even if the Declarant otherwise has voting power to elect the Directors.

4.2 Transitional Advisory Committee. The Declarant shall form a Transitional Advisory Committee to provide for the transition of administrative control of the Association from the Declarant to the Class A members as defined in Article 2 of the Bylaws. Not later than the sixtieth (60th) day after the Declarant has conveyed Lots representing fifty percent (50%) of all votes in Sahlali South, the Declarant shall call an election for the purpose of selecting a Transitional Advisory Committee. Declarant may nominate or place on a ballot the names of Class A Owners. The election and balloting process shall permit write-in candidates. The committee shall consist of three (3) members. The Class A members shall, by a majority vote, elect two (2) members, and the Declarant shall elect one (1) member. The committee shall have reasonable access to such information and documents as the Declarant is required by law to make available. If the Declarant fails to call the meeting required under this Section, any Owner may do so.

4.3 Turnover Meeting. The Declarant shall call a meeting for the purpose of turning over administrative control of the Association from the Declarant to the Class A members within ninety (90) days of the earlier of the date that Lots representing seventy-five percent (75%) of the total number of votes have been conveyed to persons other than the Declarant or an earlier date selected by Declarant. The Declarant shall give notice of the meeting to each Owner as provided in the Bylaws. If the Declarant does not call the meeting required under this Section, any Owner may do so.

SECTION 5
COVENANTS FOR MAINTENANCE ASSESSMENTS/SPECIAL ASSESSMENTS AND
COMMON PROFITS

5.1 Creation of the Lien and Personal Obligation of Assessments. Except as otherwise provided herein, the Declarant and each Owner covenant and agree to pay the Association (1) regular assessments or charges for common expenses and (2) special assessments as provided in this Section. All assessments, together with interest thereon at the rate established from time to time by resolution of the Board of Directors and together with all other costs, fees, charges and fines allowed by law, shall be a lien and charge on the land and shall be a continuing lien upon the Lot against which each such assessment is made. The lien will also include all attorney's fees and costs (regardless of whether suit or action is instituted) incurred to collect the unpaid assessment. The Association and its agent may execute, record, and foreclose on a claim of lien in the manner provided by law. If the Board of Directors has not established another rate, the interest rate on assessments shall be 12% per year and late fees will be \$25.00 for each delinquent assessment. The assessments accrue from the date of sale of each Lot. Notwithstanding any other provision in this Declaration, Declarant may defer payment of accrued assessments assessed for the Capital Replacement Reserve Account for any Lot until the earlier of the sale of the Lot, the date of the turnover meeting, or the date the Owners assume administrative control of the Association.

5.2 Regular Assessments.

5.2.1 Purpose of Assessments. The assessments levied under this Section shall be used exclusively for the purpose of promoting the recreation, health, safety, and welfare of the residents of the Planned Community, and for the improvement and maintenance of the Common Property, including payment of premiums for insurance required under this Declaration and to fund a replacement reserve for Association owned improvements, and for payment of any common operating expenses such as landscaping, maintenance, water, sewer, and garbage collection, management services, legal and accounting services and the like. No assessments shall be used to engage in lobbying or to exert political influence.

5.2.2 Basis for Assessment. Assessments shall be made for the operating needs and the capital replacement needs of the Planned Community. Funds collected for the assessments may be mingled in one account but must be separately accounted for.

(a) Operating Costs. Except as provided in 5.2.2(d), all lots subject to assessments shall be assessed equally for operating costs including the following items:

- (1) Expenses of operation, maintenance, repair, and replacement of all improvements owned by the Association.
- (2) Expenses directly related to the STEP System, including the installation, operation, maintenance, repair, replacement, and operation thereof. The permit for installation of the system and the requirements of monitoring and reporting for the STEP System are more fully described on Exhibit "F" attached hereto and incorporated herein by this reference.
- (3) Any deficit in common expenses for any prior period.
- (4) Utilities for and property taxes attributable to the Common Property.
- (5) The cost of any professional management desired by the Board of Directors.
- (6) Attorney's fees and charges incurred for work at the direction of the Board of Directors.

(7) Any other items properly chargeable as an expense of the Association.

(b) **Replacement Reserve.** All lots subject to assessments shall be assessed equally for replacement reserves as follows: The regular assessment against each Lot shall include an amount allocated to a reserve account established in the name of the Association for the purpose of funding replacements of those improvements owned by the Association that will normally require replacement, in whole or in part, in more than one (1) and less than thirty (30) years. The replacement reserve portion of the assessments shall initially be determined by the Declarant based on a reserve study or other sources of reliable information. The Board of Directors shall thereafter annually conduct a reserve study or review and update an existing reserve study to determine the capital replacement reserve account requirements. A reserve study shall include (1) identification of all items for which reserves are required to be established, (2) the estimated remaining useful life of each item as of the date of the reserve study, (3) the estimated cost or maintenance, repair or replacement of each item at the end of its useful life, and (4) a 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.

(c) **Limited Benefit.** Any common expense or part thereof benefiting fewer than all the Lots may be assessed exclusively and equally against all of the Lots benefited, except that the water system, all streets, footpaths, footbridges, common utilities and Common Areas are deemed to benefit all the Lots equally. All regular and special assessments shall be equally allocated among the Lots, except to the extent that Lots may be assessed in different manners as described above.

(d) **Lots Not Served By STEP System.** In the event Declarant annexes lots into the Association and said lots are served or approved for service by a sanitary sewer disposal system other than the STEP system, then such lots shall be exempt from assessment for costs under Section 5.2.2 (a)(2) and the portion of assessment attributed to the STEP system under section (b) herein, provided that should an exempt lot be connected to the STEP system the exception shall cease as of the date of connection to the STEP system.

5.2.3 **Method of Assessment.** The Board of Directors shall determine the annual assessment in accordance with the provisions hereof. However, the annual assessment shall be sufficient to meet the obligations imposed by the Declaration. A budget shall be presented to Association and may be amended by the Class B Member or a majority of the votes of the entire membership if there is no Class B Member. The Board shall set the date(s) such assessments shall become due. The Board may provide for collection of assessments annually or in monthly, quarterly, or semi-annual installments. However, upon the default in the payment of any one or more installments, the entire balance of such assessment may be accelerated at the option of the Board and be declared due and payable in full, together with interest and attorney's fees and costs as hereinafter provided.

Notwithstanding any other provisions of this Section, the regular assessments of the Association may not be increased by more than twenty percent (20%) in any one year without approval of a majority of the Owners at a meeting at which a quorum exists, or a majority of the votes of all Owners, if the vote is taken by written ballot.

5.2.4 **Special Assessments.** The Board of Directors, by a majority vote, shall have the power to levy special assessments against an Owner or all Owners in the following manner for the following purposes:

- (a) To correct a deficit in the operating budget;
- (b) To meet mandates issued by government entities;

(c) To collect amounts due to the Association from an Owner regardless of whether it is for breach of the Owner's obligations under the Declaration, these Bylaws, or the Association's Rules and Regulations;

(d) To make repairs or renovations to the Common Property if sufficient funds are not available from the Common Property Operating Account or the Replacement Reserve Account; or

(e) By a vote of at least 75% of all valid votes cast at a duly called meeting of the Owners or election held by mail-in or electronic ballot, to make capital acquisitions, additions, or improvements.

5.3 Effect of Nonpayment of Assessments: Remedies of the Association. In addition to any other remedies provided by law, the Association may record a claim of lien against Lots, bring an action at law against the Owner personally obligated to pay the same, or foreclose a lien upon the Owner's Lot. No such action or a judgment entered therein shall be a waiver of the Association's lien. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Property or abandonment of the Owner's Lot.

5.4 Subordination of the Lien to Mortgages. The lien with respect to any assessment provided for herein shall be prior to any homestead exemption and all other liens and encumbrances on a Lot, except:

(a) A first mortgage of record; and

(b) A lien for real estate taxes and other governmental assessments or charges; and

(c) Liens and encumbrances recorded before the recordation of this Declaration. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to mortgage foreclosure or any proceeding in lieu thereof shall extinguish the lien of such assessments that became due prior to such sale or transfer, but not the prior owner's personal obligation to pay the amounts owing.

5.5 Assessment Payments Belong to Association. Assessments paid are the property of the Association and are not refundable to Owners of Lots. The Owners of Lots may treat their outstanding share of the unexpended assessments as a separate item in any sale agreement for such Lot.

5.6 Common Profits. Profits arising from any operation or from the sale of any Association asset shall be shared among the Owners in proportion to their liability for payment of assessments.

SECTION 6

EASEMENTS AND COMMON PROPERTY

6.1 Obligations of the Association. Subject to the rights of Owners set forth in this Declaration, the Association shall be responsible for the exclusive management and control of the Common Property and any improvements thereon, and shall keep the same in good, clean, attractive and sanitary condition, order and repair, including, but not limited to, the reasonable removal of snow, trash and debris, the reasonable maintenance, cleaning, repair and replacement of the streets, parking areas, landscaped and un-landscaped land located on the Common Property. This obligation shall include the obligation for the operation, maintenance, repair, and replacement of the STEP System. The Association's obligation shall not include any required "On-Lot" equipment, which is the sole responsibility of each lot owner as specified in Section 10.4.2 of this declaration.

6.2 Association's Easements. The Declarant and the Owner hereby grant to the Association an easement with respect to all Lots for the purpose of installing, operating, maintaining, repairing, and replacing facilities related to the STEP System to be located on the Lots. It shall be the obligation of the

Association, subject to the provisions of Section 9.3 and 10.4.2 hereof, to install, operate, maintain, repair, and replace the STEP System except that portion located on individual Lots. The Association's easements for installation, operation, maintenance, repair and replacement of the STEP System include the dosing tanks, effluent pumps and pressure effluent lines on each Lot; said easements to be five (5) feet on each side of the dosing tanks located on each Lot and five (5) feet on each side of the center line of said pressure effluent lines. Within these easements, no structure, planting, or materials shall be placed or permitted to remain which may materially damage or interfere with the installation, inspection, operation, maintenance, repair and replacement of the STEP System, dosing tanks and pressure effluent lines. The Association shall at all times have access to the easement area and such additional space on the affected Lot as may be reasonably necessary to fulfill its obligations regarding the STEP System. Upon completing its work, the Association shall restore the Lot as near as is commercially reasonable to the condition it was in immediately before the work was begun. Local government standards shall control if they conflict with the above provisions. The easements granted in this Section shall be perpetual and shall run with the land.

6.3 Declarant's Easements. Until Turnover or until the expiration of Declarant's Special Rights as described in Section 13, whichever is later, the Declarant hereby reserves to itself and the Owners grant to the Declarant a blanket easement over, upon, through and under the Property, including, without limitation, all Lots and Common Property, for all purposes reasonably required in developing the Planned Community including, without limitation, ingress and egress for the construction, alteration and completion of improvements developed on the Property or the installation, maintenance, repair and replacement of the STEP System as well as all utility and service lines and systems serving one or more of the Lots or the development and sale of additional property regardless of whether such additional property is subjected to this Declaration, and the sale of Lots. Declarant's easement for the location of utility facilities of any nature shall include 5 feet along each side of all Lots. The easement herein reserved shall include the right to store materials on the Common Property at such places and for such periods as may be reasonably required to affect the purposes for which this easement is reserved. The easement shall be perpetual, shall run with the land, and shall be freely assignable by the Declarant until Turnover or until the expiration of Declarant's Special Rights as described in Section 13, whichever is later.

6.4 Owners' Easement of Enjoyment. Subject to the provisions of this Declaration, the Bylaws, and Rules and Regulations of the Association, every Owner shall have a nonexclusive right and easement of enjoyment in and to the Common Property, which shall be appurtenant to and shall pass with the title to every Lot. The STEP System is designed to serve lots 1-56 of Sahhali South. Service may be available to additional lots upon prior approval of the Architectural Review Board. This easement for use of the STEP System shall automatically terminate at such time as the ownership of the STEP System reverts to Declarant pursuant to Section 1.17 or as otherwise provided in this Declaration.

6.5 Extent of Owners' Easements. The Owners' easements of enjoyment created hereby shall be subject to the following:

6.5.1 Subject to Rules and Fees. The right of the Association to establish reasonable rules and to charge reasonable assessments and fees for capital expenditures on the Common Property and the maintenance and upkeep of the Common Property and payment of all Association expenses.

6.5.2 Suspension of Owner's Right. The right of the Association to suspend the right of an Owner or any Occupant of a Lot to use the Common Property and facilities for any period during which any assessment against such Owner or Occupant's Lot remains unpaid for more than thirty (30) days after notice of such nonpayment; the right of the Association to suspend the right of a Member to use any Common Property for a period not to exceed sixty (60) days for any other infraction of the Declaration, Bylaws or the Rules and Regulations of the Association. Provided, however, that no such suspension pursuant to this subsection shall deprive the Owner of access to his or her Lot.

6.6 Sale of Common Property. As provided by ORS 94.665, the Association may sell, dedicate, or transfer any portion of the Common Property or create a security interest therein. Except as to the grant of easements for utilities and similar or related purposes, no such sale, dedication or transfer shall be effective unless approved by eighty percent (80%) of the votes of both Class A and Class B Members. Provided further, if there is only one class of votes, such sale, dedication, or transfer (except for utility and similar easements) must be approved by eighty percent (80%) of the votes held by Owners.

6.7 Declaration of Use. Any Owner may delegate his or her right of enjoyment to the Common Property and facilities to the members of the Owner's family and to a reasonable number of guests subject to general regulations as may be established from time to time by the Association and included within the CC&Rs, the Bylaws and Rules and Regulations of the Sahhali South Homeowners Association.

6.8 Damage or Destruction of Common Property by Owner. In the event any Common Property is damaged or destroyed by an Owner or any of Owner's occupants, residents, guests, tenants, licensees, agents or family members in a manner that would subject such Owner to liability for such damage under Oregon law, such Owner does hereby authorize the Association to repair such damage; the Association shall repair damage in a good and workmanlike manner as originally constituted or as the area may be modified or altered subsequently by the Association in the discretion of the Association. The reasonable cost necessary for such repairs shall become a special assessment upon the Lot of the Owner who caused or is otherwise responsible for such damage.

SECTION 7

GENERAL RESTRICTIONS ON USE OF COMMON PROPERTY

7.1 General. No person shall construct or reconstruct any improvements, alter or refinish any improvement, make any excavation or fill, make any change in the natural or existing surface drainage, install a utility line, or place any planting or equipment or object of any kind on the Common Property unless that person has first obtained advance, written permission from the Architectural Review Board. This provision shall not, however, prohibit Declarant or the Association from installing, operating, maintaining, repairing, and replacing portions of the STEP System on the Common Property.

7.2 Encroachments. If any portion of a Living Unit or other structure now or hereafter constructed on any Lot encroaches on any part of the Common Property or another Lot, such encroachment shall promptly be removed by the Owner of the Living Unit or structure.

SECTION 8

NATURAL FEATURE PROTECTIONS AND RESTRICTIONS

8.1 Natural Features. Declarant specifically desires to protect and maintain the natural features of the Planned Community. The trails, the footbridges, and all flora and fauna, riparian ways, natural drainage, and other natural features of the Planned Community designated as Common Property, are to be maintained by the Association at the Association's sole expense and discretion.

