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BYLAWS OF

MILL QUARTER MAINTENANCE, INC.

Mill Quarter Properties, Inc., Declarant

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BYLAWS OF MILL QUARTER MAINTENANCE, INC.

RECITALS

A. These Bylaws of Mill Quarter Maintenance, Inc. (these “**Bylaws**”), apply to Mill Quarter Maintenance, Inc., an Oregon corporation (the “**Association**”), an association of property owners formed to maintain the publicly owned design features of the Mill Quarter. The Mill Quarter is a planned development located in the City of Bend, Deschutes County, Oregon, which is subject to the Declaration of Conditions, Covenants, and Restrictions of Mill Quarter (the “**Declaration**”) recorded on August 11, 2005, at Recorder’s Fee No. 2005-52942, in the records of Deschutes County, Oregon. Terms using initial capital letters in these Bylaws that are not otherwise defined shall have the meanings given to them in the Declaration.

B. The City of Bend requires that the publicly maintained public improvements which consist of the sidewalks, street trees, street lighting, and landscaped areas within the public right-of-way, be maintained in accordance with the standards described herein. The Association shall maintain the Privately Maintained Public Improvements in good, safe and attractive condition, including providing regular maintenance of the landscaping located thereon.

ARTICLE 1

PERSONAL APPLICATION

All present or future Commercial Owners and the owners of the Phase II Property, Phase III Property and Bond Street Property (each referred to herein singularly as a “**Member**,” and collectively as the “**Members**”) shall be subject to the provisions set forth in these Bylaws. The Phase I Property, Phase II Property, Phase III Property and Bond Street Property shall each be referred to herein as a “**Phase**” and collectively as the “**Phases**.” The acquisition, rental or occupancy of any Commercial Lot or Phase shall constitute acceptance and ratification of these Bylaws and agreement to comply with all the provisions hereof. The Phases are displayed on the map marked Exhibit A attached hereto and by reference incorporated herein.

ARTICLE 2

ASSOCIATION MEMBERSHIP, VOTING, MAJORITY OF MEMBERS, QUORUM, PROXIES

2.1 Membership in the Association. The Association shall have one class of membership. The total membership interest of the Members in each Phase shall be based on the

“% of Total” for each “Phase” identified in the Phase Right of Way Length Calculation chart (the “Chart”) as follows:

*** See attached exhibit "B"

Phase Right of Way Length Calculations						
Phase	Parcel	Phase L (ft)	% of Total	RW		
				Side	Length (ft)	% of Total
*** Phase 1	Parcel 3	558.21	15.3%	Lot 11	260.28	7.1%
				Lot 4	297.93	8.1%
*** Phase 2	Parcel 2	569.81	15.6%	Lot 5	273.48	7.5%
				Lot 10	296.33	8.1%
*** Phase 3	Parcel 1	1044.64	28.6%	All	1044.64	28.6%
Bond Street Owner		1486	40.6%	All	1486	40.6%
Total		3658.30	100.0%	All	3658.30	100.0%

Until a plat for a Phase is recorded, the owner of the Phase shall be the Member holding the membership interest allocated to that Phase. As of the date of the adoption of these Bylaws, Phase I and Phase II have been platted. Their “% of Total” are set forth in the above Chart. Once a plat for a Phase that has not yet been recorded is in fact recorded, the membership interest for that Phase shall be allocated between the Commercial Lots created within that Phase as the “% of Total” is allocated between the “Sides” representing the Commercial Lots in the Chart, and the membership interest shall be vested in the Commercial Owners for those Commercial Lots. For example, the plat for Phase I includes two Commercial Lots: Lot 4 and Lot 11. Lot 4 is the Commercial Lot located on the east side of Phase I, and Lot 11 is a Commercial Lot located on the west side of Phase I. Therefore, as described in the Chart, the Commercial Owner owning Lot 4 holds an eight and one tenth percent (8.1%) membership interest in the Association. The Commercial Owner owning Lot 11 holds a seven and one tenth percent (7.1%) membership interest in the Association. Notwithstanding the provision of Article 9, so long as the Declarant or its affiliate owns two or more Commercial Lots that are subject to these Bylaws, the Declarant may unilaterally amend these Bylaws in writing to change the allocation of membership interests between any two or more Commercial Lots owned by the Declarant or its affiliate.

