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Attn.: Rebecca Biermann Tom

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I, Nancy Blankenship, County Clerk for Deschutes County, Oregon,
certify that the instrument identified herein was recorded in the Clerk
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Nancy Blankenship - County Clerk

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR BASE CAMP

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR BASE CAMP is made and executed on August 5, 2015 by Base Camp Properties, LLC, an Oregon limited liability company ("Declarant").

Declarant is the owner of the real property located in the City of Bend, Deschutes County, Oregon and legally described on the attached Exhibit A. Declarant desires to establish a Class I planned community on the property to be known as "Base Camp".

NOW THEREFORE, Declarant hereby declares that the real property described on the attached Exhibit A shall be held, sold and conveyed subject to the covenants, conditions and restrictions declared below, which shall run with the real property and shall benefit and be binding upon all parties having or acquiring any right, title or interest in the real property or any part thereof.

1. DEFINITIONS

The terms specified below shall have the following meanings when used in this Declaration:

1.1 "Articles" means the Articles of Incorporation of the Association filed with the Corporation Division of the Oregon Secretary of State, as amended from time to time.

1.2 "Assessment" means any assessment, fee or other charge levied against one or more Owners by the Association in accordance with this Declaration or the Bylaws and shall include Regular Assessments, Special Assessments, Limited Assessments, Reserve Assessments and Working Fund Assessments as those terms are defined herein.

1.3 "Association" means Base Camp Homeowners' Association, an Oregon nonprofit mutual benefit corporation, formed for the purposes set forth in this Declaration, the Bylaws and the Articles.

1.4 "Association Landscaping" means all landscaping and all irrigation systems and utilities pertaining to landscaping located in the Common Areas and the yard areas of the Lots, including all grass, sod, ground cover, flower and plant beds, planter strips, trees, shrubs, bushes and other plantings located in the yard areas of the Lots. The yard areas of the Lots include, without limitation, those portions of the Lots located between the front of the Homes and any public or private street.

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1.5 “**Base Camp**” means the planned community comprised of the Property and all Improvements located thereon.

1.6 “**Betterments**” means any and all Owner upgrades and Owner improvements to a Townhome after initial sale of the Townhome by Declarant, other than replacements of items that were included within the Townhome at the time of original sale with items of similar nature and quality. Betterments may include, without limitation, upgraded appliances, built-in fixtures, building expansions, and outbuildings or other detached structures added by an Owner other than Declarant.

1.7 “**Board**” means the duly elected Board of Directors of the Association.

1.8 “**Bylaws**” means the Bylaws of the Association, as amended from time to time. The Bylaws shall be adopted pursuant to ORS 94.625 and recorded in the official records of Deschutes County, Oregon as **Exhibit C** to this Declaration.

1.9 “**City**” means the City of Bend, Oregon.

1.10 “**Common Areas**” means the real property owned by the Association for the common benefit of the Owners, which shall initially include those portions of the Property legally described on the attached **Exhibit B**.

1.11 “**Common Maintenance Areas**” means the Common Areas, Association Landscaping, Townhome Exteriors, and any other property that the Association is required to maintain pursuant to this Declaration or a Declaration of Annexation or that the Board deems necessary or appropriate for the Association to maintain for the common benefit of the Owners, including without limitation, those areas described in Section 11.1.

1.12 “**Declarant**” means Base Camp Properties, LLC, an Oregon limited liability company, and its successors or assigns who acquire any of the rights reserved for Declarant in this Declaration or the Bylaws or assume any of the duties or obligations of Declarant under this Declaration or the Bylaws. If less than all of Declarant’s rights and obligations under this Declaration or the Bylaws are transferred to a successor or assign, then the successor or assign shall only be deemed a Declarant with respect to those rights or obligations that are specifically assigned or assumed by the successor or assign. One or more persons or entities may be a Declarant.

1.13 “**Declaration**” means this Declaration of Covenants, Conditions and Restrictions for Base Camp, as amended from time to time in accordance with its terms.

1.14 “**Declaration of Annexation**” shall have the meaning given to such term in Section 17.1.3 below.

1.15 “**Design Guidelines**” means the design guidelines described in Section 14.

1.16 “**Home**” means a dwelling unit located on a Lot (including, without limitation, any attached accessory dwelling unit) and any associated Improvements.

1.17 “**Improvement**” means every structure or improvement of any kind, including without limitation, buildings, sidewalks, driveways, fences, walls, works of art, trees, hedges, plantings and other landscaping, changes in exterior color or shape, site work (such as, without limitation, excavation,

grading and utility improvements), and all other product of construction efforts (such as, without limitation, alterations, renovations and reconstruction) on or with respect to the Property or any portion thereof.

1.18 “**Limited Assessment**” means an assessment levied against an Owner by the Association for costs and expenses incurred by the Association for corrective action performed pursuant to this Declaration that is required as a result of the willful or negligent actions or omissions of the Owner or the Owner’s tenants, family members, guests, contractors, or invitees. “Limited Assessment” also includes assessments for a common expense or any part of a common expense that benefits fewer than all of the Lots, as determined in the sole discretion of the Board.

1.19 “**Lot**” means each of Lots 1 through 8, inclusive, as depicted on the Plat and any other platted or partitioned lot designated as a “Lot” in a Declaration of Annexation, and includes all Improvements located thereon.

1.20 “**Member**” means each member of the Association and shall include every Owner of a Lot. There shall be two (2) classes of membership in the Association, Class A and Class B, as described in Section 3.3 below.

1.21 “**Nonprofit Corporation Act**” means the Oregon Nonprofit Corporation Act (ORS 65.001 to 65.990), as amended from time to time.

1.22 “**Owner**” means any person or entity, including Declarant, at any time owning a Lot, including any vendee under a recorded land sale contract to whom possession has passed, but does not include a tenant or holder of a leasehold interest, a person holding only a security interest in a Lot or a vendor under a recorded land sale contract who has surrendered possession.

1.23 “**Party Wall**” means each wall that is built as part of the original construction of the Townhomes and placed upon or along the dividing line between two (2) Lots, including any replacements or reconstructions thereof constructed with the approval of the Board.

1.24 “**Planned Community Act**” means the Oregon Planned Community Act (ORS 94.550 to 94.783), as amended from time to time.

1.25 “**Plat**” means the Plat of BASECAMP PHASE ONE, recorded contemporaneously with this Declaration.

1.26 “**Property**” means the real property located in the City of Bend, Deschutes County, Oregon and legally described on the attached Exhibit A and such additions thereto as may be brought within the jurisdiction of the Association and made subject to this Declaration pursuant to Section 17 below.

1.27 “**Regular Assessment**” means an assessment by the Association against all Owners to provide for the payment of all estimated normal expenses of the Association for the performance of the Association’s duties as provided in this Declaration or the Bylaws.

1.28 “**Reserve Assessment**” means an assessment by the Association against all Owners to establish and maintain the reserve funds pursuant to Section 6.

1.29 **"Special Assessment"** means an assessment against all Owners in the event that the Regular Assessment for any particular year is or will become inadequate to meet the expenses of the Association.

1.30 **"Special Declarant Rights"** means those rights reserved for Declarant in Section 16.

1.31 **"Townhome"** means each Home constructed on a Lot which shares a party wall, roof or foundation with one or more other Homes on adjoining Lots.

1.32 **"Townhome Building Structure"** means each building structure which is comprised of two (2) or more contiguous Townhomes, including, without limitation, garage structures located on the Lots, whether or not attached to or detached from the Townhome Building Structure. Each Townhome Building Structure shall include all insurable fixtures and improvements included within each Townhome, including, without limitation, all built-in appliances, but excluding, without limitation, floor, wall and window coverings and treatments, stand-alone appliances, Betterments and personal property.

1.33 **"Townhome Exteriors"** means the exterior of each Townhome Building Structure. Townhome Exteriors shall include all building foundations; roofs; roof overhangs; eaves; gutters; downspouts; flashings; roof and foundation drainage systems; exterior portions of chimneys (if any); common utility meters located on the north wall of Lot 1, the south wall of Lot 5, and the south wall of Lot 8; exterior building surfaces, siding, trim, exterior window frames, casements and sashes; exterior door frames; exterior light fixtures; and patios and decks attached to each Townhome Building Structure. Townhome Exteriors shall not include: (i) the glass in any exterior windows, skylights or doors; (ii) window screens, storm windows, exterior doors, screen doors and garage doors; (iii) electrical and mechanical door bells, door knockers, light bulbs in exterior light fixtures and other similar items of hardware attached to the Townhome Building Structure exteriors; (iv) sidewalks and landscaping; or (v) any other items of maintenance, repair or replacement that are the responsibility of the Owners pursuant to Section 12.2 or 12.3 below.

1.34 **"Turnover Meeting"** means the meeting of the Owners called pursuant to the Bylaws for the purpose of turning over control of the Association to the Class A Members.

1.35 **"Working Fund Assessment"** means an assessment due and payable to the Association upon the initial sale of each Lot to an Owner other than a Declarant in accordance with Section 5.6 below.

2. DECLARATION

2.1 **Property Covered.** The property that is covered by and is hereby made subject to this Declaration is the Property.

2.2 **Purpose.** The purpose of this Declaration is to provide for the maintenance, restoration, repair, improvement and upkeep of the Common Maintenance Areas and to set forth other terms and conditions governing the use and enjoyment of the Property.

2.3 **Declaration.** The Property shall be subject to all of the conditions, covenants, restrictions, and provisions contained in this Declaration, which shall benefit and burden each Lot and all other portions of the Property. Such conditions, covenants, restrictions, and provisions shall be binding on all parties having any right, title or interest in or to the Property, or any part thereof, and each of their

respective heirs, personal representatives, successors and assigns. The Property shall be a Class I planned community as defined in the Planned Community Act and shall be subject to all of the terms and provisions of the Planned Community Act. The Property shall be known as "Base Camp."

2.4 **Improvements.** Declarant does not agree to build any particular Improvements on the Property, but may elect, at Declarant's option, to build any such Improvements. Declarant elects not to limit Declarant's rights to add Improvements not described in this Declaration.

3. **THE ASSOCIATION**

3.1 **Organization.** Declarant has organized the Association as a nonprofit mutual benefit corporation pursuant to the Nonprofit Corporation Act under the name "Base Camp Homeowners' Association." The Articles provide for the Association's perpetual existence, but in the event the Association is at any time dissolved, whether inadvertently or deliberately, it shall automatically be succeeded by an unincorporated association of the same name. All of the property, powers and obligations of the Association existing immediately prior to its dissolution shall thereupon automatically vest in the successor unincorporated association. Such vesting shall thereafter be confirmed as evidenced by appropriate conveyances and assignments by the Association to the successor unincorporated association. To the greatest extent possible, any successor unincorporated association shall be governed by the Articles and Bylaws as if they had been drafted to constitute the governing documents of the unincorporated association.

3.2 **Membership.** Every Owner of a Lot shall, immediately upon creation of the Association and thereafter during the entire period of such Owner's ownership of a Lot, be a Member of the Association. Such membership shall commence, exist and continue simply by virtue of such ownership, shall expire automatically upon termination of such ownership, and need not be confirmed or evidenced by any certificate or acceptance of membership.

3.3 **Voting Rights.** The Association shall have the following two (2) classes of voting membership:

3.3.1 **Class A Members.** Class A Members shall be all Owners other than Declarant (except that beginning on the date on which the Class B membership is converted to Class A membership, and thereafter, Class A Members shall be all Owners, including Declarant). Class A Members shall be entitled to one (1) vote for each Lot owned. When more than one (1) person holds an interest in a Lot, all such persons shall be Members. However, only one (1) vote shall be exercised for the Lot. The vote for the Lot shall be exercised as the Owners of the Lot determine among themselves. If the Owners of the Lot cannot agree upon how to exercise the vote, then the vote for that Lot shall be disregarded in determining the proportion of votes with respect to the particular matter at issue.

3.3.2 **Class B Members.** The Class B Member shall be Declarant. The Class B Member shall be entitled to three (3) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership upon the earlier to occur of: (i) the date on which seventy-five percent (75%) of all of the Lots anticipated to be included within the Property have been conveyed to Owners other than Declarant; (ii) ten (10) years after conveyance of the first Lot to an Owner other than Declarant; or (iii) upon election in writing by Declarant (the "Conversion Date").

3.4 **Powers and Obligations.** The Association shall have, exercise and perform all of the following powers, duties and obligations:

3.4.1 **Governing Documents.** The powers, duties and obligations granted to the Association by this Declaration, the Bylaws or the Articles, including, without limitation, the authority to levy Assessments against the Owners for the costs of operating and managing the Association and performing the Association's responsibilities under this Declaration, the Bylaws or the Articles.

3.4.2 **Statutory Powers.** The powers and obligations of a nonprofit corporation pursuant to the Nonprofit Corporation Act, and of a homeowners association pursuant to the Planned Community Act, as either may be amended from time to time, except as provided otherwise by this Declaration or the Bylaws.

3.4.3 **General.** Any additional or different powers, duties and obligations necessary or desirable for the purpose of carrying out the functions of the Association pursuant to this Declaration and the Bylaws or otherwise promoting the general benefit of the Members. The powers and obligations of the Association may from time to time be amended, repealed, enlarged or restricted by changes to this Declaration made in accordance with the provisions herein, accompanied by changes to the Articles or Bylaws made in accordance with such instruments, as applicable, and with the Planned Community Act and Nonprofit Corporation Act.

3.5 **Liability.** Neither the Association, members of the Board, officers of the Association nor members of committees established under or pursuant to the Bylaws shall be liable to any Owner for any damage, loss, injury or prejudice suffered or claimed on account of any action or failure to act by the Association or any Board member, officer or committee member, provided that the Association, Board member, officer or committee member acted or failed to act, in good faith, within the scope of his or her authority, and in a manner reasonably believed to be in the best interest of the Association and its Members, with regard to the act or omission at issue.

3.6 **Board.** Declarant shall have the right to appoint an interim Board consisting of one (1) to three (3) directors, who shall serve as the Board until replaced by Declarant or until their successors have been elected by the Owners at the Turnover Meeting as provided in the Bylaws. Following the Turnover Meeting, the Board shall consist of three (3) directors elected by the Owners in accordance with the Bylaws.

3.7 **Transitional Advisory Committee.** Declarant shall form a transitional advisory committee as provided in the Bylaws to provide for the transition of administrative responsibility for the Association from Declarant to the Class A Members.

3.8 **Association Rules and Regulations.** The Board from time to time may adopt, modify, or revoke such rules and regulations governing the conduct of persons and the operation and use of the Property as it may deem necessary or appropriate in order to assure the safe, peaceful and orderly use and enjoyment of the Property, without unduly infringing on the privacy or enjoyment of any Owner or occupant of any part of the Property. A copy of the rules and regulations, upon adoption, and a copy of each amendment, modification or revocation thereof, shall be delivered by the Board promptly to each Owner and shall be binding upon all Owners and occupants of all Lots upon the date of delivery. The method of adoption of such rules shall be as provided in the Bylaws.

4. **ALLOCATION OF COMMON PROFITS AND EXPENSES**

4.1 **Method of Allocation.** The common profits of the Association shall be distributed among, and the common expenses of the Association shall be charged to, the Lots on an equal basis,

except as provided in Section 5.4 below. The common expenses of the Association may be assessed on a monthly, quarterly or annual basis as determined by the Board.

4.2 **No Exception.** No Owner may claim exemption from liability for contribution toward the common expenses of the Association by waiving his or her use or enjoyment of the Common Areas or by abandoning his or her Lot. No Owner may claim an offset against such liability for failure of the Association or the Board to perform its obligations.

5. **ASSESSMENTS**

5.1 **Creation of Lien and Personal Obligation of Assessments.** Declarant, for each Lot it owns, does hereby covenant, and each Owner of a Lot by acceptance of a conveyance thereof, whether or not so expressed in the conveyance, shall be deemed to covenant to pay to the Association all Assessments and other charges as may be fixed, established and collected from time to time in the manner provided in this Declaration or the Bylaws. Such Assessments and charges, together with any interest, expenses or attorneys' fees imposed pursuant to Section 7.4, shall be a charge on the land and shall be a continuing lien upon the Lot against which the Assessment or charge is made. Assessments, charges and other costs shall also be the personal obligation of the person who was the Owner of the Lot at the time when the Assessment or charge becomes due. Such liens and personal obligations shall be enforced in the manner set forth in Section 7 below.