8.2 Plant Guidelines. It is desirable to maintain the indigenous flora and fauna on the site. The introduction of non-indigenous flora and fauna can be detrimental to the indigenous flora and fauna, therefore, attached hereto as Exhibit "E" is a guideline for landscaping to be installed on all lots of Sahhali South. This guideline is to be used to facilitate the Architectural Review Board when considering landscape plans as specified in Section 10.10.3 herein. Removal of indigenous flora and fauna in, on or around any of the Common Property is strictly prohibited, unless the Owner obtains advance, written permission for the removal from the Architectural Review Board.

8.3 Nature Trails. The trails, more particularly described on Exhibit "D" attached hereto are pedestrian trails only.

8.3.1 **Vehicles.** No bicycles, motorcycles, four wheelers, roller skates, skateboards, electric vehicles, or any other type of vehicle with wheels and/or a motor of any type are permitted on any portion of any of the trails described in Section 8.3 herein, except as necessary for use: (a) as an accommodation for a disability in accordance with applicable state and federal law; or (b) as may be permitted by the Board for maintenance purposes on an occasional or continuing basis.

8.3.2 **Maintenance.** The nature trails will be professionally maintained by a landscape company that has knowledge and experience with wetland plant protection and care, provided that a landscaping company with this knowledge and experience is available to maintain the nature trails. All maintenance expenses for any of the nature trails are at the Association's sole expense.

8.3.3 **Animals.** No animals, livestock, or poultry of any kind other than a reasonable number of household domestic animals (dogs and cats), 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 on any Lot. This restriction does not include a reasonable number of birds, fish, small reptiles, or other small animals that are kept in cages or tanks and that are permanently kept within the interior of a Living Unit. Any Lot Owner who maintains any animal within the Property and on any Lot is deemed to have agreed to indemnify and hold the Association harmless, each of its members, and the Declarant free and harmless from any loss, claim, or liability of any kind or character arising by reason of maintaining that animal. Owners must also abide by all governmental sanitary laws and regulations, leash or other local and state laws relating to pets, and any Association rules or regulations. Domestic pet owners are required to "clean up" after their animal(s) in, around, or on, any Common Areas of the property, including, but not limited to, the trails and other natural features described in this Section 8. The Board of Directors has the right to order any person whose animal is a nuisance or a danger to others to remove that animal from the Property upon the delivery of the third notice in writing of a violation of any rule, regulation, or restriction. All animals shall be registered and inoculated as required by law.

8.4 **Wildlife.** Due to the natural resources on site, Declarant, and the Association desire to protect the existing wildlife and its habitat.

8.4.1 **Indemnification.** The subject property is in an area known for big game, and furbearing animal use. Any and all present and future Owners of Lots will indemnify, save and hold harmless, the Oregon Department of Fish and Wildlife for any damages, and/or inconvenience caused by these animals to persons, real property and/or personal property. This agreement shall inure to the benefit in perpetuity to all successors, heirs, and assignors. This obligation cannot be deleted or altered in any way without prior contact and agreement by the Oregon Department of Fish and Wildlife.

8.5 **Footbridges.** The footbridges on site which provide access to the Blue Heron Trail and beach shall be maintained in a safe and efficient manner. Prior to turnover of the Common Property to the Association, the Declarant had the Bridge inspected for structural soundness, and safety. Any report associated with this inspection has or will be provided to the Association for its records.

8.5.1 **Government Permits.** When performing maintenance or repair to the footbridges, the Association may be required to obtain permits from the Oregon Department of State Lands, and/or Army Corps of Engineers. It is the sole and exclusive responsibility of the Association to determine if the proposed work requires a permit or not.

8.5.2 **Consultants and/or Experts.** It is the sole responsibility of the Association to determine if a Wetlands Specialist is required to be on site or any other consultant is necessary during the repair and maintenance of the footbridges or any of their components.

**SECTION 9
OBLIGATIONS OF DECLARANT**

9.1 Improvements in Common Property. The Common Property will be improved with private roads, a water system, and landscaping, and the STEP System will be constructed on Declarant's property, all as deemed necessary by the Declarant, or after the termination date, by the Association. It is contemplated that the improvements will be largely completed prior to conveyance of a Lot in Sahhali South to any Owner other than Declarant.

9.2 Ownership of Common Property. The Declarant shall convey to the Association the property identified on the plat creating the Lots as Common Property within sixty (60) days after 75% of the Lots have been conveyed to Owners other than Declarant. Additional Common Property adjacent to Lots in Sahhali South that is subsequently annexed will be conveyed to the Association within ninety (90) days after such annexation. If the Common Property is ever assessed for property tax purposes separately from the Lots, whether prior or subsequent to transfer of the Common Property to the Association, the Association shall take such steps as may be necessary to assess all Owners in proportion to their obligation for assessments for their share of such taxes and to pay such property taxes on a current basis.

9.3 STEP System Improvements on Lots. Lots 1 through 56 of Sahhali South are required to hook up to the STEP system. No independent septic systems will be permitted on Lots 1 through 56 of Sahhali South. Declarant or the Association, at Declarant's or Association's direction, shall make the initial installation of dosing tank, dosing tank effluent pump and pressure effluent lines as necessary on each STEP System Lot pursuant to the standards required by the Oregon Department of Environmental Quality and any other governmental agency having jurisdiction over such installation. The projected expense of such installation shall be paid by the Owner of the affected Lot to the designated contractor performing installation under the direction of the Association or Declarant as appropriate upon request prior to the commencement of the work. Any amount due to the Association therefore shall be deemed to be a special assessment pursuant to Section 5.3(c). Alternatively, Declarant or Association may require Owner to contract with a qualified installer at Owner's expense.

9.4 No Additional Improvements Required of Declarant. Declarant has no obligation to make improvements beyond those described as Declarant's obligation in Sections 9.1 and 9.3 of this Declaration.

**SECTION 10
USE RESTRICTIONS: ARCHITECTURAL CONTROLS
AND MAINTENANCE RESPONSIBILITIES**

10.1 General.

10.1.1 Governmental Restrictions. All uses, occupancy, construction, and other activities conducted on any Lot shall conform with and be subject to applicable zoning, use restrictions, setback requirements, and construction and building codes of all local, state, and federal public authorities.

10.1.2 Outdoor Storage. No outdoor storage of recreational vehicles, trailers, boats, or garbage, recycling, and yard waste containers shall be allowed on the Common Property or outdoors on any Lot.

10.1.3 Garages. All detached Living Units must provide a garage sufficient for a minimum of two vehicles. All other Living Units must provide a garage for at least one vehicle for each Living Unit. Garages shall be used primarily for the storage of automobiles, pick-ups, vans, "four-wheel drive vehicles," and motorcycles, if such vehicles are intended and used for ordinary highway transportation of passengers and to store golf carts. Recreational fishing or pleasure boats

may be stored in one parking space of a garage if it can be completely enclosed when the garage door is closed. At least one garage space shall be available for vehicle parking.

10.1.4 Combination, Division. No Owner shall have the right to divide any Lot, except Lots 13 and 48, which are approved for a single division by the Conditions of Approval from Tillamook County, as part of the Conditions of Approval for Sahhali South. An Owner may combine lots, subject to prior, written approval of the Architectural Review Board. Notwithstanding any other provision contained herein, Declarant shall have the right to combine lots, divide lots, and perform lot line adjustments. Any Owner, upon compliance with the requirements of all applicable zoning, building and land use laws, regulations and ordinances, and the architectural requirements of the Declaration and any rules and regulations of the Association may construct (reconstruct or replace) one Living Unit on two or more Lots. Any Lots that the Architectural Review Board approves to be combined shall continue to be assessable for dues and shall have voting rights, STEP system connection rights and water usage rights based on the number of Lots existing prior to the approved combination.

10.2 Use. All Lots shall be used primarily for residential, recreation and vacation purposes only. Neither any substantial commercial nor any retail or industrial use shall be allowed on any Lot. Provided however, subject to compliance with applicable laws and any rules or regulations of the Association, an Owner may rent his or her Living Unit on a nightly, monthly, or other basis, even though such rental activity would usually be considered a commercial use.

10.3 Exterior Improvements.

10.3.1 Structures on Lots. No building shall be erected, altered, placed, or permitted to remain on a Lot other than one attached or detached single-family dwelling with a private garage, provided that accessory buildings may be permitted on Lots 1-5 of Sahhali North, north of Sahhali Drive, if not visible from Sahhali Drive.

10.3.2 Provisions for and Restrictions on Buildings.

(a) The exterior of any structure erected on a Lot must be fully completed and, with the exception of cedar shake siding, must be painted with two (2) coats of stain, preservative, or paint within one (1) year after construction has commenced. All stains and colors must be approved in writing in advance by the Architectural Review Board.

(b) The external design of all buildings on a Lot are expected to reasonably harmonize with the buildings on other Lots. The primary exterior color tone of all buildings shall blend with the natural environment. Bright, unnatural exterior colors are prohibited, except for limited use as trim and accent panels. All Living Units, fences, retaining walls and similar or dissimilar manmade structures shall be constructed in a good workmanlike manner in accordance with locally acceptable professional building practices. All material utilized shall be reasonably harmonious with the other residences in the Planned Community.

(c) The ground floor area of the main structure, exclusive of one-story open porches and garages shall not be less than that required by Tillamook County Building Codes, with a minimum ground floor area of 1,400 sq. ft. single level or a minimum of 1,800 sq. ft. in multiple stories.

(d) All structures erected shall have full concrete, masonry, or concrete or wooden piers and piling foundations as approved by Tillamook County and designed to accommodate the terrain. Foundations and exterior walls of the building shall be finished in a suitable and customary manner for such type of building.

(e) No building shall be erected on any Lot which exceeds the height restrictions provided by Tillamook County.

(f) Owners shall ensure that design and construction of structures in the Planned Community will properly withstand the unique environmental coastal conditions including high winds, steep sites, heavy rainfall, and a high level of erosion including the protection of the coastal flora on the properties.

(g) All Living Units shall be constructed on the Lot, and mobile homes or factory-built homes are not permitted. Panels constructed off site but assembled on the Lot are permitted.

10.3.3 Common Property. No Owner shall construct or place any structure, material, planting, equipment, or any object of any kind on any portion of the Common Property, unless granted advance, written permission by the Architectural Review Board or Board of Directors, and then only in strict compliance with such authorization.

10.4 Exterior Maintenance, Repair and Replacement.

10.4.1 No Association Responsibilities. Except as provided in this Declaration regarding the STEP System, the Association has no obligation to perform any maintenance, repair, or replacement of the exterior of Living Units, or any maintenance of any landscaping on the Lots.

10.4.2 Owner Responsibilities. Each Owner shall perform all maintenance, repair, and replacement of the Owner's Living Unit, and shall perform all maintenance, planting, pruning, mowing, and cleaning of all lawns and landscaping on such Owner's Lot. Each Owner shall be responsible for the maintenance, repair and replacement of any other improvements or materials located within the Owner's Lot. Each Owner shall be responsible for all costs related to the installation, operation, maintenance, repair, and replacement of the portion of the STEP System or any septic system on the Owner's Lot. However, if the STEP System malfunctions and causes damage to a Lot, it is the obligation of the Association to pay for repairs.

10.5 Underground Utilities. No outdoor overhead wire or service drop for the distribution of electric energy or for telecommunication purposes or any pole, antennae, satellite receiving dish, tower or other structure for independent reception, transmission, or support of any of the above shall be erected, placed, or maintained within the Property. However, this provision shall not be construed or applied so as to impair an Owner's ability to receive video programming services over a satellite antenna or other over-the-air transmission device 18 inches or less in diameter and as otherwise allowed under federal law.

10.6 Leases/Rentals. Each Owner shall have the right to lease or rent his or her Living Unit for any period of time, subject to full compliance with applicable laws, the Articles, Declaration, Bylaws and Rules and Regulations of the Association and applicable local, state and federal laws and regulations. All such leases or rental agreements shall be in writing and shall be deemed to provide that their terms shall be subject in all respects to the provisions of this Declaration, the Articles, Bylaws, and Rules and Regulations of the Association and that any failure by the lessee or renter to comply with the provisions of such documents shall constitute a default under said lease or rental agreement. The Owner's, lessor's or renter's use and enjoyment of the Common Property under such lease or rental agreement shall be subject to suspension by the Board of Directors for any of the causes set forth elsewhere in this Declaration, including, without limitation, the nonpayment of assessments with respect to the Lot occupied by the lessee or renter. Any lessee or renter shall be entitled to the use and enjoyment of the Common Property; provided, an Owner may not sever the right to the use and enjoyment of the Common Property from the right to occupy a Lot and the improvements thereon by means of a lease, rental agreement, or otherwise. The Association may levy fines and take all other action against an Owner resulting from that Owner's tenant's violations of the Declaration, Articles, Bylaws, and Rules and Regulations.

10.7 Accessory Buildings. Residential accessory buildings or improvements may be permitted on Lots 1-5 of Sahhali North, upon review by the Architectural Review Board provided that these types of improvements are of pleasing architectural design and shall have the exterior painted.

10.8 Screening. Propane tanks, HVAC units, and generators installed after the approval of these amended and restated Declaration of Covenants, Conditions and Restrictions, shall be screened from view, from neighboring units, and from Common Areas in a manner approved by the Architectural Review Board.

10.8.1 Residential Refuse. All residential refuse, garbage, and trash shall be maintained inside the enclosed garage of each structure while awaiting disposal.

10.9 Nuisance. No noxious, harmful, offensive, or illegal activity shall be carried on, on a Lot, nor shall anything be done or placed upon any Lot or the Common Property that unreasonably interferes with, annoys, or jeopardizes the quiet enjoyment of other Lots, Owners, residents, or occupants within the Planned Community. Music, non-musical media, radio programs, or any sounds played from cars, radios, or any device on any Lot or Common Property are to be kept at a low volume which cannot be heard from more than 25 feet away.

10.10 View Protection. If any tree, shrub, or other vegetation blocks or substantially obscures the view of the Pacific Ocean from any Living Unit, the Owner of such Living Unit with an obstructed view may petition the Architectural Review Board for the trimming, topping, or removal of such tree, shrub, or other vegetation. Upon receipt of such a petition, the Architectural Review Board shall investigate the matter and determine whether said view is, in fact, blocked or substantially obscured. If the Architectural Review Board so determines in writing, then the offending tree, shrub, or other vegetation shall be trimmed, topped, or entirely removed. The Owner of the offending tree, shrub, or other vegetation shall be entitled to elect, within ten (10) days of the Architectural Review Board's determination, to submit a written response objecting to the Architectural Review Board's determination. Upon receipt of such a response, the ARB will review the response but is not obligated to reverse its determination. In any event, the entire cost of trimming, topping, or removal shall be the sole responsibility of the petitioning Owner and the petitioning Owner shall indemnify the Architectural Review Board and the Board of Directors against any claim of damage that may be brought by another Owner(s) stemming from Owner's trimming, topping or removal.

