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AFTER RECORDING, RETURN TO:

Fieldstone Crossing Owners Association
C/o Crystal Lake Property Management LLC
PO Box 7384
Bend, OR 97708

DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS FOR FOR FIELDSTONE CROSSING

Bend, Oregon

Elk Horn Development LLC

Declarant

RETURN TO AMERITITLE

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DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS FOR FIELDSTONE CROSSING

THIS DECLARATION is made this 6th day of October, 2004 by **Elk Horn Development LLC**; an Oregon limited liability company ("**Declarant**").

RECITALS

A. Declarant owns or controls certain real property within the City of Redmond, Deschutes County, Oregon. Declarant proposes to develop this property as a planned development to be known as "**Fieldstone Crossing**".

B. Declarant hopes to create in Fieldstone Crossing a carefully planned community, which will provide an attractive place to live. Declarant will provide leadership in organizing and administering Fieldstone Crossing to accept the responsibility for community administration by the time the development is complete.

C. The purpose of this Declaration is to provide for the ownership, maintenance and use of certain Common Areas, which will be owned and operated by an owners association for the benefit of all properties now or later made subject to this Declaration. In addition, areas made subject to this Declaration may be subject to Project Declarations, which impose additional or different restrictions on the use of property within such projects and may establish Project Common Areas for the benefit of the owners within such projects. The initial phase of Fieldstone Crossing will include, as common area, a swimming pool, picnic pavilion and playground facility.

D. Funds for the maintenance and operation of Common Areas generally will be provided through assessments against those who purchase property within Fieldstone Crossing, although to assist with the development of Fieldstone Crossing, Declarant may from time to time itself provide some improvements. For the protection of all Owners of property in Fieldstone Crossing there will be a system designed to assure that each person who purchased property in Fieldstone Crossing will pay an equitable share of the moneys necessary for the maintenance and development of Common Areas.

E. Purchasers of property within Fieldstone Crossing hereby consent to the Master Plan for Fieldstone Crossing approved by the City of Redmond, as the same may subsequently be amended. By adoption of such Master Plan and this Declaration, Declarant is not committing itself to take any action for which definite provision is not made below. One who acquires property in Fieldstone Crossing will have the advantage of any further development of Fieldstone Crossing, but shall not have any legal right to insist that there be development except as provided in this instrument or in the instruments which hereafter may be recorded annexing areas to Fieldstone Crossing and subjecting areas to this Declaration.

F. Declarant has recorded the plat of Fieldstone Crossing in the plat records of Deschutes County, Oregon. Declarant desires to subject the property described in such plat to the conditions, restrictions and charges set forth in this instrument for the benefit of such property and its present and subsequent owners, and to establish such property as the first phase of a Class I planned community under the Oregon Planned Community Act, ORS 94.550 to 94.783.

NOW, THEREFORE, Declarant hereby declares that the property described in Section 2.1 below shall be held, sold and conveyed subject to the following easements, covenants, restrictions and charges, which shall run with such property and shall be binding upon all parties having or acquiring any right, title or interest in such property or any part thereof and shall inure to the benefit of each owner thereof.

Article 1
Definitions

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

1.1 "Accessory Dwelling Unit" means a portion of a Living Unit capable of being occupied as a separate residence and which includes its own kitchen and bath facilities.

1.2 "Additional Property" means any land, whether or not owned by Declarant, which is made subject to this Declaration as provided in Section 2.2 below.

1.3 "Architectural Review Committee" **or "The Committee**" means the committee appointed pursuant to Article 7 below.

1.4 "Assessments" means all assessments and other charges, fines and fees imposed by the Association on an Owner in accordance with this Declaration or the Bylaws of the Association or provisions of the Oregon Planned Community Act, including, without limitation, Annual Assessments, Special Assessments, Emergency Assessments, Limited Common Area Assessments and Individual Assessments as described in Article 10 below.

1.5 "Association" means the nonprofit corporation to be formed to serve as the owners association as provided in Article 8 below, and its successors and assigns.

1.6 "Board of Directors" or "the Board" means the duly appointed or elected board of directors of the Association, which is invested with the authority to operate the Association and to appoint the officers of the Association. Prior to the Turnover Meeting, Declarant will appoint the Board of Directors. After the Turnover Meeting, the Owners will elect the Board of Directors.

1.7 "Bylaws" means the duly adopted bylaws of the Association set forth in the attached Exhibit A as the same may hereafter be amended or replaced.

1.8 "COID Easement Areas" means those easements designated on the plat of the Property for the benefit of the Central Oregon Irrigation District, including any Improvements thereon.

1.9 "Common Areas" means those lots or tracts designated as such on any plat of the Property, or in this Declaration or any declaration annexing Additional Property to Fieldstone Crossing, including any Improvements thereon, and shall also include Common Easement Areas, Limited Common Areas and any Lots converted to Common Areas as provided in Section 3.2 below. Common Areas do not include Project Common Areas.

1.10 "Common Easement Areas" means those easements established for the benefit of all property within Fieldstone Crossing pursuant to this Declaration or any plat or declaration annexing Additional property to Fieldstone Crossing.

1.11 "Declarant" means Elk Horn Development LLC, an Oregon limited liability company, and its successors and assigns if such successor or assignee should acquire Declarant's interest in the remainder of the proposed project site, or less than all of such property if a recorded instrument executed by Declarant assigns to the transferee all of Declarant's rights under this Declaration.

1.12 "Fieldstone Crossing" means the Initial Development and any Additional property annexed to this Declaration.

1.13 "Front Yard" means the area between the predominant wall plane of the Living Unit toward any street and including any side yard adjoining the street and includes any portion of the street right of way between the curb and the Lot line.

1.14 "Improvement" means every structure or improvement of any kind, including but not limited to a fence, wall, driveway, swimming pool, storage shelter, landscaping or other product of construction efforts on or in respect to the Property.

1.15 "Initial Development" means the real property referred to in Section 2.1 below.

1.16 "Limited Common Areas" means those Common Areas established for the exclusive use or enjoyment of certain Lots as designated in this Declaration or any declaration annexing property to Fieldstone Crossing, including Limited Common Easement Areas.

1.17 "Limited Common Easement Areas" means those easements established for the exclusive use or enjoyment of Certain Lots as designated in this Declaration or any declaration annexing property to Fieldstone Crossing.

1.18 "Living Unit" means a building or a portion of a building located upon a Lot within the Property and designated for separate residential occupancy, together with any permitted Accessory Dwelling Unit.

1.19 "Lot" means a platted lot within the Property.

1.20 "Master Plan" means the Development Plan of Fieldstone Crossing approved by the City of Redmond, Oregon, as the same may hereafter be amended.

1.21 "Mortgage" means a mortgage or a trust deed; "**mortgagee**" means a mortgagee or a beneficiary of a trust deed; and "**mortgagor**" means a mortgagor or a grantor of a trust deed.

1.22 "Owner" means the person or persons, including Declarant, owning any Lot in the Property, but does not include a tenant or holder of a leasehold interest or a person holding only a security interest in a Lot. The rights, obligations and other status of being an Owner commence upon acquisition of the ownership of a Lot and terminate upon disposition of such ownership, but termination of ownership shall not discharge an Owner from obligations incurred prior to termination.

1.23 "Project" means any separately designated and developed portion of the Property and comprised of discrete type of development or use, including, without limitation, Townhomes or other attached dwellings. Any such Project shall be designated as a Project in the Project Declaration, this Declaration or the declaration annexing such portion of the Property to Fieldstone Crossing.

1.24 "Project Assessments" means assessments levied pursuant to a specific Project Declaration.

1.25 "Project Association" means any association established for a specific Project pursuant to a Project Declaration.

1.26 "Project Common Area" means the area within a Project restricted in whole or in part to common use primarily by or for the benefit of the owners within the Project and their families, tenants employees, guests and invitees.

1.27 "Project Declaration" means a declaration of easements, covenants, conditions and restrictions imposing a unified development scheme on a particular Project, which declaration shall have been executed by or bear the written approval of Declarant.

1.28 "Project Parcel" means the portion of the Property upon which a Project is located, as indicated, if appropriate, on the plat relating to the Project and as designated in the Project Declaration.

1.29 "Public Areas" means areas dedicated to the public or established for public use in any plat of the Property, or so designated in this Declaration or the declaration annexing such property to Fieldstone Crossing.

1.30 "Sold" means that legal title has been conveyed or that a contract of sale has been executed and recorded under which the purchaser has obtained the right to possession.

1.31 "The Property" means Fieldstone Crossing.

1.32 "This Declaration" means all of the easements, covenants, restrictions and charges set forth in this instrument, together with any rules or regulations promulgated hereunder, as the same may be amended or supplemented from time to time in accordance with the provisions hereof.

1.33 "Turnover Meeting" means the meeting called by Declarant pursuant to Section 8.7 below, at which Declarant will turnover administrative responsibility for the Property to the Association.

Article 2
Property Subject To This Declaration

2.1 Initial Development. Declarant hereby declares that all of the real property described below is owned and shall be owned, conveyed, hypothecated, encumbered, used, occupied and improved subject to this Declaration:

> All real property within that certain plat entitled "Fieldstone Crossing," filed in the plat records of Deschutes County, Oregon, in Book ___ at Page ____ of Plat Records.

2.2 Annexation of Additional Property. Declarant may from time to time and in its sole discretion annex to Fieldstone Crossing as Additional Property any real property now or hereafter acquired by it, and may also from time to time and in its sole discretion permit other holders of real property to annex the real property owned by them to Fieldstone Crossing. The annexation of such Additional Property shall be accomplished as follows:

(a) The owner or owners of such real property shall record a declaration which shall be executed by or bear the approval of Declarant and shall, among other things, describe the real property to be annexed, designate the Project of which such property is a part, establish land classifications for the Additional Property, establish any additional limitations, uses, restrictions, covenants and conditions which are intended to be applicable to such Additional Property, and declare that such property is held and shall be held, conveyed, hypothecated, encumbered, used, occupied and improved subject to this Declaration.

(b) The Additional property included in any such annexation shall thereby become a part of Fieldstone Crossing and this Declaration, and the Declarant and the Association shall have and shall accept and exercise administration of this Declaration with respect to such property.

(c) Notwithstanding any provision apparently to the contrary, a declaration with respect to any Additional Property may:

> (i) Establish such new land classifications and such limitations, uses, restrictions, covenants and conditions with respect to such Additional Property as Declarant may deem to be appropriate for the development of the Additional Property.

(ii) With respect to existing land classifications, establish additional or different limitations, uses, restrictions, covenants and conditions with respect to such property as Declarant may deem to be appropriate for the development of such Additional Property.

(d) There is no limitation on the number of Lots or Living Units, which Declarant may create or annex to Fieldstone Crossing, except as may be established by applicable ordinances of the City of Redmond. Similarly, there is no limitation on the right of Declarant to annex common property, except as may be established by the City of Redmond.

(e) Declarant does not agree to build any specific future Improvement, but does not choose to limit Declarant's right to add additional Improvements.

(f) Upon annexation to Fieldstone Crossing, additional Lots so annexed shall be entitled to voting rights as set forth in Section 8.3 below.

(g) The formula to be used for reallocating the common expenses if additional Lots are annexed and the manner of reapportioning the common expenses if additional Lots are annexed during a fiscal year are set forth in Section 10.9 below.

2.3 Improvements. Phase One of Fieldstone Crossing will include, as Common Areas, a community pool, picnic pavilion, and playground facility. Declarant does not agree to build any other Improvements on the Property other than as required by the City of Redmond, but may elect, at Declarant's option, to build additional Improvements.

2.4 Withdrawal of Property. Declarant may withdraw property from Fieldstone Crossing only by duly adopted amendment to this Declaration, except that Declarant may withdraw all or a portion of the Initial Development or any Additional Property annexed pursuant to a declaration described in Section 2.2 above at any time prior to the sale of the first Lot in the respective plat of the Initial Development or in the case of Additional property, prior to the sale of the first Lot in the property annexed by the supplemental declaration, subject to the prior approval of the City of Redmond. Such withdrawal shall be by a declaration executed by Declarant and recorded in the deed records of Deschutes County, Oregon. If a portion of the Property is so withdrawn, all voting rights otherwise allocated to Lots being withdrawn shall be eliminated, and the common expenses shall be reallocated as provided in Section 10.9 below. Such right of withdrawal shall not expire except upon sale of the first Lot within the applicable phase of the Property as described above.

Article 3
Land Classifications

3.1 Land Classifications within Initial Development. All land within the Initial Development is included in one or another of the following classifications:

(a) Lots, which shall consist of Lots **1** through **28** of the plat of the Initial Development.

(b) Common Areas, which shall be the areas marked as Tracts **A, B, C, D and E** on the plat of the Initial Development.

(c) Public Areas, which shall be the dedicated streets shown on the plat of the Initial Development.

(d) There are no Limited Common Areas or Common Easement Areas within the Initial Development.

(e) Limited Common Easement Areas, which shall be

(i) Private Sewer Line, as marked in Tract D on the plat of the Initial Development, for the benefit of Lots 1 through 20.

(ii) Private Storm Systems, as marked in Tract D on the plat of the Initial Development, for the benefit of Lots 1 through 28.

(iii) Private Detention Pond System, as marked in Tract B and C on the plat of the Initial Development, for the benefit of Lots 1 through 28.

(iv) Private Water Easement, as marked in Tract D and Lot 26 on the plat of the Initial Development, for the benefit of Lots 14 through 20.

(f) COID Easement Areas - which shall be the areas marked on the plat of the Initial Development.

3.2 Conversion of Lots to Common Areas. Declarant may elect to build common facilities on one or more Lots and designate such Lots as Common Areas by a declaration recorded in the deed records of Deschutes County, Oregon. Declarant, as owner of the Lots, shall execute such declaration.

Article 4
Property Rights In Common Areas

4.1 Owners Easements of Enjoyment. Subject to provisions of this Section, every Owner and his 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. The use of any Limited Common Areas, however, shall be limited to the Owners and invitees of the Lots designated in the declaration establishing the Limited Common Area.

4.2 Common Easement Areas. Common Easement Areas, if any, shall be reserved for signage and visual landscape features. Such areas are to be maintained by the Association and no changes in landscaping will be permitted within such areas without written authorization by the Board of Directors of the Association. No building, wall, fence, paving, landscaping or construction of any type shall be erected or maintained by any Owner so as to trespass or encroach upon the Common Easement Areas, nor may any such areas be used by the Owner for storm water treatment purposes.

4.3 Title to Common Areas. Title to the Common Areas, except Common Easement Areas, shall be conveyed to the Association by Declarant, free and clear of monetary liens, prior to the Turnover Meeting. Title to Common Easement Areas, subject to the easements set forth in this Declaration, shall rest in the Owners of the respective Lots within which such areas are located, or to the public if part of dedicated street right of ways.

4.4 Extent of Owners' Rights. The rights and easements of enjoyment in the Common Areas created hereby shall be subject to the following and all other provisions of this Declaration:

(a) Association Easements. Declarant grants to the Association for the benefit of the Association and all Owners of Lots within the Property the following easements over, under and upon the Common Areas, including the Common Easement Areas:

(i) An easement on all Common Areas for underground installation and maintenance of power, gas, electric, water and other utility and communication lines and services installed by Declarant or with the approval of the Board of Directors of the Association and any such easement shown on any plat of the Property.