5.2 **Regular Assessments.**

5.2.1 **Commencement.** Regular Assessments for each Lot shall commence upon the sale of the Lot to an Owner other than Declarant. Regular Assessments shall not be levied against Declarant-owned Lots.

5.2.2 **Amount of Regular Assessments.** The Regular Assessments shall be based upon an annual budget prepared by the Board with respect to projected expenses of the Association, including, without limitation, the following:

(a) costs related to the maintenance, repair, replacement, and upkeep of the Common Maintenance Areas;

(b) premiums for all insurance policies that the Association is required or permitted to maintain pursuant to the Bylaws;

(c) any deficits remaining from the previous fiscal year of the Association;

(d) costs related to the preparation, review and update of the reserve study and maintenance plan described in Section 6; and

(e) such other and further costs, expenses, obligations, and liabilities as the Board, in its discretion, may incur for the management, operation, and maintenance of the Property and the Association in accordance with this Declaration and the Bylaws.

5.2.3 **Allocation of Regular Assessments.** The Regular Assessments shall be allocated equally among all Lots subject to assessment pursuant to Section 5.2.1.

5.3 **Special Assessments.** In addition to the Regular Assessments, the Association shall have the authority to levy Special Assessments to satisfy any actual or projected deficiency between the expenses of the Association and the amounts realized through Regular Assessments; provided, however, that prior to the Turnover Meeting, any special assessment for capital improvements or additions shall be approved by the Owners holding at least fifty percent (50%) of the total voting power of the Association, determined on the basis of one vote per Lot notwithstanding the special voting rights of Declarant under Section 3.3.2 hereof. Special Assessments shall be allocated equally among all Lots. Special Assessments are payable as the Board may from time to time determine, but no sooner than thirty (30) days after mailing notice thereof to the Owners. Special Assessments shall not be levied against Declarant-owned Lots unless otherwise approved in writing by Declarant in accordance with Section 16.1.6.

5.4 **Limited Assessments.** The Association shall have the authority to levy against any Owner a Limited Assessment equal to the costs and expenses incurred by the Association, including legal fees, for corrective action performed pursuant to this Declaration or the Bylaws that is required as a result of the willful or negligent actions or omissions of the Owner or the Owner's tenants, family members, guests, contractors, or invitees, or for a common expense or any part of a common expense that benefits a particular Lot or Lots rather than all the Lots, as determined in the sole discretion of the Board. Limited Assessments shall not be levied against Declarant-owned Lots.

5.5 **Reserve Assessments.** The Association shall have the authority to levy Reserve Assessments necessary to fund the reserve account created under Section 6. The Reserve Assessments for each Lot shall commence upon the sale of the Lot to an Owner other than Declarant. Reserve Assessments shall not be levied against Declarant-owned Lots. The Reserve Assessments shall be allocated equally among all Lots subject to assessment pursuant to this Section 5.5. The amount of the Reserve Assessments shall be based upon the reserve study described in Section 6.2 and other sources of reliable information. The Board may adjust the amount of the Reserve Assessments to reflect changes in current maintenance, repair or replacement costs over time as indicated by the reserve study or update and may provide for other reserve items that the Board, in its discretion, deems appropriate. If, after reviewing the reserve study or reserve study update, the Board determines that the reserve account will be adequately funded for the following year, then the Board may vote to reduce or eliminate Reserve Assessments for that particular year. Additionally, following the Turnover Meeting, on an annual basis, the Board, with the approval of all Owners, may elect not to fund the reserve account for the following year regardless of whether or not the reserve account is fully funded.

5.6 **Working Fund Assessments.** Upon the initial sale of each Lot to an Owner other than Declarant, the purchaser of the Lot shall pay to the Association a Working Fund Assessment equal to one-sixth of the annual Regular and Reserve Assessments then applicable to the Lot. The Board may deposit the Working Fund Assessments either in the operating account or reserve account of the Association, at the discretion of the Board. The Working Fund Assessments shall be used by the Association in a manner that provides a direct benefit to the Owners, including without limitation, funding the maintenance, repair, upkeep and replacement of the Common Maintenance Areas and/or capital improvements or upgrades to the Common Maintenance Areas.

5.7 **Reallocation Upon Annexation.** When additional property is annexed into Base Camp, the Association shall, within sixty (60) days after the annexation, recompute the budget based upon the additional Lots, Common Areas and Common Maintenance Areas and recompute all applicable Assessments for each Lot. Newly annexed Lots shall be subject to Assessments in the same manner as existing Lots. The Association shall send notice of any applicable Assessment to the Owners of newly

annexed Lots not later than sixty (60) days after the annexation. Assessments shall be due and payable on or before a date set forth in the notice which shall be not less than thirty (30) days after the date the notice is mailed or at such other time or times as the Association may specify in the notice in accordance with this Declaration or the Bylaws. If additional property is annexed into Base Camp during the Association's fiscal year, the Association shall send notice of and shall collect adjustments to Assessments for Lots which were within Base Camp prior to the annexation. Notice of the adjustment in the Assessments shall be sent to such Owners not later than sixty (60) days after the annexation. To the extent that any adjustment results in a credit with respect to Assessments payable by an Owner, such credit shall be applied toward the next occurring payment or payments of the applicable Assessment. Notwithstanding the foregoing, if Declarant annexes the additional property into Base Camp pursuant to Section 17.1, then the Assessments shall commence as to each such annexed Lot upon conveyance of the annexed Lot to an Owner other than Declarant. Assessments shall not be levied against annexed Lots owned by Declarant.

5.8 **Statement of Account.** Upon the request of an Owner or an Owner's agent, for the benefit of a prospective purchaser, the Board shall make and deliver a written statement of any unpaid Assessments against the Owner's Lot through the date specified in the statement and the purchaser in that case shall not be liable for any unpaid assessments against the Lot that are not included in the statement provided by the Board. The Association is not required to provide a statement of outstanding Assessments if the Association has commenced litigation by filing a complaint against the Owner and the litigation is pending when the statement would otherwise be due.

6. **RESERVE ACCOUNT; RESERVE STUDY AND MAINTENANCE PLAN**

6.1 **Reserve Account.** The Association shall maintain a reserve account for the major maintenance, repair and replacement, in whole or in part, of the Common Maintenance Areas and any Improvements located in, on, or under the Common Maintenance Areas for which the Association has maintenance responsibility pursuant to this Declaration or a Declaration of Annexation, including exterior painting, if the Common Maintenance Areas include any exterior painted or stained surfaces, if any, that will normally require major maintenance, repair or replacement in more than one (1) year and fewer than thirty (30) years. The reserve account need not include those items that could reasonably be funded from the maintenance fund or for which one or more Owners are responsible for maintenance or replacement under this Declaration or the Bylaws. The reserve account shall be funded by the Reserve Assessments. The Reserve Assessments shall be kept separate from other funds of the Association and may be used only for maintenance, repair, and replacement of the Common Maintenance Areas for which reserves have been established as specified in this Section 6.1. However, after the Turnover Meeting, the Board may borrow funds from the reserve account to meet high seasonal demands on the regular operating funds or to meet other unexpected increases in expenses. Funds borrowed to meet unexpected increases in expenses under this Section shall be repaid from Regular or Special Assessments if the Board has adopted a resolution, which may be an annual continuing resolution, authorizing the borrowing of funds. Not later than the adoption of the budget for the following year, the Board shall adopt by resolution a written payment plan providing for repayment of the borrowed funds within a reasonable period. Any funds established for any of the purposes mentioned in this Section shall be deemed to be a reserve fund notwithstanding that it may not be so designated by the Board. The amount of the reserve fund shall constitute an asset of the Association and shall not be refunded or distributed to any Owner. An Owner may treat his or her outstanding share of the reserve fund as a separate item in a sales contract.

6.2 **Reserve Study.** The Board shall annually conduct a reserve study, or review and update an existing reserve study, of the Common Maintenance Areas and other reserve items set forth in

Section 6.1 to determine the requirements of the reserve fund described in Section 6.1. The reserve study shall: (a) identify all items for which reserves are or will be established; (b) include the estimated remaining useful life of each item as of the date of the reserve study; and (c) include for each item, as applicable, an estimated cost of maintenance, repair and replacement at the end of the item's useful life.

6.3 **Maintenance Plan.** The Board shall prepare a maintenance plan for the maintenance, repair and replacement of all property for which the Association has maintenance, repair or replacement responsibility under this Declaration, the Bylaws or the Planned Community Act. The maintenance plan shall: (a) describe the maintenance, repair and replacement to be conducted; (b) include a schedule for the maintenance, repair and replacement; (c) be appropriate for the size and complexity of the maintenance, repair and replacement responsibility of the Association; and (d) address issues that include, but are not limited to, warranties and the useful life of the items for which the Association has maintenance, repair and replacement responsibility. The Board shall review and update the maintenance plan as necessary.

7. **ENFORCEMENT**

7.1 **Violation of Governing Documents.** If an Owner violates any provision of this Declaration, the Bylaws or any rules and regulations of the Association (other than a default in the payment of Assessments, which is addressed in Section 7.2 below), then the Board of Directors, acting on behalf of the Association, may notify the Owner in writing of the specific violation. If the Owner is unable, is unwilling or refuses to comply with the Association's specific directives for remedy or abatement of the violation, then the Board of Directors, acting on behalf of the Association, shall have the right to do any or all of the following:

7.1.1 **Fines.** Subject to the requirements of ORS 94.630(1)(n), the Association shall have the right to impose reasonable fines upon an Owner who violates the Declaration, Bylaws or any rules and regulations of the Association, in the manner and amount the Board deems appropriate in relation to the violation.

7.1.2 **Removal or Cure of Violation.** The Association shall have the right to enter the offending Lot and remove the cause of the violation, or alter, repair or change the item that is in violation of this Declaration, the Bylaws or any rules and regulations of the Association in such a manner as to make it conform thereto, in which case the Association may assess the offending Owner for the entire cost of the work done, which amount shall be levied against the offending Owner as a Limited Assessment, provided that in all cases the Owner is first given an opportunity to be heard with respect to the violation, and no items of construction shall be altered or demolished in the absence of arbitration or judicial proceedings.

7.1.3 **Suspension of Voting and Use Rights.** The Association shall have the right to suspend the offending Owner's voting rights and the right to use the Common Areas for the period that the violation remains unabated, provided that the Association shall not deprive an Owner of access to and from the Owner's Lot and further provided that the Board shall provide the offending Owner with written notice and an opportunity to be heard prior to suspending the Owner's right of access to or use of any Common Areas to the extent required by applicable law.

7.1.4 **Other Remedies.** The Association shall have the right to bring an action against the Owner to enforce this Declaration, the Bylaws or any rules and regulations of the Association and shall have all other remedies available to it by law or in equity.

7.2 **Default in Payment of Assessments.** If an Assessment or any other charge levied under this Declaration or the Bylaws is not paid within ten (10) days after its due date, such Assessment or charge shall become delinquent and shall bear interest from the due date until paid at the rate set forth in Section 7.5 below and, in addition, the Association may exercise any or all of the following remedies as allowed under the Planned Community Act:

7.2.1 **Enforcement of Lien.** The Association shall have a lien against each Lot for any Assessment levied against the Lot and any fines or other charges imposed under this Declaration or the Bylaws against the Owner of the Lot from the date on which the Assessment, fine or charge is due. The provisions regarding the attachment, notice, recordation and duration of liens established on real property under ORS 94.709 shall apply to the Association's lien. The lien shall be foreclosed in accordance with the provisions regarding the foreclosure of liens under ORS 94.709 through 94.719. The Association, through its duly authorized agents, may bid on the Lot at a foreclosure sale, and may acquire and hold, lease, mortgage and convey the Lot.

7.2.2 **Suit or Action.** The Association may bring an action to recover a money judgment for unpaid Assessments, fines and charges under this Declaration without foreclosing or waiving the lien described in Section 7.2.1. Recovery on any such action, however, shall operate to satisfy the lien, or the portion thereof, for which recovery is made.

7.2.3 **Late Charges.** Subject to the requirements of ORS 94.630(1)(n), the Association shall have the right to impose a late charge for each delinquent Assessment in an amount established from time to time by resolution of the Board.

7.2.4 **Suspension of Voting and Use Rights.** The Association shall have the right to suspend the delinquent Owner's voting rights and the right to use the Common Areas for the period that the unpaid Assessments remain outstanding, provided that the Association shall not deprive an Owner of access to and from the Owner's Lot and further provided that the Board shall provide the delinquent Owner with written notice and an opportunity to be heard prior to suspending the Owner's right of access to or use of any Common Areas to the extent required by applicable law.

7.2.5 **Other Remedies.** The Association shall have any other remedy available to it by law or in equity.

7.3 **Notification of First Mortgagee.** Upon the advance written request of the first mortgagee of any Lot, the Board shall notify the first mortgagee of any default in the performance of the terms of this Declaration by the Lot's Owner that is not cured within sixty (60) days.

7.4 **Subordination of Lien to First Mortgages.** The Association's lien for the Assessments and other charges provided for in this Declaration shall be subordinate to the lien of any first mortgage or deed of trust of record. The sale or transfer of any Lot shall not affect the Association's lien. However, the sale or transfer of a Lot pursuant to the foreclosure of a first mortgage lien or the execution of a deed in lieu of foreclosure of a first mortgage lien shall extinguish the Association's lien with respect to Assessments and other charges that became due prior to such sale or transfer. No sale, foreclosure or transfer of a Lot shall extinguish the personal obligation of the Owner who owned the Lot at the time the Assessment or other charge became due.

7.5 **Interest, Expenses and Attorneys' Fees.** Any amount not paid to the Association when due in accordance with this Declaration shall bear interest from the due date until paid at a rate of twelve

percent (12%) per annum, or at such other rate as may be established by the Board, but not to exceed the lawful rate of interest under the laws of the State of Oregon. A late charge may be charged for each delinquent Assessment in an amount established from time to time by resolution of the Board. If the Association files a notice of lien, the lien amount shall also include the recording fees associated with filing the notice, and a fee for preparing the notice of lien established from time to time by resolution of the Board. If the Association brings any suit or action to enforce this Declaration, or to collect any money due hereunder or to foreclose a lien, the defaulting Owner shall pay to the Association all costs and expenses incurred by the Association in connection with such suit or action, including a foreclosure title report, and the prevailing party in such suit or action shall recover such amount as the court may determine to be reasonable as attorneys' fees at trial and upon any appeal or petition for review thereof.

7.6 **Nonexclusiveness and Accumulation of Remedies.** An election by the Association to pursue any remedy provided in this Section 7 for a violation of this Declaration shall not prevent the concurrent or subsequent exercise of any other remedy permitted hereunder. The remedies provided in this Declaration are not exclusive, but shall be in addition to all other remedies, including actions for damages and suits for injunctions and specific performance, that are available under applicable law to the Association. In addition, any aggrieved Owner may bring an action against another Owner or the Association to recover damages or to enjoin, abate, or remedy any violation of this Declaration by appropriate legal proceedings.

8. PROPERTY RIGHTS AND EASEMENTS

8.1 **Owners' Use and Occupancy.** Except as otherwise expressly provided in this Declaration, a Declaration of Annexation, the Bylaws, the Plat or any easement, covenant or any other instrument of record, the Owner of a Lot shall be entitled to the exclusive use and benefit of his or her Lot. Declarant and any representative of the Association authorized by the Association may, at any reasonable time and upon reasonable notice to the Owner, enter upon any Lot for the purpose of determining whether or not the use of and/or the Improvements on the Lot are then in compliance with this Declaration, the Bylaws, the Design Guidelines or the rules and regulations of the Association. No such entry shall be deemed to constitute a trespass or otherwise create any right of action in the Owner of the Lot. Declarant or the Association may grant or assign easements over or with respect to any Lot to municipalities or other utilities performing utility services and to communications companies.

8.2 **Owners' Easements of Enjoyment.** Subject to any restrictions contained in this Declaration, a Declaration of Annexation, the Bylaws, the Plat, or any easement, covenant or other instrument of record, every Owner and every Owner's family members, tenants, guests, and invitees shall have a right and easement of enjoyment in and to the Common Areas, which easement shall be appurtenant to and shall pass with the title to every Lot. Use of the Common Areas shall not result in unreasonable disturbance of the Owners and occupants of the other Lots and shall be subject to the rules and regulations as may be adopted by the Board from time to time pursuant to Section 3.8.

8.3 **Title to Common Areas.** As of the recording of this Declaration, the Association is the fee title owner of the Common Areas.