2.2 Transfer of Membership Interests. Except as provided in subsection 2.7, the membership interests in the Association shall follow ownership of the Phase until the plat for the Phase has been recorded and the Commercial Lots once the plat for the Phase has been recorded. A successor owner of a Phase or Commercial Lot shall automatically succeed to the membership interest in the Association of the prior owner. Upon recordation of a conveyance or contract to convey a Phase or Commercial Lot, the grantee or purchaser named in such conveyance or contract shall automatically be and shall remain a Member of the Association until such time as such person’s ownership ceases for any reason. Notwithstanding the automatic transfer of membership, for all purposes of the Declaration, these Bylaws and the administration of the Association, ownership and membership rights and obligations tied to ownership shall be determined from the records maintained by the Association. The record shall be established by

filing a copy of the deed to or land sale contract for the transferred Phase or Commercial Lot with the Association. The copy of the deed or contract submitted to the Association must include the certificate of the recording officer of Deschutes County, Oregon, showing the date and place of recording of such deed or contract to be an effective filing. No person shall be recognized as a Member unless a copy of the deed or contract has been filed with the Association, as provided above, showing such Member to be the owner or contract purchaser of a Phase or the current Commercial Owner or contract purchaser of a Commercial Lot.

2.3 Voting Rights. There shall be one class of Members. The voting of rights of the Members of the Association shall be allocated based on the membership interest held by each Member. With respect to all matters on which Members are entitled to vote, each Member shall be entitled to one (1) vote for each tenth of one percent (.1%) of membership interest held by the Member. All of the voting rights of the Member with respect to each Commercial Lot or Phase owned by such Member must be voted together. Fractional voting of a Member's voting rights is not permitted. Fractional or split votes occurring when more than one person or entity owns a Commercial Lot or Phase shall be disregarded except for purposes of determining a quorum.

2.4 Voting; Proxies. Members may cast votes in person, by written ballot, or by proxy. Proxies must be filed with the Secretary of the Association ("**Secretary**") before or during the appointed meeting. A proxy shall expire one (1) year after the date it was signed unless a shorter period is specified in the proxy. The proxies may require the holder to cast a vote for or against any special proposal set out in the notice calling the meeting. Unless withdrawn, a proxy given to another person to vote at a specific meeting shall also be valid at an adjourned meeting called under the provisions of subsection 3.6. The Association must retain proxies and ballots for one (1) year from the date of the determination of the vote.

2.5 Majority of Members. As used in these Bylaws, the term "**majority**" shall mean those Members holding more than fifty percent (50%) of the voting rights allocated to the Members in accordance with these Bylaws. "**Majority of Members present**" shall mean Members holding more than fifty percent (50%) of the votes present at any legal meeting.

2.6 Quorum. Except as otherwise provided in these Bylaws, the presence in person or by proxy of Members holding fifty percent (50%) or more of the voting rights in the Association shall constitute a quorum.

2.7 Authority to Vote. All Members, including those who have leased their Commercial Lot or Phase to a third party, shall be entitled to vote. A Member's right to vote may not be revoked. A purchaser under a contract of sale entitled to immediate possession of a Commercial Lot or Phase shall be deemed a Member unless the contract provides otherwise.

2.8 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 Commercial Lot or Phase owned or held by such person in such capacity, whether or not the same shall have been transferred to such person's name, provided that such person has satisfied

the Secretary that such person is the executor, administrator, guardian, or trustee holding such Commercial Lot or Phase in such capacity.

When more than one person or entity owns a Phase or Commercial Lot jointly according to the records of the Association, the vote for such Phase or Commercial Lot may be cast as they shall determine, but in no event shall fractional voting be allowed by a co-owner of a Commercial Lot or Phase. Absent a protest by a co-owner at the meeting in which the vote is taken, the vote of the Commercial Lot or Phase may be exercised by any one co-owner. In the event of such protest, no one co-owner shall be entitled to exercise the voting rights associated with the Commercial Lot or Phase without the approval of all co-owners of the Commercial Lot or Phase. In the event of disagreement among the co-owners, the vote of such Members shall be disregarded for all purposes, except for determining whether a quorum is present.

ARTICLE 3

ADMINISTRATION

3.1 Association Responsibilities. Except as otherwise provided in the Declaration or these Bylaws, decisions and resolutions of the Association shall require approval by Members voting a majority of the voting rights present at any legal meeting. A legal meeting is one duly called pursuant to these Bylaws at which a quorum is present, in person or by proxy at a formal gathering or, if a vote is taken by written ballots, when ballots are returned representing more than fifty percent (50%) of the voting rights, unless a larger vote is required to approve a ballot item, in which case the quorum requirements shall be the number of votes required to approve the proposal.

3.2 Place of Meetings. Formal meetings of the Association shall be held at suitable places convenient to the Members as may be designated by the Board of Directors of the Association (the "**Board**"). If a vote is taken by written ballot, the Board shall count the returned written ballots within forty eight (48) hours of the ballot return deadline. Within fifteen (15) days after the ballot return deadline, each Member shall be notified by mail or other delivery of written notice of the results of the ballot meeting or that a quorum of ballots was not returned.

3.3 Annual Meetings. The Board, by a Board action, shall cause the first annual meeting of the Association to be held during the calendar year following the calendar year in which the Association is formed. Thereafter, the annual meeting of the Association shall be held on the first business day of April of each year. The Board, at its discretion, from time to time, may change the meeting date, provided that the meeting is held annually. At such meetings, the Members shall elect new members of the Board in accordance with the requirements of subsection 4.6 of these Bylaws to replace those Directors whose terms have expired. The Members also may transact such other business of the Association as may properly come before them.