(ii) An easement for construction, maintenance, repair and use of Common Areas, including common facilities thereon.

(iii) An easement for the purpose of making repairs to any existing structures on Common Areas.

(b) Public and Utility Easements. The public is hereby granted access easements over all alley areas, pedestrian accesses, trails and common area tracts within the Property. In addition, Declarant or the Association may (and, to the extent required by law, shall) grant or assign such easements to municipalities or other utilities performing utility services and to communication 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.

(c) Use of the Common Areas. The Common Areas shall not be partitioned or otherwise divided into parcels for residential use, and no private structure of any type shall be constructed on the Common Areas. Except as otherwise provided in this Declaration, the Common Areas shall be reserved for the use and enjoyment of all Owners and no private use may be made of the Common Areas, including Common Easement Areas. Nothing herein shall prevent the placing of a sign or signs upon the Common Areas identifying the Property or any Project or identifying pathways or items of interest, signs restricting certain uses or warning signs, provided such signs are approved by the Architectural Review Committee, are consistent with the City of Redmond Sign Code and meet vision clearance standards contained in the City of Redmond Land Development code. Lighting for the Property shall be shielded such that it does not shine on adjacent properties, and shall be consistent with the City of Redmond Land Development Code and the lighting plan approved by the City of Redmond.

The Board of Directors of the Association shall have authority to abate any trespass or encroachment upon the Common Area at any time, by any unreasonable means and with or without having to bring legal proceedings. A declaration annexing Additional property may provide that the Owners of such Additional Property do not have the right to use a particular Common Area or facility located on such Common Area. In such case, those Owners will not be required to share in the costs of maintaining the facility, as is more particularly described in Section 10.9.

(d) Alienation of the Common Areas. The Association may not by act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the Common Areas owned directly or indirectly by the Association for the benefit of the Lots unless the holders of at least 80 percent of the Class A Association voting rights and the Class B member (as defined in Section 8.3 below), if any, have given their prior written approval and unless approved by the City of Redmond. This provision shall not apply to the easements described in Section 4.4(a) above. The Association, upon approval in writing of at least 50 percent of the Class A Association voting rights and the Class B member, if any, and if approved by order or resolution of the City of Redmond, may dedicate or convey any portion of the Common Areas to a park district or other public body.

(e) Limitations on Use. Use of the Common Areas by the Owners shall be subject to the provisions of this Declaration and to the following:

(i) The right of the Association to suspend such use rights of an Owner to the extent provided in Article 11 below.

(ii) The right of the Association to adopt, amend and repeal rules and regulations in accordance with this Declaration.

4.5 Delegation of Use. Any Owner may delegate, in accordance with the Bylaws of the Association, his right of enjoyment of the Common Areas to the family members, tenants, invitees and guests, whose use shall be subject to this Declaration and rules and regulations adopted under this Declaration.

4.6 Easements Reserved by Declarant. So long as Declarant owns any Lot, Declarant reserves an easement over, under and across the Common Areas in order to carry out sales and rental activities necessary or convenient for the sale or rental of Lots. In addition, Declarant hereby reserves to itself and for the owners of Lots in all future phases of Fieldstone Crossing a perpetual easement and right-of-way for access over, upon and across the common Areas for construction, utilities, communication lines, drainage, and ingress and egress over, in, upon, under and across the Common Areas and the right to store materials thereon and to make such other use thereof as may be reasonably necessary or incident to the construction of the Improvements on the Property or other real property owned by Declarant; provided, however, that no such rights shall be exercised by Declarant in such a way as to unreasonably interfere with the occupancy, use, enjoyment or access to an Owner's Lot by that Owner or his family, tenants, employees, guests or invitees.

4.7 COID Easement Areas. The Central Oregon Irrigation District Easement Areas shall be subject to a reciprocal access easement for use by the Owners and COID employees and contractors. The Association shall maintain easement area Improvements, such as community trails and fencing adjacent to the easement area. Fencing within the easement area is prohibited. The Association recognizes that it has no authority of the Irrigation Canals, and cannot hinder access, improvement or modification to the same by COID, it's employees or affiliates, which would include changing the irrigation flow from open air canal to closed piping water flow. COID shall not be held liable for damages or injuries sustained by Owner or his family, tenants, employees, guests or invitees within the COID Easement Areas.

4.8 Limited Common Easement Areas. The respective Limited Common Easement Areas shall be subject to a reciprocal access easement for the use by all Owners. Such areas shall be operated, maintained, and improved by the Association, but the costs related to the repair, maintenance or replacement of the sewer line, storm systems, detention pond systems and water easements shall be assessed to the owners of Lots to which such Limited Common Easement Areas pertain.

4.9 Limited Common Areas. The respective Limited Common Areas shall be subject to a reciprocal access easement for the exclusive use by the Owners of the benefited Lots. Such areas shall be operated, maintained, replaced and improved by the Association, but the entire cost thereof shall be assessed to the owners of Lots to which such Limited Common Areas pertain.

Article 5
Property Rights In Lots

5.1 Use and Occupancy. The Owner of a Lot in the Property shall be entitled to the exclusive use and benefit of such Lot, except as otherwise expressly provided in this Declaration, contained in Article 6 below, and all other provisions of this Declaration and the Provisions of any supplement or amendment to this Declaration and any applicable Project Declaration.

5.2 Easements Reserved. In addition to any utility and drainage easements shown on any recorded plat, Declarant hereby reserves the following easement for the benefit of Declarant and the Association.

(a) Adjacent Common Area. The Owner of any Lot which blends together visually with any Common Area shall, if the Association elects from time to time to so require, permit the Association to enter upon the Lot to perform the maintenance of such Common Area.

(b) Right of Entry. Declarant, the Architectural Review Committee and any representative of the Association authorized by it may at any reasonable time, and from time to time at reasonable intervals, enter upon any Lot for the purpose of performing the Front Yard maintenance and determining whether or not the use and/or improvements of such Lot are then

in compliance with this Declaration. No such entry shall be deemed to constitute a trespass or otherwise create any right of action in the Owner of such Lot.

(c) Utility Easements. Easement for installation and maintenance of utilities and drainage facilities may be reserved over portions of certain Lots, as shown on any recorded plat. Within the easements, the Architectural Review Committee will not permit any structure, planting or other material to be placed or permitted to remain on the easement area which may damage or interfere with the installation or maintenance of utilities, or which may change the direction or flow of drainage channels in the easements. The easement area of each Lot and all improvements in it shall be maintained continuously by the Owner of the Lot, except for those improvements for which a public authority or utility company is responsible, and Common Easement areas, which will be maintained by the Association.

5.3 Side Yard Easements.

(a) Designated Lots shall be subject to the following Side Yard Easement: Adjoining side yards between two Living Units where there is no fence along the boundary line shall be subject to a cross easement for maintenance of the Living Units and to allow the occupant of each of such Living Units access to the rear yard of their Lot. The cross easement shall be over the first 48 inches from the common property line, thereby creating an eight foot wide pathway centered between the Living Units. Each Owner shall be responsible for maintaining such Owner's portion of the easement area surface and to keep the easement area clear of obstruction which in any manner might hinder access to their rear yards.

(b) Lots **1** through **28** shall be subject to the following Side Yard Easement: A designation of Active Lot or Passive Lot has been recorded under a Declaration of Side Yard Easement for each of these lots. The Passive Lot and the Active Lot are adjoining lots with a Common Boundary. The Active Lot shall have a perpetual, exclusive easement for the purposes set forth in this Declaration over and upon a strip of land on the Passive Lot **4** feet in with along and adjacent to the Common Boundary to the rear lot line of the Passive Lot, but excluding any area between the front lot line and any fence installed on the passive Lot with the approval of the Architectural Review Committee (the Easement Area). The Easement Area, however shall exclude any fireplace chimney chases located with such **4** foot strip and any projections for building roof overhangs or minor building projections.

The Easement Area may be used by the Active owner as a private yard in conjunction with the Active Lot Owner's Active Side yard, subject to the following restrictions:

1. No permanent structure of any kind may be placed within Easement Area other than fencing. Patio and parking slabs, if

constructed, shall be no closer than three feet from the wall of the house on the Passive Lot and other than ordinary landscaping features.

2. The Active Lot Owner may not attach anything to the wall of the house located on the Passive Lot.

3. The Active Lot Owner may not engage in any activity that might damage or be detrimental to the house located on the Passive Lot.

4. The Active Lot Owner may not change the grade of the Easement Area nor disturb the downspouts or drain tiles located on the Easement Area.

Notwithstanding any other provision of this Side Yard Easement, the Passive Lot Owner shall be entitled to access upon the Easement Area for the purpose of constructing, repairing and maintaining the house constructed or to be constructed on the Passive Lot. In addition, the Passive owner shall not be deemed to be in breach of this Side Yard Easement as a result of minor construction encroachments. The Passive and Active Lot Owner shall cooperate in the scheduling of maintenance by Passive Lot Owner within the Easement Area. Access requested by the Passive Lot Owner shall not be unreasonably withheld by the Active Lot Owner. The Active Lot Owner shall be responsible for maintaining the Easement Area in a neat and trimmed condition as part of the Active Owner's Active Side Yard.

In the event of any disputes between the Owners regarding either Owner's use of the Side Yard Easement Area, such dispute shall be submitted to the board of directors of the Association, whose determination shall be final.

Article 6
General Use Restrictions

6.1 Structures Permitted. No structures shall be erected or permitted to remain on any Lot except structures containing Living Units, including an Accessory Dwelling Unit, if permitted by applicable governmental regulations, and structures normally accessory thereto. All new structures, which are not shown on the approved plans for the community by the City of Redmond, shall be subject to the City of Redmond rules and regulations, which shall include but not be limited to Site Plan review. Such provision shall not exclude construction of a private greenhouse, storage unit, private swimming pool or structure for the storage of a boat and/or camping trailer for personal use, provided the location of such structure is in conformity with the applicable governmental regulations, is compatible in design and decoration with the dwelling structure constructed on such Lot, and has been approved by the Architectural Review Committee.

6.2 Residential Use. Lots shall only be used for residential purposes. Except with the consent of the Board of Directors of the Association, no trade, craft, business, profession, commercial or similar activity of any kind shall be conducted on any Lot, nor shall any goods, equipment, vehicles, materials or supplies used in connection with any trade, service or business be kept or stored on any such Lot. The mere parking on a Lot of a vehicle bearing the name of a business shall not, in itself, constitute a violation of this provision. Nothing in this paragraph shall be deemed to prohibit (a) activities relating to the rental or sale of Living Units, (b) the right of Declarant or any contractor or homebuilder to construct Living Units on any Lot, to store construction materials and equipment on such Lots in the normal course of construction, and to use any Living Unit as a sales or rental office or model home for purposes of sales or rental in Fieldstone Crossing, and (c) the right of the Owner of a Lot to maintain his professional personal library, keep his personal business or professional records or accounts, handle his personal business or professional telephone calls or confer with business or professional associates, clients or customers, in his Living Unit. The Board of Directors shall not approve commercial activities otherwise prohibited by this paragraph unless the Board of Directors determines that only normal residential activities would be observable outside of the Living Unit and that the activities would not be in violation of applicable governmental ordinances.

6.3 Leasing and Rental of Living Units . No Owner may lease or rent his Living Unit for a period of less than thirty (30) days. All leases or rentals shall be by written lease agreement, which shall provide that the terms of the lease shall be subject in all respects to the provisions of this Declaration and the Articles of Incorporation and Bylaws of the Association, and that any failure by the lessee or tenant to comply with the terms of such documents shall be a default under the lease. If the Board of Directors finds that a lessee or tenant has violated any provision of such documents or rules and regulations, the Board may require the Owner to terminate such lease or rental agreement. Other than the foregoing, there is no restriction on the right of any Owner to lease or rent his living unit.

6.4 Offensive or Unlawful Activities. No noxious or offensive activities shall be carried out upon the Property, nor shall anything be done or placed on the Property which interferes with or jeopardizes the enjoyment of the Property, or which is a source of annoyance to Owners or occupants. No unlawful use shall be made of the Property nor any part thereof, and all valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction over the Property shall be observed.

6.5 Animals. No animals, livestock or poultry of any kind shall be raised, bred or kept or permitted within any Lot other than a reasonable number of household pets which are not kept, bred or raised for commercial purposes and which are reasonably controlled so as not to be a nuisance. Any inconvenience, damage or unpleasantness caused by such pets shall be the responsibility of their respective owners. No animal shall be permitted to roam the Property unattended, and all dogs shall be kept on a leash while outside a Lot. An Owner or occupant may be required to remove a pet upon receipt of the third written notice from the Association Board of Directors of violations of any rule, regulation or restriction governing pets within the Property.

6.6 Maintenance of Structures and Grounds. Each Owner shall maintain the Owner's Lot and Improvements thereon in a clean and attractive condition, in good repair and in such fashion as not to create a fire or other hazard. Such maintenance shall include, without limitation, exterior painting, repair, replacement and care for roofs, gutters, downspouts, exterior building surfaces, walks, lights and fences on alleys and other exterior improvements and glass surfaces. All repainting or restaining and exterior remodeling shall be subject to prior review and approval by the Architectural Review Committee. In addition, each Owner shall keep all sidewalks, shrubs, trees, grass and plantings of every kind on the Owner's Lot neatly trimmed, properly cultivated and free of trash, weeds and other unsightly material. Damage caused by fire, flood, storm, earthquake, riot, vandalism, or other causes shall likewise be the responsibility of each Owner and shall be restored within a reasonable period of time.

6.7 Recreational and Commercial Vehicles. Except as may otherwise be provided in the rules and regulations of the Association, boats, trailers, motorcycles, campers or other recreational or commercial vehicles or equipment with a gross vehicle weight in excess of 9,000 are prohibited from overnight parking on public or private streets, or on any portion of the Property with the following exceptions. (1) Within areas that may be designated for such purpose by the Board of Directors, (2) Within the confines of an enclosed garage, (3) Placed behind lot fencing with no portion of the vehicle projecting beyond the fencing. If there is no rear or side fencing and the vehicle could be seen from a roadway outside the Lot other than from the front yard, or by an adjoining lot owner, then the vehicle must also be screened from view with fencing from that direction as well. Vehicles with a height in excess of 10' from ground to top shall not be parked within the Property except under exception 1 or 2 above. Vehicles may not be used for storage of materials for more than forty-eight (48) hours without approval from the Architectural Review committee. Any vehicle in violation of this Article can be towed or impounded as provided in Article 11.1 (c) below.

6.8 Vehicles in Disrepair. No Owner shall permit any vehicle, which is in an extreme state of disrepair to be abandoned or to remain parked on the Owner's Lot unless screened from view, on the Common Area or on any street for a period in excess of forty-eight (48) hours. A vehicle shall be deemed in an "extreme state of disrepair" when the Board of Directors reasonably determines that its presence offends the occupants of the area due to its appearance or continued inoperability. Should any Owner fail to remove such vehicle within five (5) days following the date on which the Association mails notice to him, the Association may have the vehicle removed from the property and charge the expense of such removal to the Owner. Any vehicle parked in violation of this Section can be towed or impounded as provided in Section 11.1(c) below.

6.9 Noisy and Hazardous Vehicles. The Board of Directors may restrict access to the Property of any vehicle, which, in the reasonable determination of the Board of Directors, is too noisy or constitutes a safety hazard.