8.4 **Extent of Owners' Rights.** The rights and use of enjoyment in the Property shall be subject to the following easements and all other provisions of this Declaration:

8.4.1 **Association's and Owners' Easements.** Declarant reserves for itself and grants to the Association and the Board and their duly authorized agents and representatives for the benefit of the Association and all Owners of Lots within the Property the following easements:

(a) An easement under and upon the Common Areas and the unimproved portions of the Lots, for installation and maintenance of power, gas, electric, sewer, water and other utility and communication lines and other utility and communication lines and services installed by Declarant intended to serve the Lots, Common Areas or any additional property that Declarant may annex to the Property pursuant to Article 17 below or installed with the approval of the Board;

(b) An easement for the installation, maintenance, repair and replacement of shared utility meters located on the north exterior wall of the Townhome Building Structure on Lot 1, the south exterior wall of the Townhome Building Structure on of Lot 5, and the south exterior wall of the Townhome Building Structure on of Lot 8.

(c) An easement under and upon the Common Areas, for construction, maintenance, repair, and use of the Common Areas and any Improvements thereon;

(d) The right to have access to the Common Areas and to all Lots as may be necessary for the installation, maintenance, repair, upkeep or replacement of the Common Maintenance Areas, for determining whether or not the use of and/or the Improvements on a Lot are then in compliance with this Declaration, the Bylaws, the Design Guidelines or the rules and regulations of the Association, or to make emergency repairs thereon necessary for the public safety or to prevent damage to the Common Maintenance Areas or to another Lot or Home. In case of an emergency originating in or threatening any Lot or Home or the Common Maintenance Areas, each Owner hereby grants the right of entry to any person authorized by the Board or the Association, whether or not the Owner is present at the time;

(e) Such easements as are necessary to perform the duties and obligations of the Association set forth in this Declaration, the Bylaws and Articles, as the same may be amended or supplemented;

(f) Each Lot shall have an easement over any adjoining Lot as may be required to perform maintenance, repair or reconstruction of the Home located on the benefited Lot. The Owner of the benefited Lot shall be responsible for restoring any damage to the burdened Lot resulting from such use and shall indemnify and hold harmless the owner of the burdened Lot for, from and against any damage, claim, loss or liability resulting from such use; and

(g) Pursuant to ORS 94.733(3), each Lot, Home and all Common Areas shall have an easement over all adjoining Lots, Homes and the Common Areas for the purpose of accommodating any present or future encroachment as a result of engineering errors, construction, reconstruction, repairs, settlement, shifting, or movement of any portion of the Property, or any other similar cause, and any encroachment due to building overhang or projection. There shall be valid easements for the maintenance of the encroaching Lots, Homes and the Common Areas so long as the encroachments shall exist, and except as otherwise provided, the rights and obligations of Owners shall not be altered in any way by the encroachment, nor shall the encroachment be construed to be encumbrances affecting the marketability of title to any Lot, Home or Common Areas.

8.4.2 **Declarant's Easements.** So long as Declarant owns any Lot, and in addition to any other easements to which Declarant may be entitled, Declarant reserves an easement over, under and across the Property in order to carry out development, construction, sales and rental activities necessary or convenient for the development of the Property or additional property that may be annexed to the Property pursuant to Article 17 below, for the sale or rental of Lots, and for such other purposes as may be necessary or convenient for discharging Declarant's obligations or for exercising any of Declarant's rights under this Declaration, any warranty provided by Declarant to the Association or any Owner, or any other agreement to which Declarant is bound.

8.4.3 **Utility and Other Municipal Easements.** Declarant or the Association may (and, to the extent required by law, shall) grant or assign easements to municipalities or other utilities performing utility services and to communications companies, and the Association may grant free access thereon to police, fire, and other public officials and to employees of utility companies and communications companies serving the Property and any additional property that may be annexed to the Property by Declarant pursuant to Article 17 below.

8.4.4 **Transfer of the Common Areas.** The Association may not sell, transfer or grant a security interest in any portion of the Common Areas unless approved by the Owners holding at least eighty percent (80%) of the total voting power of the Association, including eighty percent (80%) of the votes not held by Declarant, and by the Class B Member, if any. A sale, transfer or grant of security interest in any portion of the Common Areas in accordance with this Section 8.4.4 may provide that the Common Areas so conveyed shall be released from any restrictions imposed on such Common Areas by this Declaration or the Bylaws. No such sale, transfer, or grant of security interest may, however, deprive any Lot of such Lot's right of access or support without the written consent of the Owner of such Lot.

8.4.5 **Authority to Grant Easements and Other Property Interests in Common Areas.** The Association may execute, acknowledge and deliver leases, easements, rights of way, licenses, and other similar interests affecting the Common Areas and consent to vacation of roadways within and adjacent to the Common Areas. Except for those matters described in ORS 94.665(4)(b), which the Board may approve without Owner consent, the granting of any interest pursuant to this Section 8.4.5 must be approved by at least seventy-five percent (75%) of the Owners present at a meeting of the Association or with the consent of at least seventy-five percent (75%) of all Owners solicited by any means the Board determines is reasonable. If a meeting is held to conduct the vote, the meeting notice shall include a statement that the approval of the granting of an interest in the Common Areas will be an item of business on the agenda of the meeting.

8.5 **Maintenance and Reconstruction Easements.** An easement is hereby reserved in favor of the Association and its successors, assigns, contractors, agents, and employees over and across each Lot, for purposes of accomplishing the repair and restoration of the Common Maintenance Areas pursuant to Section 15.

9. **GENERAL PROVISIONS FOR AND RESTRICTIONS ON USE OF LOTS**

9.1 Each Lot, including the Home and all other Improvements located thereon, shall be maintained in a clean and attractive condition, in good repair, and in such a manner as not to create a fire hazard.

9.2 No Lot shall be used except for residential purposes. Except as otherwise permitted in Section 9.3 below, no building shall be erected, altered, placed, or permitted to remain on any Lot other

than one single-family dwelling, an attached accessory dwelling unit ("ADU") if constructed by Declarant, and a private garage.

9.3 With the exception of a lender in possession of a Lot following a default in a mortgage or trust deed, a foreclosure proceeding or any deed or other arrangement in lieu of a foreclosure, no Owner shall be permitted to lease his or her Lot or a part thereof (including without limitation, the Home or ADU) for any period less than thirty (30) days or for hotel or transient purposes (including, without limitation, rentals through services such as AirBNB, VRBO.com, HomeAway.com, vacasa.com or the like). All leasing, rental or other occupancy agreements shall be in writing and be subject to this Declaration and the Bylaws (with a default by the tenant in complying with the Declaration and/or the Bylaws constituting a default under the lease or rental agreement). Each Owner electing to rent or grant occupancy of his or her Lot shall, within thirty (30) days after the rental or prior to occupancy of such Lot, whichever is earlier, submit to the Board in writing the identity of and contact information for such tenant or occupant.

9.4 All garbage, trash, cuttings, refuse, garbage and refuse containers, oil tanks, or other service facilities, shall be screened from the view of neighboring Homes and from the Common Areas in a manner approved by the Board. Owners shall place all garbage, trash and recyclable materials in the containers designated for such items in the common trash enclosure area. No vehicles shall be parked on the Common Areas.

9.5 No noxious or offensive activity shall take place on any Lot, nor shall anything be done or placed on any Lot that interferes with or jeopardizes enjoyment of other Lots or within the Property.

9.6 If any tree, shrub, or other vegetation blocks or substantially obscures the view from any Home, the Owner of the Home may petition the Board for the trimming, topping, or removal of such tree, shrub, or other vegetation. Upon receipt of such petition, the Board shall investigate the matter and make a determination in writing whether such view is actually blocked or substantially obscured. If the Board makes such a determination, the Owner of the offending tree, shrub, or other vegetation shall have ten (10) days from the date the Board made such determination to elect whether the offending tree, shrub, or other vegetation should be trimmed, topped, or entirely removed.

9.7 All window coverings that are visible from the exterior of a Home shall be of or lined with a solid light color, such as white, cream, beige, or natural wood tones. Only draperies, window blinds and window shades are allowed to be installed in the windows of Homes, except as otherwise approved by the Board.

9.8 No trailer, truck camper, boat or boat trailer, or other recreational vehicles or motorcycles, vehicles in excess of one (1) ton rated capacity or motor vehicles not operated in daily family use shall be parked on any other portion of a Lot, except for the purpose of temporary loading or unloading. No such trailer or truck camper shall be used as a residence temporarily or permanently on any portion of the Property.

9.9 No Owner shall permit any vehicle which is in an extreme state of disrepair to be abandoned or to remain parked upon any Lot, any street adjoining any Lot for a period in excess of forty-eight (48) hours, unless kept within a garage.

9.10 No signs shall be placed or kept on any Lot, other than project and real estate marketing signs installed by Declarant. Notwithstanding the foregoing, an Owner may erect one sign not exceeding

two (2) feet by three (3) feet in dimension, fastened to a stake in the ground and extending not more than four (4) feet above the surface of the ground advertising the property for sale or rent. Such signs shall be visible from the front of the Home only, and shall be displayed from within the Home. No such sign shall be attached to the outside of the Home. Nothing in this Declaration shall be construed as prohibiting temporary "political" signs.

9.11 No animals or fowls shall be raised, kept or permitted within the Property or any part thereof, except domestic dogs, cats or other household pets kept within a Home. No such dogs, cats or pets shall be permitted to run at large nor shall be kept, bred or raised for commercial purposes or in unreasonable numbers. Any inconvenience, damage or unpleasantness caused by any such pets shall be the responsibility of their respective Owners.

9.12 Exterior antennas and satellite dishes shall not be permitted to be placed upon the exterior of any structure without prior written consent of the Board. Satellite dishes twenty-four (24) inches or less in diameter are permitted if they are not visible from the street and other such installations shall be permitted to the extent required by the Federal Communication Commission's rules and regulations, provided that the Board has provided prior written consent to the plans for such installations.

9.13 Except for exterior lighting originally installed by the Declarant, ground level exterior lighting of decks, patios, landscaping and pathways, and holiday lights installed temporarily for a holiday period, no exterior lighting or noisemaking devices shall be installed or maintained on any Lot without the consent of the Board.

9.14 In order to preserve the attractive appearance of the Property, garments, rugs, laundry and other similar items may not be hung from front windows, facades, porches, or decks.

10. **GENERAL RESTRICTIONS ON USE OF PROPERTY**

10.1 **Common Areas.** No person shall construct or reconstruct any Improvements, or alter or refinish any Improvements, install any furniture or equipment, make any excavation or fill, make any change in the natural or existing surface drainage, or install a utility line in the Common Areas without the prior written approval of the Board or a duly appointed committee to which the Board has delegated such responsibility and, if required, by the City of Bend building official or appointed deputies of the City of Bend. The Board may adopt regulations for the use of the landscaped areas, picnic tables and firepit located in the Common Areas and Owners, occupants and their invitees shall comply with such regulations.

10.2 **Association Landscaping.** No person shall remove, alter, modify or replace any Association Landscaping without the prior written approval of the Board or a duly appointed committee to which the Board has delegated such responsibility and, if required, the City.

11. **MAINTENANCE OBLIGATIONS**

11.1 **Association Maintenance Obligations.** The Association shall be responsible for the maintenance, repair, upkeep and replacement of the following Common Maintenance Areas:

(a) Common Area 1, as shown on the Plat, including all drive aisles, lighting, picnic tables and other furniture, landscaping, irrigation systems, storm water detention facilities, trash and recycling enclosure and containers therein, sidewalks, paths, recreational areas, fencing, lighting and

other Improvements located thereon, to be owned and maintained by the Association and subject to all other easements of record;

(b) Common Area 2, as shown on the Plat, including all landscaping, lighting, irrigation systems and other Improvements located thereon, to be maintained as open space to be owned and maintained by the Association and subject to all other easements of record.

(c) All Association Landscaping and all rain water components and storm water infrastructure located within the Common Maintenance Areas and the Lots. The provisions of the preceding sentence include the areas between the property line of any Lot and the nearest curb, including sidewalks and street trees;

(h) All entry monument signage for Base Camp located on the Property, if any, including all landscaping, lighting and irrigation systems related thereto;

(i) The Townhome Exteriors, sidewalks and driveways on Lots pursuant to Section 12.1;

(j) All cluster mailboxes and/or community mailbox kiosks serving the Lots, if any;

(k) Townhome Exteriors; and

(l) Any other area within the Property determined by the Board to be in the interest of the Association and its Members for the Association to maintain.

The Association shall regularly inspect, maintain, repair and keep the Common Maintenance Areas in good condition and provide for all necessary services and cause all acts to be done which may be necessary or proper to assure the proper maintenance of the Common Maintenance Areas. The Association shall perform all maintenance obligations set forth in this Declaration or the Bylaws, any maintenance manual provided by Declarant or the maintenance plan described Section 6 above and shall employ all other commonly accepted maintenance practices intended to prolong the life of the materials and construction of Improvements within the Common Maintenance Areas.

11.2 **Owner's Maintenance Obligations.** Except for the Association Landscaping which shall be maintained by the Association and the regular and routine maintenance, repair and replacement of the Townhome Exteriors for which the Association is responsible pursuant to Section 12.1, each Owner shall maintain his or her Lot and the Home and other Improvements located thereon (including, without limitation, driveways, walkways, garage doors, and exterior doors) in a clean and attractive condition, in good repair and in such a fashion as not to create a hazard of any kind. In addition, each Owner shall keep his or her Lot free of trash and other unsightly materials.

11.3 **Damage or Destruction By Owner.** If damage to the Common Maintenance Areas, including any Improvements located thereon, beyond ordinary wear and tear is directly attributable to an Owner or the family members, invitees, licensee, or guest of an Owner, then that Owner shall be responsible for the cost of repairing the damage and the Association may levy a Limited Assessment against the Owner for the repair cost.

12. **TOWNHOME EXTERIORS; PARTY WALLS.** The maintenance, repair and replacement of the Townhome Exteriors and Party Walls shall be governed by this Section 12.

12.1 **Association Responsibility.** The Association shall be responsible for the maintenance, repair and replacement of the Townhome Exteriors, including without limitation, building elements that cross Lot lines, including, but not limited to: foundations, structural sheathing, connectors, porches and porch coverings, decks, eaves and overhangs, roofing, flashing, rain gutters and downspouts, exterior finish materials, shared utility meters, rain drains, footing drains, or other building elements that are shared or used in common or necessary for lateral stability or that cross common Lot lines (collectively, "Shared Elements"). The Board may adopt rules and regulations clarifying the Association's maintenance obligations or identifying other elements of the Townhome Building Structures or Lots to be maintained by the Association. The Association and any other person authorized by the Association shall have the right to enter upon any Lot or Townhome at any reasonable time, and from time to time at reasonable intervals, to carry out and perform the Association's maintenance and repair obligations described in this Section 12; provided, that the Association shall give reasonable advance written notice to the occupant prior to working on the Townhome Exterior or entering the Home (except in the event of an emergency). All costs incurred by the Association in performing its maintenance and repair obligations described in this Section 12, including without limitation, all reserves established by the Association in connection therewith, shall be assessed equally among all of the Owners of the Lots. Notwithstanding the foregoing, if the need for the maintenance or repair is attributable to the willful or negligent actions or omissions of a particular Owner or a particular Owner's tenants, family members, guests, contractor or invitees, and to the extent such maintenance or repair is not covered by the Association's insurance policy, the costs of such maintenance and repair may, in the discretion of the Board, be charged to that particular Owner as a Limited Assessment.