The order of business at all annual meetings shall be as follows:

- (a) Roll call.
- (b) Proof of notice of meeting or waiver of notice.
- (c) Reading of minutes of the preceding meeting.
- (d) Reports of officers.
- (e) Reports of committees.
- (f) Election of inspectors of election.
- (g) Election of Directors.
- (h) Unfinished business.
- (i) New business.
- (j) Adjournment.

3.4 Special Meetings. The President of the Association (the “**President**”) shall call a special meeting of the Members if so directed by a resolution of the Board or a petition, presented to the Secretary and signed by Members holding ten percent (10%) or more of the voting rights for the Association. All meetings called because of petition of Members shall be held at a formal gathering, and not by written ballot, within sixty (60) days after the Secretary’s receipt of the petition. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business other than that stated in such notice shall be transacted at a special meeting unless by consent of all the Members or as otherwise set out in these Bylaws.

3.5 Notice of Meetings. The Secretary shall mail a notice of each annual and special meeting, stating the purpose thereof and the time and place where such meeting is to be held, to each Member of record at least ten (10), but not more than fifty (50), days before such meeting or the date on which ballots for a ballot meeting are required to be returned. The Board of Directors may propose that the Members take an action by written ballot without a meeting, pursuant to the provisions of the Oregon Nonprofit Corporation Act. Such notices shall be mailed to the Member’s address last given to the Secretary, in writing, by the Member or such Member’s vendee entitled to immediate possession under a contract to convey a Commercial Lot or Phase. If a Commercial Lot or Phase is owned by, or sold on a contract to, two (2) or more persons, notice shall be sent to a single address, of which the Secretary has been notified in writing by such persons. If no address has been given to the Secretary in writing, then mailing to the Commercial Lot or Phase shall be sufficient. The mailing of a notice in the manner provided in this subsection 3.5 shall be considered notice served.

3.6 Adjourned Meetings. As permitted by ORS 65.214, if any gathering of Members is not a legal meeting because a quorum has not attended, the Members who are present, either in person or by proxy, may adjourn the meeting to a time not less than forty eight (48) hours or more then ten (10) days from the time of the original meeting. The adjournment provisions of this subsection 3.6 do not apply to actions proposed to be taken by written ballot.

3.7 Ballot Meetings. Any action that may be taken at any annual or special meeting of the Members may be taken without a meeting if the Association delivers a written ballot to every Member entitled to vote on the matter. Such ballot shall set forth each proposed action and provide an opportunity to vote for or against each proposed action. A proposed action shall be deemed to be approved by written ballot when the number of votes cast by ballot equals or exceeds any quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot. The Board must provide Members with at least ten (10) days' notice before written ballots are mailed or otherwise delivered.

3.8 Action by Consent. Any action that may be taken at any annual or special meeting of the Members may be taken without a meeting and shall be deemed to be approved if Members holding the required voting rights to approve the matter do so and document such approval in writing. Additionally, if all of the Members sign a contract or agreement with a third party, then such contract or agreement shall be deemed approved by the Members without the need for further written consent of the Members or of the Board.

ARTICLE 4

BOARD OF DIRECTORS

4.1 Number and Qualification. The affairs of the Association shall be governed by the Board. Until the first annual meeting of the Association following the sale of the first Commercial Lot (the "**Transition Meeting**"), the Board shall consist of one person (the "**Initial Director**"), who shall initially be Aaron Lafky, in his capacity as the President of Mill Quarter Properties, Inc., an Oregon corporation, subject to the Declarant's unilateral right to remove or replace the person so appointed prior to the Transition Meeting. At the Transition Meeting, the number of Directors shall be increased to three (3) Members or persons to be elected in accordance with subsection 4.6 of these Bylaws.

Each Director serving on the Board following the Transition Meeting shall be a Commercial Owner, the owner of a Phase or a Declarant Representative. Provided, however, that if a Commercial Lot is owned by more than one Commercial Owner, only one Commercial Owner of that Commercial Lot may serve on the Board at any one time. An officer or employee of a corporation, a member of a limited liability company, the trustee of a trust, the personal representative of an estate, or an employee of a trust or estate may serve on the Board if the corporation, limited liability company, trust, or estate owns a Commercial Lot or Phase.

4.2 Powers and Duties. The Board shall have the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are not by law or by these Bylaws directed to be done by the Members.

4.3 Other Duties. In addition to duties imposed by these Bylaws or by resolutions of the Association, the Board shall have authority to carry out and be responsible for the following matters:

4.3.1 Upkeep of Privately Maintained Public Improvements. Care, upkeep, and supervision of the Privately Maintained Public Improvements.