6.10 Parking. Parking of vehicles by Owner shall be restricted to the Owner's garage or driveway. Parking in the street by Owner is prohibited, except for any parking areas so designated by the Board of Directors.

6.11 Signs. No signs shall be erected or maintained on any Lot except that not more than one "For Sale" or "For Rent" sign placed by the Owner, Declarant or by a licensed real estate agent, not exceeding twenty-four (24) inches high and thirty-six (36) inches long, may be temporarily displayed on any Lot, except that two such signs may be placed on a Lot during the course of initial construction of a dwelling on such Lot. The restrictions contained in this paragraph shall not prohibit the temporary placement of "political" signs on any Lot by the Owner, subject to reasonable regulations adopted by the Architectural Review Committee relating to size and length of display.

6.12 Rubbish and Trash. Trash, garbage and other waste shall be kept in sanitary containers, screened from public view. No part of the Property shall be used as a dumping ground for trash, garbage, waste, debris or rubbish of any kind. Yard rakings, dirt and other material resulting from landscaping work shall not be dumped onto Lots or streets, Common Areas or COID Easement areas. Should any Owner or occupant responsible for its generation fail to remove any trash, rubbish, garbage, yard rakings or any such materials from any streets or the Property where deposited by such person within ten (10) days following the date on which notice is mailed to the Owner or occupant by the Board of Directors of the Association, the Association may have such materials removed and charge the expense of such removal to the Owner.

6.13 Landscape. Each Owner shall be responsible for installing and maintaining the landscaping on any portion of the Lot in a neat and well-kept condition. An Owner may not remove street trees, change the Front Yard landscaping or install additional significant Front Yard landscaping without the prior written approval of the Architectural Review Committee of the Association. Vegetation around structures shall be maintained or modified for a minimum distance of thirty (30) feet around structures to prevent the rapid spread of fire to or from the building site. Such clearance shall be established prior to framing and maintained upon completion consistent with the applicable governmental codes and ordinances. This provision shall not preclude the establishment of typical residential landscaping such as trees, shrubs, bulbs, perennials and other groundcover generally associated with residential Development but is intended to prevent the overgrowth of grasses and shrubs which exist unmaintained on a site and which could contribute to the rapid spread of fire. All landscaping (including front and side yards) shall be completed within six (6) months from the date of occupancy of the Living Unit constructed thereon. Landscaping must include at least grass and bark dust unless the Board adopts a formal Xeriscape plan, and shall be maintained in harmony with surrounding landscaping. In the event of undue hardship due to weather conditions, this provision may be extended for a reasonable length of time upon written approval of the Architectural Review Committee. No weeds, noxious plants, or unmaintained vegetation shall be planted or allowed to grow. No tree over six inches (6") in diameter measured four feet (4') above adjacent grade may be removed without the prior approval of the Architectural Review Committee.

6.14 Temporary Structures. No structure of a temporary character, trailer, basement, tent, shack, garage, barn or other outbuildings shall be used on any Lot at any time as a residence either temporarily or permanently, except during the period of initial construction of a dwelling on the Lot. No structure may be occupied prior to connection to power, water and sewer and approval by the City of Redmond.

6.15 Fences and Hedges. No fences or boundary hedges shall be installed without prior approval of the Architectural Review Committee consistent with Design Guidelines adopted by the Architectural Review Committee and the City of Redmond Conditions of Approval for Fieldstone Crossing. Fences shall be six (6) feet in height except those areas designated by the Architectural Review Committee for lower height requirements. Fences must be well constructed of suitable materials and may not detract from the appearance of the adjacent structures and buildings.

6.16 Service Facilities. Service facilities (garbage cans, fuel tanks, clotheslines, clothesline poles and other outside drying of clothes, linens and such, firewood, gardening tools, and equipment, etc.) shall be screened such that the elements screened are not visible at any time from the street or a neighboring property. Appliances may not be stored outside. All heat pumps and condenser units (or other utilities and devices commonly placed out of doors) shall receive special consideration to provide visual screening and noise reduction.

6.17 Outside Furniture and Hot Tubs. Furniture left outside a Living Unit shall be limited to items commonly accepted as outdoor or patio furniture. Hot tubs are allowed with the prior written permission of the Board of Directors. The hot tub must be installed out of sight of the main traffic patterns. Locking covers are required and shall remain locked when not in use.

6.18 Window Coverings. Window coverings visible from the outside of the Living Unit must be: (a) in good working order; (b) a neutral color compatible with the home/trim color; and (c) of a design and materials standard in the window dressing industry such as drapes, mini-blinds, etc. Sheets, blankets, plastic paper, foil, etc. are not allowed.

6.19 Air Conditioning Units. Window or portable air conditioning units are only allowed on portions of the home not visible from the street.

6.20 Firearms and Fireworks. Firearms shall not be discharged within Fieldstone Crossing at any time. Firearms are to be unloaded at all times while in Fieldstone Crossing. Weapons including "BB" guns, pellet guns, dart guns, paint-ball guns and any other weapon capable of firing a projectile are considered firearms. Oregon statutory law prohibits the use of certain types of fireworks. Only fireworks considered legal and are both silent and hand held will be allowed. Discharge of firearms or fireworks of any type toward the ASI area is prohibited. Owners and their guests must clean up any fireworks discharged in Fieldstone Crossing.

6.21 Nonbiodegradable Substances. No motor oil, paint or other caustic or nonbiodegradable substance may be deposited in any street drain, sewer system or on the

grounds within Fieldstone Crossing. Any fine and/or costs associated with the cleanup of any nonbiodegradable substance that is caused by any Owner or their guests shall be responsibility of the offending Owner.

6.22 Antennas and Satellite Dishes. Exterior antennas, satellite receiver and transmission dishes and other communication devices shall not be permitted to be placed upon any Lot except in accordance with rules established by the Architectural Review Committee in accordance with Section 7.3.

6.23 Exterior Lighting or Noisemaking Devices. Except with the consent of the Architectural Review Committee, no exterior lighting or noise making devices may be installed or maintained on any Lot, other than as originally installed by the builder of the home and security and fire alarms. Outside lighting shall be designed to prevent unnecessary light spillage onto adjoining Lots, public streets, or into private residences, and no high output exterior lighting, including, but not limited to mercury vapor and halide lights, may be installed without the specific approval of the Architectural Review Committee. The size and design of light standards and fixtures shall be considered by the Architectural Review Committee in its review of plans. Seasonal holiday lighting and decorations are permissible if consistent with any applicable rules and regulations and if removed within thirty (30) days after the celebrated holiday.

6.24 Pest Control. No Owner shall permit any thing or condition to exist upon any portion of the Property, which shall induce, breed or harbor infectious plant or animal diseases or noxious insects or vermin.

6.25 Grades, Slopes and Drainage. Each Owner of a Lot shall accept the burden of, and shall not in any manner alter, modify or interfere with, the established drainage pattern and grades, slopes and courses related thereto over any Lot or Common Area without the express written permission of the Architectural Review Committee, and then only to the extent and in the manner specifically approved. No structure, plantings or other materials shall be placed or permitted to remain on or within any grades, slopes, or courses, nor shall any other activities be undertaken which may damage or interfere with established slope ratios, create erosion or sliding problems, or which may change the direction of flow, or obstruct or retard the flow of water through drainage channels.

6.26 Additional Restrictions. Each Owner of a Lot, and such Owner's family, tenants, employees, guests and invitees, shall also comply with any additional use restrictions contained in any supplemental declaration annexing such Lot to Fieldstone Crossing and in any Project Declaration applicable to such Lot.

6.27 Minimum Floor Area. Any Living Unit with a design other than one furnished by Declarant or the Architectural Review Committee shall have a minimum 500 square feet of the floor area must be on the main floor.

6.28 Building Materials. All building materials to be incorporated into and visible as a part of the external structure of any building or other structure may be regulated by the Architectural Review Committee as provided in Article 7.

6.29 Completion of Improvements. All structures (including flat work and landscaping) constructed within the Property shall be erected and completed within one year after the commencement of construction. All remodeling, reconstruction or enhancement of structures shall be completed within one year of the commencement of construction. Commencement of construction shall be deemed to be the date upon which a building permit was first issued for the construction, or, if no building permit was obtained, the date on which lot clearing, demolition or remodeling commenced.

6.30 Association Rules and Regulations. In addition, the Association from time to time may adopt, modify or revoke such nondiscriminatory rules and regulations governing the conduct of persons and the operation and use of the Property (including, without limitation, use of playground and parking areas) as it may deem necessary or appropriate in order to assure the peaceful and orderly use and enjoyment of the Property. The Association Board of Directors thereof, shall deliver a copy of the Rules and Regulations, upon adoption, and a copy of each amendment, modification or revocation promptly to each Owner. The Board of Directors of the Association may adopt the rules and regulations, except as may be otherwise provided in the Bylaws of the Association.

Article 7
Architectural Committee

7.1 Architectural Review. All Lots shall be subject to Architectural Review, and the Architectural Review Guidelines that may be approved by the Board of Directors. No Improvement shall be commenced, erected, placed or altered on any Lot until the construction plans and specifications showing the nature, shape, heights, materials, colors and proposed location of the Improvement have been submitted to and approved in writing by the Architectural Review Committee. It is the intent and purpose of this Declaration to assure quality of workmanship and materials and to assure harmony of external design with the existing Improvements and as to location with respect to topography and finished grade elevations and compliance with the setback requirements contained in applicable governmental development code standards. The building plans to be submitted shall consist of one complete set of plans and specifications in the usual form showing insofar as appropriate, (i) the size and dimensions of the Improvements, (ii) the exterior design, (iii) approximate exterior color scheme, (iv) location of Improvements on the Lot, including setbacks, driveway and parking areas, and (v) location of existing trees to be removed. These plans and specifications shall be left with the Committee until sixty (60) days after the Committee has received notice of completion. This is for the purpose of determining whether, after inspection by the Committee, the Improvement complies substantially with the plans and specifications submitted and approved. The Architectural Review Committee is not responsible for determining compliance with structural and building codes, solar ordinances, zoning codes or any other governmental regulations, all of which are the responsibility of the applicant. The procedure

and specific requirements for review and approval of construction may be set forth in Design Guidelines adopted from time to time by the Architectural Review Committee. The Committee may charge a reasonable fee to cover the cost of processing the application. In all cases in which the Architectural Review Committee consent is required by this Declaration, or any Project Declaration, the provisions of this Section shall apply, except that this Section shall not apply to construction by Declarant.

7.2 Committee Decision. The Architectural Review Committee shall render its decision with respect to the construction proposal within thirty (30) working days after it has received all material required by it with respect to the application. In the event the Committee fails to render its approval or disapproval within forty-five (45) working days after the Committee has received all material required by it with respect to the proposal, or if no suit to enforce this Declaration has been commenced within one year after completion thereof, approval will not be required and the related provisions of this Declaration shall be deemed to have been fully complied with.

7.3 Committee Discretion. The Architectural Review Committee may, at its sole discretion, withhold consent to any proposed work if the Committee finds the proposed work would be inappropriate for the particular Lot or incompatible with the design standards that the Committee intends for Fieldstone Crossing. Considerations such as siting, shape, size, color, design, materials, height, solar access, screening, impairment of the view from other Lots, or other effect on the enjoyment of other Lots, disturbance of existing terrain and vegetation and any other factors which the Committee reasonably believes to be relevant, may be taken into account by the Committee in determining whether or not to consent to any proposed work. Regulations on siting of television antennas and satellite receiving dishes shall be in conformance with any applicable Federal Communications Commission rules.

7.4 Membership: Appointment and Removal The Architectural Review Committee shall consist of as many persons, but not less than two, as the Declarant may from time to time appoint. The Declarant may remove any member of the Committee from office at its discretion at any time and may appoint new or additional members at any time. The Association shall keep on file at its principal office a list of the names and addresses of the members of the Committee. Declarant may at any time delegate to the Board of Directors of the Association the right to appoint or remove members of the Architectural Review Committee. In such event, or in the event Declarant fails to appoint an Architectural Review Committee, the Board of Directors shall assume responsibility for appointment and removal of members of the Architectural Review Committee, or if it fails to do so, the Board of Directors shall serve as the Architectural Review Committee.

7.5 Majority Action. Except as otherwise provided in this Declaration, a majority of the members of the Architectural Review Committee shall have the power to act on behalf of the Committee, without the necessity of a meeting and without the necessity of consulting the remaining members of the Committee. The Committee may render its decision only by written instrument setting forth the action taken by the consenting members.

7.6 Liability. Neither the Architectural Review Committee nor any member thereof shall be liable to any Owner, occupant, builder or developer for any damage, loss or prejudice suffered or claimed on account of any action or failure to act of the Committee or a member of the Committee, and the Association shall indemnify the Committee and its members therefrom, provided only that the member has, in accordance with the actual knowledge possessed by him, acted in good faith.

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

7.8 Appeal. At any time after Declarant has delegated appointment of the members of the Architectural Review Committee to the Board of Directors of the Association pursuant to Section 7.4, any Owner adversely affected by action of the Architectural Review Committee may appeal such action to the Board of Directors of the Association. Appeals shall be made in writing within ten (10) days of the Committee's action and shall contain specific objections or mitigating circumstances justifying the appeal. A final, conclusive decision shall be made by the Board of Directors of the Association within fifteen (15) working days after receipt of such notification.

7.9 Effective Period of Consent. The Architectural Review Committee's consent to any proposed work shall automatically be revoked one year after issuance unless construction of the work has been substantially commenced in the judgment of the Architectural Review Committee and thereafter diligently pursued, unless the Owner has applied for and received an extension of time from the Committee.

7.10 Estoppel Certificate. Within fifteen (15) working days after written request is delivered to the Architectural Review Committee by any Owner, and upon payment to the Committee of a reasonable fee fixed by the Committee to cover costs, the Committee shall provide such Owner with an estoppel certificate executed by a member of the Committee and acknowledged, certifying with respect to any Lot owned by the Owner, that as of the date thereof, either: (a) all Improvements made or done upon or within such Lot by the Owner comply with this Declaration, or (b) such Improvements do not so comply, in which event the certificate shall also identify the noncomplying Improvements and set forth with particularity the nature of such noncompliance. Any purchaser from the Owner, and any mortgagee or other encumbrancer, shall be entitled to rely on such certificate with respect to the matters set forth therein, such matters being conclusive as between Declarant, the Architectural Review Committee, the Association and all Owners, and such purchaser or mortgagee.

7.11 Enforcement. If during or after the construction, the Architectural Review Committee finds that construction does not comply with the approved plans, the Committee may require conforming changes to be made or that construction be stopped. The cost of any required changes shall be borne by the Owner. The Committee shall have the power and authority to order any manner of changes or complete removal of any Improvement, alteration

or other activity for which prior written approval from the Committee is required and has not been obtained or waived in writing. If an Owner fails to comply with an order of the Committee, then, subject to the Owner's right of appeal under Section 7.8, either the Architectural Review Committee or the Association may enforce compliance in accordance with the procedures set forth in Section 11.1 below.

Article 8
Association

Declarant shall organize an association of all of the Owners within Fieldstone Crossing. Such Association, its successors and assigns, shall be organized as an Oregon nonprofit corporation under the name "Fieldstone Crossing Owners Association" or such similar name as Declarant shall designate, and shall have such property, powers and obligations as are set forth in this Declaration for the benefit of the Property and all Owners of Lots located therein.