10.10.1 Lot Specific View Protections. The following setbacks are required by Tillamook County: a minimum setback of 50 feet from the embankment shall be maintained for Lots 38 and 39; a minimum setback of 40 feet from the embankment shall be maintained for Lots 36 and 37; and a minimum setback of 30 feet from the embankment shall be maintained for Lots 34 and 35. Owners of these lots may wish to seek approval from Tillamook County to relieve themselves of these restrictions. The Association may at its discretion, chose to act or not act in favor of, in opposition of, or remain neutral regarding any and all applications that may be filed to alter this restriction, no matter who or what entity is filing an application for modification of this restriction.

10.10.2 Lot Specific Building Height Restrictions. Lots 28 through 39, 48A and 48 B, and 51 and 52 shall have a maximum building height of 24 feet.

10.10.3 Retention of Natural Environment. Declarant and the Association desire to maintain retention of the present natural environment. Normal trimming, pruning, and topping of trees or removal of hazardous trees will be permitted by an Owner on their undeveloped Lot without approval of the Association. The felling and removal of trees under six (6') high and growth that interfere with the construction or maintenance of a Dwelling Unit, septic system or road and driveway is permitted without approval of the Association. The removal of trees over six (6') high must be approved in advance in writing by the Architectural Review Board, except as otherwise permitted in these CC&Rs. All other natural flora shall be maintained to minimize erosion and to maintain the coastal character of the Property, subject to the provisions of Section

10.10, and Architectural Review Board approval of specific landscaping plans. The intent of this section is to discourage introduction of non-native flora within the Planned Community. This should be carefully considered by Owners and their consultants when preparing landscaping plans for consideration by the Architectural Review Board. Landscape plans for new homes are required and may be submitted to the Architectural Review Board for approval at the same time as new home construction plans. In this case, all approved landscaping must be completed within one year of the completion of the construction of the new home. If not submitted at the same time, an owner must submit a landscape plan to the Architectural Review Board upon completion of the construction of the new home. Retention of natural landscape is encouraged. The approved landscaping must be completed within one year of the completion of the construction of the new home. The Association is entitled to levy fines on Owners and Lots in the event of violations of this section.

10.10.4 **Excavation.** Cuts, scraping, and removal of soil and/or shrubs and vegetation may adversely affect septic approval for the Lots. Such activities on Lots including the felling and removal of trees and growth that interfere with the construction or maintenance of a septic system or road and access require the prior, written approval of the Architectural Review Board. The Architectural Review Board may consider the desire to maintain the coastal character of the Property and the approval for Lots 1 through 5 of Sahhali North to install and maintain on-site, septic disposal systems for each lot where approved by the County.

10.11 Fences, Walls, and Hedges. No fence, screening, wall, or hedge shall exceed six (6) feet in height. Owners who desire a fence are encouraged to use the same materials in style as fencing in or near the Planned Community. In no event shall side yard fences, screening, walls, or hedges project beyond the front walls of any Living Unit or any garage, nor in excess of twenty-five (25) feet beyond the rear walls of any Living Unit or any garage, except as allowed in advance by the Architectural Review Board. No fence, screening, wall, or hedge shall be permitted within the minimum setback line and the property lines except for screening for propane tanks, HVAC units, and generators as permitted in Section 10.13. Prior to construction, designs of all fences, screening, hedges, or walls must be approved in writing by the Architectural Review Board. The fences, screening, walls, or hedges on any Lot shall not be altered without prior written consent of the Architectural Review Board.

10.12 Sight Line Protection. No hedge, shrub or tree planting which obstructs sight lines at elevations between two (2) and six (6) feet above the roadways shall be placed or permitted to remain in the vision clearance triangle. The vision clearance triangle is the triangle formed: (1) on a corner Lot by the street property lines and a straight line connecting them at points 25 feet from the intersections of the street property lines extended; or (2) at a driveway by the street property line and the edge of the driveway and a straight line connecting them at points 15 feet from the intersection of the street and the driveway. Hedges, shrubs, and trees shall be permitted in the vision triangle provided the foliage line is maintained at a height that does not obstruct sight lines in the vision clearance triangle.

10.13 Setbacks. These provisions will not be made retroactive but will become effective for attached and detached living units after the approval and recording of these amended and restated Declarations of Covenants, Conditions and Restrictions.

10.13.1 Attached and Detached Living Units

- (a) No building or fencing shall be located nearer than:
- (1) twenty (20) feet to the front lot line,
 - (2) twenty (20) feet to the rear lot line,
 - (3) ten (10) feet to a side lot line, unless attached to an adjacent unit as permitted by Section 10.3.1,

(4) fifteen (15) feet on the street side lot line of a corner lot.

(b) Open porches, decks, balconies, and hot tubs are not permitted to extend closer than ten (10) feet to a side lot line.

(c) Eaves may extend up to five (5) feet into the front and rear setbacks and are not permitted to extend closer than five (5) feet to a side lot line.

(d) Steps attached to or built immediately adjacent to a living unit are not permitted to extend closer than five (5) feet to a side lot line.

(e) Fencing for hot tubs may be installed on the ten (10) foot side yard setback line but shall not be permitted to extend closer than ten (10) feet to the side lot line.

(f) Propane tanks, HVAC units, and generators as well as fencing, screening, walls, or hedges for this equipment may be installed within the ten (10) foot side yard setback but shall not be permitted to extend closer than five (5) feet to the side lot line.

(g) The Architectural Review Board may approve a proposal that does not comply with these requirements pursuant to the process set forth in Section 11.

10.13.2 Lot Specific Setback

(a) The above standards apply to Lot 50, except that lot 50 shall have a side yard setback of 15 feet from the common lot line with lot 49 and the standards b) through g) below shall additionally apply.

(b) Open porches, decks, balconies, and hot tubs are not permitted to extend closer than fifteen (15) feet to the common lot line shared with lot 49.

(c) Eaves may extend five (5) feet into the east side setback lines but are not permitted to extend closer than ten (10) feet to the common lot line shared with lot 49.

(d) Steps attached to or built immediately adjacent to the living unit are not permitted to extend closer than ten (10) feet to the common lot line shared with lot 49.

(e) Fencing for hot tubs may be installed on the fifteen (15) foot east setback line but shall not be permitted to extend closer than 15 feet to the east side lot line.

(f) Propane tanks, HVAC units, and generators as well as fencing, screening, walls, or hedges for this equipment may be installed within the fifteen (15) foot east setback line and the east side lot line but shall not be permitted to extend closer than ten (10) feet to the east side lot line.

(g) The Architectural Review Board may approve a proposal that does not comply with these requirements pursuant to the process set forth in Section 11.

10.14 Parking. Adequate parking shall be provided for all vehicles of Owners, occupants, and guests on the residential lot where at all practical. No daytime or overnight parking is allowed on streets for more than two (2) consecutive days.

10.15 Party Walls.

10.15.1 **General Rules of Law to Apply.** Each wall built as a part of a Living Unit which divides Living Units, and which is placed on the dividing line between Lots, shall constitute a party wall. To the extent not inconsistent with the provisions of this section, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or

omissions shall apply to each party wall that is built as part of the original construction of the Living Units and any replacements thereof.

10.15.2 Sharing of Repair and Maintenance. The cost of repair and maintenance of a party wall shall be shared equally by the Owners whose Living Units are divided by such wall.

10.15.3 Weatherproofing. Notwithstanding any other provision of this Section, an Owner who by his or her negligent or willful act causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements. Either Lot Owner may restore a party wall and will have an easement over the adjoining Lot for purposes of making such restoration. The Owner sharing the exposed party wall will contribute equally to the cost of restoration thereof, without prejudice, however to the right of either Owner to demand a larger contribution from the other Owner under any rule of law regarding liability for negligent or willful acts or omissions.

10.15.4 Restoration of Damaged Wall. If a party wall is damaged by fire or other casualty or by physical deterioration, and that damage is not otherwise covered by insurance, each Owner shall be jointly and severally responsible for the restoration of the party wall, subject however, to the right of such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

10.15.5 Destruction by Fire or Other Casualty. If a party wall is destroyed by fire or other casualty, the Owners shall restore the improvements to their condition as they existed immediately prior to destruction. Owners must submit plans for reconstruction for plan review and advance, written approval by the Architectural Review Board.

10.15.6 No Right to Remove or Alter. No Owner has the right to remove or alter any party wall without the written consent of adjoining party wall Owner(s), and the advance, written consent of the Architectural Review Board.

10.15.7 Interior Alteration. No alteration of any Living Unit may occur that may affect any party wall, bearing wall, ceiling, roof, foundation, column, girder, beam, support, or main wall, without the express, written permission of the Owner of any adjoining party wall, and the advance, written permission of the Architectural Review Board. No alteration is allowed that may impair the structural integrity or mechanical systems of any Living Unit or lessen the support of any portion of any Living Unit.

10.15.8 Right to Contribution Runs with Land. The right of any Owner to contribution from any other Owner under this Section shall be appurtenant to the land and shall pass to such Owner's successors in title.

10.15.9 Mediation/Arbitration. In the event of any dispute arising concerning a party wall or concerning the obligations of the Owners or the Association pursuant to the provisions of this Section, each party shall attempt to resolve the dispute through mediation. If mediation is unsuccessful, the Owners may agree to resolve their dispute through arbitration. Each owner will then choose an arbitrator, and the arbitrators so chosen shall choose one additional arbitrator, and the dispute shall be resolved by a majority of all the arbitrators pursuant to the provisions of ORS 36.300 et. seq., as amended.

10.16 Restrictions. The restrictions contained in this Section may not apply to all future developments. Declarant may elect to apply a separate set of covenants on future development and may require a separate set of covenants in respect to the restrictions to be applied to individual Lot use.

SECTION 11
ARCHITECTURAL REVIEW BOARD

11.1 Composition. The Board of Directors may serve as the Architectural Review Board. If the Board of Directors chooses not to serve as the ARB before Turnover, the Declarant shall appoint three (3) Owners to serve as the Architectural Review Board. Following Turnover, the Board of Directors will select three (3) Owners to serve as the Architectural Review Board. A quorum for Architectural Review Board action shall be a majority of its members. The Declarant reserves the right to appoint and remove members of the Architectural Review Board until Turnover.

11.2 Duties. It shall be the duty of the Architectural Review Board to regulate the external design, appearance, location, and maintenance of all the Property and of improvements thereon, whether on a Lot or Common Property, and to regulate use of the Property as described in this Declaration. The Board or the Architectural Review Board may, from time to time, adopt general rules to implement the purposes and interpret the covenants of this Section.

11.3 Approval Required. No Living Unit, outbuilding, fence, wall or other structure of any type shall be commenced, erected or maintained upon the Property, nor shall any exterior addition to, change in, painting or staining of, or alteration to any Living Unit, outbuilding, fence, wall, or other structure on the Property of any type be made until the plans and specifications showing the nature, kind, shape, height, materials, color and location of the same have been submitted to and approved in writing by the Architectural Review Board as to the harmony of external design, materials, color, preservation of natural vegetation and location in relation to surrounding structures and topography. The Board of Directors may adopt application fees for submittal and review of applications. During the period when Declarant fills all seats on the Architectural Review Board, the Association shall pay to Declarant the application fees collected, net of any copying and postage costs incurred by the Association. The application fees shall be specifically delineated in the Rules and Regulations. The fees for review may be changed at any time by the Board of Directors. During the period Declarant fills all seats on the Architectural Review Board all application fees shall be remitted by the Association to the Declarant in compensation for Declarant's time in reviewing applications. Declarant is exempt from paying ARB fees regarding any and all property, lots or other area, either currently owned, or may be owned or annexed into the Homeowners Association now or at any time in the future. Following Declarant Turnover of the Association, all fees and costs collected from an applicant will be deposited into the Association's operating account.

11.4 Procedure. An Owner or applicant wishing to take any action requiring approval under this Section shall give notice of such proposed action to the Architectural Review Board, together with a completed application in the form specified by the Architectural Review Board along with all required fees and complete plans and specifications. The Architectural Review Board may reject applications which are incomplete or request additional information.

When the Architectural Review Board determines that an application is complete, except for applications for major remodeling projects, the construction of a new home, major landscaping projects, the construction of retaining walls, or reconfiguration of driveways, the Architectural Review Board will provide notice of accepted application to the Owner submitting the application as well as the Owners who share adjacent property lines with the Owner submitting the application. The notice shall identify the Lot, the nature of the application, an electronic link to the materials submitted by the Owner, and the scheduled meeting date and place for review of the application. Not earlier than fifteen (15) days after the notice date, the Architectural Review Board shall meet to review the Owner's request and shall render a decision by the vote of a majority of the Architectural Review Board members present or determine that additional information is needed from the applicant. A decision will be rendered within forty-five (45) days of receipt of a complete application; provided, however, that no time shall be deemed to have lapsed from the time the Architectural Review Board requests additional information until such time as the requested information has been received. Owners who share adjacent property lines shall have an opportunity to comment on the application at all such meetings, or may submit written comments. Except as provided herein, if the

Architectural Review Board fails to issue a written decision within the time allowed, the request shall be deemed to be approved, provided that the application does not violate any covenant, condition, or restriction of this Declaration or any governmental ordinance. Requests seeking approval for actions not in compliance with the setback requirements of Section 10.13 shall automatically be deemed denied unless a written decision approving the request is issued by the Architectural Review Board within the time allowed.

When the Architectural Review Board determines that an application is complete for major remodeling projects, the construction of a new home, major landscaping projects, the construction of retaining walls, or reconfiguration of driveways, the Architectural Review Board will provide notice of accepted applications to all Owners and the notice shall identify the Lot, the nature of the application, an electronic link to the materials submitted by the Owner or applicant, and the scheduled meeting date and place for review of the application. Not earlier than fifteen (15) days after the mailing of the notice, the Architectural Review Board shall meet to review the Owner's or applicant's application and shall render a decision by the vote of a majority of the Architectural Review Board members present or determine that additional information is needed from the Owner or applicant. A decision will be rendered within forty-five (45) days of receipt of a complete application; provided, however, that no time shall be deemed to have lapsed from the time the Architectural Review Board requests additional information until such time as the requested information has been received. Interested Owners shall have an opportunity to comment on the application at all such meetings or may submit written comments. Except as provided herein, if the Architectural Review Board fails to issue a written decision within the time allowed, the request shall be deemed to be approved, provided that the application does not violate any covenant, condition, or restriction of this Declaration or any governmental ordinance. Requests seeking approval for actions not in compliance with the setback requirements of Section 10.13 shall automatically be deemed denied unless a written decision approving the request is issued by the Architectural Review Board within the time allowed.

11.5 Appeal. The decision of the Architectural Review Board under this Section (including any failure to approve or disapprove within the time allowed) shall be subject to appeal by any interested Owner as set forth in this Section. Upon the payment of a reasonable fee established by the Architectural Review Board to cover administrative costs, any interested Owner may appeal the decision of the Architectural Review Board to the Association members. The appeal shall be made in writing and shall be filed with the Secretary of the Association within thirty (30) days of the decision of the Architectural Review Board. The Board of Directors shall call a special meeting or ballot to be held after ten (10) days' notice and within thirty (30) days after the appeal has been filed with the Secretary of the Association. It shall require a vote of at least a majority of the votes of each Class of Association members then existing to reverse or modify the decision of the Architectural Review Board. During the period Declarant fills all seats on the Architectural Review Board, the appeal fee shall be specifically delineated in the Rules and Regulations. The fees for appeal may be changed at any time, by the Board of Directors. During the period Declarant fills all seats on the Architectural Review Board all appeal fees shall be remitted by the Association to the Declarant in compensation for Declarant's time in reviewing appeals.