4.3.2 Reserves. Establishment and maintenance of replacement reserve accounts that the Board deems prudent for replacement of the Privately Maintained Public Improvements.

4.3.3 Capital Contribution Collection. Designation of the amount of and collection of capital contributions from the Members, in accordance with these Bylaws and the Declaration, to cover the costs of maintenance, repair and replacement of the Privately Maintained Public Improvements.

4.3.4 Budget; Voucher System. Establishment of a budget and payment of all expenses of the Association.

4.3.5 Insurance. Procurement and maintenance of liability insurance policies for the Association.

4.3.6 Personnel. Designation and dismissal of the personnel necessary for the maintenance of the Privately Maintained Public Improvements.

4.3.7 Financial Statements. Causing the preparation and distribution of annual financial statements of the Association to each of the Members.

4.3.8 Bank Accounts; Copies of Documents. Depositing all capital contributions in a separate bank account in the name of the Association, payment of all expenses of the Association from the Association's bank account, and maintenance and distribution of financial statements, and maintaining copies suitable for duplication of the following: the Declaration, the Articles of Incorporation, the Bylaws, and any amendments thereto, the most recent annual financial statement, and the current operating budget of the Association.

4.3.9 Tax Returns. Causing the Association to file the necessary tax returns of the Association.

4.3.10 Mailing Address. Establishing and maintaining a current mailing address for the Association.

4.3.11 Professional Services. Employment of legal, accounting, and other personnel or consultants for reasonable compensation to perform such services as may be required for the proper administration of the Association, and preparing and filing the required income tax returns or forms.

4.4 Limited Authority. The Board shall not take any of the following actions except with the vote or written assent of Members holding a majority of the voting power of the Association:

4.4.1 Third-Party Contracts. Enter into a contract with a third party wherein the third person will furnish goods or services for the Privately Maintained Public Improvements for a term that exceeds one (1) year, except a prepaid casualty and/or liability insurance policy the term of which does not exceed three (3) years, provided that the policy permits short-rate cancellation by the insured.

4.4.2 Capital Expenditures. Incur aggregate expenditures for capital improvements (as opposed to maintenance, repair and replacement costs) to the Privately Maintained Public Improvements during any fiscal year in excess of five percent (5%) of the budgeted gross expenses of the Association for that fiscal year.

4.4.3 Compensating Board Members. Pay compensation to members of the Board or officers of the Association for services performed in the conduct of the Association's business; provided, however, that the Board may cause a member or officer to be reimbursed for expenses incurred in carrying on the business of the Association.

4.5 Management Agent. The Board may employ a management agent, to be compensated in an amount established by the Board, to perform such duties and services as the Board shall authorize, including, but not limited to, the duties listed in subsection 4.3 of these Bylaws.

4.6 Election and Term of Office. At the Transition Meeting, the Members may elect Directors by using a ballot that permits each Member to vote for three (3) nominees. The term of office of two (2) of the Directors elected at the Transition Meeting shall be fixed for two (2) years. The term of office of one (1) of the Directors elected at the Transition Meeting shall be fixed at one (1) year. The two nominees who receive the highest number of votes shall be the two- (2-) year Directors. The nominee who receives the next highest number of votes shall be a one- (1-) year Director. Should the number of Directors serving on the Board be increased, the same sequential election terms shall apply as nearly as is practicable.

Upon expiration of the initial term of office of each respective Director, such Director's successor shall be elected to serve a term of two (2) years. The Directors shall hold office until their successors have been elected and hold their first meeting. There shall be no limit on the number of successive terms a Director may serve on the Board if elected as herein provided.

4.7 Vacancies. Vacancies on the Board caused by any reason other than the removal of a Director by a vote of the Association shall be filled for the balance of the term of each directorship by vote of a majority of the remaining Directors, even though they may constitute less than a quorum. Each person so elected shall be a Director until a successor is elected upon expiration of the term for which such person was elected to serve by the other Directors.

4.8 Removal of Directors. At any legal annual or special meeting (not including actions proposed to be taken by written ballot without a meeting) of the Association, any one (1) or more of the Directors may be removed with or without cause, by a majority vote of the total voting power of the Members and a successor may be then and there elected to fill the vacancy thus created; provided, however, that the notice of meeting shall specifically indicate that the removal of one (1) or more named Directors is an agenda item for such meeting. Any Director whose removal has been proposed by the Members shall be given an opportunity to be heard at such meeting.

4.9 Organizational Meeting. The first meeting of a newly elected Board shall be held within ten (10) days of election at such place as shall be fixed by the Directors at the Association meeting at which such Directors were elected, and no notice shall be necessary to the newly elected Directors in order to hold such meeting legally, providing a majority of the newly elected Directors are present.

