

After Recording Return to:  
Whelan Community Association Management Inc.  
61529 Tall Tree Court  
Bend, Oregon 97702

DESCHUTES COUNTY OFFICIAL RECORDS  
NANCY BLANKENSHIP, COUNTY CLERK

2008-37351



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**DECLARATION OF  
COVENANTS, CONDITIONS AND RESTRICTIONS FOR  
MIRADA COMMUNITY ASSOCIATION**

Phase(s) I, II, III

This DECLARATION is made this 11<sup>th</sup> day of September, 2008  
by EDGE VERTICAL DEVELOPMENT CORP. ("Declarant").

**RECITALS**

A. EDGE VERTICAL DEVELOPMENT CORP. is the owner and developer of certain real property located in Deschutes County, State of Oregon, as described on the attached Exhibit "A" (the "Property"); located in Section 23, township 17 South, Range 12 East, W.M. City of Bend, Deschutes County Oregon. The Property is comprised of 229 subdivided lots (numbered as Lots 1-229) to be sold and developed as residential living units.

B. The Property is hereby subject to this Declaration and shall be known as MIRADA COMMUNITY ASSOCIATION. All Tracts indentified on the Plat as "Common" are Common Property. Real property on the Plat identified as Tract A shall be conveyed to the Bend Metro Park and Recreation district. Except as specified for herein, Tract A shall not be subject to this Declaration, nor shall it be subject to assessments of any kind.

C. Except where this Declaration conflicts with any applicable government regulation, the Declaration shall be binding upon all owners of real property subject to this Declaration and their successors in interest as set forth herein. In the event any of the development standards or use restrictions of this Declaration should conflict with a more restrictive standard or requirement set by applicable zoning ordinance of the City of Bend, the more Restrictive standard or requirement of the applicable Bend City ordinance shall apply.

D. By recordation of this Declaration in the real property records of Deschutes County, Oregon, Declarant is hereby creating a Class I planned community, pursuant to and subject to ORS 94.550 to 94783. Association Bylaws adopted pursuant to ORS 94.625 must be recorded.

E. Declarant reserves the right to expand MIRADA COMMUNITY ASSOCIATION by annexing additional phases, Lots and or Common Property and recording a supplemental declaration identifying the additional real property made subject to the Declaration.

F. Declarant desires to subject the Property to the terms of this Declaration for the purpose of enhancing and protecting the value, desirability and attractiveness of the Property, for the benefit of such property and its present and subsequent owners. Funds for the maintenance, management, and operation, of the Common Property will be provided through assessments against those who purchase Lots within MIRADA COMMUNITY ASSOCIATION. For the protection of all owners of Lots within MIRADA COMMUNITY ASSOCIATION there will be a system designed to assure that each person who purchases a Lot will pay assessments of an equitable share of the costs for maintenance the Common Property.

NOW, THEREFORE, Declarant hereby declares that "MIRADA COMMUNITY ASSOCIATION INC." shall be held, sold, and conveyed subject to the terms of this Declaration, 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 **"Areas of Common Responsibility"** means those areas for which the Association has maintenance, insurance, operating and other responsibility under this Declaration, as amended or supplemented from time to time.

1.2 **"Articles of Incorporation."** "Articles of Incorporation" shall mean the Articles of Incorporation of the Association.

1.3 **"Assessments"** means all assessments and other charges, fines and fees imposed by the Association on an Owner in accordance with this Declaration, including, without limitation, Annual Assessments, Special Assessments, and Individual Assessments as described in Article 10 below.

1.4 **"Association"** means the nonprofit mutual benefit corporation formed to serve as the Owners' association and known as "Mirada Community Association, Inc."

1.5 **"Board"** shall mean the Board of Directors of the Association as elected by the members pursuant to the provisions of the Bylaws.

1.6 **"Building"** shall mean any structure located on a Lot within the Property.

1.7 **"Bylaws"** means the bylaws of the Association as such bylaws may be amended from time to time.

1.8 **"Common Areas"** as used herein, shall mean only that portion of the Property, together with all improvements located thereon, that is established for the common use and benefit of property owners within the MIRADA COMMUNITY ASSOCIATION and identified as 'Common Areas' on a plat of any portion of the Property, in an amendment to this Declaration or in a supplemental declaration, and which shall be conveyed to the Association of

the use and benefit of the Owners. The initial Common Areas are identified on the Plat as Tract B; and excludes those areas designated as public streets, public sidewalks, and public right-of-ways, if any.

The Common Areas identified include the entrance monuments located facing Butler Market Road, and the landscaped area immediately surrounding the monument(s); the entrance monuments located facing Eagle Road, and the landscaped area immediately surrounding the monument(s); and the perimeter fence along Butler Market Road, and Eagle Road. Until the Conversion Date, the Declarant shall have the right to designate Common Areas in the future by recordation of a duly approved amendment to this Declaration or by recordation of a supplemental declaration. Not later than the Turnover Meeting, Declarant shall convey in fee the Common Areas to the Association, subject to the Association's agreement to continue maintenance thereon.

1.9 **"Common Maintenance Areas"** as used herein, shall mean that property and/or improvements for which the Association bears some responsibility to operate and/or maintain and/or repair and/or replace and/or insure. Common Maintenance Areas shall include the Common Areas, but also includes other property and/or improvements owned by third parties. The Association shall not be responsible for insuring and/or replacing real property that it does not own, except for those Improvements located on such property, which Improvements are identified as "Common Maintenance Areas." The Common Maintenance Areas shall include the following:

- a) The Association irrigation system along with the associated watering and electrical charges.
- b) The landscaped area(s) between the public street(s) and public sidewalk(s) immediately adjacent to the Associations' designated roadways, and the Association's perimeter fence along the south side of Butler Market Road and the west side of Eagle Road.
- c) The irrigation and landscape maintenance of the median in the middle of Butler Market Road immediately in front of and running adjacent to the Association boundaries.

Until the Conversion Date, the Declarant shall have the right to designate additional Common Maintenance Areas (including Common Areas) in the future or to remove Common Maintenance Areas (including Common Areas) by recordation of a duly approved amendment to this Declaration or by recordation of a supplemental declaration.

1.10 **"Common Easement Areas"** means those easements established for the benefit of all property within MIRADA COMMUNITY ASSOCIATION pursuant to any plat of the Property.

1.11 **"Community-Wide Standards"** means the standards of conduct, maintenance, or other activity generally prevailing throughout the Property. Such standards may be more specifically determined by the Association from time to time during the term of this Declaration, as may be extended by the terms hereof.

1.12 **"Declarant"** shall mean EDGE VERTICAL DEVELOPMENT CORP. an Oregon limited liability company, and its successors and assigns if a recorded instrument executed by Declarant assigns to the transferee all of Declarants' rights under this Declaration.

1.13 **"Declaration"** The "Declaration" shall mean the Declaration of Covenants, Conditions and Restrictions for MIRADA COMMUNITY ASSOCIATION recorded on \_\_\_\_\_, 2008 in the Deed Records of Deschutes County, Oregon as Document No. \_\_\_\_\_ - \_\_\_\_\_, as the same may be subsequently amended or supplemented pursuant to the terms thereof.

1.14 **"Design Review Committee"** shall mean the group of individuals responsible for implementing, interpreting, and enforcing the Design Guidelines and certain provisions of this Declaration.

1.15 **"Design Guidelines"** shall mean the initial design and development guidelines and application and review procedures which shall apply to all construction activities within the Property. The Design Guidelines may contain general provisions applicable to all of the Lots, as well as specific provisions which vary from one portion of the Property to another depending upon the location, unique characteristics, and intended use.

1.16 **"Development Period"** means the period of time between the date this Declaration is recorded in the official records of Deschutes County, Oregon and the earliest of (a) when one hundred seventy three (173) of the Lots have been conveyed to persons other than Declarant or an affiliate; (b) when, in its discretion, Declarant so determines, as evidenced by a document executed by Declarant to that effect and recorded in the official records of Deschutes County, Oregon; or (c) ten (10) years from the date this Declaration is recorded in the official records of Deschutes County, Oregon.

1.17 **"Improvement"** shall mean every temporary or permanent structure of any kind, including, but not limited to any buildings, outbuildings, private roads, driveways, parking areas, walkways, fences and barriers, retaining walls, stairs, decks, hedges, windbreaks, planting, planted trees and shrubs, park strip (if any), signs, storage areas and all other structures or exterior landscaping, vegetation or ground cover of every type and every kind above the land surface.

1.18 **"Living Unit"** shall mean any portion of a structure situated upon the Property designed and intended for use and occupancy as a residence by a single family.

1.19 **"Lot"** shall mean each platted or legally partitioned lot within the Property. Lot does not include Common Areas or Public Areas.

1.20 **"Master Plan"** means the subdivision development approval issued by City of Bend for MIRADA COMMUNITY ASSOCIATION, as the same may hereafter be amended.