12.2 **Owner Responsibility.** Each Owner of a Lot shall be responsible for maintaining such Owner's Lot and Townhome, to the extent such maintenance is not the responsibility of the Association under Section 12.1 above, and exclusive of the Association Landscaping, in a clean and attractive condition, in good repair and in such a fashion as not to create a hazard of any kind. Such maintenance responsibility shall include, but not be limited to, the following with respect to such Owner's Lot:

12.2.1 Maintain, repair, replace and clean all glass (in exterior windows, skylights and doors), window screens, storm windows, exterior doors, storm doors, screen doors, garage doors and garage door opening devices;

12.2.2 Maintain, repair, replace and keep in good working order and repair all electrical and mechanical doorbells, door knockers, light bulbs in exterior light fixtures and other similar items of hardware attached to the Townhome Building Structure exteriors;

12.2.3 Maintain, repair, replace and keep in good working order the interiors of the Townhomes, including without limitation, all electrical wiring, fixtures, plumbing, appliances (whether built-in or free-standing), heating, air conditioning, sewage disposal and fire protection systems, and all Betterments;

12.2.4 Maintain, repair, replace and keep in good repair all sidewalks, driveways and fencing located on the Lots; and

12.2.5 Keep all patios and decks in a neat and attractive condition.

12.3 **Party Walls.**

12.3.1 **General Rules Apply.** The general rules of law of the State of Oregon regarding party walls and of liability for property damage due to negligence or willful acts or omissions shall apply to each Party Wall, to the extent such rules are not inconsistent with the provisions of this Declaration. Any maintenance, repair or reconstruction of a Party Wall shall be performed in accordance with this Section 12.3. A Party Wall shall not be punctured or otherwise breached by any Owner, except in connection with maintenance, repair or reconstruction work performed in accordance with Section 12.3. Additionally, no Owner shall install speakers or audio equipment on, or against a Party Wall or otherwise use a Party Wall in a manner so as to interfere with the use and enjoyment of the Party Wall by the Owner of the other adjoining Townhome.

12.3.2 **Maintenance and Repair of Party Walls.** Damage to or destruction of a Party Wall by fire or other casualty shall be repaired, restored or replaced by the Association in accordance with Section 12.3.3 below. Any other maintenance, repair, alteration, or reconstruction of a Party Wall (the "Party Wall Work") shall be performed in accordance with this Section 12.3.2. Each Owner shall provide the other Owner sharing the Party Wall with notice of any Party Wall Work the Owner believes is necessary. The Owners sharing the Party Wall shall agree on the Party Wall Work to be performed before the Party Wall Work commences. If the Owners are unable to agree on the Party Wall Work to be performed, such disagreement shall be resolved in accordance with the dispute resolution procedures set forth in Section 18. The cost of all Party Wall Work shall be borne equally by the Owners of the Townhomes sharing the Party Wall, except that any Party Wall Work needed for only one side of the Party Wall that does not impact the other side of the Party Wall or that is required by the act or omission of an Owner or the Owner's family members, tenants, occupants, contractors or invitees or is the result of an item required to be maintained, repaired or replaced by a particular Owner (e.g., electrical wiring or plumbing installations) shall be the sole responsibility of such Owner. The Owner of each Lot, by acceptance of a deed therefor, regardless of whether it shall be expressed in such deed, is deemed to covenant and hereby agrees to pay for such Owner's share of the cost of any Party Wall Work as provided in this Section 12.3.2. If any Owner fails to pay such Owner's share of the cost of the Party Wall Work as required herein, the such unpaid amount, together with interest thereon at a rate of twelve percent (12%) per annum, and all other costs, fees and charges allowed by law, including without limitation, costs and attorney's fees incurred in the collection thereof, shall be a continuing obligation of the delinquent Owner. In addition, the unpaid amount shall become an automatic charge and lien against the Owner's Lot, which may be foreclosed in the manner provided in Chapter 88 of the Oregon Revised Statutes (or any successor statute) for the foreclosure of liens generally.

12.3.3 **Damage or Destruction by Casualty.**

(a) If any portion of a Townhome Building Structure is damaged or destroyed by fire or other casualty and the estimated cost of the repair or replacement that is not otherwise covered by the Association's property insurance proceeds does not exceed the deductible amount under the Association's property insurance policy, then the Association shall cause the damaged or destroyed improvements to be repaired or restored to their former condition, subject to current governmental regulations and building codes, as soon as reasonably possible and the proceeds from the Association's property insurance policy for such damage or destruction, if any, shall be used for such purpose. Payment of any costs not covered by the Association's property insurance policy shall be funded from Limited Assessments levied against the Owners of the damaged Townhomes, as determined by the Board of Directors.

(b) If any portion of a Townhome Building Structure is damaged or destroyed by fire or other casualty and the estimated cost of the repair or replacement that is not otherwise covered by the Association's property insurance proceeds exceeds the deductible amount under the Association's property insurance policy, then the Association shall give timely written notice of the damage or destruction to each Owner and each first mortgagee of a Townhome within the damaged Townhome Building Structure. The Association shall repair, reconstruct or rebuild the damaged or destroyed Townhome Building Structure unless, within fourteen (14) days of sending the notice of damage or destruction, all of the Owners and first mortgagees of the Townhomes within the damaged Townhome Building Structure agree that the damage or destruction shall not be repaired or reconstructed. If any portion of the insurance proceeds paid to the Association are not used to repair, reconstruct or rebuild the damaged or destroyed Townhome Building Structure, the Association shall distribute the proceeds attributable to the damaged Townhomes to the Owners and mortgagees thereof, as their interests may appear. If the insurance proceeds are not sufficient to pay the entire cost, the Board, if necessary, may assess a Limited Assessment against each Owner of a damaged Townhome in such amount as required to pay the cost of repair or restoration.

(c) The Association shall not be obligated to repair, restore, rebuild or replace any Betterments or any personal property of an Owner. The Association shall represent the Owners in any proceeding, negotiation, settlement or agreement relating to the payment of proceeds under any insurance policies held by the Association. The responsibility for payment of the amount of the deductible in the Association's insurance policy may be prescribed by resolution adopted by the Board of Directors.

(d) If, due to the willful or negligent action or omission of a particular Owner or a particular Owner's tenants, family members, guests, contractor or invitees, damage shall be caused to a Townhome Building Structure or maintenance, repairs or replacements shall be required that would otherwise be a common expense of the Lot Owners, then such Owner shall pay for such damage and such maintenance, repairs or replacements as may be determined by the Association, to the extent not covered by the Association's insurance (including any deductible), as a Limited Assessment.

12.4 Improvements and Alterations. Owners are expressly prohibited from painting or making any alterations or improvements to the Townhome Exteriors and Shared Elements without the written permission of the Board. To guard against moisture intrusion, no penetration of or attachments to the Townhome Exteriors is allowed without the prior written approval of the Board. Additionally, no Owner shall alter, tamper, modify or affect any structural elements of a Townhome Building Structure necessary for lateral stability, including without limitation, horizontal or vertical strapping, foundation tie downs and plywood sheathing without: (i) the prior analysis and approval of a structural engineer registered and licensed in the State of Oregon; (ii) the prior written approval of the Board of the plans and specifications prepared by the Owner or the Owner's professional; and (iii) a permit issued by the local jurisdictional authority. The Board may adopt rules and regulations establishing procedures for the review and approval of any new construction and alteration requests. The Board may, in its sole discretion, grant or withhold its consent to any such requests.

12.5 Compliance with Oregon Residential Specialty Code. Part of the consideration for the execution of this Declaration is to provide for compliance with the most current Oregon Residential Specialty Code Section R302.2.1, which provides that where townhouses are separated by real property lines and any building elements or utilities cross such real property lines, an easement and maintenance

agreement must be created and signed by the affected property owners. Such easement and maintenance agreement must be provided in a form that is acceptable to the City as the local building official and the City has approved this Declaration for the foregoing purposes.

12.6 Easements. The following easements are hereby reserved for each Owner of a Lot:

12.6.1 An easement through any Party Wall separating the Owner's Townhome from another Townhome for the purpose of installing, repairing, replacing or maintaining utility lines, wires, pipes and conduits.

12.6.2 An easement over, across and under those portions of each adjoining Lot not occupied by a Townhome for the installation, maintenance, repair, replacement and use of power, gas, electric, water and other utility and communication lines and for meters measuring such services serving the Owner's Townhome and installed by Declarant or with the approval of the Board.

12.6.3 An easement over, across, upon and under each adjoining Lot as necessary or appropriate for purposes of accomplishing the maintenance, repair and replacement obligations described in this Section 12 and elsewhere in this Declaration.

12.6.4 If an encroachment results from construction, reconstruction, repair, shifting, settlement or movement of any Improvements located on a Lot, an easement for the encroachment shall exist. An easement shall continue for the purpose of maintaining the encroachment so long as the encroachment exists. Nothing in this subsection shall relieve an Owner from liability in the case of an Owner's willful misconduct.

12.7 Insurance for Townhomes.

12.7.1 **By the Association.** The Association shall maintain a policy or policies of insurance covering loss or damage from fire, with standard extended coverage and "all risk" endorsements, and such other coverages as the Association deems desirable with respect to the Townhome Building Structures. The amount of the insurance coverage shall be for not less than one hundred percent (100%) of the current replacement cost of the Townhome Building Structures (exclusive of land, foundation, excavation and other items normally excluded from such coverage), subject to a reasonable deductible as determined by the Board not to exceed the greater of: (a) the maximum deductible acceptable to the Federal National Mortgage Association or (b) \$10,000. Such policy or policies shall name the Association and the individual Townhome Owners as insureds, and shall provide for loss payable in favor of the Association, as a trustee for each Townhome Owner and each such Townhome Owner's mortgagee, as their interest may appear. The policies shall contain the standard mortgage clause, or equivalent endorsement (without contribution) which is commonly accepted by institutional mortgage investors in Oregon. The costs of the premiums for maintaining the insurance policy or policies shall be assessed equally among the Owners of the Lots as Regular Assessments. Nothing shall be done or kept in any Lot that will increase the cost of the property insurance on the Townhomes and no Owner shall permit anything to be done or kept in the Owner's Lot that will result in the cancellation of the property insurance for any Townhome.

12.7.2 **By the Owners.** The Association has no responsibility to procure or assist in procuring property loss insurance for any Owner or tenant for (i) damage to a Townhome not covered by the Association's policy (because of the deductible amount or because the claim for loss or damage is one not covered by fire and property loss insurance policies required by Section 12.6.1 or otherwise held

by the Association); or (ii) for any damage or loss to any Betterments or the Owner's or tenant's personal property. Owners are responsible for purchasing insurance policies insuring their Townhomes for the deductible amount under the Association's policies and for insuring their own personal property and any Betterments for any loss or damage. The Association shall notify all Owners of the amount of the deductible under the Association policies. To the extent reasonably practicable, the Association shall give at least thirty (30) days' notice to the Owners of any increase in the deductible proposed in the renewal or replacement of the Association insurance policies.

12.7.3 **Insurance Requirements.** The foregoing insurance requirements are in addition to any other insurance requirements contained in the Bylaws.

12.8 **Arbitration.** In the event of any dispute between Owners of Lots concerning their obligations under this Section 12, the Owners shall choose an arbitrator, and the dispute shall be resolved by the arbitrator. If the Owners cannot agree upon an arbitrator, then either Owner may apply to an appropriate court having jurisdiction for the appointment of an arbitrator. The decision of the arbitrator shall be final and unappealable. The arbitrator's decision or award may be entered in the appropriate court and shall have the same effect as any other final unappealable judgment or decree.

13. **ARCHITECTURAL REVIEW**

13.1 **Approval of Plans by Board.** No Home, building, garage, structure, or other Improvement of any kind or nature, including, without limitation, landscaping, shall be commenced, erected, placed, or altered on any Lot until the construction plans and specifications, and a plan showing the nature, shape, height, materials, and colors, together with detailed plans showing the proposed location of the same on the particular building site and proposed landscaping has been submitted to and approved in writing by the Board. All such Improvements and alterations shall be in conformance with the Design Guidelines and all other applicable governmental laws, ordinances, conditions of approval, rules and regulations. To the extent that the requirements contained in any applicable governmental laws, ordinances, rules and regulations may be in conflict with the Design Guidelines, the more restrictive standard shall apply. Complete plans and specifications for approval by the Board must include all material required by the rules of the Board as provided in Section 12.4 above. In no case shall any plans and specifications be accepted for approval that are inconsistent with the requirements of Section 9.2. The Board may approve or disapprove plans and specifications as submitted or may approve such plans and specifications with specific conditions to such approval.

13.2 **Review Procedures.** If the Board fails to provide written approval or disapproval of plans and specifications within thirty (30) days after such complete plans and specifications have been submitted, approval of the Board shall not be required and the related covenants shall be deemed to have been satisfied, unless within twenty (20) days of receipt of the complete plans and specifications, the Board notifies the Owner of the Board's intention to extend the approval period by an additional fifteen (15) days to a total of forty-five (45) days after receipt of complete plans and specifications. The Board shall, from time to time, adopt application forms and rules specifying those requirements necessary to constitute a complete application.

13.3 **Damages Inadequate.** Damages are hereby declared to be inadequate compensation for any breach of the covenants, conditions, and restrictions imposed by this Declaration. Declarant, the Board, or any Owner may, by appropriate proceedings, enjoin, abate, and remedy any such breach and the continuance thereof.

13.4 **Non-Waiver.** The provisions contained in this Declaration shall inure to the benefit of and be enforceable by Declarant, the Board, or any Owner, and each of their legal representatives, heirs, successors, and assigns. Failure by Declarant, the Board or any Owner or their legal representatives, heirs, successors, and assigns to enforce any of the provisions contained herein shall in no event be deemed a waiver of the right to do so thereafter.

13.5 **Estoppel Certificate.** Within fifteen (15) business days after an Owner delivers a written request to the Board, the Board shall provide the Owner with an estoppel certificate executed by a member of the Board. The estoppel certificate shall state whether or not the Improvements located on the Lot owned by the requesting Owner comply with the provisions of this Declaration. If the estoppel certificate indicates that the Improvements are not in compliance, then it shall identify the specific non-conforming Improvements and set forth with particularity the nature of the noncompliance. Any purchaser in due course from the Owner, and any mortgagee, beneficiary, or secured party having any interest in the Lot and any associated Improvements, may rely on the estoppel certificate with respect to the matters set forth therein, and the estoppel certificate shall be conclusive as between the Board, all Owners, and such purchaser, mortgagee, beneficiary, or secured party.

13.6 **Defenses.** The issuance of an estoppel certificate as described in Section 13.5 shall constitute an absolute defense to claims brought against an Owner pursuant to this Section 13 with respect to matters within the purview of the Board, where the Improvement at issue was in existence at the time of the issuance of the estoppel certificate.

13.7 **Liability.** The Board shall use reasonable judgment in approving or disapproving all plans and specifications submitted to it. Neither the Board nor any individual Board member shall be liable to any person for any official act of the Board in connection with submitted plans and specifications, except to the extent the Board or any individual Board member acted with malice or wrongful intent. Approval by the Board does not necessarily assure approval by any governmental authority. Notwithstanding that the Board has approved plans and specifications, neither the Board nor any of its members shall be responsible or liable to any Owner, occupant, builder, developer, or contractor with respect to any loss, liability, claim, or expense which may arise by reason of such approval. Review or analysis of structural, geophysical, engineering, or other similar considerations shall be outside the scope of the Board's review. Neither the Board, or any agent thereof, nor Declarant or any of its members, managers, employees, agents, or consultants, shall be responsible in any way for any defects in any plans or specifications submitted, revised, or approved in accordance with the provisions of this Declaration, nor for any structural or other defects in any work done according to such plans and specifications. The Association shall indemnify, hold harmless, and defend the Board and its members in any suit or proceeding which may arise by reason of any of the Board's decisions, provided that the Board members acted in good faith, within the scope of their authority, and in a manner reasonably believed to be in the best interest of the Association and its Members. The Association shall use reasonable efforts to procure errors and omissions insurance coverage with respect to the Board members, in accordance with the provisions of the Bylaws.

13.8 **Activities of Declarant.** This Section 13 shall not apply to the activities of Declarant or its affiliates.

14. **DESIGN GUIDELINES**

14.1 **Stain Requirement.** The exterior of any Home erected on a Lot shall be fully completed and stained within one (1) year after construction of the Home has commenced. Only stain in the original tone applied by the Declarant may be used on the exterior of a Home.

14.2 **Designs, Materials, and Construction Quality.** The external designs and materials of all Homes shall harmonize with each other and shall be reasonably harmonious with those employed on the Homes 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 Homes, retaining walls, and other Improvements shall be constructed in a good, quality manner in accordance with locally accepted professional building practices.

14.3 **Home Size.** The floor area of each Home, exclusive of one story open porches, garages, and carports, shall not be less than that required by the City Building Code.

14.4 **Foundations.** All structures erected shall have full, concrete foundations as approved by the City and designed to accommodate the surrounding terrain. Foundations and exterior walls of all buildings shall be finished in a suitable and customary manner for each such type of building.

14.5 **Height Restrictions.** All Homes and other Improvements constructed on the Lots shall comply with the applicable City height restrictions. Any height adjustment granted by the City shall be approved by the Board, unless the Board determines that the building will unreasonably restrict the view of neighboring Lots.