4.10 Regular Meetings. Regular meetings of the Board may be held at such time and place as shall be determined, from time to time, by a majority of the Directors. Regular meetings of the Board may be called by the President on at least three (3) days' notice to each Director, given personally or by mail, telephone, e-mail, or facsimile, which notice shall state the time, place (as hereinabove provided), and purpose of the meeting.

4.11 Special Meetings. Special meetings of the Board may be called by the President or Secretary or on the written request of at least two (2) Directors. Special meetings of the Board may be called on at least three (3) days' notice to each Director, given personally or by mail, telephone, e-mail, or facsimile, which notice shall state the time, place and purpose of the meeting.

4.12 Waiver of Notice to Directors. Before, at, or after any meeting of the Board, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by such Director of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice to Directors shall be required and any business may be transacted at such meeting.

4.13 Board of Directors' Quorum. At all meetings of the Board, a majority of the existing Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors shall be the acts of the Board. If quorum requirements are not met at any meeting of the Board, the majority of those present may adjourn the meeting from time to

time. At any such adjourned meeting, any business that might have been transacted at the meeting as originally called may be transacted without further notice.

4.14 Meetings by Telephone or Other Means. Any regular or special meeting of the Board of Directors may be conducted by telephone or by the use of a means of communication that allows all Board members participating to hear each other simultaneously or otherwise to be able to communicate during the meeting.

4.15 Compensation of Directors. No Director shall be compensated in any manner, except for out-of-pocket expenses, unless such compensation is approved by vote of the Members.

ARTICLE 5

OFFICERS

5.1 Designation. The principal officers of the Association shall be a President, a Secretary, and a Treasurer, all of whom shall be elected by the Directors. The Directors may appoint an assistant treasurer and an assistant secretary, and any such other officers as in their judgment may be necessary.

5.2 Election of Officers. The officers of the Association may be elected by the Board at the organizational meeting of each new Board or any Board meeting thereafter, and shall hold office at the pleasure of the Board.

5.3 Vacancies. Vacancies of an officer's office caused by any reason other than removal of an officer by the Board shall be filled by vote of a majority of the Board.

5.4 Removal of Officers. Upon an affirmative vote of a majority of the Board, any officer may be removed, with or without cause, and such officer's successor may be elected at any regular or special meeting of the Board.

5.5 President. The President shall be the chief executive officer of the Association and shall preside at all meetings of the Association and of the Board. The President shall have all of the general powers and duties that are usually vested in the office of president of an association of property owners.

5.6 Secretary. The Secretary shall keep the minutes of all meetings of the Board and the minutes of all meetings of the Association and shall have charge of such books and papers as the Board may direct; and shall, in general, perform all the duties incident of the office of secretary.

5.7 Treasurer. The Treasurer shall have responsibility for Association funds and securities not otherwise held by the managing agent and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. The

Treasurer shall be responsible for the deposit of all monies and other valuable effects in the name, and to the credit, of the Association in such depositories as may from time to time be designated by the Board.

5.8 Directors as Officers. Any Director may be an officer of the Association.

ARTICLE 6

OBLIGATIONS OF THE MEMBERS

6.1 Capital Contributions. The Board may periodically require capital contributions, including capital contributions for replacement reserves under subsection 4.3.2 of these Bylaws, to meet the Association's expenses related to the Privately Maintained Public Improvements and the operation and maintenance of the Association as more particularly set forth in the Declaration. All Members are obligated to make capital contributions to the Association in the amount imposed by the Board. The Board may, but shall not be required to, allow capital contributions to be paid in installments, impose interest or a service charge for late payments or installment payments or allow a discount for payment in advance of the date set by the Board for contribution. The amount of any capital contributions required by the Board shall be apportioned between the Commercial Lots and the Phases in direct proportion to the membership interest held by each Commercial Owner and Phase owner. The Board may also impose an individual capital contribution requirement against any Defaulting Responsible Owner who is also a Member of the Association.

6.2 Procedures. The Board, upon determining that maintenance or a repair is required for which all Members of the Association will be responsible, shall establish the amount of the necessary capital contribution and give at least ten (10) days' written notice to each Member before the Member's obligation to pay the capital contribution begins. Thereafter, each Member shall contribute capital to the Association in the amount apportioned to such Member. If the Board performs any maintenance or repair on behalf of a Member under subsection 4.21.2 of the Declaration, and pays for the repairs or maintenance on the Member's behalf, the Member shall promptly contribute capital sufficient to reimburse the Association for any amounts so expended by the Association.

6.3 Income Tax Returns. The Board, in its sole discretion, shall determine the manner in which all necessary income tax returns are filed and of selecting any and all persons to prepare such tax returns.

6.4 Fiscal Year. The fiscal year of the Association shall be the calendar year unless otherwise determined by the Board.

6.5 Statement of Capital Contributions Owning.

6.5.1 The Association shall provide, within ten (10) business days of receipt of a written request from a Member, a written statement that provides:

6.5.1.1 The amount of capital contributions due from the Member and unpaid at the time the request was received, including:

- (a) capital contributions;
- (b) fines and other charges;
- (c) accrued interest; and
- (d) late payment charges.