1.21 **"Owner"** shall mean the record Owner, including Declarant, whether one or more persons or entities, of the fee simple title to any Lot or a purchaser in possession under a land sale contract, except as otherwise provided for herein, in the Articles of Incorporation or the Bylaws. The foregoing does not include persons or entities who hold an interest in any Lot merely as security for the performance of an obligation or a tenant or holder of a leasehold interest, except as otherwise provided for herein, in the Articles of Incorporation or the Bylaws. 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.

1.22 **"Policies and Procedures"** means those policies, procedures, rules and regulations adopted by the Association pursuant to the authority granted in this Declaration, as the same may be amended from time to time.

1.23 **"Property"** shall mean the property described on Exhibit "A" located in Section 23, township 17 South, Range 12 East, W.M. City of Bend, Deschutes County Oregon.

1.24 **"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.

## **ARTICLE 2 PROPERTY SUBJECT TO THIS DECLARATION**

2.1 **Initial Development.** Declarant hereby declares that all the real property described on Exhibit "A" attached hereto will henceforth be referred to as Mirada Community Association, a planned development under the Oregon Planned Community Act, and is owned and shall be owned, conveyed, encumbered, used, occupied and improved subject to this Declaration.

2.2 **Professional Management.** The Association shall be professionally managed by a third party vendor. The professional manager shall be selected and hired by the Association Board. After the Conversion Date, no member of the Board shall have any financial (whether direct or indirect) or familial relationship with such manager. As used herein, familial relationship shall mean and include the following (whether natural or adopted): spouses, parents (including in-laws), siblings (including in-laws), children, grandparents, grandchildren, aunts, uncles, nieces, nephews, and first cousins. The Board shall annually review the scope of and compensation provided by, the management contract.

## **ARTICLE 3 DESCRIPTION OF PROPERTY AND CONVERSION AND CONSOLIDATION OF LOTS**

3.1 **Land Classifications.** All land within the Property is included in one or another of the following land classifications including but not limited to: Lots, Common Areas, Common Easement Areas and Public Areas.

3.2 **Contemplated Improvements.** Declarant does not choose to limit its rights to add improvements not described in this Declaration.

#### **ARTICLE 4 PROPERTY RIGHTS AND COMMON AREAS**

4.1 **Owner's Easements of Enjoyment.** Subject to the provisions of this Article, 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.

4.2 **Title to the Common Areas.** Title to the Common Areas, except Common Easement Areas and Public Areas if applicable, shall be conveyed to the Association by Declarant free and clear of monetary liens and encumbrances prior to the date on which Class B membership in the Association ceases and is converted to Class A membership as described in Section 8.4(b).

4.3 **Common Easement Areas.** Common Easement Areas, if any, shall be granted or reserved as signage and visual landscape features, or as otherwise provided in this Declaration, a supplemental declaration, or the plat establishing the Common Easement Area. Such areas are to be maintained by the Association and no changes in landscaping will be permitted without written authorization by 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. In the event any Common Easement Area is conveyed to the Association, such Common Easement Area shall then become a Common Area.

4.4 **Extent of Owner's 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) **Easements.** Declarant reserves for itself and grants to the Association for the benefit of Declarant and 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 or with the consent of Declarant during the Development Period or the Association thereafter, 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 Improvements on Common Areas.

Declarant or the Association may (and, to the extent required by law, shall) grant or assign such easements to governmental entities 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.

(b) **Use of the Common Areas.** The Common Areas shall not be partitioned or otherwise divided into parcels for residential use. 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 in this Declaration shall prevent the placing of a sign or signs upon the Common Areas identifying the Property or identifying trails or identifying items of interest, including directional signs, provided such signs are approved by the Association and comply with any applicable sign ordinances or recorded restrictions. 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 reasonable means and with or without having to bring legal proceedings.

(c) **Alienation of the Common Areas.** The Association may not encumber, sell or transfer the Common Areas owned directly or indirectly by the Association for the benefit of the Lots unless such encumbrance, sale or transfer has been approved by two-thirds of the voting rights in the Association. This requirement shall not apply to the easements described in Section 4.4(a) above.

(d) **Limitation on Use.** Use of the Common Areas by the Owners, their family members, guests, tenants and contract purchasers, shall be subject to the provisions of this Declaration and to the following:

(i) The right of the Association to suspend such use by any Owner and the Owner's members, guests, tenants and contract purchasers to the extent provided in Article 11 below.

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

4.5 **Delegation of Use.** Any Owner may delegate, in accordance with any applicable provisions of the Bylaws of the Association, the Owner's right of enjoyment of the Common Areas to the members of the Owner's family and tenants or contract purchasers who reside on the Property, whose use of the Common Areas shall be subject to this Declaration and the Policies and Procedures adopted under this Declaration.

4.6 **Easements Retained by Declarant.** So long as Declarant owns any Lot, Declarant shall retain an easement under, over and across the Common Areas in order to carry out sales and development activities necessary or convenient for the sale and development of Lots or Living Units. Declarant, for itself and its successors and assigns, hereby retains a right and easement of 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 the Owner or the Owner's family, tenants, guests or invitees.

## **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, but the Lot shall be bound by and the Owner shall comply with the restrictions made applicable to such Lot by this Declaration.

**5.2 Easements Granted.** In addition to any easements shown on the recorded plats and as set forth elsewhere herein, Declarant hereby reserves for itself and Declarant and Current Owners each grant to the Association the following easements 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 at Reasonable Hours.** For the purpose of performing the maintenance provided for in this Declaration, the Association, through its duly authorized agents or employees, shall have the right after reasonable notice to the Owner, to enter upon any Lot at reasonable hours. The Association shall have a right of entry for purposes of effecting emergency repairs or to prevent imminent damage or injury to the Living Unit, other Living Units, to other Owners and their guests or invitees, or to the Common Areas. In such instances, the Association shall give notice by telephone if reasonably possible prior to entry.

(c) **Utility Easements.** Easements for installation and maintenance of utilities and drainage facilities may be reserved over portions of certain Lots, as shown on or described in the recorded plat. Within the easements, no structure, planting or other material shall be placed or permitted to remain 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, or which may obstruct or retard the flow of water through 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, utility company or the Association is responsible. Notwithstanding the provisions of this paragraph, no such easements shall exist along adjoining side lot lines on which a party wall exists.



## ARTICLE 6 PROPERTY USE RESTRICTIONS

6.1 **Structures Permitted.** No structures shall be erected or permitted to remain on any Lot except structures containing Living Units and structures normally accessory thereto the location of which is in conformity with the applicable governmental regulations, is compatible in design with the dwelling structure constructed on such Lot, and has been approved by the Declarant during the Development Period, or the Design Review Committee thereafter. All structures must be constructed in strict conformance with the Design Guidelines.

6.2 **Residential Use.** All Lots and Living Units shall be used for single-family residential purposes only. Each residence shall contain a minimum of **1,000** square feet (exclusive of garage, storage and accessory dwellings). Except as provided for herein, no commercial, retail or industrial use shall be allowed on any Lot. Except with the consent of the Declarant during the Development Period or the Association thereafter, 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 or business be kept or stored on any Lot. Nothing in this paragraph shall be deemed to prohibit (a) activities relating to the sale of Living Units, (b) the right of Declarant or its approved 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 or apartment for purposes of sales in MIRADA COMMUNITY ASSOCIATION, 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. Commercial use in a residence may be allowed; provided that, only normal residential activities will be observable outside the Living Unit and the activities will not be in violation of applicable governmental ordinances.

6.3 **Antennas.** Only standard TV antennas and satellite dishes shall be permitted on a Lot. All over-the-air reception devices shall comply with the restrictions imposed by Declarant during the Development Period, or the Design Review Committee thereafter, pertaining to the size, means, method and location of TV antenna and satellite dish installation.

6.4 **Appearance.** All garbage, trash, cuttings, refuse, garbage and refuse containers, heat pumps, air conditioners, and other service facilities located on the Lot shall be screened from view of neighboring lots and streets in a manner approved by the Declarant during the Development Period or the Design Review Committee thereafter.

6.5 **Damage or Destruction.** If any Living Unit or other Improvement within the Property is destroyed and the Owner thereof elects not to rebuild, the affected Lot shall be cleared of debris and a Living Unit or other Improvement of an alternate design may be constructed subject to approval of Declarant during the Development Period or the Design Review Committee thereafter.

**6.6 Leasing of Living Units.** There is no restriction on the right of any Owner to lease or rent such Owner's Living Unit to the extent allowed by the applicable City of Bend zoning code or other ordinances, regulations and statutes. Any tenancy upon any Lot or in any Living Unit shall be governed by the terms and provisions of the Declaration, Bylaws and Association Policies and Procedures.

**6.7 Livestock, Poultry and Pets.** No animals, livestock or poultry of any kind shall be raised, bred or kept on any Lot except that a reasonable number of dogs, cats or other common domesticated household pets may be kept, provided that they are not kept, bred or maintained for any commercial purposes and do not constitute a nuisance.

**6.8 Maintenance of Improvements and Grounds.** Each Lot within the Property shall be maintained in a clean and attractive condition, in good repair and in such a fashion as not to create a fire hazard. In addition, each Owner shall keep all areas of the Lot free of trash, excess building materials, household items, and other unsightly material. Unsightly rear storage is prohibited. The homeowner is required to keep the sidewalk immediately in front of their lot swept clean of debris, snow, and remove ice buildup without the use of salt or other harmful agents to concrete.