14.6 **Environmental Conditions.** Owners shall insure that design and construction of structures in the Property shall properly withstand environmental conditions, including the protection of the flora on the Property. Owners shall not remove the topsoil on the Lots and shall not change the drainage slopes or depth of topsoil on the Property.

14.7 **Factory Built Homes.** All Homes shall be constructed on the Lots. Mobile homes, factory built homes, or manufactured homes shall not be permitted.

14.8 **Additional Design Guidelines.** The Board shall have the authority, but not the obligation, to promulgate and issue, and thereafter to amend from time to time, additional design guidelines supplementing and/or interpreting, but not contradicting, the design guidelines set forth in this Section 14 or elsewhere in this Declaration. Such guidelines shall be supplied in writing to all Owners and shall be fully binding upon all parties as if set forth in this Declaration and shall be applied by the Board in reviewing and approving or denying proposed improvements or modifications. The Board shall take into account any proposed building site envelope in order to minimize any impact on neighboring Lots and shall have authority to establish and modify guidelines as necessary or convenient to further this purpose.

14.9 **Activities of Declarant.** This Section 14 shall not apply to the activities of Declarant or its affiliates.

15. **CASUALTY AND CONDEMNATION**

15.1 **Casualty.** The Owner of each Home shall repair, reconstruct, and rebuild any Betterments that are damaged or destroyed to substantially the same condition that existed prior to the

damage or destruction. The repair, reconstruction and rebuilding obligations for the Townhome Building Structures shall be governed by Section 12.3.3. In the event of damage to or destruction of the Common Areas or Association Landscaping, the Association shall repair and restore the damaged portion of the Common Areas, unless the holders of at least 75% of the Class A Member voting power of the Association and the Class B Member, if any, agree that the damaged or destroyed portions shall not be repaired or restored. All repair, reconstruction, rebuilding, or restoration shall begin within six (6) months following the damage or destruction and shall be diligently pursued to completion within twelve (12) months following the damage or destruction, unless work is delayed by causes beyond the reasonable control of the Owner or the Association, as the case may be. If the proceeds of the insurance policies held by the Association are insufficient to fund the full cost of repair and/or restoration of the Common Areas or Association Landscaping, the difference between the amount of such proceeds and such cost shall be charged to the Owners by means of a Special Assessment.

15.2 **Condemnation**. If any part of the Common Areas are taken by any authority having the power of condemnation or eminent domain (or shall be sold under threat of condemnation), each Owner shall be entitled to notice of such event. The Association shall represent the Owners in negotiations with the condemning authority. The condemnation award shall be applied first to restoration of the Common Areas not taken (unless holders of at least 75% of the Class A Member voting power of the Association and the Class B Member, if any, agree that the remaining Common Areas shall not be restored) and then to such other purposes as the Board may determine in its discretion (including payment to the Owners).

16. **SPECIAL DECLARANT RIGHTS**. Declarant shall have the following special declarant rights:

16.1 Responsibility and control of the Association until the Turnover Meeting, including the right to appoint, remove and replace members of the Board.

16.2 The right to maintain a sales and management office on the Property and conduct marketing and sales activities on the Property as provided herein. Declarant and its agents, employees, and contractors shall be permitted to maintain during the period of sale of the Lots upon such portion of the Property as Declarant may choose, such facilities as in the sole opinion of Declarant may be required, convenient, or incidental to the construction or sale of Lots and appurtenant interests, including but not limited to, a business office, storage area, signs, model units, sales office, construction office, and parking areas for all prospective purchasers of Declarant. The provisions of this Section are subject to the provisions of other state law and to local ordinances. The number, size, location, and relocation of such facilities shall be determined from time to time by Declarant in the exercise of its sole discretion; *provided*, that the maintenance and use of such facilities shall not unreasonably interfere with an Owner's use and enjoyment of the Lot and those portions of the Common Areas reasonably necessary to use and enjoy such Lot.

16.3 The right to reserve easement and access rights across the Common Areas for use in connection with future development.

16.4 The right to construct Improvements in the Common Areas and other portions of the Property, whether or not such Improvements are described in this Declaration or a Declaration of Annexation, provided that Declarant has no obligation to construct any such Improvements.

16.5 The right to approve amendments to this Declaration and the Bylaws prior to the Turnover Meeting and for a period of ten (10) years thereafter regardless of whether Declarant still owns a Lot. No such amendment shall be effective unless so approved in writing by Declarant.

16.6 The right to approve Special Assessments for capital improvements or additions for so long as Declarant owns a Lot. No Special Assessment shall be levied against Declarant unless so approved in writing by Declarant.

16.7 The right to receive notice of and to attend all Owner meetings and Board meetings for a period of ten (10) years following the Turnover Meeting regardless of whether Declarant still owns a Lot. Meeting notices to Declarant shall be given in the same manner as notices to the Owners; provided, however, that any notice of a Board meeting that is posted at the Property pursuant to the Bylaws must also be given to Declarant by mail or any other delivery method described in Section 19.4 within the time period prescribed in the Bylaws.

16.8 The right to review and make copies of all inspection, maintenance and other records of the Association regardless of whether the Turnover Meeting has occurred or Declarant still owns a Lot.

16.9 The right to annex additional property into Base Camp pursuant to Section 17.1 below.

16.10 The rights of Declarant under the Planned Community Act, including but not limited to those under ORS 94.550(22), and all other rights reserved for Declarant elsewhere in this Declaration or in the Bylaws.

17. ANNEXATION OF ADDITIONAL PROPERTY

17.1 **Annexation by Declarant.** At any time during the initial term of this Declaration, Declarant may, at its sole option, annex additional property into Base Camp, to be subject to the terms of this Declaration to the same extent as if originally included herein and subject to such other terms, covenants, conditions, easements and restrictions as may be imposed thereon by Declarant.

17.1.1 **Eligible Property.** All or any portion of any other the real property located adjacent to ("adjacent" property shall include property on the other side of a street) or contiguous with the Property shall be eligible for annexation into Base Camp. There is no limitation on the number of Lots which Declarant may annex into Base Camp, or the right of Declarant to annex additional Common Areas into Base Camp, except as may be established by applicable ordinances, agreements, or land use approvals.

17.1.2 **Consent or Joinder Not Required.** No consent or joinder of any Class A Member or other party except the record owner of the land being annexed shall be necessary to effect any annexation made pursuant to this Section 17.1.

17.1.3 **Declaration of Annexation.** Annexation shall be evidenced by a written declaration of annexation ("Declaration of Annexation") executed by Declarant or, in the case of an annexation by action of Members by the Board, and the owners of the property being annexed, setting forth the legal description of the property being annexed and any additional covenants, conditions and restrictions to be applied to the annexed property. Notwithstanding any provision herein to the contrary, a Declaration of Annexation may with respect to any annexed property:

- (a) establish such new land classifications and such limitations, uses,

restrictions, covenants and conditions with respect thereto as Declarant (or the Members in the case of an annexation by action of the Members) may deem to be appropriate for the development of the annexed property;

(b) with respect to existing land classifications, establish additional or different limitations, uses, restrictions, covenants and conditions with respect thereto as Declarant may deem to be appropriate for the development of such annexed property; and/or

(c) contain provisions necessary or appropriate to comply with any condition, requirement, or imposition of any governmental or regulatory authority.

17.2 **Annexation by Action of Members.** At any time the Board may request approval of the membership for the annexation of additional property into Base Camp to be subject to all of the terms of this Declaration to the same extent as if originally included herein. No such annexation shall be effective unless approved by at least seventy-five percent (75%) of the outstanding votes of the Association and by Declarant so long as Declarant owns a Lot or retains the right to annex additional property into Base Camp pursuant to Section 17.1 above. Any other the real property located adjacent to ("adjacent" property shall include property on the other side of a street) or contiguous with the Property shall be eligible for annexation into Base Camp by action of the Members in accordance with the foregoing requirements, provided however, that no such annexation shall be effective without the consent and joinder of the owners of the property to be annexed. Such annexation must be evidenced by a Declaration of Annexation as set forth in Subsection 17.1.3 above executed by the parties therein described.

17.3 **Voting Rights; Allocation of Assessments.** Upon annexation, additional Lots so annexed shall be entitled to the voting rights as set forth in Section 3.3, and assessments shall be reallocated and reapportioned in the manner set forth in Section 5.7.

17.4 **No Duty to Annex.** Nothing contained in this Section 17 shall establish any duty or obligation on the part of Declarant, the Board or any Member to annex any property into Base Camp and no owner of property excluded from Base Camp shall have any right to have such property annexed thereto.

18. **DISPUTE RESOLUTION**

18.1 **Required Procedure.** To the fullest extent allowed by law, all claims, controversies, or disputes, whether they are statutory, contractual, tort claims, and/or counterclaims between or among Declarant, Declarant's successors and assigns, the Association, and/or Owner(s) (collectively, the "Parties" and individually, a "Party") which arise out of or are related to the Property, the Lots, the Homes, the Planned Community Act, this Declaration, the Bylaws, the Articles, the Design Guidelines or the rules and regulations of the Association, or which relate to the interpretation or breach of the Planned Community Act, this Declaration or the Bylaws, the Articles, the Design Guidelines or the rules and regulations of the Association (collectively referred to as "Claims") shall be resolved in accordance with the procedures specified herein. Except as otherwise required by the Planned Community Act, the following matters are excluded from this dispute resolution clause and do not constitute Claims: (i) judicial or non-judicial foreclosure or any other action or proceeding to enforce assessments, fines, interest or a trust deed, mortgage, Association lien, or land sale contract; (ii) a forcible entry and detainer action; (iii) actions by the Association or any Owner related to removal of a structure or other condition that violates this Declaration, the Bylaws, the Design Guidelines or any rules and regulations of the

Association; (iv) actions for the appointment of a receiver; (v) provisional remedies such as injunctions or the filing of a lis pendens; or (vi) the filing or enforcement of a mechanic's lien. The filing of a notice of pending action (lis pendens) or the application to any court having jurisdiction thereof for the issuance of any provisional process remedy described in Rules 79 through 85 of the Oregon Rules of Civil Procedure (or corresponding federal statutory remedies), including a restraining order, attachment, or appointment of receiver, shall not constitute a waiver of the right to mediate or arbitrate under this Section, nor shall it constitute a breach of the duty to mediate or arbitrate. The proceeds resulting from the exercise of any such remedy shall be held by the Party obtaining such proceeds for disposition as may be determined by an agreement of the Parties pursuant to a mediation or by the arbitration award.

18.2 Negotiated Resolution. The Parties will seek a fair and prompt negotiated resolution of Claims and shall meet at least once to discuss and seek to resolve such Claims, but if this is not successful, all Claims shall be resolved by mediation, in small claims court, or by binding arbitration as set forth in Sections 18.3, 18.4 or 18.5, as applicable.

18.3 Mediation. Prior to mediation of any Claim, the Parties shall endeavor to resolve disputes through the process set forth in Section 18.2 above. All Claims that are not resolved by such process shall be subject to mediation as a condition precedent to arbitration or the filing of a small claims complaint. The request for mediation may be made concurrently with the filing of a demand for arbitration as set forth in Section 18.5 below, but, in such event, mediation shall proceed in advance of arbitration, which shall be stayed pending mediation for a period of sixty (60) days from the date of filing, unless stayed for a longer period by agreement of the parties. All mediation shall be in Deschutes County, Oregon with any dispute resolution program available that is in substantial compliance with the standards and guidelines adopted under ORS 36.175, as it may be amended. The foregoing requirement does not apply to circumstances in which irreparable harm to a Party will occur due to delay or litigation or an administrative proceeding initiated to collect assessments, other than assessments attributable to fines.

18.4 Small Claims. All Claims that have not been resolved by mediation and which are within the jurisdiction of the Small Claims Department of the Circuit Court of the State of Oregon shall be brought and determined there, and all Parties shall be deemed to have waived their right to a jury trial with respect to such Claims.

18.5 Arbitration. Prior to arbitration of any Claim, the Parties shall endeavor to resolve disputes through the processes set forth in Section 18.2, 18.3 and 18.4 above, as applicable. All Claims that have not been resolved by such processes shall be resolved by binding arbitration. Such arbitration shall be conducted by and pursuant to the then effective arbitration rules of Arbitration Service of Portland, Inc., or another reputable arbitration service selected by Declarant. If Declarant is not a Party to such dispute, the arbitration service shall be selected by the Board. Any judgment upon the award rendered pursuant to such arbitration may be entered in any court having jurisdiction thereof.

18.6 Construction Defect Procedures. In the event of a claim by the Association or any Owner against Declarant or any contractor, subcontractor, or supplier for a construction defect, the parties shall first comply with the provisions contained in ORS 701.550 to 701.595. In the event the claim is not for a construction defect, but relates to a claimed defect in the condition of the project, the parties shall follow the same procedures as set forth in such provisions, except that the notice of defect shall include a statement of the basis upon which the recipient is claimed to be liable for the defect. Compliance with the procedures contained in this Section 18.6 shall be a condition precedent to mediation, arbitration or litigation of any such claims.

18.7 **No Attorneys' Fees.** Unless otherwise specifically provided for in this Declaration, the Bylaws or the Planned Community Act, no party in the arbitration, mediation or other proceeding shall be entitled to recover costs or attorneys' fees in connection therewith. To the fullest extent allowed by law and except for Claims in an amount less than or equal to \$7,500, no Claim shall be initiated by the Association without approval from the Owners holding seventy-five percent (75%) of the total voting power of the Association. The foregoing vote requirement shall not be required to institute or respond to the following: (i) actions to collect delinquent Assessments, fines or other charges under the Declaration, these Bylaws or any rules and regulations adopted by the Association; (ii) actions initiated by the Association prior to the Turnover Meeting; (iii) actions challenging ad valorem taxation or condemnation proceedings; (iv) actions initiated against any contractor or vendor hired by the Association or supplier of goods and services to the Association; (v) the defense of claims filed against the Association or the assertion of counterclaims in proceedings instituted against it (except for non-mandatory counterclaims); (vi) actions by the Association to appoint a receiver; or (vi) actions to summarily abate, enjoin and remove a structure or condition that violates this Declaration, the Bylaws, the Design Guidelines or any rules and regulations of the Association.

18.8 **Confidentiality.** The Parties shall keep all discussions of disputes, all settlements and arbitration awards and decisions confidential and shall not disclose any such information, whether directly or indirectly, to any third parties unless compelled to do so by an order of a court of competent jurisdiction. The Parties agree that if a Party breaches its confidentiality obligation then the other Party or Parties to the dispute shall be entitled to seek and obtain any and all equitable remedies, including injunctive relief and specific performance and each Party hereby waives any claim or defense that the other Party has an adequate remedy at law for any such breach and the Parties agree that the aggrieved Party shall not be required to post any bond or other security in connection with any such equitable relief.

18.9 **Suits Against Declarant.** Declarant shall have the right to be present at any meeting of the Association during which the Board of Directors or the Owners vote on whether to initiate legal action against Declarant. The Board of Directors shall provide Declarant with at least ten (10) days written notice of the time and place of any such meeting.

19. **MISCELLANEOUS**

19.1 **Term.** The covenants, conditions and restrictions of this Declaration shall run for a term of thirty (30) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years each, unless amended, modified or terminated by a vote of the Owners holding at least seventy-five percent (75%) of the total voting power of the Association.

19.2 **Amendment and Repeal.**

19.2.1 This Declaration, or any provision thereof, as from time to time in effect with respect to all or any part of the Property, may be amended or repealed by the vote or written consent of Owners holding at least seventy-five percent (75%) of the total voting power of the Association and the written consent of Declarant prior to the Turnover Meeting and for a period of ten (10) years thereafter. To the extent any amendment relates to the maintenance of the Townhome Building Structure (only with respect to Shared Elements), such amendment must also be approved by the building administrator of the City.

19.2.2 Upon approval of an amendment as provided herein, the president and secretary of the Association shall execute an instrument amending this Declaration and certifying that the amendment was adopted in accordance with this Declaration and ORS 94.590, which certification shall be properly acknowledged in the manner of acknowledgment of deeds, and the Board, or other duly appointed and authorized persons, shall record the instrument amending this Declaration.

19.2.3 In no event shall an amendment to this Declaration create, limit or diminish any Special Declarant Rights without Declarant's written consent. Additionally, no amendment to this Declaration shall change the boundaries of a Lot, any uses to which a Lot is restricted, the method for determining liability for common expenses, the method for determining the right to common profits or the method of determining voting rights unless the Owners of the affected Lots unanimously consent to the amendment.