6.5.1.2 The percentage rate at which interest accrues on capital contributions that are not paid when due.

6.5.1.3 The percentage rate used to calculate the charges for late payment or the amount of a fixed charge for late payment.

6.5.2 The Association is not required to comply with subsection 6.5.1 if the Association has commenced litigation by filing a complaint against the Member and the litigation is pending when the statement would otherwise be due.

6.6 Default. Failure by a Member to pay any capital contribution required by the Board by the date set by the Board shall be a default by such Member of such Member's obligations pursuant to these Bylaws and the Declaration. The Association shall have a lien against the Commercial Lot or Plat owned by such defaulting Member to secure payment of the defaulting Member's obligation to the Association, as provided in the Declaration. In addition, if a Member fails to pay the Member's share of any capital contribution required by the Association by its due date, interest at the Default Rate shall accrue on the unpaid balance of such capital contribution and the defaulting Member shall immediately pay the amount due, together with interest, without further demand or notice. The "Default Rate" shall be the lesser of eighteen percent (18%) per annum or the maximum rate permitted by under the usury laws of the State of Oregon. The fact that the Members or the Association may have borrowed the amount of the delinquent capital contribution at a lesser rate of interest, or without interest, shall not reduce the rate of interest to be paid by the defaulting Member. Any and all payments made by a defaulting Member shall be applied in the following order, to: (i) accrued interest; (ii) costs and expenses of collection, including attorney fees as provided under Article 11 of these Bylaws; and (iii) the principal amount of the unpaid capital contribution. The Association's remedies in the event of default under these Bylaws are not limited to the remedies set forth herein, but shall include all remedies available in these Bylaws, the Declaration and at law or in equity.

6.7 Maintenance and Repair of the Privately Maintained Public Improvements. The Association shall repair and maintain the Privately Maintained Public Improvements subject to the provisions of subsection 4.21.2 of the Declaration.

ARTICLE 7

INSURANCE

7.1 Types of Insurance Policies Maintained by the Association. For the benefit of the Association and the Members, the Board shall obtain and maintain at all times, and shall pay for out of capital contributions, the following insurance to the extent that it is available at reasonable cost:

7.1.1 Liability. A policy or policies insuring the Association, its Board, the Members individually, and any manager of the Association against any liability to the public or the Members and their invitees or tenants, incident to the maintenance, control, or use of the Privately Maintained Public Improvements. Limits of liability under such insurance shall be not less than One Million Dollars (\$1,000,000) per occurrence for bodily injuries and property damage liability. Such limit and coverage shall be reviewed at least annually by the Board, which may increase the limit of and/or coverage, in its discretion. Said policy or policies shall be issued on a commercial general liability form and shall provide cross-liability endorsements wherein the rights of the named insured under the policy or policies shall not be prejudiced as respects his, her, or their action against another named insured.

7.1.2 Workers' Compensation. Workers' compensation insurance to the extent that it is necessary to comply with any applicable laws.

7.2 Fidelity Bond. For the benefit of the Association and Members, the Board may obtain a fidelity bond naming such persons as may be designated by the Board as principals and the Association and the Members as obliges, for the amount determined by the Board. The Board may pay for such bond through a capital contribution. In addition, the Board may require that all officers and employees of the Association handling or responsible for Association funds to obtain adequate fidelity bonds and the Board may pay for the premiums thereon.

7.3 Insurance Companies Authorized. All policies obtained under this Article 7 shall be written by a company licensed to do business in Oregon and holding a "Commissioner's Rating" of "A+" and a size rating of "AAA" or better, by Best's Insurance Reports, or as may be otherwise acceptable to the Board.

7.4 Provisions in Insurance Policies. The Board shall make every reasonable effort to secure insurance policies that will provide for the following:

7.4.1 Waiver of Subrogation. A waiver of subrogation by the insurer as to any claims against the Board, the officers, the manager, the Members and their respective servants, agents, guests, and tenants.

7.4.2 Noncancellation Without Opportunity to Cure. A provision that any policy obtained by the Association cannot be canceled, invalidated, or suspended on account of

the conduct of any officer or employee of the Association or the manager without prior demand in writing that the Board or manager cure the defect.

7.4.3 No Other Insurance Clauses. A provision that any "no other insurance" clause in any policy maintained by the Association exclude individual Members' policies and not otherwise prevent such individual policies from providing coverage for damage to the Commercial Lots and Phases.

7.5 Review of Insurance Policies. At least annually, the Board shall review all insurance carried by the Association, which review shall include a consultation with a representative of the insurance carrier writing the commercial general liability policy.