**6.9 Offensive or Unlawful Activities.** No noxious or offensive activity shall be carried on upon any Lot therein nor shall anything be done or placed thereon which interferes with or jeopardizes the enjoyment of the Common Areas, or which is a source of annoyance to residents. No unlawful use shall be made of a Lot nor any part thereof, and all valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction thereof shall be observed.

**6.10 Outside Fixtures.** Accessory structures, recreational equipment, including but not limited to, play structures or equipment, including but not limited to, tool sheds, play equipment and dog houses are allowed provided there is adequate screening, as approved by the Declarant during the Development Period or Design Review Committee thereafter and outlined by the Design Guidelines.

**6.11 Outside Storage.** Woodpiles, storage areas, machinery and equipment shall be prohibited upon any Lot, unless obscured from view of neighboring property and streets by a fence or appropriate screen approved by the Declarant during the Development Period or Design Review Committee thereafter. Neutral colored tarps may be used in conjunction with an approved fence per the Design Guidelines; blue tarps are prohibited.

**6.12 Parking, Prohibited Vehicles, and Lot Appearance.** Boats, trailers, buses, motor homes, commercial vehicles, flat bed pick-up trucks, recreational vehicles, (including campers), disabled vehicles or other similar vehicles shall not be parked or stored on any Lot other than inside an enclosed garage, screened from view in a manner approved by the Declarant during the Development Period or Design Review Committee thereafter, or on a temporary basis as allowed in the Association Policies and Procedures which may be amended from time to time.

No vehicle shall be parked in the street, except on a temporary basis as allowed in the Association Policies and Procedures, which may be amended from time and time, and at no time may vehicles in disrepair be parked on driveways, on the street or on sidewalks within the Property. No major or extended vehicle repairs shall be performed unless inside an enclosed garage.

**6.13 Rubbish and Trash.** Each Owner shall keep garbage in covered containers, and shall keep such containers screened from the view of the neighboring Lots and from the streets unless put out for pick up on the appropriate day, and retrieved the same evening. Burn barrels and other forms of open burning shall not be allowed.

**6.14 Signs.** An Owner may not display more than one (1) "for sale" sign per Lot. Said signs shall be limited in size to not more than four (4) square feet. No "for rent" signs are allowed on a Lot at any time.

**6.15 Utility Easements.** Easements for installation and maintenance of utilities may be reserved over portions of certain Lots, as shown on the recorded plat. Within the easements, no structure, planting or other material shall be placed or permitted to remain which may damage or interfere with the installation or maintenance of utilities. 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, utility company, or Association is responsible.

**6.16 Windows, Decks, Porches, Outside Walls and Yards.** In order to preserve the attractive appearance of Mirada Community Association, the Declarant during the Development Period and the Design Review Committee thereafter, may regulate the nature of items that may be placed in or on windows, decks, entry porches, outside walls and yards so as to be visible from outside of the Lot. Garments, rugs, decorative banners, laundry and other similar items may not be hung from windows, facades, porches or decks.

## **ARTICLE 7 BUILDING STANDARDS**

**7.1 Completion.** Any structure shall be completed within twelve (12) months from the beginning of construction, so as to present a finished appearance when viewed from any angle. In the event of undue hardship due to weather or any other unanticipated and unavoidable occurrence, that period may be extended upon the written approval of Declarant during the Development Period, or the Design Review Committee thereafter. The building area and surrounding streets and sidewalks shall be kept reasonably clean and in workmanlike order during the construction period.

**7.2 Exterior Materials and Finishes.** Exterior materials and paint colors must be approved by the Declarant during the Development Period, and by the Design Review Committee thereafter. Samples submitted for approval may be standard manufacturer's paint chip samples. Use of muted, earth-related tones such as brown, green, dark red, blue or yellow which are appropriate for the natural surroundings are encouraged. Siding material may be a minimum of Hardy Plank or equivalent with maximum six inch (6") reveal (when used in a

horizontal design), or board and batt. Prohibited materials include: T-111 plywood; any material or color designated as prohibited by the Design Guidelines. Stone material may be cultured stone veneer or comparable material as deemed appropriate by the Design Review Committee. All exposed exterior metals, PVC vents and plumbing pipes must be painted to match or blend with exterior house colors and roofing.

**7.3 Roofs.** Roofing material shall be restricted to a minimum of 30-year architectural composition, concrete tile, or an equal approved by Declarant during the Development Period, or by the Design Review Committee thereafter.

**7.4 Garages.** Unless otherwise agreed to in writing by the Declarant during the Development Period or by the Design Review Committee thereafter, the garage of each Living Unit must have a minimum capacity of two (2) cars.

**7.5 Driveways and walkways.** Allowed materials for driveways and walkways include concrete, asphalt, brick and masonry. All driveways shall be finished prior to occupancy. Exceptions may be allowed with specific written approval from Declarant during the Development Period and the Design Review Committee thereafter.

**7.6 Landscaping.** The street frontage of each Lot shall be fully landscaped within 60 days from the completion of the Living Unit constructed on such Lot. In the event of undue hardship due to weather conditions, this period may be extended for a reasonable length of time upon written approval by Declarant during the Development Period or the Design Review Committee thereafter. All exterior landscape installations and plantings visible from the public streets must be approved by the Declarant during the Development Period or the Design Review Committee thereafter.

**7.7 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 Declarant during the Development Period or the Association thereafter 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. There shall be no interference with the established drainage patterns or systems over or through any Lot within the Association so as to affect any other Lot or Common Area or any real property outside the Association unless adequate alternative provision is made for proper drainage and is approved by the DRC. The term "established drainage" shall mean the drainage swales, conduits, inlets and outlets designed and constructed for the Association.

**7.8 Fences.** Perimeter fencing is allowed along the rear and both sides of the Lot; and is to terminate in the front of the Lot at the building corner(s) of the garage and living unit conjunctively. All fences are to be made of the same material as described in the Design Guidelines and must be approved in writing by the Declarant during the Development Period or the Design Review Committee thereafter.

Any fence approved in writing by the Declarant during the Development Period or the Design Review Committee thereafter Design Review Committee shall not exceed six (6) feet in height.

7.9 **Exterior Lighting.** No Owner shall place on any Lot bright exterior lighting with an unshielded exposed bulb, except that indirect or shielded exterior lighting may be allowed, subject to review and approval by Declarant during the Development Period and the Design Review Committee thereafter.

7.10 **Height Restrictions.** No structure shall exceed 30 feet (30') in height as measured from the existing elevation of the lot at the time of plat recording to the highest point of the roof, and meet all City of Bend height requirements.

7.11 **Setbacks.** All building structures must comply with the City of Bend minimum setback requirements.

7.12 **New Technology.** New materials may be developed from time to time which warrant a change in the foregoing specifications. Upon request, the Design Review Committee may approve the use of a new material, but only upon a substantial showing that the material is consistent with the visual and aesthetic integrity of the Property.

## **ARTICLE 8 ASSOCIATION**

8.1 **Organization.** Declarant shall organize the Association as a nonprofit mutual benefit corporation under the general nonprofit corporation laws of the State of Oregon of all of the Owners within Mirada Community Association. Such Association, its successors and assigns, shall be organized under the name "Mirada Community Association, Inc." 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 property located therein. 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, it shall automatically be succeeded by an unincorporated Association of the same name. In that event all of the property, powers and obligations of the Association existing immediately prior to its dissolution shall thereupon automatically vest in the successor unincorporated association, and such vesting shall thereafter be confirmed as evidenced by appropriate conveyances and assignments by the Association. To the greatest extent possible, any successor unincorporated association shall be governed by the Articles of Incorporation and Bylaws of the Association as if they had been made to constitute the governing documents of the unincorporated association.

8.2 **Bylaws.** Declarant shall adopt, on behalf of the Association, the initial bylaws required under ORS 94.635 to govern the administration of Mirada Community Association. Declarant shall record the Bylaws in the official records of Deschutes County, Oregon.

8.3 **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 membership 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.

**8.4 Voting Rights.** Voting rights within the Association shall be allocated as follows:

(a) **Lots.** Lots shall be allocated one Voting Unit per Lot. A single-family residential Lot shall be allocated one vote regardless whether the Living Unit has been constructed on such Lot.

(b) **Classes of Voting Membership.** 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 Voting Units for each Lot owned computed in accordance with Section 8.4(a) above. When more than one person holds an interest in any Lot, all such persons shall be members and the vote for such Lot shall be exercised as they among themselves determine. In the event that such co-owners cannot agree with respect to any vote, the vote of the Lot owned by the co-owners shall be disregarded completely in determining the proportion of votes given with respect to such matter. In no event, shall more Voting Units be cast with respect to any Lot than as set forth in Section 8.4(a) above.