19.3 **Regulatory Amendments.** Notwithstanding the provisions of Section 19.2, until the Turnover Meeting, Declarant shall have the right to amend this Declaration or the Bylaws without any other Owner approval in order to comply with the requirements of any applicable statute, ordinance, regulation or guideline of the Federal Housing Administration, the Veterans Administration, the Farmers Home Administration of the United States, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Home Loan Mortgage Corporation, any department, bureau, board, commission or agency of the United States or the State of Oregon, or any corporation wholly owned, directly or indirectly, by the United States or the State of Oregon that insures, guarantees or provides financing for a planned community or lots in a planned community.

19.4 **Notices.** Any notices permitted or required to be delivered as provided herein shall be in writing and may be delivered by: (i) messenger service (or hand delivery); (ii) overnight courier service; (iii) regular U.S. Mail; or (iv) electronic mail, facsimile transmission or any other form of electronic communication acceptable to the Board and permissible under the Planned Community Act. Notices delivered by messenger service (or hand delivery), overnight courier service or regular U.S. Mail shall be sent to each Member's mailing address last appearing on the books of the Association. Notices delivered by facsimile or email shall be sent to the Member's email address or facsimile number last appearing on the books of the Association. Notwithstanding the foregoing, electronic mail, facsimile or other form of electronic communication may not be used to give notice of: (i) failure to pay an assessment; (ii) foreclosure of an Association lien under ORS 94.709; or (iii) an action the Association may take against a Member. Additionally, a Member may decline to receive notice by electronic mail, facsimile or other form of electronic communication by giving written notice thereof to the Board. Notices shall be deemed given on the date the notices are sent in accordance with the procedures outlined herein.

19.5 **Right of Enforcement.** Except as otherwise provided herein, the Association and each Owner of a Lot shall have the right to enforce any or all of the provisions of this Declaration. Additionally, the provisions of this Declaration relating to the preservation and maintenance of the Shared Elements shall be deemed to be for the benefit of the City as well as the Association and the Owners and the City may enforce such provisions by appropriate proceedings at law or in equity, or may cause such maintenance to be performed, the costs of which shall be a lien upon the Property.

19.6 **Disclaimer Statement; Indemnity.** This Declaration has not been approved or disapproved by the City and does not restrict the City's authority to adopt or amend its development regulations. There may be conflicting requirements between these covenants and the City's regulations. It is the duty of every person engaged in development within Base Camp to know the requirements of these covenants. In the event there is a conflict between a City regulation and these covenants, the City regulation shall govern. The City will not be liable for any approvals or permits which are granted in compliance with City regulations, but which are not in compliance with these covenants. Declarant, Declarant's successors and assigns shall hold harmless, defend and indemnify the City, its officers, agents, officials, and employees against all claims, demands, actions and suits, including attorneys' fees and costs, brought against any of them arising out of or resulting from the terms of this Declaration.

19.7 **Remedies Cumulative.** Each remedy provided herein is cumulative and not exclusive.

19.8 **Joint Owners.** If two or more persons share the ownership of any Lot, regardless of the form of ownership, the responsibility of such persons to comply with this Declaration shall be a joint and several responsibility and the act or consent of any one or more of the co-Owners shall constitute the act or consent of the entire ownership interest; provided, however, that if the co-Owners disagree among themselves as to the manner in which any vote or right of consent held by them shall be exercised with respect to a pending matter, any co-Owner may deliver written notice of such disagreement to the Association, and the vote or right of consent involved shall then be disregarded completely in determining the proportion of votes or consents given with respect to such matter.

19.9 **Lessees and Other Invitees.** Lessees, invitees, contractors, family members and other persons entering the Property under rights derived from an Owner shall comply with all of the provisions of this Declaration restricting or regulating the Owner's use, improvement or enjoyment of such Owner's Lot and other areas within the Property. The Owner shall be responsible for ensuring such compliance and shall be liable for any failure of compliance by such persons in the same manner and to the same extent as if the failure had been committed by the Owner.

19.10 **Non-Waiver.** The failure to enforce any of the provisions of this Declaration at any time shall not constitute a waiver of the right to subsequently enforce such provision.

19.11 **Restrictions Construed Together.** All of the provisions of this Declaration shall be liberally construed together to promote and effectuate the general plan and scheme of the Property.

19.12 **Restrictions Severable.** Each of the provisions of this Declaration shall be deemed independent and severable, and the invalidity or partial invalidity of any provision or portion thereof shall not affect the validity or enforceability of any other provision.

19.13 **Singular Includes Plural.** Unless the context requires a contrary construction, the singular shall include the plural and the plural the singular; and the masculine, feminine or neuter shall each include the masculine, feminine and neuter.

19.14 **Captions.** All captions and titles used in this Declaration are intended solely for convenience of reference and shall not affect that which is set forth in any of the provisions hereof.

[Signatures on Following Page]

IN WITNESS WHEREOF, the undersigned has executed this Declaration as of the date first written above.

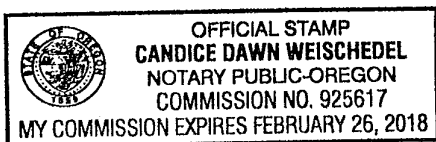
DECLARANT:

Base Camp Properties, LLC, an
Oregon limited liability company

By: [Signature]
Name: THOMAS S. COY
Title: MANAGER

STATE OF OREGON)
COUNTY OF Multnomah) ss.

The foregoing instrument was acknowledged before me this 5 day of August, 2015, by Thomas Coy, as Manager of Base Camp Properties LLC, on behalf of the company.



Cornushell
Notary Public for Oregon
My commission expires: 2/26/18

EXHIBIT A

Legal Description of Property

Lots 1 through 8, inclusive, and Common Areas 1 and 2, BASECAMP PHASE ONE, City of Bend,
County of Deschutes, State of Oregon.

EXHIBIT B

Legal Description of Common Areas

Common Areas 1 and 2, BASECAMP PHASE ONE, City of Bend, County of Deschutes, State of Oregon.

EXHIBIT C

Bylaws of Base Camp Homeowners' Association

**BYLAWS
OF
BASE CAMP HOMEOWNERS' ASSOCIATION**

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**BYLAWS
OF
BASE CAMP HOMEOWNERS' ASSOCIATION**

**ARTICLE I
NAME AND LOCATION**

The name of the Association is Base Camp Homeowners' Association, hereinafter referred to as the "Association". The initial registered office of the Association shall be located at 413 SW 13th Avenue, Suite 300, Portland, OR 97205, but meetings of Members and Directors may be held at such places within the State of Oregon as may be designated by the Board of Directors.

ARTICLE II DEFINITIONS

2.1 “Declaration”

“**Declaration**” shall mean and refer to the Declaration of Covenants, Conditions and Restrictions for Base Camp, recorded contemporaneously with these Bylaws and any amendments or supplements thereto made in accordance with its terms.

2.2 “Director”

“**Director**” shall mean a director of the Association as described in and elected in accordance with Article VII of these Bylaws.

2.3 “Officer”

“**Officer**” shall mean an officer of the Association as described in and elected in accordance with Article XI of these Bylaws.

2.4 “Member”

“**Member**” or “**Members**” shall mean the Declarant and every record Owner, whether one (1) or more persons or entities, of fee simple title to any Lot, including contract sellers, but excluding those having an interest merely as security for the performance of an obligation. There shall be two (2) classes of membership, Class A and Class B, as described in Section 3.3 of the Declaration and in Section 3.3 of these Bylaws.

2.5 “Plat”

“**Plat**” shall mean the duly recorded plat of BASE CAMP, recorded in the Plat Records of Deschutes County, Oregon, and any supplements thereto

2.6 Other Terms

Capitalized terms used herein without definition shall have the respective meanings given to them in the Declaration.

ARTICLE III MEMBERSHIP AND VOTING RIGHTS

3.1 Membership

The Declarant and every Member of a Lot by virtue of being an Owner of a Lot shall be a Member of the Association. Membership shall be appurtenant to and shall not be separated from ownership of any Lot. Such membership shall commence, exist, and continue simply by virtue of such ownership, and need not be confirmed or evidenced by any certificate or

acceptance of membership. There shall be two classes of membership, Class A and Class B, as described in Section 3.3 of the Declaration and Section 3.3 of these Bylaws.

3.2 Suspension

All voting rights of a Member shall be suspended during any period in which such Member is delinquent in the payment of an assessment duly established pursuant to the Declaration or is otherwise in default hereunder or under the Declaration or any rules and regulations of the Association. The Board may also suspend the Member's right to use of any of the Common Areas during such period of default.

3.3 Voting Rights

The Association shall have two (2) classes of voting membership:

A. Class A

Class A Members shall be all Owners other than Declarant (except that beginning on the date on which the Class B membership is converted to Class A membership, and thereafter, Class A Members shall be all Owners, including Declarant). Class A Members shall be entitled to one (1) vote for each Lot owned. When more than one (1) person holds an interest in a Lot, all such persons shall be Members. However, only one (1) vote shall be exercised for the Lot. The vote for the Lot shall be exercised as the Owners of the Lot determine among themselves. If the Owners of the Lot cannot agree upon how to exercise the vote, then the vote for that Lot shall be disregarded in determining the proportion of votes with respect to the particular matter at issue.

B. Class B

The Class B Member shall be Declarant. The Class B Member shall be entitled to three (3) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership upon the earlier to occur of: (i) the date on which seventy-five percent (75%) of all of the Lots anticipated to be included within the Property have been conveyed to Owners other than Declarant; (ii) ten (10) years after conveyance of the first Lot to an Owner other than Declarant; or (iii) upon election in writing by Declarant.

ARTICLE IV PROPERTY RIGHTS: RIGHTS OF ENJOYMENT

Subject to any easement affecting a Member's Lot, each Member shall be entitled to the exclusive use and enjoyment of such Member's Lot and to the non-exclusive use of the Common Areas subject to the restrictions set forth in the Declaration.

ARTICLE V
BOARD OF DIRECTORS; ELECTION; TERM OF OFFICE

5.1 Number

The affairs of the Association shall be managed by a Board of from one (1) to three (3) Directors prior to the Turnover Meeting and three (3) Directors after the Turnover Meeting. The Directors need not be Members prior to the Turnover Meeting but shall be Members after the Turnover Meeting.

5.2 Appointment by Declarant Prior to Turnover Meeting

Until the Turnover Meeting, Declarant shall appoint all Directors, and may remove and replace any Director, with or without cause, except that Declarant may revocably or irrevocably delegate the power to appoint, remove and replace Directors hereunder by written instrument delivered to the Association naming the party to whom the power to appoint Directors has been delegated. At and after the Turnover Meeting, the Directors shall be elected in the manner provided in Article V, Section 5.3. Voting for Directors shall not be cumulative.

5.3 Election of Directors

At the Turnover Meeting, the Members shall elect one (1) Director for a term of one (1) year, one (1) Director for a term of two (2) years, and one (1) Director for a term of three (3) years, with each Member entitled to the votes specified in Article III above. Thereafter, at each annual meeting of the Association, the Members shall elect a number of Directors equal to the number whose terms are then expiring, each to serve a term of two (2) years. Any Director may serve more than one (1) term.

5.4 Term of Office

On the date of the Turnover Meeting, the Directors appointed by Declarant or its appointee shall submit their resignations, effective as of the Turnover Meeting. The Directors elected at any meeting held for the purpose of election of Officers, except to replace an Officer who leaves his or her position prior to the expiration of his or her term, shall assume all of the duties of office at the meeting at which he or she is elected, at which time the resignation of the Directors in office prior to such meeting shall become effective, and they shall have no further powers as Officers.

5.5 Removal

Any Director, other than a Director appointed by Declarant, may be removed, with or without cause, by the affirmative majority vote of Members present and entitled to vote at any meeting of the Members at which a quorum is present. No removal of a Director is effective unless the matter of removal was included in the notice of the meeting. At such meeting, the Members shall elect a replacement Director to serve the remainder of the replaced Director's term.

5.6 Resignation

Any Director may resign at any time by sending a written notice of such resignation to the secretary. Unless otherwise specified in such notice, a resignation shall take effect upon receipt of the notice by the secretary.

5.7 Vacancies

Vacancies on the Board caused by the death, resignation, or removal of a Director shall be filled by vote of the majority of the remaining Directors, even if they constitute less than a quorum. Any Director so elected shall serve the remainder of the replaced Director's term.

5.8 Compensation

No Director shall receive compensation for any service he or she may render to the Association. However, any Director may be reimbursed for his or her actual expenses reasonably incurred in the performance of his or her duties.

**ARTICLE VI
MEETINGS OF BOARD**

6.1 Initial Meeting

The initial meeting of the Board shall occur within ninety (90) days after the date the Articles of Incorporation for the Association are filed and shall be called in accordance with Article VI, Section 6.3.

6.2 Annual Meetings

The Board shall meet at least annually, within thirty (30) days after each annual meeting of the Members. At each annual meeting, in addition to the actions required by the Declaration, the treasurer shall present to the Board a report on the financial condition of the Association, including a report of receipts and disbursements for the preceding calendar year, the allocation thereof to each Lot, and the estimated receipts and expenses for the coming year.

6.3 Special Meetings

Special meetings of the Board may be called at any time by the chairperson or two (2) Directors. Such meetings shall be scheduled by the secretary at least two (2) but not more than thirty (30) days after the secretary's receipt of written requests signed by two (2) or more Directors; provided that if the purpose of a special meeting is to elect a successor secretary pursuant to Section 11.2 of Article XI or to consider removal of the secretary pursuant to Section 11.5 of Article XI, such meeting may be scheduled by the chairperson or, if the meeting is also for the purpose of electing a successor chairperson or removing the chairperson, any other Director.

6.4 Place of Meetings

Meetings of the Board shall be held at such place within Oregon, as may be designated from time to time by the Board.

6.5 Notice of Meetings

The secretary shall give written notice to each Director of each Board meeting at least three (3) but not more than thirty (30) days prior to the date set for such meeting, stating the purpose, time, and place of the meeting. Notice shall be sent to the address of each Director as listed on the books of the Association, or to such other address as any Director may designate by written notice to the secretary given at least ten (10) days prior to the giving of notice of the meeting. Notice of any meeting may be waived by any Director at any time. No Director who is present at a meeting may object to the adequacy or timeliness of the notice given. When a meeting is adjourned for fewer than thirty (30) days, whether or not a quorum is present at the adjourned meeting, no notice of the resumption or reconvening of such adjourned meeting need be given other than by announcement at the meeting at which such adjournment takes place. All meetings of the Board shall be open to all Members, except for matters allowed by law to be considered in executive session. Except in emergencies, the Board shall vote in an open meeting whether to meet in executive session. If the Board votes to meet in executive session, the chairperson shall state the general nature of the action to be considered and when and under what circumstances the deliberations can be disclosed to Members. The statement, motion, or decision to meet in executive session must be included in the minutes of the meeting. A contract or action considered in executive session does not become effective unless the Board, following the executive session, reconvenes in an open meeting and votes on the contract or action, which must be reasonably identified in the open meeting and included in the minutes. For other than emergency meetings, notice of Board meetings shall be mailed to all Members, at the last address for each Member in the records of the Association, not less than ten (10) days before the meeting; posted at a place or places on the Property at least three (3) days prior to the meeting; or provided by a method otherwise reasonably calculated to inform Members of the meeting. For a period of ten (10) years following recording of the Declaration, notices of meetings shall also be given to Declarant in the same manner as given to Members, and Declarant or a representative of Declarant shall be entitled to attend such meetings. Emergency meetings may be held without notice, if the reason for the emergency is stated in the minutes of the meeting. Only emergency meetings of the Board may be conducted by telephonic communication or by the use of a means of communication permitted by ORS 94.640(8).

6.6 Voting by the Board

Each Director shall have one (1) vote. All voting rights of a Director shall be suspended during any period in which the Director is delinquent in the payment of any amount duly established pursuant to the Declaration or is otherwise in default under the Declaration or any rules and regulations of the Association. So long as a quorum is constituted, the vote of Directors together holding more than fifty percent (50%) of the total votes shall be a binding vote of the Board for all purposes, unless a greater percentage is required by law or the Declaration.

6.7 Quorum

The presence in person of a majority of the Directors shall constitute a quorum for voting at a Board meeting. The Board shall have the power to adjourn a meeting even if less than a quorum is present.