Any approval not appealed within the permitted time frame shall not be subject to later appeal and in such cases the decisions and actions of the Architectural Review Board shall be deemed correct and without claims of further liability.

11.6 Exemptions. The following actions by the following persons shall be exempt from the provisions of this Section:

(a) The planting of any shrubs, flowers, or other plants (excepting trees) by any Owner within an enclosed courtyard or fenced area on such Owner's Lot;

(b) Any act of the Declarant before Turnover in developing any Lot or any portion of the Common Property in the Planned Community, whether or not annexed to the Association. The Declarant will give advance notification to the Architectural Review Board for any such act, even though approval is not needed.

11.7 Nonwaiver. Consent by the Architectural Review 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.

11.8 Effective Period of Consent. The Architectural Review Board's consent to any proposed work will automatically expire two years after issuance unless construction of the project has been commenced or the Owner has applied for and received an extension of time from the Architectural Review Board. For new home construction, work must start within three (3) years and must be completed within five (5) years. Owners may apply for an extension from the Architectural Review Board.

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

11.10 Noncompliance. If the Architectural Review Board determines that an Owner has not constructed an improvement consistent with the specifications of an Architectural Review Board approval or has constructed an improvement without obtaining Architectural Review 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 p.m. on the third (3rd) day after issuance of such notice, the Architectural Review 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 Architectural Review Board finds that there is no valid reason for the continuing noncompliance, the Architectural Review Board shall determine the estimated costs of achieving compliance and may issue a fine against the noncomplying Owner for such amount. The Architectural Review Board also shall require the Owner to remedy such noncompliance within ten (10) days after the date of the Architectural Review Board's determination. If the Owner does not comply with the Architectural Review Board's ruling within such period or any extension granted by the Architectural Review Board, at its sole discretion, the Architectural Review 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 an assessment either before or after any remedial action is taken.

11.11 Liability. Neither the Architectural Review Board nor any of its members will be liable to any person or entity for any damage, loss or prejudice suffered or claimed on account of any action or failure to act of the Architectural Review Board or its members, provided only that the Architectural Review Board or the member has, in accordance with its or his actual knowledge, acted in good faith.

SECTION 12 EXPANSION

12.1 Right to Expand Planned Community. Before Turnover, Declarant may annex additional properties to the Planned Community. Additional property shall be added to the Planned Community upon the filing by Declarant of one or more Supplemental Declarations.

12.2 Content of Supplemental Declarations. Each Supplemental Declaration shall contain, at least, the following provisions:

12.2.1 Cross-References. Each Supplemental Declaration shall reference this Declaration (or as subsequently amended) including the date of recordation hereof and the book and page number where this Declaration is recorded.

12.2.2 **Statement of Application.** A statement that the provisions of this Declaration shall apply to the annexed property.

12.2.3 **Description of Additional Property.** A legal description of the property to be annexed.

12.2.4 **Description of Common Property.** A description of the Common Property, if any, located within the property to be annexed.

12.2.5 **Statement of Right.** A statement that the annexation is pursuant to the right of the Declarant as provided in this Declaration.

12.3 Additional Common Property. There is no limitation on the right of Declarant to annex additional Common Property to the Planned Community by following these procedures.

12.4 Additional Lots. There is no limitation on the number of Lots that may be created or annexed to the Planned Community.

12.5 Association Membership. Membership in the Association shall be expanded upon the recording of the Supplemental Declaration to include the Owners of annexed property. The new members shall thereafter have the rights and obligations, including voting rights, established in this Declaration. This Declaration shall apply to the annexed property in the same manner as if such property had originally been subject to it and had originally constituted a portion of the Property, including the allocation of voting rights and votes per Lot. Thereafter, the rights, privileges, duties and liabilities of the Members and the burdens and benefits of the land shall be the same as though the annexed property had originally been subject to this Declaration;

12.6 Assessments. The Owner of annexed property shall be subject to prorated Assessments for the balance of the fiscal year in which the Supplemental Declaration is recorded and shall not be liable for Assessments prior to that date, provided, however, that Declarant shall be exempt from Assessments.

SECTION 13 DECLARANT'S SPECIAL RIGHTS

Until all Lots on the Property have been sold, with respect to the Common Property and each Lot, Declarant shall have the following special rights:

13.1 Sales Office and Model. Declarant shall have the right to maintain, or permit another to maintain, a sales office and model on one or more of the Lots. The Declarant, permitted parties, purchasers and prospective purchasers and their respective agents shall have the right to use and occupy the sales office and models during reasonable hours any day of the week.

13.2 "For Sale" Signs. Declarant may maintain a reasonable number of "For Sale" signs at reasonable locations on the Property, including, without limitation, the Common Property.

13.3 Declarant Easements. Declarant has reserved easements over the Property as more fully described in Section 6.

13.4 Expansion. Declarant may annex additional property to the Planned Community pursuant to Section 12.

13.5 Additional Improvements. Declarant may construct additional improvements on the Common Property that Declarant determines may be beneficial for the development of the Planned Community.

13.6 Reversion of the STEP System. Declarant may terminate the easement for the drain field and pumping station for the STEP System. The right to rescind the easement may only be exercised when all Lots served by the STEP System have connected to a public sewerage system or alternate facilities adequate to serve their needs for disposal of domestic sewage. The withdrawal shall occur upon satisfaction of the foregoing condition and the recordation by Declarant of a notice of rescission in the records of Tillamook County.

13.7 Declarant Conveyance of Open Space to Common Property. Declarant is the owner of the real property identified as Open Space in Exhibit A. No part of the Open Space will become Common Property unless and until such Open Space has been conveyed to the Association by Declarant. Any part of the Open Space conveyed by Declarant to the Association shall become Common Property. The cost of operating and maintaining the Open Space shall be a cost of the Association.

SECTION 14 CONDEMNATION OF COMMON PROPERTY

In the event that all or any portion of the Common Property is appropriated as the result of condemnation or threat or imminence thereof, the following rules and guidelines shall apply:

14.1 Representation by Association. The Board of Directors shall have the sole authority, right and duty to represent each of the Owners for the purpose of negotiating and contesting, if it deems so doing to be necessary or appropriate, any condemnation award offered by the condemning authority in question and may authorize expenditures and assessments to retain adequate counsel or other experts for such purposes.

14.2 Allocation of Condemnation Award. The Board of Directors of the Association shall allocate and distribute any condemnation award received by it with respect to the Common Property to the Owners in proportion to the diminution in fair market value incurred by them with respect to their respective Lots and improvements as a result of said condemnation.

14.3 Arbitration. In the event of any controversy by, among or between any Owner or Owners and the Board of Directors arising under this Section 14, each of the disputing parties shall choose one (1) arbitrator and such arbitrators shall choose one (1) additional arbitrator. The three (3) arbitrators shall resolve the controversy by majority vote and said decision shall be final, binding and unappealable upon the disputing parties. Any action or decision of the Board of Directors pursuant to this Section shall carry a rebuttable presumption of correctness for purposes of arbitration pursuant to this Section. The disputing parties each shall pay all the fees and expenses of the arbitrator designated by each of them and shall pay equally all fees and expenses of the third arbitrator. The disputing parties each shall pay their own expenses in connection with the arbitration.

14.4 Retention of Rights. No provision of this Section shall be construed as negating the right of the individual Owners to such incidental relief as the law may provide as a result of the condemnation of the Common Property.

SECTION 15 GENERAL PROVISIONS

15.1 Records. The Board of Directors shall preserve and maintain minutes of the meetings of the Association, the Board, and any committees. The Board of Directors shall also keep detailed and accurate financial records including individual assessment accounts of Owners, the balance sheet and income and expense statements. Individual assessment accounts shall designate the name and address of the Owner or Owners of each Lot, the amount of each assessment as it becomes due, the amounts paid upon the account, and the balance due on the assessments. The minutes of the Association, the Board and

committees, and the Association's financial records shall be reasonably available for review and copying by the Owners. A reasonable charge may be imposed by the Association for providing copies.

15.2 Indemnification of Directors, Officers, Employees and Agents. The Association shall indemnify any Director, Architectural Review Board member, 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 he or she 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 he or she acted in good faith and in a manner he or she 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 his or her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or with a plea of no contest or its equivalent; shall not of itself create a presumption that a person did not act in good faith and in a manner which he or she 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 his or her 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, should it be proven at a later time that said 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.

The Association shall indemnify Declarant from any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, relating to the Declarant's actions on behalf of the Association, its Board of Directors or Architectural Review Board, brought by the Association, or any person who is an Owner.

15.3 Enforcement. The Association and the Owners or any mortgagee on any 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 either by the Association or by any Owner or mortgagee to enforce any covenant 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 limitation, for assessment collection), the prevailing party shall be entitled to its 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 incurred in any enforcement activity taken to collect delinquent assessments, whether or not suit or action is filed.

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

15.5 Duration. The covenants and restrictions of this Declaration shall run with and bind the land for a term of thirty-five (35) years from the date of this Declaration being recorded, after which time they shall be automatically extended for successive periods of ten (10) years, unless rescinded by a vote of at least ninety percent (90%) of the Owners and ninety percent (90%) of the first mortgagees. Provided however, amendments that do not constitute rescission of the Planned Community may be adopted as provided in Section 15.6.

15.6 Amendment. As provided by ORS 94.590 and except as otherwise provided in Sections 15.5 and 15.9, 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 each class 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 affect an amendment of the Bylaws or the Articles of Incorporation without compliance with the provisions of such documents, and the Oregon Nonprofit Corporation Act. Provided further, no amendment affecting any right of the Declarant herein contained may be affected without the express written consent of the Declarant.

15.7 Rights of Mortgagees. Any holder of a first mortgage or equivalent lien on any Lot and/or the improvements located thereon, upon written request to the Board of Directors of the Association, shall have the right to:

- (a) Receive timely written notice of meetings of the Association;
- (b) Receive timely written notice of any proposed abandonment, termination or contraction of this planned unit development;
- (c) Receive timely written notice of any material amendment of the Declaration or the Articles of Incorporation or Bylaws of the Association;
- (d) Receive timely written notice of any decision by the Association to terminate professional management and to assume self-management of the Property, if the Association previously has retained professional management services;
- (e) Inspect the financial records and similar documents of the Association at reasonable intervals during normal business hours;
- (f) Receive written notice of substantial damage to or destruction of any Lot and/or the improvements thereon or the Common Property and/or any improvements thereon; and
- (g) Receive timely written notice of any condemnation or eminent domain proceeding affecting the Common Property or any portion thereof.

15.8 Release of Right of Control. The Declarant may give up its right of control in writing at any time by notice to the Association.

15.9 Unilateral Amendment by Declarant. The 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. Prior to the turnover meeting, no such amendment shall require notice to or approval by any Class A member.

15.10 Estoppel Certificate. Within fifteen (15) working days after written request is delivered to the Association by an Owner, the Board shall provide such Owner with an estoppel certificate executed by a member of the Board certifying, with respect to any Lot owned by the Owner, that as of the date thereof, either: all improvements made to such Lot by the Owner comply with this Declaration, or such improvements do not comply, in which event the certificate shall also identify the noncomplying improvements and set forth the nature of such noncompliance. Any purchaser in due course from the Owner, and any mortgagee or other encumbrancer, shall be entitled to rely on such certificate with respect to the matters set forth therein, such matters being conclusive as between the Association, and all Owners, and such purchaser or mortgagee.

15.11 Defenses. It shall be a defense to claims brought against a Lot Owner pursuant to this Section in respect to matters within the purview of the Architectural Review Board, where an Estoppel Certificate as described in Section 15.10 was issued and where the offending improvement was in existence at the time of the issuance of the Estoppel Certificate.

15.12 Liability. The scope of the Association's review is not intended to include any review or analysis of structural, geophysical, engineering, or other similar considerations. Neither the Association nor any member shall be liable to any Owner, Occupant, builder or developer for any damage, loss or prejudice suffered or claimed on account of any action or failure to act of the Association or any member.

15.13 Resolution of Document Conflicts. In the event of a conflict among any of the provisions in the documents governing Sakhali South, such conflict shall be resolved by looking to the following documents in the order shown below:

- (a) Declaration;
- (b) Articles;
- (c) Bylaws;
- (d) Rules and Regulations and Board of Director Resolutions.

15.14 The Recitals are incorporated in this Declaration, in full by this reference.

The Association's Board of Directors certifies that this Amended and Restated Declaration was adopted by at least 75% of the membership.

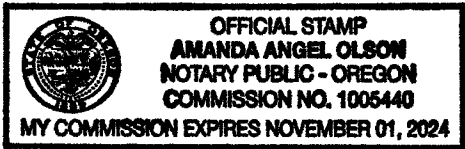
Sahhali South Homeowners Association

By: [Signature]
President

By: [Signature]
Secretary

STATE OF OREGON)
) ss.
County of Lane)

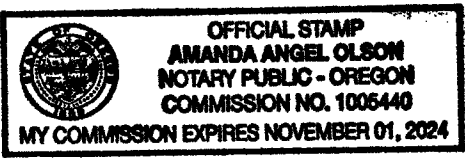
This instrument and certification were acknowledged before me by Richard Boyles, President of Sahhali South Homeowners Association, who voluntarily signed this instrument on behalf of the Association by authority of its Board of Directors.



[Signature]
Notary Public for Oregon

STATE OF OREGON)
) ss.
County of Lane)

This instrument and certification were acknowledged before me by Patti Lundeen, Secretary of Sahhali South Owners Association, who voluntarily signed this instrument on behalf of the Association by authority of its Board of Directors.



[Signature]
Notary Public for Oregon

EXHIBIT A

Sahhali South as described and depicted on Map C-0552, Tillamook County, Oregon, Plat Records.

Exhibit B

Sahhali North as described and depicted on Map C-0587, Tillamook County, Oregon, Plat Records.

EXHIBIT C
DESCRIPTION OF PROPERTY EXCEPTED FROM CC&R'S

Beginning at a point on Proposal Point Drive at the NE corner of lot 39 of Sahhali South as described and depicted on Map C-0552, Tillamook County Plat Records.

thence N74°56'20" West 0.73 feet, to the true point of beginning being a 5/8" rebar with plastic cap stamped "A Duncan LS 793",

thence N15°03'09" East 86.40 feet;

thence S75°04'43" East 4.01 feet;

thence N15°00'16" East 123.35 feet;

thence N74°57'09" West 150.00 feet;

thence S15°01'26" West 209.72 feet;

thence S74°56'20" East 146.00 feet, to the true point of beginning.