8.1 Organization. Declarant shall, before the first Lot is conveyed to an Owner, organize the Association as a nonprofit corporation under the general nonprofit corporation laws of the State of Oregon. The Articles of Incorporation of the Association shall provide for its perpetual existence, but in the event the Association is at any time dissolved, whether inadvertently or deliberately, an unincorporated association of the same name shall automatically succeed it. In that event the assets of the Association shall be dedicated to a public body, or all of the property, powers and obligations of the incorporated association existing immediately prior to its dissolution shall thereupon automatically vest in the successor unincorporated association, and such vesting shall thereafter be confirmed as evidenced by appropriate conveyances and assignments by the incorporated association. To the greatest extent possible, the Articles of Incorporation and Bylaws of the Association shall govern any successor-unincorporated association as if they had been made to constitute the governing documents of the unincorporated association.

8.2 Membership. Every Owner of one or more Lots within the Property shall, immediately upon creation of the Association and thereafter during the entire period of such Owner's ownership of one or more Lots within the Property, 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.

8.3 Voting Rights. The Association shall have two classes of voting membership:

Class A. Class A members shall be all Owners with the exception of the Class B member and shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot.

Class B. The Class B member shall be the Declarant and shall be entitled to three votes for each Lot owned by Declarant. The Class B membership shall cease and be

converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

(i) When ninety percent (90%) of the Lots of the last phase of Fieldstone Crossing have been sold and conveyed to Owners other than a successor Declarant; or

(ii) At such earlier time as Declarant may elect in writing to terminate Class B membership.

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

(a) The powers, duties and obligations granted to the Association by this Declaration.

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

(c) The powers, duties and obligations of a homeowners association pursuant to the Oregon Planned Community Act.

(d) 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 or otherwise promoting the general benefit of the Owners within the Property.

The powers and obligations of the Association may from time to time be amended, repealed, enlarged or restricted by changes in this Declaration made in accordance with its provisions, accompanied by changes in the Articles of Incorporation or Bylaws of the Association made in accordance with such instruments and with the nonprofit corporation laws of the State of Oregon.

8.5 Specific Powers and Duties. The powers and duties of the Association shall include, without limitation, the following:

(a) Maintenance and Services. The Association shall provide maintenance and services for the Property as provided in Article 9 and other provisions of this Declaration.

(b) Insurance. The Association shall obtain and maintain in force policies of insurance as provided in this Declaration or the Bylaws of the Association.

(c) Rulemaking. The Association shall make, establish, promulgate, amend and repeal rules and regulations as provided in Section 6.29 of this Declaration.

(d) Assessments. The Association shall adopt budgets and impose and collect Assessments as provided in Article 10 of this Declaration.

(e) Enforcement. The Association shall perform such acts, whether or not expressly authorized by this Declaration, as may be reasonably necessary to enforce the provisions of this Declaration and the rules and regulations adopted by the Association, including without limitation, enforcement of the decisions of the Architectural Review Committee.

(f) Employment of Agents, Advisors and Contractors. The Association through its Board of Directors, may employ the services of any person or corporation as managers, hire employees to manage, conduct and perform the business, obligations and duties of the Association, employ professional counsel and obtain advice from such person or firms or corporations such as, but not limited to, landscape architects, architects, planners, lawyers and accountants, and contract for or otherwise provide for all services necessary or convenient for the managements, maintenance and operation of the Property; provided, however, the Association may not incur or commit to incur legal fees in excess of $5,000 for any specific matter unless the Owners have enacted a resolution authorizing the incurring of such fees by a vote of seventy-five percent (75%) of the voting rights present in person or by absentee ballot or proxy at a meeting at which a quorum is constituted. This limitation shall not be applicable to legal fees incurred in defending the Association or the Board of Directors from claims or litigation brought against them. The limitation set forth in this paragraph shall increase by $500 on each fifth anniversary of the recording of this Declaration.

(g) Borrow Money, Hold Title and Make Conveyances. The Association may borrow and repay moneys for the purpose of performing its duties under this Declaration, and subject to Section 4.4(d) above, encumber the Common Areas as security for the repayment of such borrowed money. The Association may acquire, hold title to and convey, with or without consideration, real and personal property and interest therein, including but not limited to easements across all or any portion of the Common Area, and shall accept any real or personal property, leasehold or other property interests within Fieldstone Crossing conveyed to the Association by Declarant.

(h) Transfer, Dedication and Encumbrance of Common Area. Except as otherwise provided in Section 4.4(d) above, the Association may sell, transfer or encumber all or any portion of the Common Area to a person, firm or entity, whether public or private, and dedicate or transfer all or any portion of the Common Area to any public agency, authority, or utility for public purposes.

(i) Create Classes of Service and Make Appropriate Charges. The Association may, in its sole discretion, create various classes of service and make appropriate Individual Assessments or charges therefore to the users of such services, including but not limited to reasonable admission and other fees for the use of any and all recreational facilities situated on the Common Areas, without being required to render such services to those of its members who do not assent to such charges and to such other rules and regulations as the Board of Directors deems proper. In addition, the Board of Directors shall have the right to discontinue any service upon nonpayment of Assessments or to eliminate such service for which there is no demand or adequate funds to maintain the same.

(j) Implied Rights and Obligations. The Association may exercise any other right or privilege reasonably to be implied from the existence of any right or privilege expressly given to the Association under this Declaration or reasonably necessary to effectuate any such right or privilege.

8.6 Liability A member of the Board of Directors or an officer of the Association shall not be liable to the Association or any member thereof for any damage, loss or prejudice suffered or claimed on account of any action or failure to act in the performance of his duties, except for acts of gross negligence or intentional acts. In the event any member of the Board of Directors or any officer of the Association is made a party to any proceeding because the individual is or was a director or officer of the Association, the Association shall indemnify such individual against liability and expenses incurred to the maximum extent permitted by law. The managing agent of the Association, and its officers and employees, shall not be liable to the Owners or any third parties on account of any action or failure to act in the performance of its duties as managing agent, except for acts of gross negligence or intentional acts, and the Association shall indemnify the managing agent and its officers and employees from any such claims, other than for gross negligence or intentional misconduct.

8.7 Interim Board; Turnover Meeting. Declarant shall have the right to appoint an interim board of three directors, who shall serve as the Board of Directors of the Association until replaced by Declarant or until their successors take office at the Turnover Meeting following termination of Class B membership. Declarant shall call a meeting of the Association for the purpose of turning over administrative responsibility for the Property to the Association not later than ninety (90) days after termination of the Class B membership in accordance with Section 8.3 above. At the Turnover Meeting the interim directors shall resign and their successors shall be elected by the Owners as provided in this Declaration and in the Bylaws of the Association. If Declarant fails to call the Turnover Meeting required by this Section, any Owner or mortgagee of a Lot may call the meeting by giving notice as provided in the Bylaws.

8.8 Contracts Entered into by Declarant or Prior to Turnover Meeting. Notwithstanding any other provision of this Declaration, any management contracts, service contracts or employment contracts entered into by the Declarant or the Board of Directors on behalf of the Association prior to the Turnover Meeting shall have a term not in excess of three (3) years. In addition, any such contract shall provide that it may be terminated without cause or penalty by the Association or Board of Directors upon not less than thirty (30) days' notice to the other party given not later than sixty (60) days after the Turnover Meeting.

8.9 Bylaws. The Bylaws of the Association and any amendment or modification of the Bylaws shall be recorded in the Deed Records of Deschutes County, Oregon. Declarant hereby adopts, on behalf of the Association, the initial Bylaws attached as Exhibit A to this Declaration.

8.10 Project Associations. Nothing in this Declaration shall be construed as prohibiting the formation of Project Associations within Fieldstone Crossing. The Board of

Directors of the Association shall assist the Project Associations in the performance of their duties and obligations under their respective Project Declarations, if any, and the Association shall cooperate with each Project Association so that each of those entities can most efficiently and economically provide their respective services to Owners. It is contemplated that from time to time either the Association or a Project Association may use the services of the other in the furtherance of their respective obligations, and they may contract with each other to better provide for such cooperation. The payment for such contract services or a variance in services provided may be reflected in an increased Assessment by the Association for the particular Project or by an item in the Project Association's budget which shall be collected through Project Assessments and remitted to the Association. If a Project Association fails or is unable to perform a duty or obligation required by its Project Declaration, then the Association at its option may, after reasonable notice and an opportunity to cure given to the Project Association, perform such duties or obligations until such time as the Project Association is able to resume such functions, and the Association may charge the Project Association or the Owners within the Project a reasonable fee for the performance of such functions.

Article 9
Maintenance, Utilities And Services

9.1 Maintenance of Common Areas. The Association shall perform all maintenance upon the Common Areas, Common Easement Areas, COID Easement Areas and Limited Common Areas, including but not limited to landscaping, irrigation, walks, private roads, entrance monuments and gates, fences, walls, and signs, parking areas, walkways and trails, unless the maintenance thereof is assumed by a public body. Such areas shall be maintained in an attractive condition and in a good and workmanlike manner such as to carry out the purpose for which such areas are intended. Fencing between the Common Areas and COID Easement Areas is required and shall be the responsibility of the Association as conditioned by the City of Redmond Planning Department or COID requirements at the time of initial installation. Within the COID Easement Area, COID shall maintain the laterals, canals and their slopes, any subsequent piping and all COID facilities and equipment. The Association shall maintain the landscaping, which will include mowing, weeding, edging, and plants. The planting of trees and shrubs in this area is prohibits. The Association shall also maintain the trail installed on the easement and the flat top portion of the easement area. Any lighting installed in the common areas shall be downcast and shall not project into any public road or private residence or yard.

9.2 Maintenance of Utilities. The Association shall perform or contract to perform maintenance of all private utilities within Common Areas, such as sanitary sewer service lines, domestic water service lines, storm drainage lines and water detention facilities, except to the extent such maintenance is performed by the utilities furnishing such services. The Association shall purchase water from COID each season, which shall be utilized in the irrigation of the common areas and open spaces of the Association. COID agrees to charge the Association for the water each season at the then current Standard Non Agricultural Rate. The Association shall not be liable for any interruption or failure of such services. Each Owner shall be responsible for maintaining utility lines within his Lot.

9.3 Utility Billing for Water Usage. Lots 14 through 20 and Tract B are connected to a single public utility water meter located at the corner of Tract D and Lot 26, which shall be billed to the Association. Lots 14 through 20 and Tract B are individually monitored for usage by a private water meter at each site. The Association shall collect monthly meter reading from each of the private water meters and assess those Owners for their proportionate share of the water expense billed to the Association. The utility billing for water usage shall be considered an Individual Assessment as defined within Section 10.8 below.

9.4 Security. The Association may, but shall not be obligated to, maintain or support certain activities within the Property designed to make the Property safer than it otherwise might be, including, without limitation, exterior lighting for Common Areas. Neither the Association, Declarant, nor any successor Declarant shall in any way be considered insurers or guarantors of security within the Property, nor shall any of them be held liable for any loss or damage by reason of failure to provide adequate security or of ineffectiveness of security measures undertaken. No representation or warranty is made that any fire protection system, burglar alarm system or other security system cannot be compromised or circumvented, nor that any such systems or security measures undertaken will in all cases prevent loss or provide the detection or protection for which the system is designed or intended. Each Owner acknowledges, understands and covenants to inform its tenants that the Association, its Board of Directors and committees, Declarant, and any successor Declarant are not insurers and that each person using the Property assumes all risks for loss or damage to person, to property and to the contents of Lots resulting from acts of third parties and releases such parties from any liability therefor.

9.5 Services. The Association shall provide or contract for such services as the Board may reasonably deem to be of benefit to the Property, including, without limitation, landscape services, garbage and trash removal for Common Areas and security services.

9.6 Project Maintenance. The Association may at its option, in the discretion of the Board of Directors, assume the maintenance responsibilities set out in any Project Declaration for any Project located on the Property, after giving the responsible Project Owner or Association reasonable notice and an opportunity to correct its deficient maintenance. In such event, all costs of such maintenance shall be assessed only against the Owner or Owners of Lots in the Project to which the services are provided and shall be Individual Assessments for purposes of this Declaration. The assumption of this responsibility may take place either by contract or because, in the opinion of the Association Board of Directors, the level and quality of service than being provided is not consistent with the community-wide standard of Fieldstone Crossing.

9.7 Owner's Responsibility. Except as otherwise provided in this Declaration, applicable Project Declarations, or by written agreement with the Association, all maintenance of the Lots and Improvements thereon as provided in Section 6.5 above shall be the sole responsibility of the Owner thereof, who shall maintain such Lot, in a neat and attractive condition in accordance with the community-wide standard of Fieldstone Crossing. The Owner shall be responsible for irrigating and maintaining the Lot, including any street trees.

The Association shall, in the discretion of the Board of Directors, assume the maintenance responsibilities of such Owner if, in the opinion of the Board of Directors, the level and quality of maintenance being provided by such Owner does not satisfy such standard, and the Project Association or the Project in which the Lot is located has failed to adequately provide such maintenance. Before assuming the maintenance responsibilities, the Board of Directors shall notify the Owner and any applicable Project Association in writing of its intention to do so, and if such Owner or the Project Association has not commenced and diligently pursued remedial action within fifteen (15) days after mailing of such written notice, then the Association shall proceed. The expenses of such maintenance by the Association shall be reimbursed to the Association by the Owner, together with interest as provided in Section 11.5 below. Such charges shall be an Individual Assessment and lien on the Lot as provided in Section 10.8 and 11.2 below.

9.8 Damage Liability. Any damage to any Common Area by Owners, their children, agents visitors, friends, relative, tenants, occupants or service personnel shall be repaired by the Owner within fifteen (15) days following the date on which notice is mailed by the Association informing the Owner of such violation. If the damage has not been repaired within such time, then the Association shall perform such repair and the cost shall be assessed to the Owner as an Individual Assessment.

Article 10
Assessments

10.1 Purpose of Assessments. The Assessments levied by the Association shall be used exclusively for the purpose of promoting the recreation, health, safety, and welfare of the Owners and occupants of Fieldstone Crossing and for the improvement, operation and maintenance of the Common Areas.

10.2 Types of Assessments. The Association may levy Annual Assessments, Special Assessments, Emergency Assessments, Limited Common Area Assessments and Individual Assessments, all as more particularly described below.

10.3 Apportionment of Assessments. Lots owned by Declarant shall not be subject to Annual Assessments, Special Assessments or Emergency Assessments until such time as the Lot is occupied for residential use, except that Annual Assessments for reserves as described in Section 10.11(b) below shall begin accruing for all Lots, including Lots owned by Declarant, from the date the first Lot is conveyed. Declarant, however, may defer payment of the accrued reserve assessments for a lot until the date the Lot is conveyed, but not beyond the date of the Turnover Meeting or, if no Turnover Meeting is held, the date the Owners assume administrative control of the Association. The books and records of the Association shall reflect the amount owing from the Declarant for all reserve assessments. All Lots other than unoccupied Lots owned by Declarant shall be subject to assessment and shall pay an equal share of the Annual Assessments, Special Assessments and Emergency Assessments. Notwithstanding the provisions of this Section, however, a supplemental declaration annexing a specific Common Area facility may specify a special allocation of assessing the costs of

operating and maintaining the facility on such Common Area in order to more fairly allocate such cost, taking into account the extent of use or other factors. Declarant may elect to delay collection of Annual Assessments against all Lots, but in such case shall pay all common expenses of the Association until such Assessments commence. No Owner by the Owner's own action may claim exemption from liability for contribution towards common expenses by waiver by the Owner of use of enjoyment of any of the Common Area or by abandonment by the Owner of the Owner's Lot. An Owner may not claim an offset against an Assessment for failure of the Association to perform its obligations, and no Owner may offset amounts owing or claimed to be owing by the Association or Declarant to the Owner.