**ARTICLE VII
NOMINATION AND ELECTION OF DIRECTORS**

7.1 Nomination

At and following the Turnover Meeting, nomination for election to the Board shall be made by a nominating committee ("Nominating Committee"). Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who need not be a Director prior to the Turnover Meeting but who shall be a Director following the Turnover Meeting, and two (2) or more Members or Directors. The Nominating Committee shall be appointed by the Board prior to the Turnover Meeting to nominate Directors to be elected at the Turnover Meeting. Thereafter, a Nominating Committee shall be appointed by the Board prior to each annual meeting of the Members to make as many nominations for election to the Board as it shall in its discretion determine, but not less than the number of vacancies that are to be filled.

7.2 Election

Election to the Board shall be by secret written ballot cast at the annual meeting. At such election the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Articles of Incorporation. The person(s) receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

**ARTICLE VIII
POWERS AND DUTIES OF THE BOARD OF DIRECTORS**

8.1 Powers

The Board shall have the power:

- (a) To adopt and publish rules and regulations governing the use of the Lots and Common Area and facilities, and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof;
- (b) To exercise for the Association all power, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation, and the Declaration;

(c) To declare the office of a Director to be vacant in the event such Director shall be absent from three (3) consecutive regular meetings of the Board without just cause having been furnished to and accepted by the Board;

(d) To establish, and disburse and maintain such petty cash fund as necessary for efficiently carrying on the business of the Association;

(e) To engage the services of a manager, an independent contractor, or such employees as it deems necessary, and to prescribe the conditions, compensation and duties of their work. Such power shall include authority to enter into management agreements with other parties to manage, operate or perform all or any part of the affairs and business of the Association;

(f) To exercise those powers and obligations delegated to the Board under the Declaration, the Articles of Incorporation of the Association and the Maintenance Agreements.

(g) To exercise powers of a nonprofit corporation pursuant to the general nonprofit corporation laws of the State of Oregon and the powers of an Association pursuant to the Oregon Planned Community Act, as amended from time to time; and

(h) To exercise any additional or different powers necessary or desirable for the purpose of carrying out the functions of the Association pursuant to the Declaration or otherwise promoting the general benefit of the Members within the Property.

8.2 Duties

It shall be the duty of the Board:

(a) To cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members or at any special meeting, when such statement is requested in writing by one-fourth (1/4) of the votes of the Members who are entitled to vote;

(b) To supervise all Officers, agents and employees of this Association, and to see that their duties are properly performed;

(c) To establish membership fees or assessments and to assess Members for the same, in accordance with the Declaration and these Bylaws;

(d) To procure and maintain adequate liability and hazard insurance on property owned by the Association as described in Article XV and, if deemed appropriate, insurance on the behalf of any Director, Officer, employee, or agent of the Association against any liability asserted against him or her and incurred by him or her in any such capacity or arising out of his or her status as such;

- (e) To cause all Officers, employees or agents, having fiscal responsibility to be bonded, as it may deem appropriate;
- (f) To cause the Common Maintenance Areas to be maintained;
- (g) To maintain a current mailing list of the Association;
- (h) To adopt annually a budget for the Association to manage and operate Base Camp. Within 30 days after adopting the annual budget, the Board shall provide a summary to all Owners.
- (i) To perform all duties of the Association and the Board as set forth in the Declaration, Articles of Incorporation, or these Bylaws; and
- (j) In performing its duties, the Board shall be governed by ORS 94.640 and the applicable provisions of ORS 65.357, 65.361, 65.367, 65.369 and 65.377.

ARTICLE IX COMMITTEES

9.1 Committees

In addition to the Nominating Committee, the Board may appoint additional committees as deemed appropriate in carrying out its purposes, which may include for example, but not by way of limitation, the following:

- (a) A Maintenance Committee to advise the Board on all matters pertaining to the maintenance, repair or improvement of the Common Maintenance Areas, if any, and to perform such other functions as the Board in its discretion determines; and
- (b) An Audit Committee to supervise the audit of the Association's books, if any, and to approve the statement of income and expenditures to be presented to the membership at its regular annual meeting, as provided in Article XI, Section 11.8(d). The treasurer shall be an ex-officio member of this committee when formed.

9.2 Committee Function

It shall be a function of each committee to receive complaints from Members on any matter involving Association duties and activities within its field of responsibility. It shall dispose of such complaints as it deems appropriate or refer them to such other committee, Director or Officer as is further concerned with the matter presented.

ARTICLE X MEETINGS OF MEMBERS

10.1 Annual Meetings Prior to Conversion Date

Prior to the Conversion Date, a meeting of Members shall be held annually. Such meeting shall be called in accordance with Article X, Section 10.4 below.

10.2 Meetings to Elect Directors; Annual Meetings Following Turnover Meeting

The first meeting of the Members held for the purpose of electing Directors pursuant to this Article X shall be the Turnover Meeting. The first annual meeting of the Association shall be held within one (1) year from the date of incorporation of the Association and each subsequent regular annual meeting of the Members shall be held annually on a date within thirty (30) days of the anniversary date of the first annual meeting of the Members. If the day for the annual meeting is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday. At the annual meeting, the chairperson, and any other Officer or person whom the chairperson may designate, shall report on the activities and financial condition of the Association.

10.3 Special Meetings

Special meetings of the Members may be called at any time by the chairperson or by the Board, or upon written request of the Members who are entitled to vote one-fourth (1/4) of all of the votes of the entire membership. Business transacted at a special meeting shall be restricted to the purposes set forth in the notice thereof.

10.4 Notice of Meetings

Except as otherwise provided in the Articles of Incorporation, or these Bylaws, written notice of each meeting of the Members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least ten (10) days before such meeting, but no more than fifty (50) days before such meeting, to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting and the items on the agenda, including the general nature of any proposed amendment to the Declaration or these Bylaws, any budget changes, or any proposal to remove a Director or Officer. Notice of any such meeting may be waived by any Member at any time. No Member who is present at a meeting may object to the adequacy or timeliness of the notice given.

10.5 Quorum

The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, one-third (1/3) of the votes shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these Bylaws and provided that no quorum

shall be required for the Turnover Meeting. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid, shall be present or be represented.

10.6 Proxies

At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary and shall comply with the proxy requirements of the Planned Community Act. Every proxy shall be revocable and shall automatically cease upon cessation of membership or restriction of the Member's voting rights.

10.7 Majority Vote; Withdrawal of Quorum

When a quorum is present at any meeting of the Members, the vote of the holders of a majority of the votes, present in person or represented by proxy, shall decide any question brought before such meeting unless the question is one upon which by express provision of the statutes, the Articles of Incorporation or these Bylaws, a different vote is required, in which case such express provision shall govern and control the deciding of such question. The Members present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum. In any case in which voting by mail is necessary or desirable, the secretary shall give written notice to all Members at least ten (10) days before written ballots are mailed or otherwise delivered. If, at least three (3) days before written ballots are scheduled to be mailed or otherwise delivered, at least ten percent (10%) of the Owners petition the Board requesting secrecy procedures, a written ballot must be accompanied by a secrecy envelope, return identification envelope to be signed by the Owner and instructions for marking and returning the ballot. Any vote by mail shall (a) include a written resolution setting forth the proposed action, (b) state that the Members are entitled to vote by mail for or against such resolution, and (c) specify a date not less than twenty-five (25) days after the date of such notice by which all votes must be received at the principal office of the Association. Votes received after the date specified shall be of no effect.

10.8 Turnover Meeting

The Declarant shall call a Turnover Meeting within ninety (90) days following the Conversion Date for the purposes of turning over control of the Association to the Class A Members. The Turnover Meeting shall be conducted in accordance with Articles V and XVIII of these Bylaws.

ARTICLE XI
OFFICERS AND THEIR DUTIES

11.1 Enumeration of Officers

The Officers shall be a chairperson and vice-chairperson, who shall at all times be Directors, a secretary, and a treasurer, and such other Officers as the Board may from time to time by resolution create.

11.2 Election of Officers

The Officers shall be elected annually by the Board and shall hold office at the pleasure of the Board and until their successors are elected and qualified. If any office becomes vacant, the Board shall elect a successor to fulfill the unexpired term at a special meeting of the Board called for such purpose.

11.3 Term

The Officers shall be elected annually by the Board and shall hold office for two (2) years unless an Officer shall sooner resign, or shall be removed, or otherwise disqualified to serve.

11.4 Special Appointments

The Board may elect such other Officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

11.5 Resignation and Removal

Any Officer may be removed from office with or without cause by the Board and a successor may be elected at a special meeting of the Board called for such purpose. Any Officer may resign at any time by giving notice to the Board, the chairperson or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein; the acceptance of such resignation shall not be necessary to make it effective.

11.6 Vacancies

A vacancy in any office may be filled by election at a special meeting of the Board called for such purpose. The Officer elected to such vacancy shall serve for the remainder of the term of the Officer he or she replaces.

11.7 Multiple Offices

The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 11.4 of this Article.

11.8 Duties

The duties of the Officers are as follows:

Chairperson

(a) The chairperson shall be a Director and shall preside at all meetings of the Board, shall see that orders and resolutions of the Board are carried out, shall sign all leases, mortgages, deeds, and other written instruments and shall co-sign (together with either the vice-chairperson or treasurer) all checks in an amount over \$5,000, payment vouchers, and promissory notes of the Association.

Vice-Chairperson

(b) The vice-chairperson shall act in the place and stead of the chairperson in his or her absence or inability or refusal to act, shall co-sign (together with either the chairperson or treasurer) all checks in an amount over \$5,000, payment vouchers, and promissory notes of the Association and shall exercise and discharge such other duties as may be required of him or her by the Board.

Secretary

(c) The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members, keep the corporate seal of the Association and affix it on all papers requiring said seal, serve notice of meetings of the Board and of the Members, keep appropriate current records showing the Members together with their addresses, and shall perform such other duties as required by the Board.

Treasurer

(d) The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board, shall co-sign (together with either the chairperson or vice-chairperson) all checks in an amount over \$5,000, payment vouchers, and promissory notes of the Association, keep proper books of account, cause an annual audit of the Association books to be made by a certified public accountant at the completion of each fiscal year in accordance with Section 13.3 if required by ORS 94.670(4) and shall prepare an annual budget and a statement of income and expenditures to be adopted by the Board and presented to the membership at its regular annual meeting and deliver a copy of each to the Members.

The officers may delegate the signing of checks in an amount less than \$5,000 each to a professional property manager, if the Association has a contract with such property manager for professional management of the Association.

11.9 Compensation

Other than reimbursement of out-of-pocket expenses incurred on behalf of the Association, neither the chairperson, nor the treasurer, nor the secretary, nor the vice-chairperson, nor any other officer shall receive any compensation from the Association for acting as an Officer, unless such compensation is authorized by the Board.

11.10 Suspension of Powers and Duties

All powers and duties of an Officer shall be suspended during any period in which that Officer is delinquent in the payment of any amount duly established pursuant to the Declaration or is otherwise in default under the Declaration or any rules and regulations of the Association.

**ARTICLE XII
ASSESSMENTS**

12.1 Conformance with Declaration

The Association shall levy, collect, and enforce the payment of assessments in accordance with Sections 5 and 6 of the Declaration and other relevant provisions of the Declaration.

12.2 Assessments to be Levied by Board

After consideration of current maintenance costs and future needs of the Association, the Board may levy the annual assessments at an amount determined in good faith by the Board. The Board shall have the authority to adjust the amount of annual assessments during any assessment period, upon not less than thirty (30) days notice to the Members.

12.3 Special Assessments for Non-recurring Maintenance and Capital Improvements

In addition to the annual assessments authorized above, the Association may levy special assessments as follows:

(a) In any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any non-recurring maintenance, or the acquisition, construction, reconstruction, repair or replacement of a capital improvement upon any Common Maintenance Areas or improvements particular to a Lot for which the Association is responsible, including fixtures and personal property related thereto may be

assessed. A special assessment may be levied against one or more Lots and not other Lots. The Association shall not commingle the proceeds of such special assessments with other assessment funds. Such proceeds shall be used solely and exclusively to fund the non-recurring maintenance or improvements in question.

(b) The Board shall determine the necessity and the amount of any special assessment. Special assessments shall not be effective unless approved by a vote of two-thirds (2/3) of the Members voting in person or by proxy at a meeting called for the purpose of approving the special assessments and conducting other business, if any, or if the special assessment is against a particular Lot or group of Lots, two-thirds (2/3) of the Members who own the affected Lots who are voting in person or by proxy at a meeting called for the purpose of approving the special assessments and conducting other business, if any. Written notice of such meeting shall be sent to each Member (or if only a particular Lot or group of Lots is affected, to Members owning those affected Lots) not less than ten (10) days nor more than fifty (50) days in advance of the meeting.

12.4 Limited Assessments

In addition to the other assessments set forth herein, the Association shall have the authority to levy assessments to satisfy the common expenses of a particular project or effort undertaken by the Association that benefits some, but less than all, of the Lots. The rate at which each benefited Lot will be assessed, and whether such assessment shall be payable monthly, quarterly or annually, will be determined by the Board at least thirty (30) days in advance of each assessment period. Said rate may be determined and adjusted by the Board in its sole discretion, as it deems necessary and appropriate.

12.5 Reserve Assessments

The Association shall have the authority to levy reserve assessments necessary to fund the reserve account created under Section 6 of the Declaration. Reserve assessments shall not be levied against Declarant-owned Lots. The reserve assessments shall be allocated equally among all Lots subject to assessment pursuant to this Section 12.5. The amount of the reserve assessments shall be based upon the reserve study described in Section 6.2 of the Declaration and other sources of reliable information. The Board may adjust the amount of the reserve assessments to reflect changes in current maintenance, repair or replacement costs over time as indicated by the reserve study or update and may provide for other reserve items that the Board, in its discretion, deems appropriate. If, after reviewing the reserve study or reserve study update, the Board determines that the reserve account will be adequately funded for the following year, then the Board may vote to reduce or eliminate reserve assessments for that particular year. Additionally, following the Turnover Meeting, on an annual basis, the Board, with the approval of all Owners, may elect not to fund the reserve account for the following year regardless of whether or not the reserve account is fully funded.

12.6 Working Fund Assessments

Upon the initial sale of each Lot to an Owner other than Declarant, the purchaser of the Lot shall pay to the Association a working fund assessment equal to one-sixth of the annual regular and reserve assessments then applicable to the Lot. The Board may deposit the working fund assessments either in the operating account or reserve account of the Association, at the discretion of the Board. The working fund assessments shall be used by the Association in a manner that provides a direct benefit to the Owners, including without limitation, funding the maintenance, repair, upkeep and replacement of the Common Maintenance Areas and/or capital improvements or upgrades to the Common Maintenance Areas.

12.7 Uniform Rate

Annual and special assessments, other than those assessed against only particular Lots pursuant to Section 12.4, must be fixed at a uniform rate and may be collected on a monthly, quarterly or annual basis as determined by the Directors at least thirty (30) days in advance of each assessment period.

12.8 Quorum for any Action Authorized under Section 12.3

At any meeting called, as provided in Article XII, Section 12.3 hereof, the presence at the meeting of Members or of proxies entitled to cast a majority of all the votes shall constitute a quorum. If the required quorum is not forthcoming at any meeting, another meeting may be called, subject to the notice requirement set forth in Article XII, Section 12.3; however, the quorum requirement shall be one-half (1/2) of the previous quorum requirements. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting. The necessary approval may also be obtained by a canvass of the Members as set forth in Article X, Section 10.7.

12.9 Date of Commencement of Annual Assessments: Due Dates

The annual assessment, including the reserve assessments provided for in Sections 5.5 and 6 of the Declaration or other reserve funds as specified in the Declaration, shall be paid by the Owner or Owners of each Lot in advance in monthly, quarterly or annual installments as determined by the Board and commencing as to each Lot upon the first conveyance of a Lot to an Owner other than Declarant. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period; provided, however, that the Board shall have the right to adjust the annual assessment as long as any such adjustment does not exceed the maximum permitted hereunder with thirty (30) days written notice given to each Member. Written notice of the annual assessment shall be sent to every Member subject thereto. The due dates shall be established by the Board. The Association shall upon demand by an Owner, at any time furnish a certificate in writing signed by an Officer setting forth whether the assessments on a specified Lot have been paid. A reasonable charge

may be made by the Board for the issuance of these certificates. Such certificates shall be conclusive evidence of payment of any assessment therein stated to have been paid.