EXHIBIT D



p.o. box 219 • 160 laneda avenue • manzanita, oregon 97130
(503) 368-5394 • fax (503) 368-5047
www.hlb-otak.com

February 15, 2007

LEGAL DESCRIPTION
for
SAHHALI SOUTH LLC
for
BEACH ACCESS TRAIL EASEMENTS

TRAIL EASEMENT #1:

A 10 foot wide strip of land for the purpose of Beach Access Trail Easement over a portion of that tract of land described in Instrument #2004-010802, Tillamook County Deed Records, situated in Section 24, Township 5 South, Range 11 West of the Willamette Meridian, Tillamook County, Oregon, said strip being 5 feet each side of the following described centerline:

COMMENCING at the east one-sixteenth corner on the north line of said Section 24, said point being marked by a 5/8" iron rod;

thence South 88°44'45" East 463.03 feet along the North line of said Section 24 to the beginning of a tangent 50.00 foot radius curve to the right;

thence on said curve through a central angle of 153°35'41" (the long chord bears South 11°56'55" East 97.36 feet) an arc distance of 134.04 feet to **POINT OF BEGINNING #1**, which point is located on the south right-of-way line of the cul-de-sac of Heron View Drive, SAHHALI SOUTH subdivision;

thence South 25°04'34" West 198.34 feet;

thence South 43°37'18" West 37.57 feet;

thence South 29°24'46" West 286.94 feet;

thence South 37°57'36" West 29.21 feet;

thence South 46°49'40" West 27.64 feet;

thence South 60°30'31" West 95.91 feet;

thence South 65°16'41" West 74.63 feet;

thence South 53°19'26" West 122.93 feet;

thence South 80°47'23" West 101.24 feet;

thence South 70°15'05" West 91.28 feet;
thence South 81°00'54" West 233.97 feet;
thence South 48°11'33" West 142.63 feet;
thence South 38°07'42" West 94.77 feet;
thence South 54°12'10" West 152.44 feet;
thence South 69°41'15" West 72.25 feet;
thence North 88°15'19" West 19.27 feet to Point 'A';
thence North 61°09'31" West 78.41 feet;
thence North 35°10'28" West 165.57 feet;
thence North 24°05'35" West 34.10 feet;
thence North 17°23'21" West 74.81 feet to the East end of a Foot Bridge;
thence North 12°48'33" West 16.20 feet along said Foot Bridge;
thence North 37°55'39" West 11.09 feet along said Foot Bridge;
thence North 64°15'36" West 159.13 feet along said Foot Bridge to the end thereof;
thence North 55°32'18" West 142.87 feet;
thence North 68°44'21" West 38.53 feet;
thence South 77°01'05" West 41.09 feet;
thence South 49°25'39" West 28.36 feet;
thence South 59°54'42" West 59.32 feet;
thence South 70°02'08" West 72.08 feet;
thence South 89°12'11" West 280.11 feet;
thence North 81°52'41" West 120.73 feet to the Ocean Shores Boundary.

TRAIL EASEMENT #2:

A 10 foot wide strip of land for the purpose of Beach Access Trail Easement over a portion of that

tract of land described in Instrument #2004-010802, Tillamook County Deed Records, situated in Section 24, Township 5 South, Range 11 West of the Willamette Meridian, Tillamook County, Oregon, said strip being 5 feet each side of the following described centerline:

COMMENCING at the east one-sixteenth corner on the north line of said Section 24, said point being marked by a 5/8" iron rod;

thence North 88°44'45" West 261.46 feet on the North line of said Section 24;

thence South 09°27'38" East 86.66 feet to the beginning of a tangent 125.00 foot radius curve to the right;

thence on said curve through a central angle of 39°33'56" (the long chord bears South 10°19'20" West 84.61 feet) an arc distance of 86.32 feet;

thence South 30°06'18" West 119.85 feet to the beginning of a tangent 125.00 foot radius curve to the right;

thence on said curve through a central angle of 34°56'33" (the long chord bears South 47°34'35" West 75.06 feet) an arc distance of 76.23 feet to the end thereof;

thence South 65°02'51" West 101.54 feet to the beginning of a tangent 275.00 foot radius curve to the left;

thence on said curve through a central angle of 29°07'38" (the long chord bears South 50°29'02" West 138.30 feet) an arc distance of 139.80 feet;

thence South 35°55'13" West 211.23 feet to the beginning of a tangent 125.00 foot radius curve to the right;

thence on said curve through a central angle of 11°58'55" (the long chord bears South 41°54'41" West 26.09 feet) an arc distance of 26.14 feet;

thence South 47°54'08" West 73.00 feet to the beginning of a tangent 50.00 foot radius curve to the left;

thence on said curve through a central angle of 91°45'08" (the long chord bears South 02°01'34" West 71.78 feet) an arc distance of 80.07 feet to the beginning of a tangent 55.00 foot radius reverse curve to the right;

thence on said curve through a central angle of 89°20'50" (the long chord bears South 00°49'27" West 77.34 feet) an arc distance of 85.77 feet, said point also being **POINT OF BEGINNING #2**, which point is located on the southeasterly right-of-way line of the cul-de-sac of Proposal Point Drive, **SAHHALI SOUTH** subdivision.

thence South 23°20'33" East 28.41 feet;

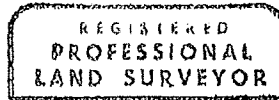
Sahhali South – Beach Access Trail Easement

thence South 14°59'59" East 25.70 feet;

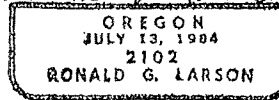
thence South 20°30'45" West 128.49 feet;

thence South 15°18'00" West 82.01 feet;

thence South 50°34'54" West 46.69 feet to POINT 'A'.



Ronald G. Larson



Renewal 12/31/08

<M:\Legals\2006\Sah So Trail Easement.doc>

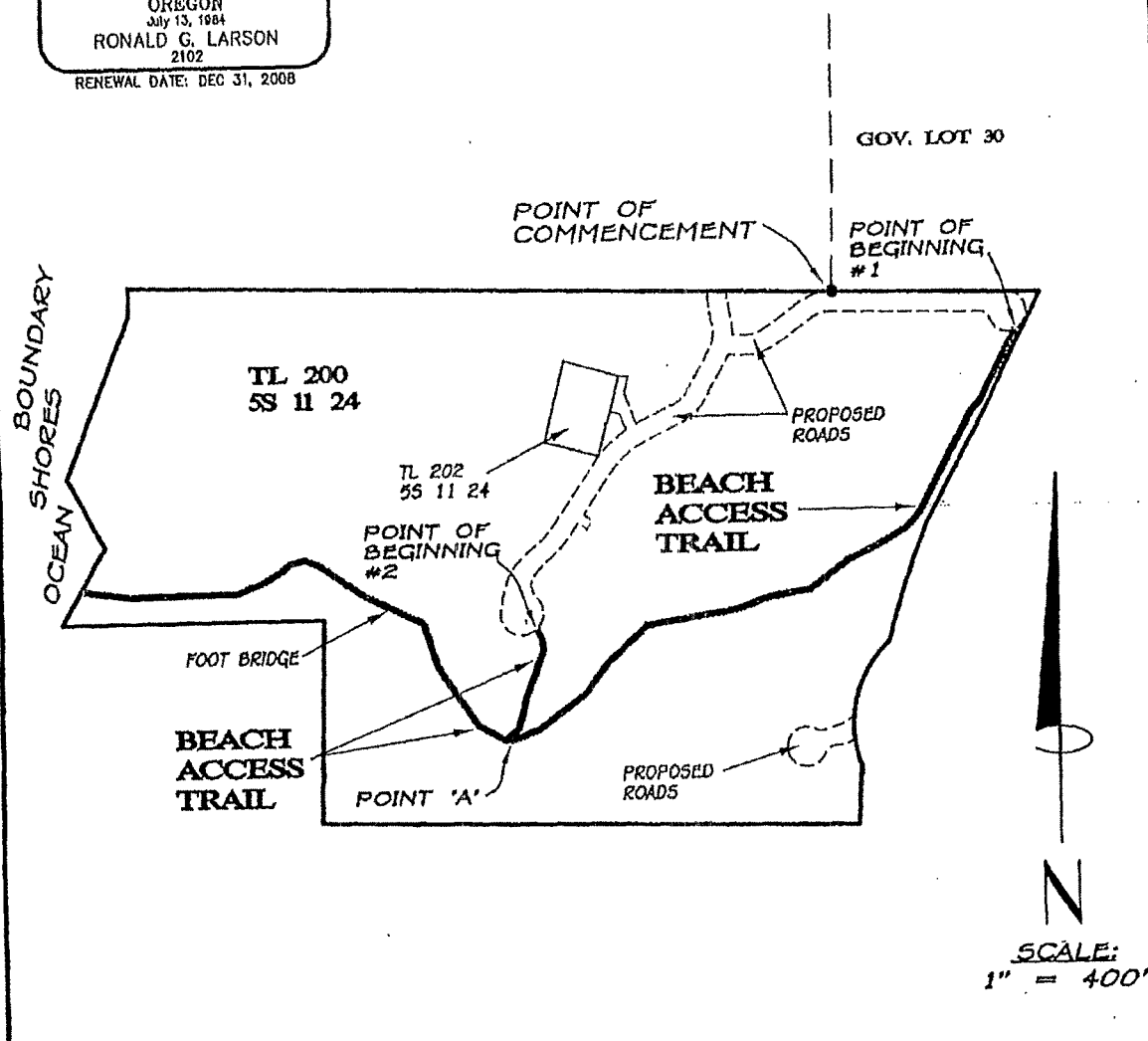
REGISTERED
PROFESSIONAL
LAND SURVEYOR

Ronald G. Larson

OREGON
July 13, 1984
RONALD G. LARSON
2102
RENEWAL DATE: DEC 31, 2008

NOTES

THE PURPOSE OF THIS MAP IS TO SHOW THE TRAIL EASEMENT CREATED FOR ACCESS TO BEACH ON TAX LOT 200, (AS THAT TAX LOT EXISTS IN JANUARY, 2007).



EASEMENT SKETCH FOR:
SAHHALI SOUTH, LLC
BEACH ACCESS TRAIL EASEMENT
ON TAX LOT 200,
55 11 24

NE 1/4, SECTION 24, T55, R11W, W.M.
TILLAMOOK COUNTY, OREGON



- SURVEYING
 - CIVIL ENGINEERING
 - PLANNING
 - WATER RIGHTS
 - WETLAND CONSULTING
- CLATSOP COUNTY
4253-A HWY 101 N.
GEARHART, OR 97130
(503) 730-3425
FAX: (503) 730-7455

PACIFIC COUNTY
1715-B N. PACIFIC AVE.
LONG BEACH, WA 98631
(360) 642-4454
FAX: (360) 642-4054

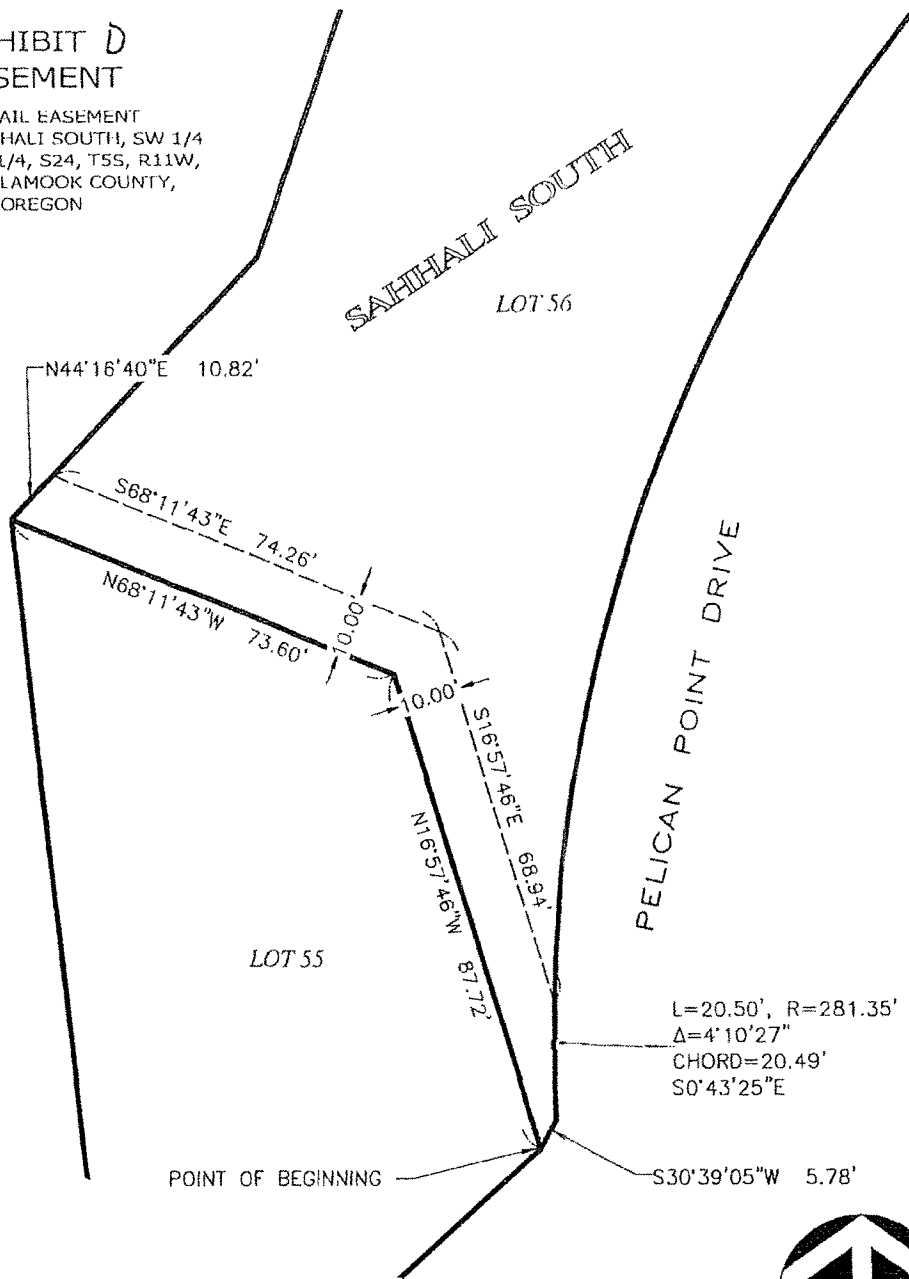
TILLAMOOK COUNTY
160 LANEDA AVE.
MANZANITA, OR 97130
(503) 360-5394
FAX: (503) 360-5047

WWW.HLB-OTAK.COM

DATE FEB. 15, 2007	JOB NO. M040243	EQUIPMENT N/A	FIELD N/A	DRAWN STE	CHECKED RGL
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**EXHIBIT D
EASEMENT**

10' TRAIL EASEMENT
LOT 56, SAHHALI SOUTH, SW 1/4
OF THE NE 1/4, S24, T55, R11W,
W.M., TILLAMOOK COUNTY,
OREGON



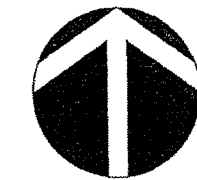
LEGEND:



10' PROPOSED TRAIL EASEMENT
1548 SF +/-



LOT/PARCEL LINE



1 INCH = 30 FEET



Date: 04/19/2023
Proj No: 22643502

4858 SW SCHOLLS FERRY RD.
STE A, PORTLAND, OR 97225
(503) 345-0328
www.sandf.com
info@sandf.com



1725 N. Roosevelt Dr. Suite B Seaside OR 97138
503-738-3425 -- www.sflands.com

PROJECT NO.: 23G435
DATE: 04/19/2023
INITIALS: TLO

LEGAL DESCRIPTION

**EXHIBIT D
EASEMENT**

EASEMENT DESCRIPTION

A TEN FOOT WIDE STRIP FOR AN EXISTING TRAIL ON THE SOUTH BOUNDARY OF LOT 56, SAHHALI SOUTH, SW 1/4 OF THE NE 1/4, S24, T5S, R11W, W.M., TILLAMOOK COUNTY, OREGON.