10.4 Annual Assessments. The Board of Directors of the Association shall from time to time and at least annually prepare an operating budget for the Association, taking into account the current costs of maintenance and services and future needs of the Association, any previous over assessment and any common profits of the Association. The budget shall take into account the numbers of Lots subject to assessment as of the first day of the fiscal year for which the budget is prepared and the number of Lots reasonably anticipated becoming subject to assessment during the fiscal year. The budget shall provide for such reserve or contingency funds as the Board deems necessary or as may be required by law, but not less than the reserves required by Section 10.11 below. Annual Assessments for such operating expenses and reserves ("**Annual Assessments**") shall then be apportioned among the Lots as provided in Section 10.3 above. Within thirty (30) days after adopting the annual budget, the Board of Directors shall provide a summary for the Budget to all Owners. If the Board of Directors fails to adopt an annual budget, the last adopted budget shall continue in effect. The manner of billing and collection of Assessments shall be as provided in the Bylaws.

10.5 Special Assessments. In addition to the Annual Assessment authorized above, the Board of Directors may levy during any fiscal year a Special Assessment ("Special Assessment"), applicable to that year only, for the purpose of deferring all or any part of the cost of any construction or reconstruction, unexpected repair, or acquisition or replacement of a described capital improvement, or for any other one-time expenditure not to be paid for out of Annual Assessments. Special Assessments which in the aggregate in any fiscal year exceed an amount equal to fifteen percent (15%) of the budgeted gross expenses of the Association for the fiscal year may be levied only if approved by a majority of the voting rights voting on such matter, together with the written consent of the Class B member, if any. Before the Turnover Meeting, any Special Assessment for acquisition or construction of new capital improvements or additions must be approved by not less than fifty percent (50%) of the Class A voting rights, together with the written consent of the Class B member. Special Assessments shall be apportioned as provided in Section 10.3 above and may be payable in lump sum or in installments, with or without interest or discount, as determined by the Board of Directors.

10.6 Emergency Assessments. If the Annual Assessments levied at any time are, or will become, inadequate to meet all expenses incurred under this Declaration for any reason, including nonpayment of any Owner's Assessments on a current basis, the Board of Directors of the Association shall immediately determine the approximate amount of such inadequacy and issue a supplemental budget, noting the reason therefor, and levy an Emergency

Assessment for the amount required to meet all such expenses on a current basis ("**Emergency Assessment**"). Any Emergency Assessment which in the aggregate in any fiscal year would exceed an amount equal to five percent (5%) of the budgeted gross expenses of the Association for the fiscal year may be levied only if approved by not less than a majority of the voting rights voting on such matter, together with the written consent of the Class B member, if any. Prior to the Turnover Meeting described in Section 8.7, and the Special Assessment must be approved by not less than fifty percent (50%) of the Class A voting rights, together with the written consent of the Class B member. Emergency Assessments shall be apportioned as set forth in Section 10.3 above and payable as determined by the Board of Directors.

10.7 Limited Common Area Assessments. Annual Assessments, Special Assessments and Emergency Assessments relating to maintenance, upkeep, repair, replacement or improvements to Limited Common Areas ("Limited Common Area Assessments") shall be assessed exclusively to the Lots having the right to use such Association Limited Common Areas.

10.8 Individual Assessments. Any common expense or any part of a common expense benefiting fewer than all of the Lots may be assessed exclusively against the Lots benefited ("Individual Assessment"). Individual Assessments include, without limitation, charges for services provided under Sections 8.5(i), 8.10, 9.3, 9.6, 9.7 and 9.8 and any common expense that is the fault of the Owner and not paid by insurance. Individual Assessments shall also include default assessments levied against any Lot to reimburse the Association for costs incurred in bringing such Lot or its Owner into compliance with the provisions of this Declaration or the rules and regulations of the Association and for fines or other charges imposed pursuant to this Declaration for violation thereof. Unless otherwise provided by the Board of Directors, Individual Assessments shall be due 30 days after the Board of Directors has given written notice thereof to the Owners subject to the Individual Assessments.

10.9 Annexation of Additional Property. When Additional Properties are annexed to Fieldstone Crossing, the Lots included therein shall become subject to Assessments from the date of such annexation to the extent provided in Section 10.3. The Board of Directors of the Association, however, at its option may elect to recompute the budget based upon the additional Lots subject to assessment and additional Common Areas and recomputed Annual Assessments for all Lots, including the new Lots, for the balance of the fiscal year. Notwithstanding any provision of this declaration apparently to the contrary, a declaration annexing Additional Property may provide that such additional property does not have the right to use a particular Common Area or facility located thereon, in which case such Additional Property shall not be assessed for the costs of operating, maintaining, repairing, replacing or improving such Common Area or facility.

10.10 Operations Fund. The Association shall keep all funds received by it as Assessments, other than reserves described in Section 10.11, separate and apart from its other funds, in a bank account in the State of Oregon in the name of the Association to be known as the "Operations Fund." All expenses of the Association shall be paid from the Operations

Fund or the Reserve Fund referred to in Section 10.11. The Association shall use such funds exclusively for the purpose of promoting the recreation, health, safety and welfare of the residents within the Property and in particular for the improvement and maintenance of properties, services and facilities devoted to this purpose and related to the use and enjoyment of the Common Areas and of the Lots situated upon the Property, including but not limited to:

(a) Payment of the cost of maintenance, utilities and services as described in Article 9.

(b) Payment of the cost of insurance as described in the Bylaws of the Association.

(c) Payment of taxes assessed against the Common Areas and any improvements thereon.

(d) Payment of the cost of other services which the Association deems to be of general benefit to the Owners, including but not limited to accounting, legal and secretarial services.

10.11 Reserve Fund.

(a) Establishment of Account. Declarant shall conduct a reserve study as described in paragraph (c) of this section and establish a bank account in the State of Oregon in the name of the Association (the **"Reserve Fund"**) for replacement of common properties that will normally require replacement in whole or in part in more than three (3) and less than thirty (30) years, for exterior painting if the Common Areas or other property to be maintained by the Association include exterior painted surfaces, and for other items, whether or not involving Common Areas, if the Association has responsibility to maintain the items. The Reserve Fund need not include those items that could reasonably be funded from operating Assessments or for those items for which one or more Owners are responsible for maintenance and replacement under the provisions of this Declaration or the Bylaws.

(b) Funding of Reserve Fund. The Reserve Fund shall be funded by Assessments against the individual Lot assessed for maintenance of the items for which the Reserve Fund is being established, which sums shall be included in the regular Annual Assessment for the Lot. The Reserve Fund shall be established in the name of the Association. The Association is responsible for administering the Reserve Fund and making periodic payments into it.

(c) Reserve Studies. The reserve portion of the initial Assessment determined by Declarant shall be based on a reserve study described in paragraph (c) or other sources of information. The Board of Directors annually shall conduct a reserve study, or review and update an existing study, to determine the Reserve Fund requirements and may adjust the amount of payments as indicated by the study or update and provide other reserve items that the Board of Directors, in its discretion, may deem appropriate. The reserve study shall include:

(i) Identification of all items for which reserves are to be established;

(ii) The estimated remaining useful life of each item as of the date of the reserve study;

(iii) An estimated cost of maintenance, repair or replacement of each item at the end of its useful life;

(iv) A thirty (30) year plan with regular and adequate contributions, adjusted by estimated inflation and interest earned on reserves, to meet the maintenance, repair and replacement schedule.

(d) Use of Reserve Fund. The Reserve Fund shall be used only for the purposes for which the reserves have been established and shall be kept separate from other funds. After the Turnover Meeting, however, the Board of Directors may borrow funds from the Reserve Fund to meet high seasonal demands on the regular operating funds or to meet unexpected increases in expenses if the Board of Directors has adopted a resolution, which may be an annual continuing resolution, authorizing the borrowing of funds. Funds so borrowed from the Reserve Fund must be repaid from Assessments. Not later than the adoption of the budget for the following year, the Board of Directors shall adopt by resolution a written payment plan providing for repayment of the borrowed funds within a reasonable period. Nothing in this section shall prohibit prudent investment of the Reserve Fund. In addition to the authority of the Board of Directors under paragraph (c) of this section, following the second year after the Turnover Meeting, the Association may elect to reduce or increase future Assessments for the Reserve Fund by an affirmative vote of not less than seventy-five percent (75%) of the voting power of the Association and may, on an annual basis by a unanimous vote, elect not to fund the Reserve Fund. Assessments paid into the Reserve Fund are the property of the Association and are not refundable to sellers or Owners of Lots. Sellers of the Lots, however, may treat their outstanding share of the Reserve Fund as a separate item in any sales agreement.

10.12 Creation of Lien and Personal Obligation of Assessments. Declarant, for each Lot owned by it within the Property, does hereby covenant, and each Owner of any lot by acceptance of a conveyance thereof, whether or not so expressed in any such conveyance, shall be deemed to covenant to pay to the Association all assessments or other charges as may be fixed, established and collected from time to time in the manner provided in this Declaration or the Association Bylaws. Such assessments and charges, together with any interest, expenses or attorneys' fees imposed pursuant to Section 11.5, shall be a charge on the land and shall be a continuing lien upon the Lot against which each such Assessment or charge is made. Such Assessments, charges and other costs shall also be the personal obligation of the person who was the Owner of such Lot at the time when the Assessment or charge fell due. Such liens and personal obligations shall be enforced in the manner set forth in Article 11 below.

10.13 Voluntary Conveyance. In a voluntary conveyance of a Lot the grantee shall be jointly and severally liable with the grantor for all unpaid assessments against the grantor of the Lot up to the time of the grant or conveyance, without prejudice to the grantee's right to

recover from the grantor the amounts paid by the grantee therefor. However, upon request of a prospective purchaser, the Board of Directors of the Association shall make and deliver a statement of the unpaid Assessments against the prospective grantor or the Lot, and the grantee in that case shall not be liable for, nor shall the Lot when conveyed be subject to, a lien filed thereafter for any unpaid Assessments against the grantor in excess of the amount set for the in the statement.

Article 11
Enforcement

11.1 Violation of General Protective Covenants. In the event any Owner constructs or permits to be constructed on his Lot an Improvement contrary to the provisions of this Declaration, or shall violate any provisions of this Declaration, the Bylaws of the Association or the rules and regulations, then the Association acting through its Board of Directors shall notify the Owner in writing of any such specific violations. If the Owner is unable, unwilling or refuses to comply with the Association's specific directives for remedy or abatement, or the Owner and the Association cannot agree to a mutually acceptable solution within the framework and intent of this Declaration, after notice and opportunity to be heard and within fifteen (15) days of written notice to the Owner, then the Association acting through its Board of Directors, shall have the right to do any or all of the following:

(a) Assess reasonable fines against such Owner, based upon a resolution adopted by the Board of Directors that is delivered to each Lot, mailed to the mailing address of each Lot or mailed to the mailing address designated by the Owner of each Lot in writing, which fines shall constitute Individual Assessments for purposes of this Declaration;

(b) Enter the offending Lot and remove the cause of such violation, or alter, repair or change the item which is in violation of this Declaration in such a manner as to make it conform thereto, in which case the Association may assess such Owner for the entire cost of the work done, which amount shall be payable to the Association as an Assessment, provided that no items of construction shall be altered or demolished in the absence of judicial proceedings;

(c) Cause any vehicle parked in violation of this Declaration or the rules and regulations to be towed and impounded at the Owners' expense;

(d) Suspend the voting rights for the period that the violations remain unabated, provided that the Association shall not deprive any Owner of access to and from his Living Unit; and

(e) Bring suit or action against the Owner on behalf of the Association and other Owners to enforce this Declaration.

11.2 Default in Payment of Assessments; Enforcement of Lien. If an Assessment or other charge levied under this Declaration is not paid within thirty (30) days of its due date, such Assessment or charge shall become delinquent and shall bear interest from the due date at

the rate set forth below. In such event the Association may exercise any or all of the following remedies:

(a) The Association may suspend such Owner's voting rights, any utility services paid for out of Assessments and right to use the Common Areas until such amounts, plus other charges under this Declaration, are paid in full and may declare all remaining periodic installments of any Annual Assessment immediately due and payable. In no event, however, shall the Association deprive any Owner of access to and from his Lot.

(b) The Association shall have a lien in accordance with ORS 94.709, as it may be modified or replaced, against each Lot for any Assessment levied against the Lot, including any fines or other charges imposed under this Declaration or the Bylaws against the Owner of the Lot.

(c) 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 paragraph (b) above. Recovery on any such action, however, shall operate to satisfy the lien, or the portion thereof, for which recovery is made.

(d) The Association shall have any other remedy available to it by law or in equity.

11.3 Reports to First Mortgagees. In response to a written request of any first mortgagee of a Lot, the Association shall report to such mortgagee whether such Lot is current or past due with respect to Assessments.

11.4 Subordination of Lien to Mortgages. The lien of the Assessments or charges provided for in this Declaration shall be subordinate to the lien of any mortgage or deed of trust on such Lot which was made in good faith and for value and which was recorded prior to the recordation of the notice of lien. Sale or transfer of any Lot shall not affect the Assessment lien, but the sale or transfer of any Lot which is subject to any mortgage or deed of trust pursuant to a decree of foreclosure thereunder or any deed or proceeding, deed or assignment in lieu of foreclosure shall extinguish any lien of an Assessment notice of which was recorded after the recording of the mortgage or trust deed. The unpaid Assessments as a result of such foreclosure or sale shall become a common expense of all Owners, including the mortgagee or purchaser, and such sale or transfer shall not release the Lot from liability for any Assessments or charges thereafter becoming due or from the lien of such Assessments or charges.

11.5 Interest, Late Charges and Expenses. 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 which is the greater of eighteen percent (18%) per annum or three percentage points per annum above the prevailing Portland, Oregon prime rate as of the due date, or such other rate as may be established by the Board of Directors, 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 of Directors, which resolution is delivered to each Lot, mailed to the mailing address of each Lot or mailed

to the mailing address designated by the Owner in writing, together with all expenses incurred by the Association in collecting such unpaid assessments, including attorneys' fees (whether or not suit is instituted). In the event the Association shall file 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 of Directors of the Association.

11.6 Costs and Attorneys' Fees. In the event the Association shall bring any suit or action to enforce this Declaration, the Bylaws of the Association or the Rules and Regulations, or to collect any money due hereunder or to foreclose a lien, the Owner-defendant shall pay to the Association all costs and expenses incurred by it 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 or in connection with any bankruptcy proceedings or special bankruptcy remedies.

11.7 Nonexclusiveness and Accumulation of Remedies. An election by the Association to pursue any remedy provided for violation of this Declaration shall not prevent concurrent or subsequent exercise of another remedy permitted under this Declaration. 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, 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.

11.8 Enforcement by City of Redmond. The provisions of this Declaration relating to preservation and maintenance of Common Areas shall be deemed to be for the benefit of the City of Redmond as well as the Association and Owners of Lots, 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 become a lien upon the Property.