**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 any of the following events, whichever occurs first:

(i) When Declarant has completed development of all Lots and Common Areas permitted under the Master Plan, and one hundred eighty five (185) of the Lots have been sold and conveyed to Owners other than Declarant; or

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

(iii) Ten (10) years from the date this Declaration is recorded in the official records of Deschutes County, Oregon.

**8.5 Special Declarant Rights.** Declarant reserves to itself the following special rights to:

(a) Control the Association during the Development Period as provided in this Declaration;

(b) Reserve for itself and grant easements as provided in this Declaration;

(c) Approve the design, construction, alteration or installation of any Improvements to the Property during the Development Period as provided in this Declaration;

(d) Construct Living Units on any Lot, store construction materials and equipment on such Lots in the normal course of construction, and use any Living Unit as a sales or rental office or model home or apartment for purposes of sales or rental in Mirada Community Association;

(e) Appoint an interim Board of Directors; and

(f) All other rights as set forth in this Declaration.

**8.6 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, whether or not such Act is applicable to the Association.

(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 the provisions herein, 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.

**8.7 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 10 and other provisions of this Declaration.

(b) **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 with the exclusion of item (iv) of this Section "Insurance by Lot Owners":

(i) Property Damage Insurance. 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's as the Association may deem desirable. The amount of the coverage shall be for not less than one hundred percent (100%) of the current replacement cost of the structural improvements on the Common Areas (exclusive of land, foundation, excavation and other items normally excluded from coverage), subject to a reasonable deductible as determined by the Board of Directors of the Association. 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.

(ii) Liability Insurance. The Association shall maintain comprehensive general liability insurance coverage insuring the Declarant, the Association, the Board of Directors, the Design Review Committee, and the Managing Agent, against 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. Limits of liability under such insurance shall not be less than One Million Dollars (\$1,000,000) on a combined single-limit basis. Such policy or policies shall be issued on a comprehensive liability basis and shall provide a cross liability endorsement wherein the rights of named insured's under the policy or policies shall not be prejudiced as respects his, her or their action against another named insured.

(iii) Directors and Officers Insurance. At the discretion of the Board, the Association may purchase and maintain insurance on behalf of any person who is or was a Director, Officer, employee, or agent of the Association, or is or was serving at the request of the Association, against any liability asserted against him or her and incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not the Association would have the power to indemnify him or her against such liability under the provisions of the Articles of Incorporation of the Association.

(iv) Insurance by Lot Owners. Each Owner shall be responsible for obtaining, at his or her own expense, homeowner's insurance covering the Improvements and personal property on the Owner's Lot to the extent not covered by the Association policy, 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.

(v) Planned Community Act Requirements. The insurance maintained by the Association shall comply with the requirements of the Oregon Planned Community Act, ORS 94.550 to 94.780.

(c) **Rule Making.** The Association, through the Board of Directors, shall have the right to make, establish, promulgate, amend and repeal from time to time any Policies and Procedures governing the conduct of persons and the operation and use of Lots, Living Units and the Common Areas as it may deem necessary or appropriate in order to assure



the peaceful and orderly use and enjoyment of the Property. A copy of the Policies and Procedures, upon adoption, and a copy of each amendment or modification shall be furnished to each Owner and shall be binding upon all Owners and occupants of all Lots upon the date of delivery. The method of adoption of such Policies and Procedures shall be as provided in the Bylaws of the Association.

(d) **Enforcement.** Subject to the provisions of Article 12, 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 Policies and Procedures adopted by the Association.

(e) **Employment of Agents, Advisers and Contractors.** The Association shall be professionally managed by a third party vendor. The professional manager shall be selected and hired by the Association Board. After the Conversion Date, no member of the Board shall have any financial (whether direct or indirect) or familial relationship with such manager. As used herein, familial relationship shall mean and include the following (whether natural or adopted): spouses, parents (including in-laws), siblings (including in-laws), children, grandparents, grandchildren, aunts, uncles, nieces, nephews, and first cousins. If a professional manager is engaged, the Board shall annually review the scope of and compensation provided by, the management contract. The Board as directed by the Declarant or the Association thereafter may employ professional counsel and obtain advice from such persons or firms or corporations such as, but not limited to, landscape architects, architects, planners, attorneys and accountants, and contract for or otherwise provide for all services necessary or convenient for the management, maintenance and operation of the Property.

(f) **Borrow Money, Hold Title and Make Conveyances.** The Association may borrow and repay moneys for the purpose of maintaining and improving the Common Areas, subject to Section 4.4 above, and 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 interests 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 interest within the property conveyed to the Association by Declarant.

(g) **Transfer, Dedication and Encumbrance of Common Area.** Except as otherwise provided in Section 4.4 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.

(h) **Joint Use and Maintenance Agreements.** The Association through its Board of Directors may enter into joint use and maintenance agreements with other associations, entities or persons relating to the joint use and maintenance of the Common Areas or other facilities.

**8.8 Liability.** A member of the Board of Directors or an officer of the Association shall not be liable to the Association or any member of the Association 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.

**8.9 Interim Board.** 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 next annual meeting following termination of Class B membership. At such meeting, the interim directors shall resign and be replaced by their successors, who shall be designated as provided in this Declaration and the Bylaws of the Association.

**8.10 Turnover Meeting.** 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 one hundred seventy three (173) Lots have been sold and conveyed to Owners other than Declarant. If the Declarant fails to call the turnover meeting as required by this section, any Owner or mortgagee of a Lot may call the meeting by giving notice as provided in the Bylaws.

**8.11 Appointment of Directors.** Effective as of the next annual meeting following termination of Class B membership, the Board of Directors of the Association will be composed of three (3) directors, all of whom shall be elected by the Owners pursuant to the terms hereof and the Bylaws (as applicable).

## **ARTICLE 9 DESIGN REVIEW**

**9.1 General.** No structure shall be placed, erected, or installed upon any Lot, and no improvements (including staking, clearing, excavation, grading and other site work, exterior alteration of existing improvements, planting or removal of landscaping materials, and installation or removal of an irrigation system) shall take place except in compliance with the Design Guidelines and this Declaration. In the event of an inconsistency between the Design Guidelines and this Declaration, the terms of this Declaration shall control, unless otherwise agreed to in writing by Declarant during the Development Period or the Design Review Committee thereafter.

**9.2 Declarant and Association Exempt.** This Article shall not apply to the activities of the Declarant, nor to improvements to the Common Areas by or on behalf of the Association.

**9.3 Alterations.** Owners are expressly prohibited from materially changing the exterior of any Living Unit or other structure without written permission of the Declarant during the Development Period or the Design Review Committee thereafter; except that an Owner may repaint or rebuild a Living Unit in accordance with the Design Guidelines or with the originally approved color scheme and the originally approved plans and specifications. No structure may

be installed outside of the Living Unit except structures, including without limitation fences, installed without written approval of the Declarant during the Development Period or the Design Review Committee thereafter.

**9.4 Design Review.** Responsibility for administration of the Design Guidelines and review of all applications for construction and modifications under this Article shall be handled by the Design Review Committee. The members of the Design Review Committee need not be members of the Association or representatives of members of the Association, and may, but need not, include architects, engineers or similar professionals, whose compensation, if any, shall be established from time to time by the Board of Directors for the Association. The Board of Directors may establish and charge reasonable fees for review of applications hereunder and may require such fees to be paid in full prior to review.

**9.5 Design Review Committee.** The Design Review Committee shall consist of at least three, but no more than five, persons after turnover to the Class A Membership. So long as Declarant, or any affiliate of Declarant, owns any Lot primarily for development and/or sale, Declarant retains the right to appoint all members of the Design Review Committee, who shall serve at the discretion of Declarant. There shall be no surrender of this right prior to that time except in a written instrument in recordable form executed by Declarant. Upon surrender of such right, the Board of Directors of the Association may appoint the members of the Design Review Committee, who shall serve and may be removed at the discretion of the Board of Directors, or it may dissolve the Design Review Committee, in its discretion, and transfer its entire jurisdiction to the Association Management Company.

**9.6 Design Guidelines.** The Design Review Committee shall adopt the Design Guidelines at its initial organizational meeting and thereafter shall have sole and full authority to amend them. Any amendments to the Design Guidelines shall apply to construction and modifications commenced after the date of such amendment only and shall not apply to require modifications to or removal of structures previously approved once the approved construction or modification has commenced. Declarant and the Design Review Committee shall make the Design Guidelines available to Owners who seek to engage in development or construction within the Property and all such persons shall conduct their activities in accordance with them. In the Declarants' discretion, such Design Guidelines may be recorded in the office of the County Clerk.

**9.7 Plans and Specifications.**

(a) No construction or improvements shall be commenced, erected, placed or maintained on any Lot, nor shall any exterior addition, change or alteration be made thereto, until the plans and specifications ("Plans") showing site layout, structural design, exterior elevations, exterior materials and colors, signs, landscaping, drainage, lighting, irrigation, utility facilities layout and screening therefore shall have been submitted to and approved by the Design Review Committee. The Design Guidelines shall set forth the procedures for submission of the Plans.