ARTICLE 8

AMENDMENT

Except as otherwise provided in this Article and the restrictions set forth elsewhere herein, these Bylaws may be amended at any time by an instrument approved by at least a majority of the total votes of the Members that are eligible to vote. Any amendment must be executed, recorded and certified as provided by law. Provided, however, no amendment of these Bylaws may effect an amendment of the Declaration or the Articles without compliance with the provisions of such documents and the Oregon Nonprofit Corporation Act, and no amendment deleting or affecting any right of Declarant or its successor or assignee, including, without limitation, an amendment to this Article 8, may be adopted without the prior written consent of Declarant or its successor or assignee.

ARTICLE 9

RECORDS AND AUDITS

9.1 General Records. The Board and the managing agent or manager, if any, shall preserve and maintain minutes of the meetings of the Association and the Board. The Board shall maintain a list of Members entitled to vote at meetings of the Association. The minutes and financial records of the Association and Board shall be reasonably available for review and copying by the Members. A reasonable charge may be imposed by the Association for providing copies. Proxies and ballots shall be retained by the Association for one (1) year from the date of determination of the vote.

9.2 Capital Contribution Roll. The Board and the managing agent or manager, if any, shall maintain a roll setting forth the capital contributions required by the Board in a set of accounting books in which there shall be an account for each Commercial Lot and Phase. Such account shall designate the name and address of the Member owning such Commercial Lot or Phase, the amount of each capital contribution required from the Member including the due dates and amounts of each capital contribution, the amounts paid on the account and the balance of capital contributions due from the Member.

9.3 Payment of Vouchers. The Treasurer or management agent shall pay all expenses authorized by the Board. The Treasurer or management agent shall maintain and follow reasonable procedures to ensure the accounts and records are proper, and to ensure that all expenditures are proper.

ARTICLE 10

INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES AND AGENTS

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

ARTICLE 11

CAPITAL CONTRIBUTION COLLECTION COSTS; SUITS AND ACTIONS

A Member shall be obliged to pay reasonable fees and costs (including, but not limited to, attorney fees) and actual administrative costs incurred in connection with efforts to collect any delinquent unpaid capital contributions and other amounts payable under these Bylaws or the Declaration from such Member, whether or not suit or action is filed. Capital contributions

against Members may include fees, late charges, fines, and interest imposed by the Board. If the Association brings against any Member(s) a suit or action for the collection of any amounts due pursuant to or for the enforcement of any provisions of the Declaration, the Articles, or these Bylaws, such Member(s), jointly and severally, shall pay, in addition to all other obligations, the costs of such suit or action, including actual administrative expenses incurred by the Association because of the matter or act which is the subject of the suit, reasonable attorney fees to be fixed by the trial court and, in the event of an appeal, the cost of the appeal, together with reasonable attorney fees in the appellate court to be fixed by such court.

ARTICLE 12

MISCELLANEOUS

12.1 Notices. All notices to the Association or to the Board shall be sent in 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 hereafter may designate from time to time. All notices to any Member shall be sent to such address as may have been designated by such Member from time to time, in writing, to the Board, or if no address has been designated, then to such Member at the Member's Commercial Lot or Phase.

12.2 Waiver. No restriction, condition, obligation, or provision contained in these Bylaws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches thereof that may have occurred and the number of times that the pertinent restriction, condition, obligation, or provision was not enforced.

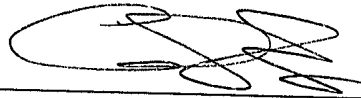
12.3 Invalidity; Number; Captions. The invalidity of any part of these Bylaws shall not impair or affect in any manner the validity, enforceability, or effect of the balance of these Bylaws; provided, however, that if any of the provisions of these Bylaws would violate the rule against perpetuities or any other limitation on the duration of the provisions herein contained imposed by law, then such provision shall be deemed to remain in effect only for the maximum period permitted by law, or if any of the provisions of these Bylaws would violate the rule against perpetuities or any other limitation on the duration of the provisions herein contained imposed by law, then such provision shall be deemed to remain in effect only for the maximum period permitted by law. As used herein, the singular shall include the plural, and the plural the singular. The masculine and neuter shall each include the masculine, feminine, and neuter, as the context requires. All captions used herein are intended solely for convenience of reference and shall in no way limit any of the provisions of these Bylaws.

ARTICLE 13

ADOPTION

It is hereby certified that these Bylaws have been adopted by Mill Quarter Maintenance, Inc., B.R.C., L.L.C., and B.R.C.2, L.L.C. and shall be recorded in the Deed Records of Deschutes County, together with the Declaration for Mill Quarter.

DATED: March 9, 2007.