BEGINNING AT THE SOUTH CORNER OF LOT 56 WHICH IS A 5/8" REBAR WITH A YELLOW PLASTIC CAP STAMPED "HLB & ASSOC. INC." WHICH IS LOCATED ON THE NORTH RIGHT OF WAY (ROW) OF PELICAN POINT DRIVE, THENCE, NORTH 16°57'46" WEST ALONG THE SOUTH BOUNDARY OF LOT 56 FOR A DISTANCE OF 87.72 FEET TO AN ANGLE POINT OF SAID LOT 56.

THENCE, NORTH 68°11'43" WEST FOR A DISTANCE OF 73.60 FEET ALONG THE SOUTH BOUNDARY OF LOT 56 TO THE SOUTH WEST CORNER OF LOT 56.

THENCE, NORTH 44° 16' 40" EAST FOR A DISTANCE OF 10.82 FEET ALONG THE WEST BOUNDARY OF LOT 56.

THENCE, SOUTH 68° 11' 43" EAST FOR A DISTANCE OF 74.26 FEET.

THENCE, SOUTH 16°57'46" EAST A DISTANCE OF 68.94 FEET TO THE BEGINNING OF A NON-TANGENTIAL CURVE WHICH IS ON THE WESTERLY ROW OF PELICAN POINT DRIVE,

SAID CURVE TURNING TO THE LEFT THROUGH AN ANGLE OF 04°10'27", HAVING A RADIUS OF 281.35 FEET, WITH AN ARC LENGTH OF 20.50 FEET, AND WHOSE LONG CHORD BEARS SOUTH 00°43'25" EAST FOR A DISTANCE OF 20.49 FEET TO A POINT OF INTERSECTION WITH A NON-TANGENTIAL LINE.

THENCE SOUTH 30°39'05" WEST A DISTANCE OF 5.78 FEET TO THE POINT OF BEGINNING CONTAINING 1548 SF +/-

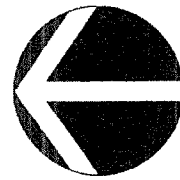
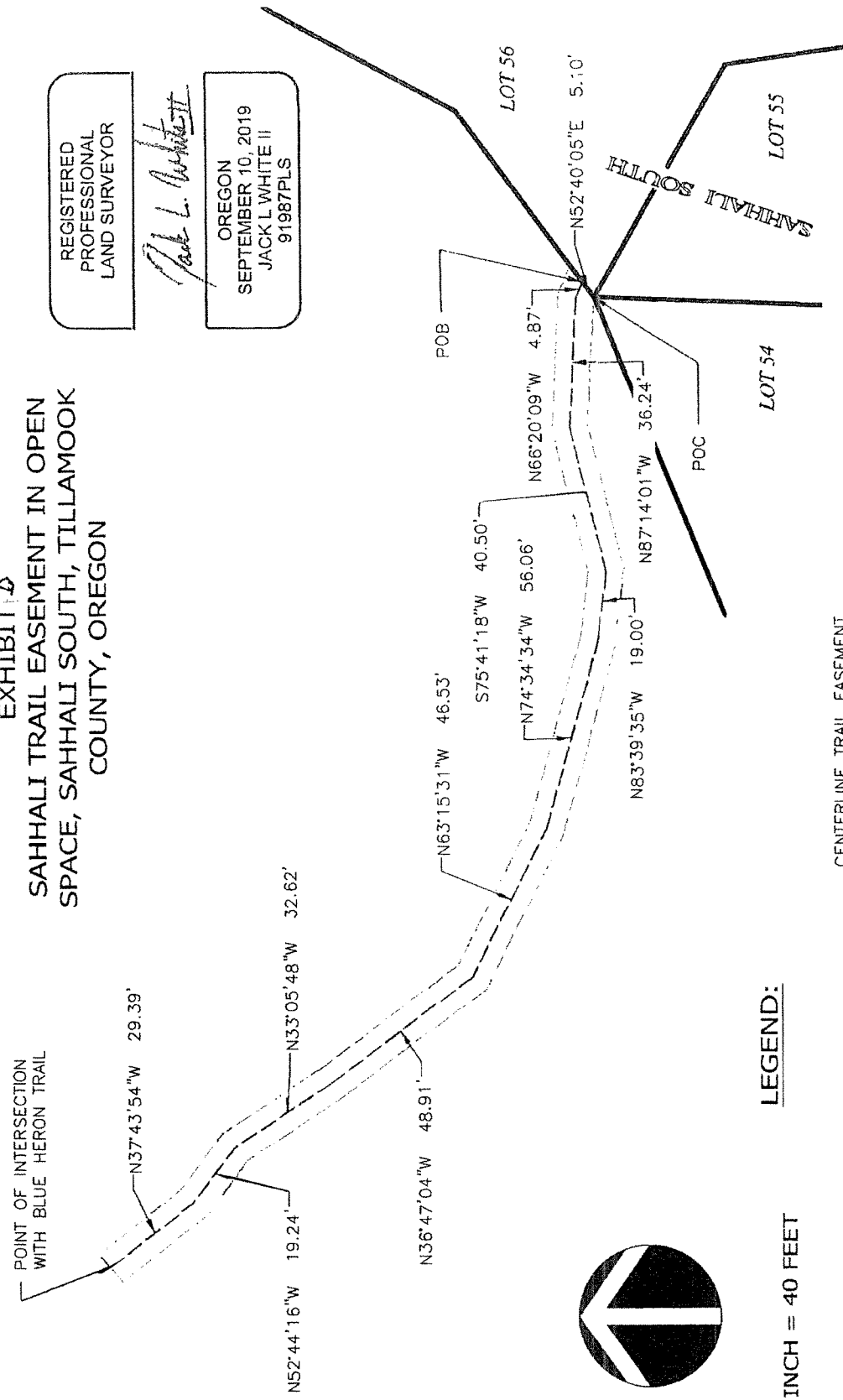
THE BEARINGS CONTAINED IN THIS DESCRIPTION ARE BASED ON THE PLAT OF "SAHHALI SOUTH", TILLAMOOK COUNTY PLAT RECORDS.

EXHIBIT A
 SAHHALI TRAIL EASEMENT IN OPEN
 SPACE, SAHHALI SOUTH, TILLAMOOK
 COUNTY, OREGON

REGISTERED
 PROFESSIONAL
 LAND SURVEYOR

Jack L. Whitsett

OREGON
 SEPTEMBER 10, 2019
 JACK L. WHITE II
 91987PLS



LEGEND:

1 INCH = 40 FEET

- CENTERLINE TRAIL EASEMENT
- - - EDGE OF TRAIL EASEMENT
- LOT/PARCEL LINE
- POB POINT OF BEGINNING
- POC POINT OF COMMENCEMENT

S&F Land Services

Date: 05/25/2023
 Proj No: 22G43S-01
 1725 N ROOSEVELT DR, STE
 B, SEASIDE, OR 97138
 (503) 738-3425
 www.sandf.com
 info@sandf.com



1725 N. Roosevelt Dr. Suite B Seaside OR 97138
503-738-3425 – www.sflands.com

PROJECT NO.: 22G62301

DATE: 05/26/2023

INITIALS: TLO

LEGAL DESCRIPTION

SAHHALI TRAIL

EXHIBIT D

LEGAL DESCRIPTION:

A STRIP OF LAND 10.00 FEET IN WIDTH WITHIN A TRACT OF LAND DESCRIBED AS "OPEN SPACE" IN SAHHALI SOUTH, IN THE NORTH ONE HALF OF THE NORTH ONE HALF OF SECTION 24, TOWN 5 SOUTH, RANGE 11 WEST, OF THE WILLAMETTE MERIDIAN, TILLAMOOK COUNTY, OREGON. THE CENTERLINE OF WHICH IS DESCRIBED AS FOLLOWS;

COMMENCING AT THE CORNER COMMON TO LOTS 54, 55 AND 56 IN SAID SAHHALI SOUTH;

THENCE NORTH 52°40'05" EAST, 5.10 FEET TO THE **POINT OF BEGINNING**;

THENCE NORTH 66°20'09" WEST, 4.87 FEET;

THENCE NORTH 87°14'01" WEST, 36.24 FEET;

THENCE SOUTH 75°41'18" WEST, 40.50 FEET;

THENCE NORTH 83°39'35" WEST, 19.00 FEET;

THENCE NORTH 74°34'34" WEST, 56.06 FEET;

THENCE NORTH 63°15'31" WEST, 46.53 FEET;

THENCE NORTH 36°47'04" WEST, 48.91 FEET;

THENCE NORTH 33°05'48" WEST, 32.62 FEET;

THENCE NORTH 52°44'16" WEST, 19.24 FEET;

THENCE NORTH 37°43'54" WEST, 29.39 FEET TO THE **POINT OF INTERSECTION WITH BLUE HERON TRAIL**;

BEARINGS BASED ON SAHHALI SOUTH, RECORDED AS C-552, RECORDS OF TILLAMOOK COUNTY

CONTAINING 3,336 SQUARE FEET, MORE OR LESS

Sahhali South

A Planned Development

Landscape Guidelines

August 2006

Landscaping Guidelines and Recommendations

Sahhali South
August 2006

LANDSCAPE DESIGN PHILOSOPHY

Sahhali South is a unique neighborhood in the community of Neskowin. The development of Sahhali South is unusual in its attempt to preserve the natural beauty of the area and site integrity of individual homesites while allowing diversity in home and landscape design.

These guidelines are intended to help you, your landscape designer/architect and your landscape contractor understand the rules and guidelines and the necessary approval process relating to the landscaping of your homesite.

These guidelines are intended to function in concert with the Bylaws, Rules and Regulations, and CCRs of Sahhali South Homeowner's Association, LLC.

Extensive landscaping is not required or encouraged. However, all homesites are required to be maintained in a neat and orderly condition that creates a pleasing appearance from all vantage points located off of the individual parcels. If a homeowner elects to maintain the entire property in a natural condition, steps must be taken to restore unsightly scarred areas that were produced from construction activity, and to remove dead plants and refuse from the entire site.

Individual homesites should be treated in a casual, fluid manner in order to integrate comfortably with the natural setting of Sahhali South. Lawn edges should be serpentine rather than straight and square-cornered. Formal,

regimented planting arrangements are strongly discouraged. Shrubs, trees and other plant materials should be arranged in groupings, rather than in straight rows.

Landscaping construction must be finished within one (1) year of substantial completion of the exterior of the home.

WIND

The single greatest factor in determining which plants will survive in Sahhali South coastal shoreline environment is wind. Typical of the Oregon coast, prevailing winds are landward, coming from a generally northwest direction during the warmer summer months. During the winter months, the predominant wind direction is generally from the south. Gale force winter winds can reach speeds of over 100 miles per hour. Of greatest concern from a landscaping perspective are the strong summer winds and those which occur during the spring months. Strong winds carrying warm temperatures can quickly dehydrate new spring growth, causing severe damage or death to many plant species, including those on the Recommended Plant List. Severe wind damage during the winter months is less of a concern because plants are then dormant, although gale force winds will almost certainly cause damage to most plants unless suitable precautions are taken to screen plants from the strongest winds by man-made features or the planting of suitable screening vegetation.

SOILS

Soils in the area are of the Neskowin, Hembre and Winema soil associations. These soils are generally deep, well drained and relatively high in organic material, and very acid with Ph levels of 5.0 or lower. Annual rainfall ranging from roughly 64 to 132 inches per year influences soil acidity and appropriate plant materials.

PLANT RECOMMENDATIONS

A recommended plant list has been selected as a sampler of materials which may be used. They were selected for their particular adaptability to the climate and weather conditions of the Oregon coast, and the soils which occur within the Sahhali South property.

RECOMMENDED PLANT LIST

Sahhali

Plant Type/Name	Comments
Trees	
Abutilon menziesii - Madrone	Evergreen tree or large shrub
Arbutus unedo - Strawberry tree	Shrub-tree; drought tolerant
Betula - Birch, esp. European White Birch	Requires ample water and fertilizer
Calocedrus decurrens - Incense Cedar	Symmetrical tree to 75-90 feet
Cupressus macrocarpa - Monterey Cypress	Fast growth to 40 feet
Ligustrum lucidum - Glossy Privet	Round-headed tree to 40 feet or large shrub; fast growing
Myrica California - Pacific Wax Myrtle	Drought tolerant
Picea - Spruce, Sitka	Do not plant near home or walks
Picea abies - Norway Spruce	Fast growth to 100-150 feet; many varieties
Pinus contorta - Shore Pine	Fairly fast growth to 20-35 feet; dense foliage
Pinus thunbergii - Japanese Black Pine	Fast growth to 100 feet; adapts well to pruning
Populus nigra 'Italica' - Lombardy Poplar	Fast growth to 40-100 feet; columnar tree; invasive roots
Pseudotsuga menziesii - Douglas Fir	Sharply pyramidal form when young
Quercus ilex - Holly Oak	Moderate growth to 40-70 feet and equal spread
Robinia pseudoacacia - Black Locust	Fast growth to 75 feet; aggressive roots; drought tolerant
Salix species - Willow, native	Fast growth; requires ample water
Sequoia sempervirens - Coast Redwood	Fast growth; requires ample water
Thuja plicata - Western Red Cedar, native	Pyramidal shape
Shrubs	
Abelia X grandiflora - Glossy Abelia	Evergreen to partially deciduous; growth to 8 feet; prune selectively
Arctostaphylos columbiana - Halimolobos	Low growing; evergreen; sun
Arctostaphylos manzanilla - Coast Manzanilla	Growth to 6-20 feet tall; evergreen; sun
Aucuba japonica - Japanese Aucuba	Accepts deep shade; variegated forms
Azalea, Kurume varieties	Ample water; amend soil with organic material when planting
Baccharis pilularis - Coyote Brush	Drought tolerant;
Berberis darwinii - Darwin Barberry	Growth to 5-10 feet tall; orange-yellow flowers
Berberis wilsoniae - Wilson Barberry	Growth to 6 feet; fine textured foliage; yellow flowers in clusters
Buxus sempervirens - English Boxwood	Dense foliage; growth to 15-20 feet tall; good hedge shrub
Caragana arborescens - Siberian Peashrub	Deciduous shrub or small tree; fast growth to 20 feet
Ceanothus thyrsiflorus - Wild Lilac (Snow Flurry)	Growth to 6-10 feet tall and 8-12 feet wide; white flowers
Chamaecyparis obtusa - False Cypress	Several varieties dwarf to 50 feet
Cissis speciosa - many varieties	Climbing evergreen vines; easy to grow
Cistus - Rockrose	Evergreen; sun; spring flowers
Cortaderia selloana - Pampas Grass	Fast growth; difficult to control size
Cotoneaster species - many varieties	Vigorous growth; full sun
Cytisus and Genista - Broomrape	Drought tolerant; sun; prune after blooming
Cytisus species - Broomrape	Full sun; prune after bloom
Escallonia (various)	Fast recovery from damage; evergreen; sun; fast growth
Escallonia species	Evergreen; many varieties; fast recovery from freeze damage
Euonymus fortunei - many varieties	Evergreen vine or shrub; sun or full shade