(b) In reviewing each submission, the Design Review Committee may consider visual and environmental impacts, ecological compatibility, natural platforms and finish grade elevation, harmony of external design with surrounding structures and environment, and location in relation to surrounding structures and plant life.

(c) The Design Review Committee shall, within 30 days after each submission of the Plans, advise the party submitting the same, in writing of the (i) the approval of the Plans; or (ii) the segments or features of the Plans which are deemed to be inconsistent or not in conformity with this Declaration and the Design Guidelines, the reasons for such finding, and suggestions for the curing of such objections. In the event the Design Review Committee fails to advise the party by written notice within the time set forth above of either the approval or disapproval of the Plans, approval shall be deemed to have been given. Notice shall be deemed to have been given at the time it is personally delivered, or mailed by depositing the envelope containing such notice, properly addressed, and postage prepaid, with the U.S. Postal Service, registered or certified mail, return receipt requested. Notification by fax, email, overnight courier service or other means will be acceptable as long as the receiving party acknowledges receipt.

**9.8 No Waiver of Future Approvals.** Each Owner acknowledges that the members of the Design Review Committee will change from time to time and that interpretation, application and enforcement of the Design Guidelines may vary accordingly. Approval of proposals, plans and specifications, or drawings for any work done or proposed, or in connection with any other matter requiring approval, shall not be deemed to constitute a waiver of the right to withhold approval as to any similar proposals, plans and specifications, drawings, or other matters subsequently or additionally submitted for approval.

**9.9 Variance.** The Design Review Committee may authorize variances from compliance with any of its guidelines and procedures when circumstances such as topography, natural obstructions, hardship or aesthetic or environmental considerations require, but only in accordance with duly adopted rules and regulations. Such variations may only be granted, however, when unique circumstances dictate, and no variance shall (a) be effective unless in writing; (b) be contrary to this Declaration; and (c) stop the Design Review Committee from denying a variance in other circumstances. For purposes of this section, the inability to obtain approval of any governmental agency, the issuance of any permit, the cost of compliance, or the terms of any financing shall not be considered a hardship warranting a variance.

**9.10 Limitation of Liability.** Review and approval of any application pursuant to this Article is made on the basis of aesthetic considerations only, and neither the Design Review Committee, nor its members, shall bear any responsibility for ensuring the structural integrity or soundness of approved construction or modifications, nor for ensuring compliance with building codes and other governmental requirements. Neither the Declarant, the Association, the Board of Directors, any committee or any member of the foregoing shall be held liable for any injury, damages, or loss arising out of the manner or quality of approved construction on or modification to any Lot.

9.11 **Enforcement.** Any structure or improvement placed or made in violation of this Declaration shall be deemed to be nonconforming. Either the Design Review Committee, the Association or Declarant may enforce this Article and the Design Guidelines pursuant to the enforcement procedures in Article 12.

## **ARTICLE 10 MAINTENANCE, UTILITIES AND SERVICES**

10.1 **Maintenance of Common Areas.** Declarant, during the Development Period, and the Association thereafter, shall be responsible for the performance of all maintenance upon the Common Areas, Common Easement Areas, and landscaping within dedicated rights of way, including but not limited to grass, trees, entrance signs, streets, street lighting and signs, parking areas, walkways and trails, unless the maintenance thereof is assumed by a public body. Such areas shall be maintained in a good and workmanlike manner such as to carry out the purpose for which such areas are intended. The Association shall further maintain and keep in good repair the Area of Common Responsibility. Each Owner is responsible for repairing, restoring or rebuilding any damage that would be insured against by the insurance the Owner is required to carry under Section 8.7(b). All such damage shall be restored as promptly as possible to its original appearance. Any change to such appearance must be approved by the Declarant during the Development Period and the Association thereafter.

10.2 **Maintenance of Utilities.** The Declarant, during the Development Period, and the Association thereafter shall perform or contract to perform maintenance of all private utilities within Common Areas, such as sanitary sewer service lines, domestic water service lines and storm drainage lines, except to the extent such maintenance is performed by the utilities furnishing such services. Each Owner shall be responsible for maintaining utility lines within his Lot.

10.3 **Services.** The Association may provide or contract for such services as the Board may reasonably deem to be of benefit to the Property, including without limitation, garbage removal, and street cleaning.

## **ARTICLE 11 ASSESSMENTS**

11.1 **Purpose of Assessments.** The Assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the Owners and occupants of Mirada Community Association and for the improvement, operation and maintenance of the Common Area and Areas of Common Responsibility.

11.2 **Types of Assessments.** The Association may levy Annual Assessments, Special Assessments and Individual Assessments, all as more particularly described below.

**11.3 Apportionment of Assessments.** All Lots shall be subject to assessment and shall pay an equal share of the Annual Assessments and Special Assessments commencing upon the date such Lots are made subject to this Declaration. The pro rata share shall be based upon the total amount of each such Assessment divided by the total number of Lots subject to Assessment. Notwithstanding the provisions of this section, however, 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.

**11.4 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 number of Lots as of the first day of the fiscal year for which the budget is prepared and the number of Lots reasonably anticipated to become subject to assessment during the fiscal year. The budget may be based upon a greater number of Lots than those reasonably anticipated to be subject to assessment during the fiscal year if the Declarant agrees to subsidize the Association for any shortfall in the Operations Fund until the assumed number of Lots is subject to assessment. 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 11.8 below. Annual Assessments for such operating expenses and reserves ("Annual Assessments") shall then be apportioned among the Lots as provided in Section 11.3 above. The method of adoption of the budget and the manner of billing and collection of Assessments shall be as provided in the Bylaws.

**11.5 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 paying 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 twenty (20%) percent 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 as provided in the Bylaws. Special Assessments shall be apportioned as provided in Section 11.3 above and may be payable in lump sum or in installments, with or without interest or discount, as determined by the Association through its Board of Directors.

**11.6 Individual Assessments.** Individual Assessments include, without limitations, charges for services provided under this Declaration. 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 Policies and Procedures 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 Individual Assessments.

**11.7 Operations Fund.** The Association shall keep all funds received by it as Assessments, other than reserves described in Section 11.8, separate and apart from its other funds, in an account to be known as the "Operations Fund." The Association shall use such fund 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 on 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 Section 8.5 herein.
- (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.

**11.8 Reserve Fund.** The Declarant shall establish a reserve fund for replacement of those items to be maintained by the Association all or a part of which will normally require replacement in more than one (1) and less than thirty (30) years ("Reserve Fund"). Such Reserve Fund shall be funded by Assessments against the individual Lots assessed for maintenance of the items for which the Reserve Fund is being established. The amount assessed shall take into account the estimated remaining life of the items for which the reserve is created and the current replacement cost of such items. The Reserve Fund shall be established in the name of the Association and shall be adjusted at regular intervals to recognize changes in current replacement cost over time. The Reserve Fund shall be used only for replacement of common property as determined by the Board of Directors and shall be kept separate from the Operations Fund. Any interest earned on funds deposited in the Reserve Fund, however, may either be accumulated in the Reserve Fund or deposited in the Operations Fund. The Board of Directors may borrow funds from the Reserve Fund to meet high seasonal demands on the regular operating funds or to meet other temporary expenses which will later be paid from Annual Assessments or Special Assessments. Nothing in this section shall prohibit prudent investment of the reserve account. 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.

**11.9 Creation of Lien and Personal Obligation of Assessments.** Declarant, for each Lot owned by Declarant within the Property, hereby covenants, 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 12.2, 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.

## **ARTICLE 12 ENFORCEMENT**

**12.1 Remedies.** This Declaration shall be specifically enforceable by Declarant, the Design Review Committee, the Management Company, or by any Owner of any Lot. Any breach of this Declaration shall subject the breaching party to any and all legal remedies, including damages or the destruction, removal, or enjoining of any offending Improvements or condition.

**12.2 Nonwaiver.** Failure by the Declarant, the Design Review Committee, the Management Company, the Association or any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

**12.3 Nonqualifying Improvements and 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 to the Design Guidelines, or causes or permits any Improvement, activity, condition or nuisance contrary to the provisions of this Declaration or the Design Guidelines to remain uncorrected or unabated on the Owner's Lot, then the Design Review Committee, the Management Company, or the Association acting through its Board of Directors, shall notify the Owner in writing of any such specific violations and shall require the Owner to remedy or abate the same in order to bring his Lot, the Improvements thereon and the use thereof, into conformance with this Declaration and the Design Guidelines. If the Owner is unable, unwilling or refuses to comply with the Design Review Committee's or 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 thirty (30) days of written notice to the Owner, the Association, acting through its Board of Directors, or the Design Review Committee, shall have the right to do any or all of the following.

(a) Assess fines against such Owner in the manner and amount the Board deems appropriate in relation to the violation, 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 including administrative costs as determined by the Board of Directors, which amount shall be payable to the Operations Fund as an Individual Assessment, provided that no items of construction shall be altered or demolished in the absence of judicial proceedings, or;



(c) Bring suit or action against the Owner on behalf of the Association and other Owners to enforce this Declaration. In no event shall the Association commence any suit or action under this section unless and until the Association has complied with the notice requirements of ORS 94.662.