Article 12
Dispute Resolution

12.1 Mediation.

(a) Except as otherwise provided in this section, before initiating litigation, arbitration or an administrative proceeding in which the Association and an Owner have an adversarial relationship, the party that intends to initiate litigation, arbitration or an administrative proceeding shall offer to use any dispute resolution program available within Deschutes County, Oregon, that is in substantial compliance with the standards and guidelines adopted under ORS 36.175. The written offer must be hand delivered or mailed by certified mail, return receipt requested, to the address, contained in the records of the Association, for the other party.

(b) If the party receiving the offer does not accept the offer within ten (10) days after receipt of the offer, such acceptance to be made by written notice, hand delivered or

mailed by certified mail, return receipt requested, to the address, contained in the records of the Association, for the other party, the initiating party may commence the litigation, arbitration or administrative proceeding. The notice of acceptance of the offer to participate in the program must contain the name, address and telephone number of the body administering the dispute resolution program.

(c) If a qualified dispute resolution program exists within Deschutes County, Oregon, and an offer to use the program is not made as required under paragraph (a) of this section, then litigation, arbitration or an administrative proceeding may be stayed for thirty (30) days upon a motion of the noninitiating party. If the litigation, arbitration or administrative action is stayed under this paragraph, both parties shall participate in the dispute resolution process.

(d) Unless a stay has been granted under paragraph (c) of this section, if the dispute resolution process is not completed within thirty (30) days after receipt of the initial offer, the initiating party may commence litigation, arbitration or an administrative proceeding without regard to whether the dispute resolution is completed.

(e) Once made, the decision of the court, arbitrator or administrative body arising from litigation, arbitration or an administrative proceeding may not be set aside on the grounds that an offer to use a dispute resolution program was not made.

(f) The requirements of this section do not apply to circumstances in which irreparable harm to a party will occur due to delay or to litigation, arbitration or an administrative proceeding initiated to collect Assessments, other than Assessments attributable to fines.

12.2 Arbitration. Any claim, controversy or dispute by or among Declarant, Association, the Architectural Control Committee or one or more Owners, or any of them, arising out of or related to this Declaration, the Bylaws of the Association, the Rules and Regulations or the Property shall be first subject to mediation as described in Section 12.1 above, or otherwise, and if not timely settled by mediation, resolved by arbitration in accordance with this Article 12. The decisions and award of the arbitrator shall be final, binding and nonappealable. The arbitration shall be conducted in Redmond, Oregon, pursuant to the arbitration statutes of the State of Oregon, and any arbitration award may be enforced by any court with jurisdiction. Filing for arbitration shall be treated the same as filing in court for purposes of filing a notice of pending action ("**lis pendens**").

12.3 Selection of Arbitrator. A single arbitrator selected by mutual agreement of the parties shall conduct the arbitration. The arbitrator selected shall be neutral and unbiased, except to the extent the arbitrator's prior relationship with any party is fully disclosed and consented to by the other party or parties. If the parties are unable to agree upon the arbitrator within ten (10) days after a party's demand for arbitration, upon application of any party, the Presiding Judge of the Circuit Court of Deschutes County, Oregon shall designate the arbitrator.

12.4 Consolidated Arbitration. Upon demand by any party, claims between or among the parties and third parties shall be submitted in a single, consolidated arbitration.

12.5 Discovery. The parties to the arbitration shall be entitled to such discovery as would be available to them in an action in Deschutes County Circuit Court. The arbitrator shall have all of the authority of the Court incidental to such discovery, including without limitation authority to issue orders to produce documents or other materials, to issue orders to appear and submit to deposition, and to impose appropriate sanctions including without limitation award against a party for failure to comply with any order.

12.6 Evidence. The parties to the arbitration may offer such evidence as they desire and shall produce such additional evidence, as the arbitrator may deem necessary for an understanding and determination of the dispute. The arbitrator shall determine the admissibility of the evidence offered. All evidence shall be taken in the presence of the arbitrator and all of the parties, except where any of the parties is absent in default or has waived its right to be present.

12.7 Excluded Matters. Notwithstanding the foregoing, the following matters shall not be subject to mediation or arbitration under this Article 12 (but shall be subject to the applicable provisions of Section 12.6 below): (a) actions relating to the collection of fees, assessments, fines and other charges imposed or levied by the Association (other than disputes as to the validity or amount of such fees, assessments, fines or charges, which disputes shall be subject to mediation/arbitration as provided above), and (b) actions to enforce any order, decision or award rendered by arbitration pursuant to this Article 12. The filing of a lis pendens or the application to any court for the issuance of any provisional process or similar remedy described in the Oregon or Federal Rules of Civil Procedure shall not constitute a waiver of the right or duty to utilize the procedures specified in this Article 12.

12.8 Costs and Attorneys' Fees. The fees of any mediator and the costs of mediation shall be divided and paid equally by the parties. Each party shall pay its own attorneys' fees and costs in connection with any mediation. The fees of any arbitrator and the costs of arbitration shall be paid by the nonprevailing party or parties; if none, such fees and costs shall be divided and paid equally by the parties. Should any suit, action or arbitration be commenced in connection with any dispute related to or arising out of this Declaration, the Bylaws or Rules and Regulations, to obtain a judicial construction of any provision of this Declaration, the Bylaws or the Rules and Regulations, to rescind this Declaration or to enforce or collect any judgment or decree of any court or any award obtained during arbitration, the prevailing party shall be entitled to recover its costs and disbursements, together with such investigation, expert witness and attorneys' fees incurred in connection with such dispute, as the court or arbitrator may adjudge reasonable, at trial, in the arbitration, upon any motion for reconsideration, upon petition for review, and on any appeal of such suit, action or arbitration proceeding. The determination of who is the prevailing party and the amount of reasonable attorneys' fees to be paid to the prevailing party shall be decided by the arbitrator (with respect to attorneys' fees incurred prior to and during the arbitration proceeding) and by the court or courts, including any appellate or review court, in which such matter is tried, heard or

decided, including a court that hears a request to compel or enjoin arbitration or that hears exceptions made to an arbitration award submitted to it for confirmation as a judgment (with respect to attorneys' fees incurred in such proceedings).

12.9 Survival. The mediation and arbitration agreement set forth in this Article 12 shall survive the transfer by any part of its interest or involvement in the Property and any Lot therein and the termination of this Declaration.

Article 13
Mortgages

13.1 Reimbursement of First Mortgages. First mortgagees of Lots may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against any Common Area and may pay overdue premiums on hazard insurance policies or secure new hazard insurance coverage on the lapse of a policy, for such Common Area. First mortgagees making such payments shall be owed immediate reimbursement therefor from the Association to the extent the same was the responsibility of the Association.

13.2 Right of First Mortgagees Relating to Maintenance. At any time that the Common Areas are not maintained or repaired by the Association to the extent reasonably necessary to protect and preserve the value of the Property for security purposes, then the record mortgagee, upon giving written notice as provided in this paragraph, shall be entitled to exercise the rights of the Owner of the Lot as a member of the Association to vote at all regular and special meetings of the members of the Association for a period of one year following the date of such notice. During this one-year period, the Association shall give notice of all regular and special meetings to both the Owner and the mortgagee, and the Owner may attend such meetings as an observer. Notice from the mortgagee under this Section shall quote this Section 13.2 and shall be sent postage prepaid by certified United States mail, return receipt requested, to the Owner with a copy sent by regular mail to the Association at the last known address of each.

13.3 FHA/VA Approval. As long as there is a Class B membership, the following actions will require the prior approval of the Federal Housing Administration ("**FHA**") or the Veterans Administration ("**VA**"), if this Declaration was previously approved by such agencies: annexation of Additional Properties other than as provided in the Master Plan, mergers and consolidations, mortgaging of Common Areas, dissolution of the Association and amendment of this Declaration or the Articles of Incorporation or the Bylaws of the Association.

Article 14
Amendment and Repeal

14.1 How Proposed. Amendments to or repeal of this Declaration shall be proposed by either a majority of the Board of Directors or by Owners holding thirty percent (30%) or more of the Association's voting rights. The proposed amendment or repeal must be reduced

to writing and shall be included in the notice of any meeting at which action is to be taken thereon or attached to any request for consent to the amendment or repeal.

14.2 Approval Required. 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 representing not less than seventy-five percent (75%) of the Lots, based upon one vote for each such Lot, together with the written consent of the Class B member, if such Class B membership has not been terminated as provided in this Declaration. In no event shall an amendment under this Section create, limit or diminish special Declarant rights without Declarant's written consent, or change the boundaries of any Lot or any uses to which any Lot is restricted unless the Owners of the affected Lots unanimously consent to the amendment. Declarant may not amend this Declaration to increase the scope of special declarant rights reserved in this Declaration after the sale of the first Lot unless owners representing seventy-five percent (75%) of the total vote, other than Declarant, agree to the amendment. To the extent any amendment relates to the preservation or maintenance of the Common Areas or private utility lines, or the existence of an entity responsible for accomplishing the same, such amendment shall be approved by the Zoning Administrator of the City of Redmond.

14.3 Recordation. Any such amendment or repeal shall become effective only upon recordation in the Deed Records of Deschutes County, Oregon of a certificate of the president and secretary of the Association setting forth in full the amendment, amendments or repeal so approved and certifying that such amendment, amendments or repeal have been approved in the manner required by this Declaration and ORS 94.590, and acknowledged in the manner provided for acknowledgment of deeds.

14.4 Regulatory Amendments. Notwithstanding the provisions of Section 14.1 above, until the Turnover Meeting has occurred, Declarant shall have the right to amend this Declaration or the Bylaws of the Association in order to comply with the requirements of any applicable statute, ordinance or regulation or of the Federal Housing Administration, the United States Department of Veterans Affairs, the Farmers Home Administration of the United States, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Home Mortgage Loan Corporation, any department, bureau, board, commission or agency of the United States or the State of Oregon, or any corporation wholly owned, directly or indirectly, by the United States or the State of Oregon which insures, guarantees or provides financing for a planned community or lots in a planned community. After the Turnover Meeting, any such amendment shall require the approval of a majority of the voting rights of the Association voting in person, by proxy or by ballot at a meeting or ballot meeting of the Association at which a quorum is represented.

Article 15
Miscellaneous Provisions

15.1 Lessees and Other Invitees. Lessees, employees, 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 his Lot and other areas within the Property. The Owner shall be responsible for obtaining 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 himself.

15.2 Nonwaiver. Failure by the Association or by any Owner to enforce any covenant or restriction contained in this Declaration shall in no event be deemed a waiver of the right to do so thereafter.

15.3 Construction; Severability; Number; Captions. This Declaration shall be liberally construed as an entire document to accomplish the purposes thereof as stated in the introductory paragraphs hereof. Nevertheless, each provision of this Declaration shall be deemed independent and severable, and the invalidity or partial invalidity of any provision shall not affect the validity or enforceability of the remaining part of that or any other provision.

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

15.4 Notices and Other Documents. Any notice or other document permitted or required by this Declaration may be delivered either personally or by mail. Delivery by mail shall be deemed made twenty-four (24) hours after having been deposited in the United States mail as certified or registered mail, with postage prepaid, addressed as follows: If to Declarant or the Association, c/o Crystal Lake Property Management, PO Box 7384, Bend, Oregon 97708; if to an Owner, at the address given at the time of the Owner's purchase of a Lot, or at the Lot. The address of a party may be changed at any time by notice in writing delivered as provided herein.

IN WITNESS WHEREOF, Declarant has executed this Declaration on the date set forth above.

Elk Horn Development LLC,
an Oregon limited liability company

By _____
Dennis Pahlisch, Member

STATE OF OREGON)
)ss.
County of Deschutes

The foregoing instrument was acknowledged before this 30 day of August, 2004, by Dennis Pahlisch, Member of Elk Horn Development LLC, an Oregon limited liability company, on its behalf.

Nancy E Kowalski
Notary Public for Oregon
My commission expires: 10-18-2007

EXHIBIT A

BYLAWS OF

FIELDSTONE CROSSING OWNERS ASSOCIATION

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BYLAWS OF

FIELDSTONE CROSSING OWNERS ASSOCIATION

Article 1.
Definitions

1.1 **Association**. "**Association**" means **FIELDSTONE CROSSING OWNERS ASSOCIATION**, a nonprofit corporation organized and existing under the laws of the State of Oregon.

1.2 **Articles of Incorporation**. "**Articles of Incorporation**" means the Articles of Incorporation of the Association.

1.3 **Declaration**. The "**Declaration**" means the Declaration of Protective Covenants, Conditions, Restrictions and Easements for Fieldstone Crossing to which these Bylaws are attached, as the same may be subsequently amended or supplemented pursuant to the terms thereof.

1.4 **Incorporation by Reference**. Except as otherwise provided herein, the terms, which are defined in Article 1 of the Declaration, are used in these Bylaws as therein defined.

Article 2.
Membership

2.1 **Membership**. Every Owner of one or more Lots within the Property shall, immediately upon creation of the Association and thereafter during the entire period of such ownership, 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.

2.2 **Membership List**. The Secretary shall maintain at the principal office of the Association a membership list showing the name and address of the Owner of each Lot. The Secretary may accept as satisfactory proof of such ownership a duly executed and acknowledged conveyance, a title insurance policy, or other evidence reasonably acceptable to the Board of Directors.

Article 3.
Meetings And Voting

3.1 **Place of Meetings**. Meetings of the members of the Association shall be held at such reasonable place convenient to the members as may be designated in the notice of the meeting.

3.2 **Turnover Meeting**. Declarant shall call the first meeting of the Owners to organize the Association within ninety (90) days after termination of the Class B membership as provided in Section 3.7 below. Notice of such meeting shall be given to all Owners as provided in Section 3.5. If the Declarant fails to call the meeting, the meeting may be called and notice given by any Owner or mortgagee of a Lot. The expense of giving notice shall be paid or reimbursed by the Association. In the event of lack of quorum at such turnover meeting, it may be adjourned to the time of the first annual meeting. Nothing in this section shall be construed as preventing the Declarant from calling the turnover meeting prior to such date, or from calling informal, informational meetings of the Owners.

3.3 **Annual Meeting**. The annual meeting of the members for the election of directors and for the transaction of such other business as may properly come before the meeting shall be held at such reasonable hour and on such reasonable day during the month of November or December of each year as the President may designate, or if the President should fail to designate a date by the first day of December, then at 7:30 p.m. on the second Thursday in December. The first annual meeting shall be held within one year from the date of the turnover meeting.

3.4 **Special Meetings**. A special meeting of the Association may be called at any time by the President or by a majority of the Board of Directors. A special meeting shall be called upon receipt of a written request stating the purpose of the meeting from members having twenty-five percent (25%) of the voting rights entitled to be cast at such meeting.

3.5 **Notice of Meeting**.

(a) Written or printed notice stating the place, day and hour of the meeting, the items on the agenda, including the general nature of any proposed amendment to the Declaration or these Bylaws, any budget changes, any proposal to remove a director or officer and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) nor more than fifty (50) days before the date of the meeting. Such notice shall be given either personally or by mail, by or at the direction of the President, or the Secretary, or the persons calling the meeting, to each member entitled to vote at such meeting, and to all mortgagees who have requested such notice. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, with postage fully prepaid thereon, addressed to the member at his most recent address as it appears on the records of the Association or to the mailing address of his Lot.