Hebe (purple blooming varieties)	Evergreen; fast growth to 3-5 feet; drought tolerant; sun
Hebe xanthiifolia Boxleaf Hebe	Evergreen; fast growth to 3-5 feet; drought tolerant; sun
Hydrangea species - many varieties	Deciduous; large bold flowers and foliage; grow in rich well-drained soil
Juniperus species - many varieties	Evergreen shrubs and trees; sun
Kniphofia uvaria - Red-hot Poker	Drought tolerant; full sun
Phormium tenax - New Zealand Flax	Swordlike vertical leaves to 9 feet long; allow plenty of space
Photinia fraseri	Evergreen shrub; growth to 10 feet tall
Pinus mugo - Mugo Pine	Prostrate shrub
Prunus caroliniana - Carolina Laurel Cherry	Evergreen shrub or tree; growth to 35-40 feet
Prunus laurocerasus - English Laurel	Evergreen; vigorous; fast growth to 30 feet tall and wide
Prunus lusitanica - Portugal Laurel	Evergreen; less vigorous than English Laurel but better in wind
Pyracantha species - Firethorn	Evergreen shrub; bright red-orange fruit; thorns; sun
Rhamnus alaternus - Italian Buckthorn	Evergreen shrub; fast dense growth to 12-20 feet
Rhamnus californica - Coffeeberry	Evergreen shrub; growth to 3-15 feet tall; drought tolerant
Rhododendron (various)	Requires ample water; amend soil when planting; shield from wind
Ribes aureum, native - Golden Currant	Deciduous shrub; growth to 3-6 feet tall; irrigation
Ribes sanguinum, native - Pink Winter Currant	Deciduous shrub; growth to 4-12 feet tall; irrigation
Rosa rugosa - Ramanas Rose; Sea Tomato	Deciduous shrub; vigorous and very hardy; growth to 3-6 feet; red fruit
Rosmarinus officinalis - Rosemary	Evergreen shrub; growth to 2-6 feet tall
Salix discolor - Pussy Willow	Shrub or small tree; growth to 20 feet
Sambucus callicarpa, native - Coast Red Elderberry	Deciduous shrub to 8 feet tall; ample irrigation
Sonchella grayi	Evergreen shrub; spreading plant that grows 4-5 feet tall; sun
Spartium junceum - Spanish Broom	Evergreen shrub; growth to 6-10 feet; dense growth; flowering
Spiraea species - Many Varieties	Deciduous shrubs; flowering
Vaccinium ovatum, native - Evergreen Huckleberry	Evergreen shrub; sun or part shade
Viburnum tinus - Laurustinus	Evergreen shrub; growth to 6-12 feet tall; dense foliage

Groundcover

Arcostaphylos uva ursi - Kinnikinnick	Spreading to 15 feet wide; good on slopes; keep soil moist
Ceanothus griseus horizontalis - Carmel Creeper	Growth to 18-30 inches tall and 5-15 feet wide; flowering lilac variety
Crocodylia, crocosmiflora - Montbrelia	Good for slopes; flowering
Hebe pinguifolia	Creeping shrub 1-3 feet tall; flowering
Hypericum calycinum - Creeping St. Johnswort	Evergreen creeping shrub to 1 foot tall; yellow flowers
Juniper conferta - Shore Juniper	Prostrate, trailing habit; bright green foliage
Lithospermum species	Perennial; prostrate mound 6-12 inches tall; sun
Lonicera japonica - Japanese Honeysuckle	Evergreen vine; rampant; erosion control on steep banks; drought resistant
Native grasses - many varieties	Obtain from local sources.

Sources:

- American Horticultural Society Encyclopedia of Garden Plants 1989
- Brown's Rose Lodge Nursery (Wally Brown), Oils, Oregon
- Coastal Landscaping by Bill Rogers, American Nurseryman; February 15, 1991
- Ortho's Complete Guide to Successful Gardening 1983
- Sandy's Nursery & Garden Center (Bill Howard), Tillamook, Oregon
- Sunset New Western Garden Book 10th ed. 1986

EXHIBIT F

REC'D APR 21 2006

Expiration Date: 31-DEC-2011
Permit Number: 102860
File Number: 114460
Page 1 of 12 Pages

WATER POLLUTION CONTROL FACILITIES PERMIT

Department of Environmental Quality
Northwest Region
2020 SW Fourth Avenue, Suite 400, Portland, OR 97201
Telephone: (503) 229-5263

Issued pursuant to ORS 468B.050

ISSUED TO:

Sahhali South LLC
840 Beltline Road Suite 202
Springfield, OR 97477

SOURCES COVERED BY THIS PERMIT:

Type of Waste	System	Method of Treatment/Disposal
Domestic Sewage	001	Re-circulating textile filters & drainfield(s)

SYSTEM TYPE AND LOCATION:

On-Site Sewage Treatment and Disposal

Sahhali South
1.5 miles north of Neskowin

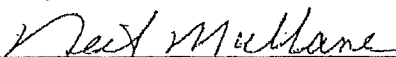
RIVER BASIN INFORMATION:

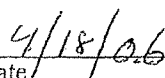
LLID: 1239400456524
Basin: Northern Oregon Coastal
Sub Basin: Wilson/Trask/Nestucca
Nearest Stream, RM: 6.3894 Pacific Ocean

Drainfields located in: T5S,R10W, Sect.
19B lots 800&801
Latitude: 45.1281
Longitude: -123.9706

COUNTY:
Tillamook

Issued in response to Application No. 980527.
This permit is issued based on the Land Use Compatibility Statement signed on August 3, 2005, by Tillamook County.


Neil Mullane, Manager
Water Quality Program, Northwest Region


Date

PERMITTED ACTIVITIES

Until this permit expires or is modified or revoked, the permittee is authorized to construct, install, modify, or operate a wastewater collection, treatment, control and disposal system in conformance with all the requirements, limitations, and conditions set forth in the attached schedules as follows:

	<u>Page</u>
Schedule A - Waste Disposal Limitations	2-3
Schedule B - Minimum Monitoring and Reporting Requirements.....	4-6
Schedule C - Compliance Conditions and Schedules	6-7
Schedule D - Special Conditions	7-8
Schedule E - Not Applicable.....	-
Schedule F - General Conditions	9-12

Discharge of untreated or partially treated sewage or septic tank effluent directly or indirectly onto the ground surface or into surface waters constitutes a public health hazard and is prohibited. This permit does not relieve the permittee from responsibility for compliance with any other applicable federal, state, or local law, rule or standard.

EXHIBIT "F" Page 1 of 15

SCHEDULE A

Waste Disposal Limitations

1. The permittee is authorized to operate and maintain a domestic sewage treatment and disposal facility consisting of a re-circulating textile filter plant with final disposal to soil absorption drainfields.

a) The system is authorized to serve a maximum of 58 dwellings. The maximum peak daily flow shall not exceed 17,400 gpd. The average daily flow should be approximately fifty percent (50%) of the maximum daily or peak flow. The proposed treatment plant and housing development will be on T5S,R11W, Section 24 lot 200. The proposed drainfields will be on T5S,R10W, Section 19B, lots 800 and 801.

b) The **influent** to the treatment unit shall not exceed the following maximum concentrations:

Parameter	Limitation
BOD5	400 mg/l
Greases and Oil	30 mg/l
TSS	150 mg/l
TKN	150 mg/l

c) The **effluent** from the treatment unit to the drainfield(s) shall not exceed the following maximum concentrations:

Parameter	Limitation
BOD5	30 mg/l
TSS	30 mg/l
TN	30 mg/l

d) No discharge to surface waters is permitted. All wastewater shall be distributed into a soil absorption facility so as to prevent:

- 1) Surfacing of wastewater on the ground surface, surface runoff or subsurface drainage through drainage tile.
- 2) The creation of odors, fly and mosquito breeding and other nuisance conditions.
- 3) The overloading of land with nutrients or organics.
- 4) Impairment of existing or potential beneficial uses of groundwater.

2. No cooling water, air conditioner water, water softener brine, groundwater, oil, hazardous materials, roof drainage, storm water runoff, or other aqueous or non-aqueous substances which are, in the judgment of the Department, detrimental to the performance of the system or to groundwater, shall be discharged into the sewage treatment system, unless specifically approved in writing by the Department.

3. No activities shall be conducted that could cause an adverse impact on existing or potential beneficial uses of groundwater.

4. The Department may reopen this permit, if necessary, to include groundwater parameters, concentration limits, and compliance points that are determined based on either the Preliminary Groundwater Assessment and the implementation of a groundwater monitoring plan as required in Schedule C, or an approved Concentration Limit Variance.

EXHIBIT "F" Page 2 of 15

5. The operation and maintenance of a community sewage treatment and disposal system shall be vested in a municipality, a Homeowners Association or an Association of Unit Owners as defined by Oregon Revised Statutes.
6. Following the connection of five (5) or more dwelling units to the system, the permittee shall enter into a maintenance and monitoring agreement with a person or firm acceptable to the Department, or a municipality capable of providing such services to Septic Tank Effluent Pumping (STEP) systems and alternative treatment technologies systems and on-site sewage disposal systems.
7. The maintenance agreement referenced in the above condition shall be kept in force at all times. The permittee shall advise the Department within 48 hours if the agreement is terminated. The permittee shall provide the Department with a copy of any revisions to the agreement.

SCHEDULE B

Minimum Monitoring and Reporting Requirements

1. **System Monitoring Requirements**

The permittee shall monitor the operation and efficiency of all treatment and disposal facilities. Sampling and measurements taken as required herein shall be representative of the nature of the wastewater, and shall be taken at peak usage during operation of the system. Unless otherwise agreed to in writing by the Department of Environmental Quality, data collected, and submitted shall include but not necessarily be limited to the following parameters and minimum frequencies:

a. **Influent to the textile filter or to drainfields (specify);**

Item or Parameter	Minimum Frequency	Type of Sample
Sewage Flow, GPD	Monthly Average*	Measurement or calculation based on meter readings
Flow Meter Calibration	Annually	Verification

*When average daily flows reach 5,000 gpd, measurements shall be weekly thereafter.

b. **Effluent from the textile filter;**

Item or Parameter	Minimum Frequency	Type of Sample
BOD ₅	Quarterly **	Grab
TSS	Quarterly **	Grab
TKN	Semi-annually**	Grab
NH ₃ -N	Semi-annually **	Grab
NO ₃ -N	Semi-annually **	Grab

**Upon receipt of a five year contract in place by the date of the first semi-annual sampling and with a maintenance entity acceptable to the Department, the Department will reduce sampling frequency during the first five years of the permit to annually, to be done during the summer months of each year. The Department may allow continued reduction of the sampling during the remainder of the permit if the contract is still in place after the first five years.

c. **Spring**

Item or Parameter	Minimum Frequency	Type of Sample
NH ₃ -N	As per DEQ approval***	Grab
NO ₃ -N	As per DEQ approval***	Grab
Chloride	As per DEQ approval***	Grab
TDS	As per DEQ approval***	Grab
TN	As per DEQ approval***	Grab
Fecal coliform	As per DEQ approval***	Grab
E. Coli	As per DEQ approval***	Grab

***See Schedule C, Condition 3.

d. **Operations and Maintenance Activities**

The permittee shall record in writing all observations of operation and maintenance activities as required in the Department approved Operation and Maintenance Plan on a monthly basis.

EXHIBIT "F" Page 4 of 15

e. **Solids Management**

The permittee shall maintain a record of the pumping dates and quantity in gallons, of solids/wastewater pumped, and what licensed sewage disposal service company pumped the solids/wastewater, as well as the final disposal location and transfer local (if applicable).

2. **Reporting Procedures**

Monitoring, maintenance practices, solids handling, and results shall be reported on Department approved forms. The reporting period is the calendar year. Reports must be submitted to the DEQ office listed on the face page of this permit by January 15 following the reporting period.

Schedule B-Continued--Groundwater Monitoring--if required

3. **Groundwater Minimum Monitoring and Reporting Requirements, if required by the Department.**

- a. Groundwater water monitoring shall be conducted in accordance with the Department's approval of the Groundwater Monitoring Plan.
- b. The Groundwater Monitoring Plan shall be come a part of the permit upon Department approval.
- c. The Groundwater Monitoring Plan shall include, but not be limited to, a Sample Analysis Plan (SAP) and Quality Assurance Project Plan (QAPP). The SAP including a list of analytes, EPA-approved analytical methods, sampling protocols, sampling frequency, monitoring well locations, monitoring well details, well screen intervals, compliance and detection monitoring wells. The QAPP shall provide the protocols to assure sample integrity, sample handling, and laboratory quality control and quality assurance.
- d. **Reporting Requirements**
 - (1) **Reporting:** Analytical results of groundwater monitoring for the parameters listed above and for any other parameters identified in the approved Monitoring Plan, shall be reported in a Department approved format. At a minimum, the report shall contain the reporting information identified in the approved Monitoring Plan. Reports are due to the Department by the 30th day of the month following the sampling event. The report shall provide a summary of the analytical data. The report shall include electronic submittal of the laboratory results in a format as determined by the Department.
 - (2) **Annual Data Analysis and Reporting:** An annual groundwater data analysis report shall be submitted to the Department by July 1 each year. The annual report shall contain the annual data analysis and reporting information identified in the approved Monitoring Plan, include electronic copies of the laboratory reports in a format as determined by the Department.

EXHIBIT "F" Page 5 of 15

e. Groundwater Monitoring Resampling Requirements

- (1) If monitoring indicates that a concentration limit has been exceeded at a compliance point, the permittee shall notify the Department within 10 days and shall immediately resample the monitoring well. The results of both sampling events shall be reported to the Department within 10 days of receipt of the laboratory data.
 - (2) If monitoring indicates a significant increase (increase or decrease for pH) in the value of a parameter monitored, the permittee shall immediately resample unless otherwise approved in writing by the Department. If the resampling confirms a change in water quality, the permittee shall:
 - (a) Report the results to the Department within 10 days of receipt of the laboratory data; and
 - (b) Prepare and submit to the Department within 30 days a plan for developing a preliminary assessment unless another time schedule is approved by the Department.
4. If monitoring data indicate that the permittee's discharge poses a significant threat to groundwater quality, the Department may reopen this permit, if necessary, to include corrective action and/or additional monitoring requirements. Based on monitoring data or other system operational factors, the Department may also reopen this permit, if necessary, to reduce monitoring requirements.