**12.4 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 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 the Owner's Lot.

(b) The Association shall have a lien 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 from the date on which the Assessment is due. The provisions regarding the attachment, notice, recordation and duration of liens established on real property under ORS 94.704 to 94.716, as the same may be amended, shall apply to the Association's lien. The lien shall be foreclosed in accordance with the provisions regarding the foreclosure of liens under ORS Chapter 88. The Association, through its duly authorized agents, may bid on the Lot at such foreclosure sale, and may acquire and hold, lease, mortgage and convey the Lot.

(c) The Association may bring an action to recover a money judgment for unpaid Assessments 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.

**12.5 Notification of First Mortgagee.** The Board of Directors shall notify any first mortgagee of any individual Lot of any default in performance of this Declaration by the Lot Owner which is not cured within sixty (60) days after notice of default to the Owner.

**12.6 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 or nonjudicial sale thereunder shall extinguish any lien of an Assessment notice of which was recorded after the recording of the mortgage or trust deed. Such sale or

transfer, however, shall not release the Lot from liability for any Assessments or charges thereafter becoming due or from the lien of such Assessments or charges.

**12.7 Interest, Expenses and Attorneys' Fees.** Any amount not paid to the Association when due in accordance with this Declaration shall bear interest from the due date until paid at a rate three percentage points per annum above the prevailing Portland, Oregon prime rate at the time, 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 of the Association not to exceed thirty percent (30%) of such Assessment. 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 as established from time to time by resolution of the Board of Directors of the Association. In the event the Association shall bring any suit or action to enforce this Declaration, or to collect any money due under this Declaration or to foreclose a lien, the Owner-defendant shall pay to the Association, the Management Company, all costs and expenses incurred by it in connection with such suit or action, including but not limited to 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.

**12.8 Assignment of Rents.** As security for the payment of all liens arising pursuant to this Article 11, each Owner hereby gives to and confers upon the Association the right, power and authority, during the continuance of such ownership, to collect the rents, issues and profits of the Owner's Lot, reserving unto the Owner the right, prior to any default by such Owner in performance of that Owner's obligation under this Declaration or the Bylaws, to collect and retain such rents, issues and profits as they become due and payable. Upon any such default, the Association may, at any time after ten (10) days written notice to such Owner, either in person, by agent or by a receiver to be appointed by a court of competent jurisdiction, and without regard to the adequacy of any security for such indebtedness, enter upon and take possession of such Owner's Lot or any part thereof, in its own name sue for or otherwise collect such rents, issues and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorneys' fees, in payment of any indebtedness to the Association or in performance of any agreement hereunder, and in such order, as the Association may determine. Such action shall not cure nor waive any default hereunder or invalidate any act done pursuant to this Declaration. The assignment of rents and powers described in the foregoing paragraph shall not affect, and shall in all respects be subordinate to, the rights and powers of the holder of any first or second mortgage on any Lot, or any part thereof, to do the same or similar acts.

**12.9 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.

## **ARTICLE 13 DISPUTE RESOLUTION**

### **13.1 Mediation.**

(a) Except as otherwise provided in this section, before initiating litigation or an administrative proceeding in which the Association and an Owner have an adversarial relationship, the party that intends to initiate litigation or an administrative proceeding shall offer to 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 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 or an administrative proceeding may be stayed for thirty (30) days upon a motion of the non-initiating party. If the litigation 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 or an administrative proceeding without regard to whether the dispute resolution is completed.

(e) Once made, the decision of the court or administrative body arising from litigation 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 or an administrative proceeding initiated to collect Assessments, other than Assessments attributable to fines.

**13.2 Costs and Attorneys' Fees.** The fees of any mediator and the costs of mediation shall be divided and paid equally by the parties except for those fees incurred by the Management Company, which are to be covered by the Association. Each party shall pay its own attorneys' fees and costs in connection with any mediation except for the Management Company which fees will be covered by the Association.

13.3 **Survival.** The mediation agreement set forth in this section shall survive the transfer by any party of its interest or involvement in the Property and any Lot or Living Unit therein and the termination of this Declaration.

#### **ARTICLE 14 DECLARANT'S IMMUNITY**

The Declarant has a non-exclusive right and power to enforce the covenants, conditions, and restrictions contained in this Declaration, but the Declarant has no legal obligation to enforce or attempt to enforce the provisions hereof. In the event Declarant refuses, neglects, fails or is negligent in enforcing or attempting to enforce the Declaration, there shall not exist or be created any cause of action or claim against Declarant, or the Management Company, and each Owner or any person or entity claiming by, through or from said Owner hereby releases Declarant and Management Company from and against any claim arising in connection with the development of the Property or related to Declarants' acts or omissions in preparing, filing or enforcing this Declaration and shall be stopped from making or enforcing any such claim.

#### **ARTICLE 15 MORTGAGEES**

15.1 **Reimbursement of First Mortgagees.** 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 therefore from the Association.

15.2 **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 first mortgagee, upon giving written notice as provided in this section, 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 14.2 and shall be sent postage prepaid by certified U.S. mail, return receipt requested, to the Owner with a copy by regular mail to the Association at the last known address of each.

15.3 **Subordination.** Current Mortgagees hereby consent to subject the Property to the terms of this Declaration and to subordinate their interests in the Mortgaged Lots as provided for in, and limited by, this Declaration.

## ARTICLE 16 MISCELLANEOUS PROVISIONS

16.1 **Duration.** This Declaration shall run with the land and shall be and remain in full force and effect at all times with respect to all property included in the Property and the Owners thereof for an initial period of thirty (30) years commencing with the date on which this document is recorded. Thereafter, this Declaration shall continue to run with the land and be and remain in full force and effect at all times with respect to all Property and the Owners thereof for successive additional periods of ten (10) years each. The continuation from the initial or any additional period into the next subsequent period shall be automatic and without the necessity of any notice, consent, or other action whatsoever; provided, however, that this Declaration may be terminated at the end of the initial or any additional period by an affirmative vote or written consent, not less than six (6) months prior to the intended termination date, of the Owners representing at least seventy-five percent (75%) of the total votes permitted to be cast and, as long as Declarant owns any of the Lots, the written approval of Declarant.

16.2 **Amendment.** This Declaration or any provision thereof may be terminated, extended, modified or amended as to the whole of said Property, or any part thereof, by the vote or agreement of the Owners representing at least seventy-five percent (75%) of the total votes permitted to be cast and, as long as Declarant owns any of the Lots, the written approval of Declarant. Notwithstanding the provisions of Section 8.2 herein, for purposes of this Section 15.2 only, all Owners will be deemed to be Class A voting members and therefore entitled to one vote for each Lot owned. Any such approved amendment must be certified by the President and Secretary of the Association as being adopted in accordance with the Declaration as provided in ORS 94.590. Notwithstanding the foregoing, until the Turnover Meeting has occurred, Declarant shall have the right to amend this Declaration 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 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 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 at least seventy-five percent (75%) of the voting rights of the Lots in the Property.

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

**16.4 Notice of Sale or Transfer of Title.** Any Owner selling or otherwise transferring title to his or her Lot shall give the Association written notice within seven (7) days after such transfer of the name and address of the purchaser or transferee, the date of such transfer of title, and such other information as the Association may reasonably require. The transferor shall continue to be jointly and severally responsible with the Transferee for all obligations of the Owner of the Lot, including assessment obligations, until the date upon which such notice is received by the Association, notwithstanding the transfer of title.

**16.5 Nonwaiver.** Failure by the Declarant, the Association, the Management Company, or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

**16.6 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.

**16.7 Terminology and Captions.** 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.

**16.8 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. The address of a party may be changed at any time by notice in writing delivered as provided in this section.

**16.9 Recording.** Any amendment, deletion or repeal of this Declaration shall not become effective until recorded in the official records of Deschutes County, Oregon.

**16.10 Time of the Essence.** Time is of the essence with respect to each and every duty and obligation of the Owners set forth herein.

IN WITNESS WHEREOF, Declarant has executed this Declaration this 17 day of June, 2008.

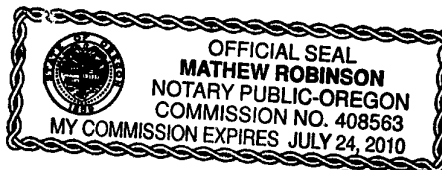
**DECLARANT:**

EDGE VERTICAL DEVELOPMENT CORP. an  
Oregon limited liability company

By: \_\_\_\_\_

James M. Yozamp, Vice President

STATE OF OREGON           )  
  ) ss.  
County of Deschutes       )



The foregoing instrument was acknowledged before me on June 17, 2008  
by James M. Yozamp, as Vice President, for EDGE VERTICAL DEVELOPMENT CORP. an  
Oregon limited liability company, on behalf of the company.

\_\_\_\_\_  
Notary Public for Oregon

My commission expires: 07/24/2010

**ARTICLES OF INCORPORATION**  
**Of**  
**MIRADA COMMUNITY ASSOCIATION, INC.**  
**(An Oregon Nonprofit Mutual Benefit Corporation)**

The undersigned, by these Articles, associate themselves for the purpose of forming a nonprofit corporation under the Oregon Nonprofit Corporations Act, and certify as follows:

**Article 1. Name** The name of the Corporation shall be Mirada Community Association, Inc.. (hereinafter, the "Association").