(b) When a meeting is adjourned for thirty (30) days or more, or law requires when a redetermination of the persons entitled to receive notice of the adjourned meeting, notice of the adjourned meeting shall be given as for an original meeting. In all other cases no notice of the adjournment or of the business to be transacted at the adjourned meeting need be given other than by announcement at the meeting at which such adjournment is taken.

3.6 **Quorum**. At any meeting of the Association, members having twenty percent (20%) of the voting rights entitled to be cast at such meeting, present in person or by proxy, shall constitute a quorum, except when a larger quorum is required by the Declaration. When a quorum is once present to organize a meeting, it cannot be broken by the subsequent withdrawal

of a member or members. If any meeting of members cannot be organized because of a lack of quorum, the members who are present, either in person or by proxy, may adjourn the meeting from time to time not less than forty-eight (48) hours nor more than thirty (30) days from the time the original meeting was called until a quorum is present.

3.7 **Voting Rights**. The Association shall have two classes of voting membership:

Class A. Class A members shall be all Owners with the exception of the Class B member and shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot.

Class B. The Class B member shall be the Declarant and shall be entitled to three votes for each Lot owned by Declarant. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

(i) When ninety percent (90%) of the Lots of the last phase of Fieldstone Crossing have been sold and conveyed to Owners other than a successor Declarant; or

(ii) At such earlier time as Declarant may elect in writing to terminate Class B membership.

3.8 **Fiduciaries and Joint Owners**. An executor, administrator, guardian or trustee may vote, in person or by proxy, at any meeting of the Association with respect to any Lot owned or held in such capacity, whether or not the same shall have been transferred to his or her name; provided that such person shall satisfy the Secretary that he or she is the executor, administrator, guardian or trustee, holding such Lot in such capacity. Whenever any Lot is owned by two or more persons jointly, according to the records of the Association, the vote or proxy of such Lot may be exercised by any one of the Owners then present, in the absence of protest by a co-Owner. In the event of disagreement among the co-Owners, the vote of such Lot shall be disregarded completely in determining the proportion of votes given with respect to such matter, unless a valid order establishes the authority of a co-Owner to vote.

3.9 **Tenants and Contract Vendors**. Unless otherwise expressly stated in the rental agreement or lease, all voting rights allocated to a Lot shall be exercised by the Owner. Unless otherwise stated in the contract, all voting rights allocated to a Lot shall be exercised by the vendee of any recorded land sale contract on the Lot.

3.10 **Proxies**. Every member entitled to vote or to execute any waiver or consent may do so either in person, by absentee ballot or by written proxy duly executed and filed with the Secretary of the Association. An Owner may not revoke a proxy given pursuant to this section except by actual notice of revocation to the person presiding over the meeting or by attending and voting at the meeting. A proxy shall not be valid if it is undated or purports to be revocable without notice. A proxy shall terminate one (1) year after its date unless the proxy specifies a

shorter term. Mortgagees may designate a representative to attend any meeting of the Association.

3.11 **Majority Vote**. The vote of a majority of the voting rights entitled to be cast by the members present or represented by absentee ballot or proxy, at a meeting at which a quorum is present, shall be necessary for the adoption of any matter voted upon by the members, unless a greater proportion is required by law, by the Declaration, by the Articles of Incorporation, or by these Bylaws.

3.12 **Rules of Order**. Unless other rules of order are adopted by resolution of the Association or the Board of Directors, all meetings of the Association shall be conducted according to the latest edition of *Robert's Rules of Order*, published by Robert's Rules Association.

3.13 **Ballot Meetings**.

(a) At the discretion of the Board of Directors, any action that may be taken at any annual, regular or special meeting of the Association may be taken without a meeting if the Association delivers a written ballot to every member who is entitled to vote on the matter. The written ballot shall set forth each proposed action and opportunity to vote for or against each proposed action.

(b) The Board of Directors shall provide Owners with at least ten (10) days' notice before written ballots are mailed or otherwise 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 of Directors 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 marking and returning the ballot. Notwithstanding the applicable provisions of paragraph (c) of this section, written ballots that are returned in secrecy envelopes may not be examined or counted before the deadline for returning ballots has passed.

(c) If approval of a proposed action would otherwise require a meeting at which a certain quorum must be present and at which a certain percentage of total votes cast is required to authorize the action, the proposal will be deemed to be approved when the date for return of ballots has passed, a quorum of Lot Owners has voted, and the required percentage of approving votes has been received. Otherwise, the proposal shall be deemed to be rejected. If approval of a proposed action otherwise would require a meeting at which a specified percentage of Lot Owners must authorize the action, the proposal shall be deemed to be approved when the percentage of total votes cast in favor of the proposal equals or exceeds such required percentage. The proposal shall be deemed to be rejected when the number of votes cast in opposition renders approval impossible or when both the date for return of ballots has passed and such required percentage has not been met. Except as otherwise provided in paragraph (b) of this section, votes may be counted from time to time before the final return date to determine whether the proposal has passed or failed by the votes already cast on the date they are entered.

(d) All solicitations for votes by written ballot shall state the number of responses needed to meet any applicable quorum requirement and the total percentage of votes

needed for approval. All such solicitations for votes shall specify the period during which the Association will accept written ballots for counting, which period shall end on the earliest of (i) the date on which the Association has received a sufficient number of approving ballots to pass the proposal, (ii) the date on which the Association has received a sufficient number of disapproving ballots to render the proposal impossible of passage, or (iii) a date certain by which all ballots must be returned to be counted. A written ballot may not be revoked.

Article 4.
Directors: Management

4.1 **Number and Qualification**. The affairs of the Association shall be governed by a Board of Directors of three (3) to five (5) persons. All directors, other than interim directors appointed by Declarant, shall be Owners or co-Owners of Lots. For purposes of this section, the officers of any corporate Owner and the partners of any partnership shall be considered co-Owners of any Lots owned by such corporation or partnership.

4.2 **Interim Directors**. Upon the recording of the Declaration, the Declarant shall appoint an interim board of three (3) directors, who shall serve until replaced by Declarant or their successors have been replaced by the Owners as provided below.

4.3 **Transitional Advisory Committee**. Unless the turnover meeting described in Section 3.2 above has already been held, Declarant shall call a meeting of the Owners for the purpose of forming a Transitional Advisory Committee. The meeting shall be called within sixty (60) days after the date Declarant conveys fifty percent (50%) or more of the Lots in the Initial Development to Owners other than a successor Declarant. The Committee shall consist of two (2) or more Owners other than a successor Declarant. The Committee shall consist of two (2) or more Owners elected by the Owners other than Declarant and not more than one representative of Declarant. The members shall serve until the turnover meeting. The Transitional Advisory Committee shall be advisory only and its purpose shall be to enable ease of transition from control of the administration of the Association by Declarant to control by the Owners. The committee shall have access to any information, documents and records, which Declarant must turn over to the Owners at the time of the turnover meeting. If Declarant fails to call the meeting to elect a Transitional Advisory Committee within the time specified, the meeting may be called and notice given by any Owner. If the Owners fail to elect a Transitional Advisory Committee at the meeting called for such purpose, Declarant shall have no further obligation to form the committee.

4.4 **Election and Tenure of Office.**

(a) At the turnover meeting described in Section 3.2, the interim directors shall resign and the members shall elect one (1) director to serve for one year and two (2) directors to serve for two years. The three nominees receiving the greatest number of votes shall serve for two years. In the event of a tie, term selection shall be by random means. Thereafter the successors to each director shall serve for terms of two years each.

(b) Upon a majority vote of the voting rights entitled to be cast by the members present or represented by absentee ballot or proxy at a meeting or ballot meeting at

which a quorum is present, the Board of Directors may be increased from three (3) directors to five (5) directors. At the next annual meeting or a special meeting called for such purpose, two (2) additional directors shall be elected, one to serve for a two-year term and one to serve for a one-year term. Term selection shall be in the same manner as provided in paragraph (a) above.

(c) All directors shall hold office until their respective successors shall have been elected by the members. Election shall be by plurality.

4.5 **Vacancies.**

(a) A vacancy in the Board of Directors shall exist upon the death, resignation or removal of any director, or if the authorized number of directors be increased, or if the members fail at any annual or special meeting of members at which any director or directors are to be elected to elect the full authorized number of directors to be voted for at that meeting. Vacancies in interim directors shall be filled by Declarant.

(b) Vacancies in the Board of Directors, other than interim directors, may be filled by a majority of the remaining directors even though less than a quorum, or by a sole remaining director. Each director so elected shall hold office for the balance of the unexpired term and until his successor is elected.

4.6 **Removal of Directors**. All or any number of the directors, other than interim directors, may be removed, with or without cause, at any meeting of members at which a quorum is present, by a vote of a majority of the number of votes entitled to be cast at an election of directors. No removal of a director shall be effective unless the matter of removal was an item on the agenda and stated in the notice of the meeting as provided in these Bylaws.

4.7 **Powers**. The Board of Directors shall have all of the powers and duties necessary for the administration of the affairs of the Association except such powers and duties as by law or by the Declaration or by these Bylaws may not be delegated to the Board of Directors by the Owners. The Board of Directors may delegate responsibilities to committees or a managing agent, but shall retain ultimate control and supervision. The powers and duties to be exercised by the Board of Directors shall include, but not be limited to those set forth in Section 6.5 of the Declaration and the following:

(a) Carry out the program for maintenance, upkeep, repair and replacement of the property to be maintained by the Association as described in the Declaration and these Bylaws.

(b) Determination of the amounts required for operation, maintenance and other affairs of the Association, and the making of such expenditures.

(c) Preparation of a budget for the Association, and assessment and collection of the Assessments.

(d) Employment and dismissal of such personnel as necessary for such maintenance, upkeep and repair.

(e) Employment of legal, accounting or other personnel for reasonable compensation to perform such services as may be required for the proper administration of the Association; provided, however, the Board may not incur or commit the Association to incur legal fees in excess of $5,000 for any specific matter unless the Owners have enacted a resolution authorizing the incurring of such fees by a vote of seventy-five percent (75%) of the voting rights present in person or by absentee ballot or proxy at a meeting at which a quorum is constituted. This limitation shall not be applicable to legal fees incurred in defending the Association or the Board of Directors from claims or litigation brought against them. The limitation set forth in this paragraph shall increase by $500 on each fifth anniversary of the recording of the Declaration. The Board shall notify the owners prior to instituting litigation or administrative proceedings. With regard to any pending litigation involving the Association, the Board shall periodically report to the unit owners as to the status (including settlement offers), progress, and method of funding such litigation. Nothing in this paragraph shall be construed as requiring the Board to disclose any privileged communication between the Association and its counsel.

(f) Opening of bank accounts on behalf of the Association and designating the signatories required therefor.

(g) Preparing or causing to be prepared and filed any required income tax returns or forms for the Association.

(h) Purchasing Lots at foreclosure or other judicial sales in the name of the Association, or its designee.

(i) Selling, leasing, mortgaging, voting the votes appurtenant to (other than for the election of directors), or otherwise dealing with Lots acquired by the Association or its designee.

(j) Obtaining such insurance or bonds pursuant to the provisions of these Bylaws, and reviewing such insurance coverage at least annually.

(k) Making additions and improvements to, or alterations of, the Common Areas, or modify, close, remove, eliminate or discontinue use of any common facility, including any improvement or landscaping, except that any such modification, closure, removal, elimination or discontinuance other than on a temporary basis of any swimming pool, spa or recreational or community building must be approved by a majority vote of the members at a meeting or ballot held in accordance with these Bylaws.

(l) From time to time adopt, modify, or revoke such rules and regulations governing the conduct of persons and the operation and use of the Lots as the Board of Directors may deem necessary or appropriate in order to assure the peaceful and orderly use and enjoyment of the Property. Such action may be overruled or modified by vote of not less than seventy-five percent (75%) of the voting rights of each class of members present, in person or by proxy, at any meeting, the notice of which shall have stated that such modification or revocation of rules and regulations will be under consideration.

(m) Enforcement by legal means of the provisions of the Declaration, these Bylaws and any rules and regulations adopted hereunder.

(n) In the name of the Association, maintain a current mailing address of the Association.

(o) Subject to Section 8.8 of the Declaration, enter into management agreements with professional management firms.

4.8 **Meetings.**

(a) Meetings of the Board of Directors shall be held at such place as may be designated from time to time by the Board of Directors or other persons calling the meeting.

(b) Annual meetings of the Board of Directors shall be held within thirty (30) days following the adjournment of the annual meetings of the members.

(c) Special meetings of the Board of Directors for any purpose or purposes may be called at any time by the President or by any two directors.

(d) Unless other rules of order are adopted by resolution of the Association or the Board of Directors, all meetings of the Board of Directors shall be conducted according to the latest edition of *Robert's Rules of Order*, published by Robert's Rules Association.

4.9 **Open Meetings**. All meetings of the Board of Directors shall be open to Owners except that, in the discretion of the Board, the following matters may be considered in executive session: (a) consultation with legal counsel concerning the rights and duties of the Association regarding existing or potential litigation, or criminal matters; (b) personnel matters, including salary negotiations and employee discipline; and (c) the negotiation of contracts with third parties. Except in the case of an emergency, the Board of Directors shall vote in an open meeting on whether to meet in executive session. If the Board of Directors votes to meet in executive session, the presiding officer shall state the general nature of the action to be considered and, as precisely as possible, when and under what circumstances the deliberations can be disclosed to Owners. Meetings of the Board of Directors may be conducted by telephonic communication, except that if a majority of the Lots are principal residences of the occupants, then: (a) for other than emergency meetings, notice of each Board of Directors' meeting shall be posted at a place or places on the property at least three (3) days before the meeting, or notice shall be provided by a method otherwise reasonably calculated to inform the Owners of such meeting; and (b) only emergency meetings of the Board of Directors may be conducted by telephonic communication. The meeting and notice requirements of this section may not be circumvented by chance, social meetings, or any other means.

4.10 **Notice of Special Meetings.**

(a) Notice of the time and place of special meetings shall be given to each director orally or delivered in writing personally or by mail or telecopy at least twenty-four (24) hours before the meeting. Notice shall be sufficient if actually received at the required time or if mailed or telecopied not less than seventy-two (72) hours before the meeting. Notice mailed or

telecopied shall be directed to the address shown on the Association's records or to the director's actual address ascertained by the person giving the notice. Such notice may need not be given for an adjourned meeting if such time and place is fixed at the meeting adjourned.

(b) Attendance of a director at a meeting shall constitute a waiver of notice of such meeting except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

4.11 **Quorum and Vote.**

(a) A majority of the directors shall constitute a quorum for the transaction of business. A minority of the directors, in the absence of a quorum, may adjourn from time to time but may not transact any business.

(b) The action of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors unless a greater number is required by law, the Declaration, the Articles of Incorporation or these Bylaws.

4.12 **Liability**. A member of the Board of Directors or an officer of the Association shall not be liable to the Association or any member thereof for any damage, loss or prejudice suffered or claimed on account of any action or failure to act in the performance of his or her duties, except for acts of gross negligence or intentional acts. In the event any member of the Board of Directors or any officer of the Association is made a party to any proceeding because the individual is or was a director or officer of the Association, the Association shall indemnify such individual against liability and expenses incurred to the maximum extent permitted by law. The managing agent of the Association, and its officers and employees, shall not be liable to the Owners or any third parties on account of any action or failure to act in the performance of its duties as managing agent, except for acts of gross negligence or intentional acts, and the Association shall indemnify the managing agent and its officers and employees from any such claims, other than for gross negligence or intentional misconduct.