Aaron D. Lafky, in his capacity as the President of Mill Quarter Properties, Inc., as the owners of the Phase I Property and the Phase II Property



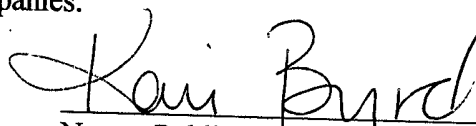
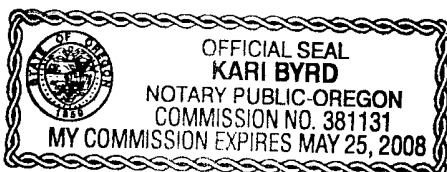
Aaron D. Lafky, in his capacity as a Member of B.R.C., L.L.C. as the owner of the Bond Street Property



Aaron D. Lafky, in his capacity as a Member of B.R.C.2, L.L.C. as the owner of the Phase III Property

STATE OF OREGON)
) ss.
County of Deschutes)

This instrument was acknowledged before me on 3-9, 2007, by Aaron D. Lafky as (1) the President of Mill Quarter Properties, Inc., an Oregon corporation, (2) a Member of B.R.C., L.L.C., an Oregon limited liability company, and (3) B.R.C.2, L.L.C., an Oregon limited liability company, on behalf of the companies.



Notary Public for Oregon

My commission expires: 5/25/08

EXHIBIT A

MAP

COLORADO AVENUE

PARCEL 1

1044.64

260.28

273.48

WALL

PARCEL 3

PARCEL 2

297.63

1486

296.33

BOND

INDUSTRIAL WAY

BOND STREET OWNER

ARIZONA AVENUE



NTS



**DAVID EVANS
AND ASSOCIATES INC.**

709 NW Wall Street, Suite 102
Bend, Oregon 97701 (541) 389-7614

P:\BRCX0004\0400CAD\DWG\right-of-way-length-map.dwg Feb 22.2007 - 4:00pm Dgm

EXHIBIT "B"

PARCEL I: (PHASE III)

Parcel 1, PARTITION PLAT NO. 2004-87, City of Bend, Deschutes County, Oregon;

PARCEL II: (PHASE II)

Lots 5 and 10, MILL QUARTER, ARIZONA PHASE, City of Bend, Deschutes County, Oregon.

PARCEL III: (PHASE I)

Lots 4 and 11, MILL QUARTER, INDUSTRIAL WAY PHASE, City of Bend, Deschutes County, Oregon.

BOND STREET PROPERTY (OWNER):

Lot 3, Block 1, of MILL "A" AREA OF SHEVLIN CENTER SECOND ADDITION, City of Bend, Deschutes County, Oregon.

EXCEPTING THEREFROM that portion conveyed to the City of Bend in instrument recorded February 14, 2003, in Volume 2003, Page 10703, Deschutes County Records.

ALSO EXCEPTING THEREFROM: BOND STREET RIGHT OF WAY, being a portion of Lot 3 of Block 1 of the plat of Mill "A" AREA OF SHEVLIN CENTER SECOND ADDITION, located in the Northwest Quarter (NE ¼) of Section 5, Township 18 South, Range 12 East, Willamette Meridian, Deschutes County, Oregon, being more fully described as follows:

Beginning at a 5/8" iron rod at the Southwest corner of said Lot 3; thence along the Westerly boundary of said Lot 3, North 00°30'46" West 44.58 feet; thence leaving said Westerly boundary, 30.53 feet along the arc of a 76.00 foot radius curve right (the long chord of which bears South 49°35'27" East, 30.32 feet); thence 28.12 feet along the arc of a 35.00 foot radius curve left (the long chord of which bears South 61°05'56" East 27.37 feet); thence South 84°06'48" East 29.00 feet; thence South 85°59'10" East 96.40 feet to a point on the southerly boundary of said Lot 3; thence South 89°20'26" West 171.68 feet to the point of beginning.

TOGETHER WITH a portion of Lot 4, Block 1, MILL 'A' AREA OF SHEVLIN CENTER SECOND ADDITION described as follows: Commencing at the Southwest corner of said Lot 3, also being the Southeast corner of said Lot 4; thence North 00°03'46" West, along the East line of said Lot 4, a distance of 44.58 feet to the true

point of beginning; thence leaving the East line of said Lot 4, a distance of 1.48 feet along the arc of a non-tangent 76.00-foot radius curve, concave to the Southwest (the long chord of which bears North 61°39'18" West, 1.48 feet); thence 14.82 feet along the arc of a 16.00-foot radius curve, concave to the Northeast (the long chord of which bears North 35°40'40" West, 14.30 feet); thence North 09°08'34" West, 12.60 feet; thence 20.18 feet along the arc of a 35.00-foot radius curve concave to the East (the long chord of which bears North 07°22'27" East, 19.90 feet); thence North 05°10'06" West, 62.95 feet; thence North 01°36'35" West, 61.77 feet; thence North 00°35'21" West, 147.59 feet to the North line of said Lot 4; thence North 89°35'39" East along the North line of said Lot 4, a distance of 14.54 feet to the Northeast corner thereof; thence South 00°30'46" East along the East line of said Lot 4, a distance of 317.55 feet more or less to the true point of beginning