**Article 2. Nonprofit Mutual Benefit Corporation** The association is formed as a nonprofit mutual benefit corporation under the Oregon Nonprofit Corporation Act.

**Article 3. Address** The address of the initial principal office of the Association and the initial mailing address of the association is 233 SW Wilson Ave., Suite 202, Bend, Oregon 97702.

**Article 4. Definitions** All capitalized terms used herein which are not defined shall have the same meaning as set forth in the Declaration of Covenants, Conditions and Restrictions for the subdivision known as Mirada Community Association Inc., recorded or to be recorded in the office of the County Clerk of Deschutes County, Oregon (hereinafter, the "Declarations").

**Article 5. Purposes** The purpose for which the Association is organized are:

(a) to be and constitute the Association to which reference is made in the Declarations, to perform all obligations and duties of the Association, and to exercise all rights and powers of the Association, as specified therein, in the Bylaws of the Association ("Bylaws"), and as provided by law; and

(b) to provide an entity for the furtherance of the interests of the owners of real property subject to the Declarations.

**Article 6. Powers** The powers of the Association shall include and be governed by the following provisions:

(a) The Association shall have all of the common law and statutory powers conferred upon a nonprofit mutual benefit corporation under Oregon law and all of the powers necessary or desirable to perform the obligations and duties and to exercise the rights and powers set out in these Articles, the Bylaws, or the Declaration, including, without limitation, the power:

(i) to fix and to collect assessments and other charges to be levied against the Units;

(ii) to manage, control, operate, maintain, repair, and improve property subject to the Declaration or any other property for which the Association by rule, regulation, covenant, or contract has a right or duty to provide such services;

(iii) to enforce covenants, conditions, or restrictions affecting any property to the extent the Association may be authorized to do so under the Declaration or Bylaws;

(iv) to engage in activities which will actively foster, promote, and advance the common interests of all owners of real property subject to the Declaration;



(v) to buy or otherwise acquire, sell, or otherwise dispose of, mortgage, or otherwise encumber, exchange, lease, hold, use, operate, and otherwise deal in and with real, personal, and mixed property of all kinds and any right or interest therein for any purpose of the Association, subject to such limitations as may be set forth in the Declaration or Bylaws;

(vi) to borrow money for any purpose, subject to such limitations as may be contained in the Bylaws;

(vii) to enter into, make, perform, or enforce contracts of every kind and description, and to do all other acts necessary, appropriate, or advisable in carrying out any purpose of the Association, with or in association with any other association, corporation, or other entity or agency, public or private;

(viii) to act as agent, trustee, or other representative of the other corporations, firms, or individuals, and as such to advance the business or ownership interests in such corporations, firms, or individuals;

(ix) to adopt, alter, and amend or repeal such Bylaws as may be necessary or desirable for the proper management of the affairs of the Association; provided, however, such Bylaws may not be inconsistent with or contrary to any provisions of the Declaration; and

(x) to provide any and all supplemental municipal services to the real property subject to the Declaration as may be necessary or proper.

The foregoing enumeration of powers shall not limit or restrict in any manner the exercise of other rights and powers which may now or hereafter be permitted by law; the powers specified in each of the paragraphs of this Article 6 are independent powers, not to be restricted by reference to or inference from the terms of any other paragraph of this Article.

(b) the Association shall make no distributions of income to its members, directors, or officers.

#### **Article 7. Members**

(a) The Owner of each Unit, as those terms are defined in the Declarations, shall be a member of the Association and shall be entitled to vote in accordance with the terms of the Declaration, except there shall be no vote for any Unit owned by the Association. The manner of exercising voting rights shall be as set forth in the Declaration and in the Bylaws of the Association.

(b) Change of membership in the Association shall be established by recording in the Office of the County Clerk of Deschutes County, Oregon, a deed or other instrument establishing record title to real property subject to the Declaration. Upon such recordation, the owner designated by such instrument shall become a member of the Association and the membership of the prior owner or owners shall be terminated.

(c) The share of a member in the funds and assets of the Association cannot be assigned, hypothecated, or transferred in any manner, except as an appurtenance of its Unit.

**Article 8. Dissolution** In the event of dissolution, liquidation or winding up of the Association, subject to the Declaration, the Association's assets remaining after payment, or provisions of payment, of all known debts and liabilities of the Association shall be divided among and distributed to the members thereof in accordance with their respective rights therein.

**Article 9. Directors**

(a) The affairs of the Association shall be conducted, managed, and controlled by a Board of Directors. The initial Board of Directors shall consist of three directors. The number of directors may be increased in accordance with the Bylaws.

(b) The names and addresses of the members of the initial Board of Directors, who shall hold office until their successors are elected and have qualified, or until removed, are as follows:

**James M. Yozamp Jr.**  
**Edge Vertical Development Corp**  
**233 SW Wilson Ave., Suite 202**  
**Bend, OR 97702**

**Jay Audia**  
**Edge Vertical Development Corp**  
**233 SW Wilson Ave., Suite 202**  
**Bend, OR 97702**

**Mathew Robinson**  
**Edge Vertical Development Corp.**  
**233 SW Wilson Ave., Suite 202**  
**Bend, OR 97702**

Each of the foregoing persons has consented to be a director.

(c) The method of election, removal, and filling of vacancies on the Board of Directors and the term of office of directors shall be as set forth in the Bylaws.

(d) The Board may delegate its operating authority to such corporations, individuals, and committees as it, in its discretion, may determine.

**Article 10. Bylaws** The Bylaws of the Association shall be adopted by the Board of Directors and may be altered, amended, or rescinded in the manner provided in the Bylaws.

**Article 11. Liability of Directors** To the fullest extent that the Oregon Nonprofit Corporations Act, as it exists on the date thereof or as it may hereafter be amended, permits the limitations or elimination of the liability of directors, no director of the Association shall be personally liable to the Association or its members for monetary damages for breach of duty of care or other duty as a director. No amendment to or repeal of this Article shall apply to or have any effect on the liability or alleged liability of any director of the Association for or with respect to any acts or omissions of such director occurring prior to such amendment or repeal.


**Article 12. Indemnification** The Corporation will indemnify an individual made a party to a proceeding because the individual is or was a director or officer against liability incurred in the proceeding to the fullest extent permitted by law. The Corporation will pay for or reimburse the reasonable expenses incurred by a director or officer who is a party to a proceeding in advance of final disposition of the proceeding to the fullest extent permitted by law.

**Article 13. Amendments** Amendments to these Articles of Incorporation may be proposed and adopted as provided in the Oregon Nonprofit Corporation Act; provided, no amendment may be in conflict with the Declaration, and provided, further, no amendment shall be effective to impair or dilute any rights of member that are governed by such Declaration. Any proposed amendment must be approved by Voting Members representing 2/3 of the total Class "A" votes in the Association, and the consent of the Class "B" Member, if such exists.

**Article 14. Incorporator** The name of the incorporator of the Association is James M. Yozamp, and such incorporator's address is 233 SW Wilson Ave., Suite 202; Bend, Oregon 97702.

**Article 15. Registered Agent and Office** The initial registered office of the Corporation is 233 SW Wilson Ave., Suite 202, Bend, Oregon 97702, and the initial registered agent at such address is James M. Yozamp.

IN WITNESS WHEREOF, the undersigned Declarant has executed the Articles of Incorporation this 17 day of June, 2008.

  
James M. Yozamp, Incorporator

**BYLAWS OF  
THE MIRADA COMMUNITY ASSOCIATION, INC.**

These **BYLAWS OF MIRADA COMMUNITY ASSOCIATION, INC.** are adopted as of; June 17 2008, by **Edge Vertical Development, Corp.** (the "**Declarant**").

**RECITALS**

A. Declarant is the Declarant under the "Declaration of Covenants, Conditions and Restrictions for MIRADA COMMUNITY ASSOCIATION," recorded Sept 11, 2008 in the Records of Deschutes County, Oregon, as Document No. 2008-37361 (the "**Declaration**").


B. The Declaration provides that the Declarant shall establish Mirada Community Association, Inc., adopt Articles of Incorporation and initial Bylaws for the Association, and supervise the organization of the Association.

C. Declarant has established Mirada Community Association, Inc. (the "**Association**") as a Planned Community under the Oregon Planned Community Act, ORS 94.550 to 94.783. In connection therewith, Declarant has adopted and filed Articles of Incorporation for the Association.

**NOW, THEREFORE**, Declarant hereby adopts the bylaws attached hereto as "Exhibit A" as the Initial Bylaws of the Association and has caused such bylaws to be recorded in the Real Property Records of Deschutes County, Oregon, pursuant to ORS 94.625(c).