4.13 **Compensation**. No director shall receive any compensation from the Association for acting as such.

Article 5.
Officers

5.1 **Designation and Qualification**. The officers of the Association shall be the President, the Secretary and the Treasurer and such Vice Presidents and subordinate officers as the Board of Directors shall from time to time appoint. The President shall be a member of the Board of Directors, but the other officers need not be directors. Officers need not be members of the Association. Any two offices may be held by the same person except the offices of President and Secretary.

5.2 **Election and Vacancies**. The officers of the Association shall be elected annually by the Board of Directors at the organization meeting of each new Board to serve for one year and until their respective successors are elected. If any office shall become vacant by

reason of death, resignation, removal, disqualification or any other cause, the Board of Directors shall elect a successor to fill the unexpired term at any meeting of the Board of Directors.

5.3 **Removal and Resignation**.

(a) Any officer may be removed upon the affirmative vote of a majority of the directors whenever in their judgment the best interests of the Association will be served thereby. The removal of an officer shall be without prejudice to the contract rights, if any, of the officer so removed.

Any officer may resign at any time by giving written notice to the Board of Directors, the President or the Secretary of the Association. Any such resignation shall take effect upon receipt of such notice or at any later time specified therein. Unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective, provided that the Board of Directors may reject any post-dated resignation by notice in writing to the resigning officer. The effectiveness of such resignation shall not prejudice the contract rights, if any, of the Association against the officer so resigning.

5.4 **President**. The President shall be the chief executive officer of the Association and shall, subject to the control of the Board of Directors, have general supervision, direction and control of the business and affairs of the Association. He shall preside at all meetings of the members and of the Board of Directors. He shall be ex officio a member of all the standing committees, including the executive committee, if any, shall have the general powers and duties of management usually vested in the office of president of a nonprofit corporation, and shall have such other powers and duties as may be prescribed by the Board of Directors or these Bylaws.

5.5 **Vice Presidents**. The Vice Presidents, if any, shall perform such duties, as the Board of Directors shall prescribe. In the absence or disability of the President, the President's duties and powers shall be performed and exercised by the Senior Vice President as designated by the Board of Directors.

5.6 **Secretary.**

(a) The Secretary shall keep or cause to be kept a Book of Minutes of all meetings of directors and members showing the time and place of the meeting, whether it was regular or special, and if special, how authorized, the notice given, the names of those present at directors' meetings, the number of memberships present or represented at members' meetings and the proceedings thereof.

(b) The Secretary shall give or cause to be given such notice of the meetings of the members and of the Board of Directors as is required by these Bylaws or by law. The Secretary shall keep the seal of the Association, if any, and affix it to all documents requiring a seal, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or these Bylaws.

(c) If there are no Vice Presidents, then in the absence or disability of the President, the President's duties and powers shall be performed and exercised by the Secretary.

5.7 **Treasurer**. The Treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the Association, including accounts of its assets, liabilities, receipts and disbursements. The books of accounts shall at all reasonable times be open to inspection by any director. The Treasurer shall deposit all moneys and other valuables in the name and to the credit of the Association with such depositories as may be designated by the Board. The Treasurer shall disburse the funds of the Association as may be ordered by the Board, shall render to the President and directors, whenever they request it, an account of all of the Treasurer's transactions as Treasurer and of the financial condition of the Association, and shall have such other powers and perform such other duties as may be prescribed by the Board or these Bylaws.

5.8 **Compensation of Officers**. No officer who is a member of the Board of Directors shall receive any compensation from the Association for acting as an officer, unless such compensation is authorized by a resolution duly adopted by the members. The Board of Directors may fix any compensation to be paid to other officers.

Article 6.
Executive And Other Committees

Subject to law, the provisions of the Articles of Incorporation and these Bylaws, the Board of Directors, by a vote of a majority of the directors in office, may appoint an executive committee and such other standing or temporary committees as may be necessary from time to time, consisting of not less than two of the directors in office and having such powers as the Board of Directors may designate. Such committees shall hold office at the pleasure of the Board.

Article 7.
Assessments, Records And Reports

7.1 **Assessments**. As provided in the Declaration, the Association, through its Board of Directors, shall do the following:

(a) Assess and collect from every Owner Assessments in the manner described in the Declaration.

(b) Keep all funds received by the Association as Assessments, other than reserves described in Section 10.11 of the Declaration, in the Operations Fund and keep all reserves collected pursuant to Section 10.11 of the Declaration in the Reserve Fund and use such funds only for the purposes described in the Declaration.

(c) From time to time, and at least annually, prepare a budget for the Association, estimating the common expenses expected to be incurred with adequate allowance for reserves based upon the reserve study required by Section 10.11 of the Declaration, and determine whether the Annual Assessment should be increased or decreased. Within thirty (30) days after adopting a proposed annual budget, the Board of Directors shall provide a summary of the budget to all Owners. If the Board of Directors fails to adopt a budget, the last adopted annual budget shall continue in effect.

(d) Fix the amount of the Assessment against each Lot at least thirty (30) days in advance of each Assessment period. Written notice of any Assessment shall be sent to every Owner subject thereto and to any first mortgagee requesting such notice. The due dates shall be established by the Board of Directors, which may fix a regular flat Assessment payable on a monthly, quarterly, semi-annual or annual basis. The Board of Directors shall cause to be prepared a roster of the Lots showing Assessments applicable to each Lot. The roster shall be kept in the Association office and shall be subject to inspection by any Owner or mortgagee during regular business hours. Within ten (10) business days after receiving a written request, and for a reasonable charge, the Association shall furnish to any Owner or mortgagee a recordable certificate setting forth the unpaid Assessments against such Owner's Lot. Such certificate shall be binding upon the Association, the Board of Directors, and every Owner as to the amounts of unpaid Assessments

(e) When Additional Properties are annexed, the Board of Directors shall assess any Lots included therein in accordance with Section 10.9 of the Declaration.

(f) Enforce the Assessments in the manner provided in the Declaration.

(g) Keep records of the receipts and expenditures and make the same available for examination by members and their mortgagees at convenient hours, maintain an Assessment roll showing the amount of each Assessment against each Owner, the amounts paid upon the account and the balance due on the Assessments, give each member written notice of each Assessment at least 30 days prior to the time when such Assessments shall become due and payable; and for a reasonable charge, promptly provide any Owner or mortgagee who makes a request in writing with a written certificate of such Owner's unpaid Assessments.

7.2 **Records**. The Association shall keep within the State of Oregon correct and complete financial records sufficiently detailed for proper accounting purposes, keep minutes of the proceedings of its members, Board of Directors and committees having any of the authority of the Board of Directors, and retain all documents, information and records turned over to the Association by Declarant. All documents, information and records delivered to the Association by Declarant pursuant to ORS 94.616 shall be kept within the State of Oregon.

7.3 **Statement of Assessments Due**. The Association shall provide, within ten (10) business days after receipt of a written request from an Owner, a written statement that provides: (a) the amount of assessments due from an Owner and unpaid at the time the request was received, including regular and special assessments, fines and other charges, accrued interest, and late payment charges; (b) the percentage rate at which interest accrues on assessments that are not paid when due; and (c) the percentage rate used to calculate the charges for late payment or the amount of a fixed rate charge for late payment. The Association is not required to comply with this section 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.

7.4 **Inspection of Books and Records**. During normal business hours or under other reasonable circumstances, the Association shall make available to Owners, prospective purchasers and lenders, and to holders of any mortgage of a Lot, current copies of the Declaration, Articles, Bylaws, Rules and Regulations, amendments or supplements to such

documents and the books, records, financial statements and current operating budget of the Association. The Association shall maintain a copy, suitable for purposes of duplication, of the following: (a) the Declaration, these Bylaws, the Rules and Regulations and any amendments or supplements to them, (b) the most recent financial statement of the Association, and (c) the current operating budget of the Association. Upon written request, the Association shall make such documents, information and records available to such persons for duplication during reasonable hours. The Association may charge a reasonable fee for furnishing copies of such documents, information or records. The fee may include reasonable personnel costs for furnishing the documents, information or records.

7.5 **Payment of Vouchers**. The Treasurer shall pay all vouchers for all budgeted items and for any nonbudgeted items up to $1,000 signed by the President, managing agent, manager or other person authorized by the Board of Directors. Any voucher for nonbudgeted items in excess of $1,000 shall require the authorization of the President or a resolution of the Board of Directors.

7.6 **Execution of Documents**. The Board of Directors may, except as otherwise provided in the Declaration, Articles of Incorporation or these Bylaws, authorize any officer or agent to enter into any contract or execute any instrument in the name of and on behalf of the Association. Such authority may be general or confined to specific instances. Unless so authorized by the Board of Directors, no officer, agent or employee shall have any power or authority to bind the Association by any contract or engagement, or to pledge its credit, or to render it liable for any purpose or for any amount.

7.7 **Reports and Audits**. An annual financial statement consisting of a balance sheet and income and expense statement for the preceding year shall be rendered by the Board of Directors to all Owners and to all mortgagees who have requested the same within ninety (90) days after the end of each fiscal year. From time to time, the Board of Directors, at the expense of the Association, may obtain an audit of the books and records pertaining to the Association and furnish copies thereof to the members. At any time any Owner or holder of a mortgage may, at their own expense, cause an audit or inspection to be made of the books and records of the Association.

Article 8.
Insurance

8.1 **Types of Insurance**. For the benefit of the Association and the Owners, the Board of Directors shall obtain and maintain at all times, and shall pay for out of the Operations Fund, the following insurance:

(a) Property Damage Insurance.

(i) 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 coverage as the Association may deem desirable.

(ii) The amount of the coverage shall be for not less than one hundred percent (100%) of the current replacement cost of the improvements on the Common

Areas (exclusive of land, foundation, excavation and other items normally excluded from coverage), subject to a reasonable deductible.

(iii) The policy or policies shall include all fixtures and building service equipment to the extent that they are part of the Common Areas and all personal property and supplies belonging to the Association.

(b) **Liability Insurance**.

(i) The Association shall maintain comprehensive general liability insurance coverage insuring the Declarant, the Association, the Board of Directors, and the managing agent, again liability to the public or to Owners and their invitees or tenants, incident to the operation, maintenance, ownership or use of the Common Areas, including legal liability arising out of lawsuits related to employment contracts of the Association. There may be excluded from such policy or policies coverage of an Owner (other than as a member of the Association or Board of Directors) for liability arising out of acts or omission of such Owner and liability incident to the ownership and/or use of the part of the property as to which such Owner has the exclusive use or occupancy.

(ii) Limits of liability under such insurance shall not be less than One Million Dollars ($1,000,000) on a combined single-limit basis.

(iii) Such policy or policies shall be issued on a comprehensive liability basis and shall provide a cross liability endorsement wherein the right s of named insured under the policy or policies shall not be prejudiced as respects his, her or their action against another named insured.

(c) **Worker's Compensation Insurance.** The Association shall maintain workers' compensation insurance to the extent necessary to comply with any applicable laws.

(d) **Fidelity Bonds.**

(i) The Board of Directors may cause the Association to maintain blanket fidelity bonds for all officers, directors, trustees and employees of the Association and all other persons handling or responsible for funds of, or administered by, the Association. In the event the Association has retained a management agent, the Board of Directors may require such agent to maintain fidelity bonds for its officers, employees and agents handling or responsible for funds of, or administered on behalf of, the Association.

(ii) The total amount of fidelity bond coverage required shall be based upon the best business judgment of the Board of Directors.

(iii) Such fidelity bond shall name the Association as oblige and shall contain waivers by the issuers of the bonds of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees" or similar terms or expressions. The bonds shall provide that they may not be canceled or

substantially modified (including cancellation for nonpayment of premium) without at least 10 days prior written notice to the Association.

8.2 **Insurance by Lot Owners.** Each Owner shall be responsible for obtaining, at his or her own expense, homeowner's insurance covering the improvements on the Owner's Lot and liability resulting from use or ownership of the Lot, unless the Association agrees otherwise. The insurance coverage maintained by the Association shall not be brought into contribution with the insurance obtained under this section by the Owners.

8.3 **Planned Community Act Requirements.** The insurance maintained by the Association shall comply with the requirements of the Oregon Planned Community Act, ORS94.550 to 94.780.

Article 9.
General Provisions

9.1 **Seal**. The Board of Directors may, by resolution, adopt a corporate seal.

9.2 **Notice**. All notices to the Association or to the Board of Directors shall be sent care of the managing agent, or if there is no managing agent, to the principal office of the Association or to such other address as the Board of Directors may hereafter designate from time to time. All notices to members shall be sent to the member's unit or to such other address as may have been designated by the member from time to time in writing to the Board of Directors.

9.3 **Waiver of Notice**. Whenever any notice to any member or director is required by law, the Declaration, the Articles of Incorporation, or these Bylaws, a waiver of notice in writing signed at any time by the person entitled to notice shall be equivalent to the giving of the notice.

9.4 **Action Without Meeting**. Any action, which the law, the Declaration, the Articles of Incorporation or the Bylaws require or permit the members or directors to take at any meeting may be taken without a meeting if a consent in writing setting forth the action so taken is signed by all of the members or directors entitled to vote on the matter. The consent, which shall have the same effect as a unanimous vote of the members or directors, shall be filed in the records of minutes of the Association.

9.5 **Conflicts**. These Bylaws are intended to comply with the Oregon Planned Community Act, the Oregon Nonprofit Corporation Law, the Declaration and the Articles of Incorporation. In case of any irreconcilable conflict, such statutes and documents shall control over these Bylaws.

Article 10.
Amendments To Bylaws

10.1 **How Proposed**. Amendments to these Bylaws shall be proposed by either a majority of the Board of Directors or by members holding at least thirty percent (30%) of the voting rights entitled to be cast for such amendment. The proposed amendment must be reduced to writing and shall be included in the notice of any meeting at which action is to be taken thereon or be attached to any request for consent to the amendment.

10.2 **Adoption**.

(a) A resolution adopting a proposed amendment may be proposed by either the Board of Directors or by the members and may be approved by the membership at a meeting called for such purpose or by ballot vote. Members not present at the meeting considering such amendment may express their approval in writing or by proxy. Any resolution must be approved by members holding a majority of the voting rights, together with the written consent of the Class B member, if any, and, as long as there is a Class B member, by the Federal Housing Administration or the Veterans Administration, if these Bylaws were previously approved by such agencies. Amendment or repeal of any provision of these Bylaws that is also contained in the Declaration must be approved by the same voting requirement for amendment or such provision of the Declaration.

(b) Notwithstanding the provisions of the preceding paragraph, until the Turnover Meeting has occurred, Declarant shall have the right to amend these Bylaws in order to comply with the requirements of the Federal Housing Administration, the United States Department of Veterans Affairs, the Farmers Home Administration of the United States, the Federal National Mortgage Association, the Government Mortgage Association, the Federal Home Mortgage Loan Corporation, any department, bureau, board, commission or agency of the United States or the State of Oregon, or any 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. After the Turnover Meeting, any such amendment shall require the approval of a majority of the voting rights of the Association, voting in person, by proxy, or by ballot, at a meeting or ballot meeting of the Association at which a quorum is represented.

10.3 **Execution and Recording**. An amendment shall not be effective until certified by the President and Secretary of the Association as being adopted in accordance with these Bylaws and ORS 94.625 and recorded in the Deed Records of [County or City] County Oregon.