12.10 Effect of Non-payment of Assessments: Remedies of the Association

Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within ten (10) days after the due date, the Association shall have the remedies set forth herein, in the Declaration and as allowed under the Oregon Planned Community Act. The Association or its agents shall have the right and power to bring all actions against the defaulting Member personally for the collection of such charges as a debt and to enforce the Association's lien by all methods available for the enforcement of such liens, including foreclosure by an action brought in the name of the Association in like manner as a mortgage or deed of trust lien on real property. The lien provided for in this section shall be in favor of the Association, and shall be for the benefit of all other Members. The provisions regarding the attachment, notice, recordation and duration of liens established on real property under ORS 94.709 and, to the extent they do not conflict with ORS 94.709, ORS 87.352 to 87.382 shall apply to the Association lien. The lien shall be foreclosed in accordance with the provisions regarding the foreclosure of liens under ORS 94.709 through 94.719 and, to the extent not in conflict with ORS 94.709 through 94.719, ORS Chapter 88. The lien shall be subordinate to any prior recorded deed of trust securing payment for the house on the subject Lot. The Association acting on behalf of the Members shall have the power to bid on an interest foreclosed at foreclosure sale and to acquire and hold, lease, mortgage and convey the Lot. If any annual or other assessment is payable in installments, the full amount of the assessment is a lien from the date the first installment of the assessment becomes due. The Association acting on behalf of the Members shall have the power to bid on an interest foreclosed at foreclosure sale and to acquire and hold, lease, mortgage and convey the same; and to subrogate so much of its right to such liens as may be necessary or expedient to an insurance company continuing to give total coverage notwithstanding non-payment of such defaulting Member's portion of the premium. If the Board has allowed payment of an assessment in installments, the Board may accelerate the entire assessment amount if an installment payment is not paid within ten (10) days after the due date. An election by the Association to pursue any remedy provided for herein shall not prevent concurrent or subsequent exercise of another remedy permitted hereunder. The remedies provided herein are not exclusive but shall be in addition to all other remedies, including actions for damages and suits for injunctions and specific performance, available under applicable law to the Association. The Association shall have no right to deprive a Member of access to or from such Member's Lot.

12.11 No Reimbursement to Declarant

The proceeds of the regular annual assessments shall not be used to reimburse Declarant for any capital expenditures incurred in construction or other improvements of common facilities, if any, nor for the operation or maintenance of such facilities incurred before conveyance to the Association.

12.12 Reallocation Upon Annexation or Withdrawal

When additional property is annexed into Base Camp, the Association shall, within sixty (60) days after the annexation, recompute the budget based upon the additional Lots, Common Areas and Common Maintenance Areas and recompute all applicable Assessments for each Lot. Newly annexed Lots shall be subject to assessments in the same manner as existing Lots. The Association shall send notice of any applicable assessment to the Owners of newly annexed Lots not later than sixty (60) days after the annexation. Assessments shall be due and payable on or before a date set forth in the notice which shall be not less than thirty (30) days after the date the notice is mailed or at such other time or times as the Association may specify in the notice in accordance with the Declaration or these Bylaws. If additional property is annexed into Base Camp during the Association's fiscal year, the Association shall send notice of and shall collect adjustments to assessments for Lots which were within Base Camp prior to the annexation. Notice of the adjustment in the assessments shall be sent to such Owners not later than sixty (60) days after the annexation. To the extent that any adjustment results in a credit with respect to assessments payable by an Owner, such credit shall be applied toward the next occurring payment or payments of the applicable assessment. Notwithstanding the foregoing, if Declarant annexes the additional property into Base Camp, then the assessments shall commence as to each such annexed Lot upon conveyance of the annexed Lot to an Owner other than Declarant. Assessments shall not be levied against annexed Lots owned by Declarant.

ARTICLE XIII BOOKS AND RECORDS

13.1 Books and Records

The books, records and papers of the Association required to be maintained by the Planned Community Act (except for those items which are exempt from disclosure under ORS 94.670) shall at all times, during reasonable business hours, be subject to inspection by any Member and to holders, insurers or guarantors of any mortgage on a Lot. The Articles of Incorporation and the Bylaws of the Association shall be available for inspection by any Members and to holders, insurers or guarantors of any mortgage on a Lot at the principal office of the Association, where copies may be purchased at reasonable cost.

13.2 Financial Records

The Association shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of the Board and committees having any of the authority of the Board and shall keep at its registered or principal office a record giving the names and addresses of the Directors. All books and records of the Association may be inspected by any Director, or his or her agent or attorney, for any proper purpose at any reasonable time.

13.3 Financial Statements

The Board may and, if required by ORS 94.670(4), shall appoint an independent certified public accountant licensed in the State of Oregon as auditor, who shall not be an Officer or own any interest in any Lot, to audit the books and financial records of the Association within one hundred eighty (180) days after the end of the fiscal year. Within ninety (90) days after the end of each fiscal year, the Board shall distribute to each Member and, upon request, any mortgagee of a Lot a copy of the annual financial statement of the Association, consisting of a balance sheet and income and expense statement for the preceding fiscal year. If the annual assessments exceed Seventy-Five Thousand Dollars (\$75,000) for the year, then the Board of Directors shall cause such financial statements to be audited within one hundred eighty (180) days after the end of the fiscal year by an independent certified public accountant licensed in Oregon in accordance with the Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants, or if the annual assessments are Seventy-Five Thousand Dollars (\$75,000) or less, shall cause such review within one hundred eighty (180) days after receipt of a petition requesting such review signed by at least a majority of Members. The Board of Directors need not cause such an audit or review to be performed if so directed by an affirmative vote of at least sixty percent (60%) of the Owners, not including votes of Declarant with respect to Lots owned by Declarant

13.4 Tax Returns

The Board shall cause to be filed the necessary income tax returns for the incorporation.

13.5 Assessments Due

The Association shall provide, within ten (10) business days of receipt of a written request from an owner, a written statement that provides (i) the amount of assessments due from the Owner and unpaid at the time the request was received, such as regular and special assessments, fines, accrued interest, late payment charges and other charges, (ii) the percentage rate at which interest accrues on unpaid assessments and (iii) the percentage rate or fixed charge for late payments. The Association need not provide the amount of assessments due as provided in (i) if the Association has commenced litigation by filing a complaint against the Owners and (ii) the litigation is pending when the statement would otherwise be due.

ARTICLE XIV FISCAL YEAR

The Fiscal Year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation of the Association.

ARTICLE XV INSURANCE

15.1 By the Association

The Association shall maintain a policy or policies of insurance covering loss or damage from fire, with standard extended coverage and “all risk” endorsements, and such other coverages as the Association deems desirable with respect to the Townhome Building Structures. The amount of the insurance coverage shall be for not less than one hundred percent (100%) of the current replacement cost of the Townhome Building Structures (exclusive of land, foundation, excavation and other items normally excluded from such coverage), subject to a reasonable deductible as determined by the Board not to exceed the greater of: (a) the maximum deductible acceptable to the Federal National Mortgage Association or (b) \$10,000. Such policy or policies shall name the Association and the individual Townhome Owners as insureds, and shall provide for loss payable in favor of the Association, as a trustee for each Townhome Owner and each such Townhome Owner’s mortgagee, as their interest may appear. The policies shall contain the standard mortgage clause, or equivalent endorsement (without contribution) which is commonly accepted by institutional mortgage investors in Oregon. The costs of the premiums for maintaining the insurance policy or policies shall be assessed equally among the Owners of the Lots as regular assessments. Nothing shall be done or kept in any Lot that will increase the cost of the property insurance on the Townhomes and no Owner shall permit anything to be done or kept in the Owner’s Lot that will result in the cancellation of the property insurance for any Townhome. In the event of any conflict between the provisions of this Section 15.1 and the provisions of Section 12.7 of the Declaration, Section 12.7 of the Declaration shall prevail.

15.2 By the Owners

The Association has no responsibility to procure or assist in procuring property loss insurance for any Owner or tenant for (i) damage to a Townhome not covered by the Association’s policy (because of the deductible amount or because the claim for loss or damage is one not covered by fire and property loss insurance policies required by Section 15.1 or otherwise held by the Association); or (ii) for any damage or loss to any Betterments or the Owner’s or tenant’s personal property. Owners are responsible for purchasing insurance policies insuring their Townhomes for the deductible amount under the Association’s policies and for insuring their own personal property and any Betterments for any loss or damage. The Association shall notify all Owners of the amount of the deductible under the Association policies. To the extent reasonably practicable, the Association shall give at least thirty (30) days’ notice to the Owners of any increase in the deductible proposed in the renewal or replacement of the Association insurance policies.

15.3 Director and Officer Insurance

At the discretion of the Board, the Association may purchase and maintain insurance on behalf of any person who is or was a Director, Officer, employee, or agent of the Association, or is or was serving at the request of the Association, against any liability asserted

against him or her and incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not the Association would have the power to indemnify him or her against such liability under the provisions of the Articles of Incorporation of the Association.

15.4 General Provisions

Premiums for insurance obtained by the Board pursuant to this Article XV shall be a common expense of the Association. At least every two (2) years, the Board shall review the insurance coverage of the Association. If reasonably available, the Board shall obtain insurance policies with the provisions specified in ORS 94.680 and with an "inflation guard" endorsement.

ARTICLE XVI RULES AND REGULATIONS

The Board shall have power to adopt and publish rules and regulations governing the conduct of persons and the operation and use of the Lots and the Common Area as it may deem necessary or appropriate to assure the peaceful and orderly use and enjoyment of the Property, and to establish penalties for the infraction thereof. Such rules and regulations may be adopted upon a majority vote of the Directors present at a meeting at which there is a quorum of Directors and as to which notice has been given as provided in these Bylaws. Such notice shall include a verbatim copy of all proposed rules and regulations. No rule or regulation shall be adopted without a copy thereof first having been delivered or mailed to each Member at the last address for such Member in the records of the Association. Upon adopting any such rules and regulations, the Board shall cause copies thereof to be delivered to each Member. All such rules and regulations become binding on all Members and occupants of all Lots upon the date of delivery. Any rule or regulation which conflicts with these Bylaws or the Declaration shall be null and void.

ARTICLE XVII SHARES OF STOCK AND DIVIDENDS PROHIBITED

The Association shall not have or issue shares of stock. No dividends shall be paid and no part of the income of the Association shall be distributed to its Directors or Officers, or to the Members. The Association may pay compensation in a reasonable amount to its Officers or Directors for services rendered as provided by the Articles of Incorporation, the Declaration, other provisions of these Bylaws, or resolution of the Board.

ARTICLE XVIII TRANSFER OF CONTROL

On a date that is not later than ninety (90) days following the Conversion Date, Declarant shall call the Turnover Meeting. Declarant shall give notice of such meeting as provided in

Article X, Section 10.4 to each Member. The notice shall state the purpose of the meeting, which shall be the relinquishment by Declarant of control of the administration of the Association and election of new Directors by the Members, and the time and place at which the meeting is to be held. If Declarant does not call the Turnover Meeting required by this Article XVIII within the required period, any Member may call such a meeting and give notice as required by this Article XVIII. At the Turnover Meeting: (a) Declarant shall relinquish control of the administration of the Association and the Members shall assume the control thereof, (b) the Directors then serving shall resign and the Members shall elect a Board in accordance with these Bylaws, and (c) Declarant shall deliver to the Association the books, records, and other materials belonging to the Association that are in Declarant's control.

ARTICLE XIX WAIVER OF NOTICE

Whenever any notice is required to be given under the provisions of the nonprofit Association laws of the State of Oregon, as it exists or may be amended in the future, or under the provisions of the Articles of Incorporation or these Bylaws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE XX ACTION WITHOUT A MEETING

Any action which applicable law, the Declaration or these Bylaws require or permit the Members to take at a meeting may be taken without a meeting if the procedures set forth in ORS 94.647 are followed. For votes of the Owners by written ballot, the Board shall provide the Owners with at least ten (10) days' notice before written ballots are mailed or otherwise delivered. The notice shall state the general subject matter of the vote by written ballot, the right of Owners to request secrecy procedures as specified in ORS 94.647, the date after which ballots may be distributed, the date and time by which any petition must be received by the Board requesting secrecy procedures, and the address where such a petition may be delivered. If, at least three (3) days before written ballots are scheduled to be mailed or otherwise distributed, at least ten percent (10%) of the Owners petition the Board requesting secrecy procedures, a written ballot must be accompanied by a secrecy envelope, a return identification envelope to be signed by the Owner, and instructions for mailing and returning the ballot. Written ballots that are returned in secrecy envelopes may not be examined or counted before the deadline for returning ballots has passed. Notwithstanding the foregoing, action by written ballot may not substitute for the Turnover Meeting or the annual meeting of the Association.

Any action which applicable law, the Declaration or these Bylaws permit the Board to take at a meeting may be taken without a meeting if a consent in writing setting forth the action so taken is signed by all of the Directors entitled to vote on the matter. The consent,

which shall have the same effect as a unanimous vote of the Board, shall be filed in the records of minutes of the Association.

ARTICLE XXI AMENDMENTS

Except as expressly provided in the Declaration, these Bylaws may be amended or repealed and new Bylaws may be adopted by a majority of the Directors present at any regular meeting or at any special meeting, if at least two (2) days' written notice is given of intention to amend or repeal and adopt new Bylaws at such meeting accompanied by a copy or summary of the amendment without the approval of the Members; provided however, that the Board shall have no authority to amend or repeal any provision of these Bylaws relating to the election, qualifications, powers, duties or terms of Directors without the approval of a majority of the Members given at a special meeting called for such purpose. An amendment shall not be effective unless it is certified by the chairperson and secretary of the Association as having been adopted in accordance with these Bylaws and ORS 94.625, acknowledged in the manner provided for acknowledgement of deeds, and recorded in the office of the recording officer of Deschutes County, Oregon. Notwithstanding any provisions hereof to the contrary, the Declarant may, at its sole discretion and without consent being required of anyone, modify, amend or repeal these Bylaws at any time before the closing of the sale of the first Lot by Declarant to a third party or as allowed by law.

ARTICLE XXII GENDER AND GRAMMAR

The singular wherever used herein shall be construed to mean the plural when applicable, and the necessary grammatical changes required to make the provision hereof apply either to corporations or individuals, men or women, shall in all cases be assumed as though in each case fully expressed.

ARTICLE XXIII ENFORCEMENT

If the Association institutes legal action to enforce any restrictive covenant or other condition of the Declaration, Articles of Incorporation or Bylaws, and the violator voluntarily corrects or abates such violation after litigation has been filed, the Association shall not dismiss or abandon such legal action until it has been reimbursed all of its expenses, including reasonable attorney's fees and court costs.

**ARTICLE XXIV
LOANS TO DIRECTORS AND OFFICERS PROHIBITED**

24.1 No Loans to Directors or Officers

No loan shall be made by the Association to its Directors or Officers. The Directors who vote for or assent to the making of a loan to a Director or Officer, and any Officer or Officers participating in the making of such loan, shall be jointly and severally liable to the Association for the amount of such loan until the repayment thereof.

24.2 Contribution; Subrogation

Any Director against whom a claim shall be asserted under or pursuant to this Article XXIV shall be entitled to contribution from the other Directors who voted for the action upon which the claim is asserted. To the extent that any Director is required to pay such claim, he or she shall be subrogated to the rights of the Association against the debtor on the loan.

**ARTICLE XXV
DISPUTE RESOLUTION**

Before initiating litigation or an administrative proceeding in which the Association and an Owner have an adversarial relationship, the party that intends to initiate litigation or an administrative proceeding shall offer to resolve the problem through a dispute resolution program pursuant to ORS 94.630(4).

**ARTICLE XXVI
CONFLICTS AND PARTIAL INVALIDITY**

26.1 Conflicts

These Bylaws are intended to comply with applicable law and the Declaration. In case of any irreconcilable conflict, applicable law and the Declaration shall control over these Bylaws (unless these Bylaws expressly provide otherwise) and any amendments hereto, and any rules or regulations adopted hereunder.

26.2 Partial Invalidity

The invalidation of any one of the provisions of these Bylaws by judgment or court order shall in now affect any other provisions, which shall remain in full force and effect.

**ARTICLE XXVII
DISSOLUTION**

Upon dissolution of the Association, voluntarily or otherwise, it shall automatically be succeeded by an unincorporated association of the same name and having the same purposes. All