SCHEDULE C- Compliance Conditions and Schedules

1. No later than 90 days after permit issuance, the permittee shall submit to the Department for review and approval a preliminary groundwater assessment to demonstrate with supporting data and calculations that discharge of 17,400 gpd of effluent to the proposed drain field will not adversely affect the water quality of the spring or pose a risk to humans or the environment if it does discharge at the spring. Analysis should address both wet and dry seasons.
2. Should the Department's review of the preliminary groundwater assessment indicate that the facility's discharge may impact the water quality of the spring or pose a risk to humans or the environment, within 90 days of the Department's findings, the permittee shall submit an acceptable Groundwater Monitoring Plan to the Department for review and approval. Within 30 days of Department approval, the permittee shall implement the plan in accordance with the Department's approval of plans.
3. Prior to the start of system operation, the permittee shall establish the natural background water quality of the spring discharge at the point of discharge. The spring shall be a groundwater compliance point with permit-specific concentration limits established as the natural background water quality at the point of spring discharge. The frequency for sampling the spring shall be determined by the Department based on the results of the preliminary groundwater assessment.

4. The permittee is expected to meet the compliance dates which have been established in this schedule. Either prior to or no later than 14 days following any lapsed compliance date, the permittee shall submit to the Department a notice of compliance or noncompliance with the established schedule. The Director or authorized representative may revise a schedule of compliance if s/he determines good and valid cause resulting from events over which the permittee has little or no control.

SCHEDULE D Special Conditions

1. The permittee shall maintain on file a complete Operation and Maintenance (O&M) Plan approved by the Department. The permittee shall operate, manage and implement preventative maintenance practices or corrections at the frequencies required in the Department approved O&M Plan. Any changes to the plan must be approved by the Department.
2. In the event that a concentration limit as specified in Schedule A is exceeded, the permittee shall within fourteen (14) working days of receipt of the analytical results:
 - a. Report the results to the Department;
 - b. Resample to verify the results; and
 - c. In the event that the resampling confirms a concentration limit violation, within thirty (30) days of confirmation, the permittee shall submit to the Department a corrective action plan to reduce the waste strength so that the concentration limits are not violated. Upon Department approval, the plan shall be implemented by the permittee.
3. The permittee shall contract with a licensed sewage disposal service as defined in Oregon Administrative Rule 340-71-100 for management of all septage/sludge.
4. All bench sheets; laboratory analysis sheets, and other records to support the data reported on the Discharge Monitoring Report (DMR) shall be prepared in ink and shall be kept on file for a period of at least 3 years from the date of the sample, measurement, report or application. Pencil entries or liquid paper corrections are prohibited and shall be considered Class I violations of the permit. Changes to any supporting records that may be required to correct the original data may be made by lining through the original data. The date of the change and the initials of the individual making the change shall be recorded in ink adjacent to the change.
5. A deep-rooted, permanent grass cover shall be maintained on the drainfield area(s) at all times and periodically cut to ensure maximum infiltration and evapotranspiration rate.
6. The drainfield area(s) including replacement area(s) shall not be subject to activities that would, in the opinion of the Department, adversely affect the soil or the functioning of the system. This includes, but is not limited to, vehicular or animal traffic, filling or cutting, covering the area with asphalt or concrete, or subjecting the area to excessive saturation.

EXHIBIT "F" Page 7 of 15

7. Management and Maintenance of Groundwater Monitoring Wells, if constructed.
 - a. The permittee shall protect and maintain each groundwater monitoring well so that samples collected are representative of actual conditions.
 - b. All monitoring well abandonments, replacements, repairs, and installations must be conducted in accordance with the Water Resources Department Oregon Administrative Rules, Chapter 690, Division 240, and with the Department's guidance "Groundwater Monitoring Well Drilling, Construction, and Decommissioning", dated August 22, 1992. All monitoring well abandonments, replacements, repairs, and installations must be documented in a report prepared by an Oregon registered geologist.
 - c. If a monitoring well becomes damaged or inoperable, the permittee shall notify the Department in writing within 14 days of when the permittee becomes aware of the circumstances. The written report shall describe: what problem has occurred, the remedial measures that have been or will be taken to correct the problem, and the measures taken to prevent the recurrence of damage or inoperation. The Department may require the replacement of inoperable monitoring wells.
 - d. Prior to installation of new or replacement monitoring wells, the placement or design must be approved in writing by the Department. Well logs and a well completion report shall be submitted to the Department within 30 days of installation of the well. The report shall include a survey drawing showing the location of all monitoring wells, disposal sites, and water bodies.
 - e. Prior to abandonment of existing wells deemed unsuitable for groundwater monitoring, an abandonment plan must be submitted to the Department for review and approval.
8. An adequate contingency plan for prevention and handling of spills and unplanned discharges shall be in force at all times. The permittee shall immediately notify the DEQ office listed on the face page of this permit and the local County Health Department of any occurrence of surfacing sewage. If a spill does occur that reaches or threatens to reach public waters, the permittee shall immediately notify Oregon Emergency Response (OER) at 1-800-452-0311.
9. The permittee's waste treatment and disposal facilities are considered interim facilities and the use thereof shall be terminated and connection made to an approved area-wide sewerage system as soon as service is available.

SCHEDULE F GENERAL CONDITIONS

SECTION A. STANDARD CONDITIONS

1. Property Rights

Issuance of this permit does not convey any property rights in either real or personal property or any exclusive privileges, nor does it authorize any injury to private property, any invasion of personal rights, or any infringement of federal, state, or local laws or regulations.

2. Liability

The Department of Environmental Quality or its officers, agents, or employees may not sustain any liability on account of the issuance of this permit or on account of the construction or maintenance of facilities or systems because of this permit.

3. Permit Actions

After notice by the Department, this permit may be modified, suspended, or revoked in whole or in part during its term for cause including but not limited to the following:

- a. Violation of any term or condition of this permit, any applicable rule or statute, or any order of the Commission;
- b. Obtaining this permit by misrepresentation or failure to disclose fully all relevant facts.

4. Transfer of Permit

This permit may not be transferred to a third party without prior written approval from the Department. The Department may approve transfers where the transferee acquires a property interest in the permitted activity and agrees in writing to fully comply with all the terms and conditions of this permit and the rules of the Commission. A transfer application and filing fee must be submitted to the Department.

5. Permit Fees

The permittee must pay the fees required with this permit application and annually for permit compliance determination by Oregon Administrative Rules.

SECTION B. OPERATION AND MAINTENANCE OF POLLUTION CONTROLS

1. Proper Operation and Maintenance

At all times the permittee must maintain in good working order and properly operate as efficiently as possible all treatment or control facilities or systems installed or used by the permittee to comply with the terms and conditions of this permit.

2. Standard Operation and Maintenance

All waste collection, control, treatment, and disposal facilities or systems must be operated in a manner consistent with the following:

- a. At all times, all facilities or systems must be operated as efficiently as possible in a manner that will prevent discharges, health hazards, and nuisance conditions.

- b. All screenings, grit, and sludge must be disposed of in a manner approved by the Department to prevent any pollutant from the materials from reaching waters of the state, creating a public health hazard, or causing a nuisance condition.
- c. Bypassing untreated waste is generally prohibited. Bypassing may not occur without prior written permission from the Department except where unavoidable to prevent loss of life, personal injury, or severe property damage.

3. Noncompliance and Notification Procedures

If the permittee is unable to comply with conditions of this permit because of surfacing sewage; a breakdown of equipment, facilities or systems; an accident caused by human error or negligence; or any other cause such as an act of nature, the permittee must:

- a. Immediately take action to stop, contain, and clean up the unauthorized discharges and correct the problem.
- b. Immediately notify the Department's Regional office so that an investigation can be made to evaluate the impact and the corrective actions taken, and to determine any additional action that must be taken.
- c. Within 5 days of the time the permittee becomes aware of the circumstances, the permittee must submit to the Department a detailed written report describing the breakdown, the actual quantity and quality of waste discharged, corrective action taken, steps taken to prevent a recurrence, and any other pertinent information.

Compliance with these requirements does not relieve the permittee from responsibility to maintain continuous compliance with the conditions of this permit or liability for failure to comply.

4. Wastewater System Personnel

The permittee must provide an adequate operating staff that is duly qualified to carry out the operation, maintenance, and monitoring requirements to assure continuous compliance with the conditions of this permit.

SECTION C. MONITORING AND RECORDS

1. Inspection and Entry

The permittee must at all reasonable times allow authorized representatives of the Department of Environmental Quality to:

- a. Enter upon the permittee's premises where a waste source or disposal system is located or where any records are required to be kept under the terms and conditions of this permit;
- b. Have access to and copy any records required by this permit;
- c. Inspect any treatment or disposal system, practices, operations, monitoring equipment, or monitoring method regulated or required by this permit; or
- d. Sample or monitor any substances or permit parameters at any location at reasonable times for the purpose of assuring permit compliance or as otherwise authorized by state law.

2. Averaging of Measurements

Calculations of averages of measurements required for all parameters except bacteria must use an arithmetic mean; bacteria must be averaged as specified in the permit.

3. Monitoring Procedures

Monitoring must be conducted according to test procedures specified in the most recent edition of Standard Methods for the Examination of Water and Wastewater, unless other test procedures have been approved in writing by the Department and specified in this permit.

4. Retention of Records

The permittee must retain records of all monitoring and maintenance information, including all calibrations, copies of all reports required by this permit, and records of all data used to complete the application for this permit, for a period of at least 3 years from the date of the sample, measurement, report or application. The Director may extend this period at any time.

SECTION D. REPORTING REQUIREMENTS

1. Plan Submittal

Pursuant to Oregon Revised Statute 468B.055, unless specifically exempted by rule, construction, installation, or modification of disposal systems, treatment works, or sewerage systems may not commence until plans and specifications are submitted to and approved in writing by the Department. All construction, installation, or modification shall be in strict conformance with the Department's written approval of the plans.

2. Change in Discharge

Whenever a facility expansion, production increase, or process modification is expected to result in a change in the character of pollutants to be discharged or in a new or increased discharge that will exceed the conditions of this permit, a new application must be submitted together with the necessary reports, plans, and specifications for the proposed changes. A change may not be made until plans have been approved and a new permit or permit modification has been issued.

3. Signatory Requirements

All applications, reports, or information submitted to the Department must be signed and certified by the official applicant of record (owner) or authorized designee.

SECTION E. DEFINITIONS

1. *BOD₅* means five-day biochemical oxygen demand.
2. *TSS* means total suspended solids.
3. *FC* means fecal coliform bacteria.
4. *NH₃-N* means Ammonia Nitrogen.
5. *NO₃-N* means Nitrate Nitrogen.
6. *NO₂-N* means Nitrite Nitrogen.
7. *TKN* means Total Kjeldahl Nitrogen.
8. *Cl* means Chloride.
9. *TN* means Total Nitrogen.
10. "*Bacteria*" includes but is not limited to fecal coliform bacteria, total coliform bacteria, and *E. coli* bacteria.
11. *Total residual chlorine* means combined chlorine forms plus free residual chlorine.
12. *mg/l* means milligrams per liter.
13. *ug/l* means micrograms per liter.
14. *kg* means kilograms.
15. *GPD* means gallons per day.
16. *MGD* means million gallons per day.
17. *Grab sample* means an individual discrete sample collected over a period of time not to exceed 15 minutes.
18. *Composite sample* means a combination of samples collected, generally at equal intervals over a 24-hour period, and apportioned according to the volume of flow at the time of sampling.
19. *Week* means a calendar week of Sunday through Saturday.
20. *Month* means a calendar month.
21. *Quarter* means January through March, April through June, July through September, or October through December.

State of Oregon
Department of Environmental Quality

Memorandum

Date: April 17, 2006

To: ^{NM} Neil Mullane, Manager Water Quality Program NWR

From: ^{AVC} Anne Cox, Natural Resource Specialist

Subject: Permit Evaluation Addendum, Comments on Draft Permit
Sahhali South LLC File No. 114460

The draft permit and evaluation report were sent to the applicant/permittee on January 11, 2006, for 14 day applicant review. The applicant review cover letter addressed some issues needing clarification prior to issuing the permit:

- Easements to allow sewage or treated effluent to be transported/disposed on property other than where the subdivision proper is. Copy of recorded easements received April 17, 2006.
- Assurances from ODOT and Tillamook County Public Works that crossing Hwy 101 and use of Tibbets County Road right of way are feasible. Emails received on March 14 and March 15 confirming feasibility.
- Defining the approval mechanism for installation of individual dosing septic tanks on each lot of the subdivision. The tanks cannot practically be installed by the developer, because structure configurations, plumbing exits will not be known until the lot is purchased for home development.

The above issues have been resolved. John Smits has asked that DEQ's plan review be delayed until he submits some minor revisions. The issuance of the permit, however, can go forward.

During the applicant review period, comments were received only from John Smits, Smits & Associates, who represents the applicant/permittee. His comments are summarized below, followed by staff response, and changes if any to the draft permit.

1. Requests the following language be added to Schedule A, Condition 1: "The average daily flow to the drainfields should be approximately fifty percent (50%) of the maximum daily or peak flow."

Staff Response: This language is in the template developed by DEQ staff. It is guidance and does not represent an actual requirement as worded. There is no objection to inclusion of this language.

EXHIBIT "E" Page 13 of 15

Change to Permit: The requested language has been added.

2. Requests clarified language in Schedule A Condition 6 as follows: "...(STEP) systems and advanced on-site sewage treatment and on-site sewage disposal systems."

Staff Response: This is a good idea; however, the specific term in rule is "alternative treatment technologies."

Change to Permit: the following modified language is "...(STEP) systems and alternative treatment technologies and on-site sewage disposal systems."

3. Requests deleting the requirement in Schedule B for "weekly flows" after reaching 5,000 gallons per day flows, because the control equipment is recording daily flows anyway.

Staff Response: The permit requirement for recording of weekly flows relates to a reporting requirement. When flows reach 5,000 gpd, the monitoring report submitted to DEQ will need to show flows based on weekly readings. No change was made to the permit.

4. Requests that Schedule B, Condition 1c make reference to Schedule C.

Staff Response: Agreed.

Change to Permit: "As per DEQ approval****" will refer to an asterisk stating: "****See Schedule C, Condition 3."

5. Requests that in Schedule B, Condition 3(d)(1) that the permit not lock in groundwater monitoring frequency.

Staff Response: The monitoring (sampling) frequency can be taken out of the permit proper. However, if groundwater monitoring is required, it normally takes a minimum of 9 quarters of monitoring to accumulate sufficient data.

Change to Permit: The quarterly frequency language has been removed.

6. Requests that in Schedule C Condition 1, the potential for impact to groundwater be based on half of the peak flow, or 8,700 gpd. His arguments include the likelihood that there will never be fulltime occupancy and that the spring being protected is not accessible to the public. Numerous other points were made in support of use of 8,700 gpd.

Staff Response: Sewage Systems are approved based on full occupancy. There are no deed restrictions proposed for limiting occupancy. Public waters must be protected regardless of accessibility by the public. The requested change to the permit was not made.

EXHIBIT "F" Page 14 of 15

Sahhali South LLC File No 114460
Addendum to Evaluation Report
Comments on Draft Permit
Page 3

Staff changes to permit. Staff noticed that there are two 1(c) items in Schedule B. The second (c) is changed to (d) and the succeeding item re-lettered to (e).

I recommend that the permit be issued, revised as indicated above.

EXHIBIT "F" Page 5 of 15