EDGE VERTICAL DEVELOPMENT, CORP.  
an Oregon corporation,

By: \_\_\_\_\_

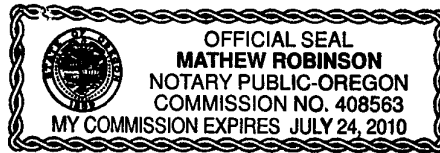
  
James Yozamp, Vice President

[notarization page to follow]

STATE OF OREGON )

) ss.

County of Deschutes )



The foregoing instrument was acknowledged before me on June 17, 2008  
by James Yozamp, as Vice President, for EDGE VERTICAL DEVELOPMENT, CORP. an  
Oregon corporation company, on behalf of the company.

A handwritten signature in cursive script, appearing to read "Mathew Robinson", is written over a horizontal line.

Notary Public for Oregon

My commission expires: 07/24/2010

After Recording Return to:  
Whelan Community Association Management Inc.  
61529 Tall Tree Court  
Bend, Oregon 97702

## **“EXHIBIT A”**

### **BYLAWS OF**

### **MIRADA COMMUNITY ASSOCIATION, INC.**

#### **ARTICLE 1 DEFINITIONS**

1.1 **“Areas of Common Responsibility”** means those areas for which the Association has maintenance, insurance, operating and other responsibility under this Declaration, as amended or supplemented from time to time.

1.2 **“Articles of Incorporation”** means the Articles of Incorporation of the Association.

1.3 **“Association”** means MIRADA COMMUNITY ASSOCIATION, INC., a mutual benefit nonprofit corporation organized and existing under the laws of the State of Oregon.

1.4 **“Assessments”** means all assessments and other charges, fines and fees imposed by the Association on an Owner in accordance with this Declaration, including, without limitation, Annual Assessments, Special Assessments, and Individual Assessments as described in Article 10 below.

1.5 **“Board”** shall mean the Board of Directors of the Association as elected by the members pursuant to the provisions of the Bylaws.

1.6 **“Building”** shall mean any structure located on a Lot within the Property.

1.7 **“Bylaws”** means the bylaws of the Association as such bylaws may be amended from time to time.

1.8 **“Common Areas”** as used herein, shall mean only that portion of the Property, together with all improvements located thereon, that is established for the common use and benefit of property owners within the MIRADA COMMUNITY ASSOCIATION and identified as ‘Common Areas’ on a plat of any portion of the Property, in an amendment to this Declaration or in a supplemental declaration, and which shall be conveyed to the Association of the use and benefit of the Owners. The initial Common Areas are identified on the Plat as Tract B; and excludes those areas designated as public streets, public sidewalks, and public right-of-ways, if any. The Common Areas identified include the entrance monuments located facing Butler Market Road, and the landscaped area immediately surrounding the monument(s); the entrance monuments located facing Eagle Road, and the landscaped area immediately surrounding the monument(s); and the perimeter fence along Butler Market Road, and Eagle Road. Until the Conversion Date, the Declarant shall have the right to designate Common Areas in the future by recordation of a duly approved amendment to this Declaration or by recordation of a supplemental declaration.

Not later than the Turnover Meeting, Declarant shall convey in fee the Common Areas to the Association, subject to the Association's agreement to continue maintenance thereon.

1.9 **"Common Maintenance Areas"** as used herein, shall mean that property and/or improvements for which the Association bears some responsibility to operate and/or maintain and/or repair and/or replace and/or insure. Common Maintenance Areas shall include the Common Areas, but also includes other property and/or improvements owned by third parties. The Association shall not be responsible for insuring and/or replacing real property that it does not own, except for those Improvements located on such property, which Improvements are identified as "Common Maintenance Areas." The Common Maintenance Areas shall include the following:

- a) The Association irrigation system;
- b) The landscaped area(s) between the public street(s) and public sidewalk(s) immediately adjacent to the Associations' designated roadways, and the Association's perimeter fence along the south side of Butler Market Road and the west side of Eagle Road.
- c) The irrigation and landscape maintenance of the median in the middle of Butler Market Road immediately in front of and running adjacent to the Association boundaries.

Until the Conversion Date, the Declarant shall have the right to designate additional Common Maintenance Areas (including Common Areas) in the future or to remove Common Maintenance Areas (including Common Areas) by recordation of a duly approved amendment to this Declaration or by recordation of a supplemental declaration.

1.10 **"Common Easement Areas"** means those easements established for the benefit of all property within MIRADA COMMUNITY ASSOCIATION pursuant to any plat of the Property.

1.11 **"Community-Wide Standards"** means the standards of conduct, maintenance, or other activity generally prevailing throughout the Property. Such standards may be more specifically determined by the Association from time to time during the term of this Declaration, as may be extended by the terms hereof.

1.12 **"Declarant"** shall mean EDGE VERTICAL DEVELOPMENT CORP. an Oregon limited liability company, and its successors and assigns if a recorded instrument executed by Declarant assigns to the transferee all of Declarants' rights under this Declaration.

1.13 **Declaration.** The "Declaration" shall mean the Declaration of Covenants, Conditions and Restrictions for MIRADA COMMUNITY ASSOCIATION recorded on September 11, 2008 in the Deed Records of Deschutes County, Oregon as Document No. 2008 - 37361, as the same may be subsequently amended or supplemented pursuant to the terms thereof.

1.14 **“Design Review Committee”** shall mean the group of individuals responsible for implementing, interpreting, and enforcing the Design Guidelines and certain provisions of this Declaration.

1.15 **“Design Guidelines”** shall mean the initial design and development guidelines and application and review procedures which shall apply to all construction activities within the Property. The Design Guidelines may contain general provisions applicable to all of the Lots, as well as specific provisions which vary from one portion of the Property to another depending upon the location, unique characteristics, and intended use.

1.16 **“Development Period”** means the period of time between the date this Declaration is recorded in the official records of Deschutes County, Oregon and the earliest of (a) when one hundred seventy three (173) of the Lots have been conveyed to persons other than Declarant or an affiliate; (b) when, in its discretion, Declarant so determines, as evidenced by a document executed by Declarant to that effect and recorded in the official records of Deschutes County, Oregon; or (c) ten (10) years from the date this Declaration is recorded in the official records of Deschutes County, Oregon.

1.17 **“Improvement”** shall mean every temporary or permanent structure of any kind, including, but not limited to any buildings, outbuildings, private roads, driveways, parking areas, walkways, fences and barriers, retaining walls, stairs, decks, hedges, windbreaks, planting, planted trees and shrubs, park strip (if any), signs, storage areas and all other structures or exterior landscaping, vegetation or ground cover of every type and every kind above the land surface.

1.18 **“Incorporation by Reference”**. Except as otherwise provided herein, the terms which are defined in the Declaration are used in these Bylaws as therein defined.

1.19 **“Living Unit”** shall mean any portion of a structure situated upon the Property designed and intended for use and occupancy as a residence by a single family.

1.20 **“Lot”** shall mean each platted or legally partitioned lot within the Property. Lot does not include Common Areas or Public Areas.

1.21 **“Master Plan”** means the development approval issued by Deschutes County for MIRADA COMMUNITY ASSOCIATION, as the same may hereafter be amended.

1.22 **“Owner”** shall mean the record Owner, including Declarant, whether one or more persons or entities, of the fee simple title to any Lot or a purchaser in possession under a land sale contract, except as otherwise provided for herein, in the Articles of Incorporation or the Bylaws. The foregoing does not include persons or entities who hold an interest in any Lot merely as security for the performance of an obligation or a tenant or holder of a leasehold interest, except as otherwise provided for herein, in the Articles of Incorporation or the Bylaws. 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 **"Policies and Procedures"** means those policies, procedures, rules and regulations adopted by the Association pursuant to the authority granted in this Declaration, as the same may be amended from time to time.

1.24 **"Property"** shall mean the property described on Exhibit "A" located in Section 23, township 17 South, Range 12 East, W.M. City of Bend, Deschutes County Oregon.

1.25 **"Public Areas"** means areas dedicated to the public or established for public use in any plat of the Property, or so designated in the Declaration.

## **ARTICLE 2 MEMBERSHIP**

2.1 **Membership.** Every Owner of one or more Lots within the Property shall, 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 **Initial Meeting.** Declarant shall call the Initial Meeting of the Owners to organize the Association no later than ninety (90) days after one hundred eighty five (185) Lots have been sold and conveyed to Owners other than the Declarant. Notice of such meeting shall be given to all Owners as provided in Section 3.6. 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 a quorum is not present at such Initial Meeting, the meeting 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 Initial Meeting prior to such date, or from calling informal, informational meetings of the Owners.

3.3 **Turnover Meeting.** Declarant shall call a meeting of the Association for the purpose of turning over administrative responsibility for the Property to the Association at the same time and place and in the same manner as the Initial Meeting. If the Declarant fails to call the meeting, the meeting may be called by and notice given by any Owner or mortgagee of a Lot. At the meeting, Declarant shall deliver to the Association the following documents:

(a) The original or a photocopy of the recorded Declaration and copies of the Bylaws and the Articles of Incorporation, if any, of the Association and any supplements and amendments to the Articles or Bylaws;

(b) A deed to the Common Areas in the Property, unless otherwise provided in the Declaration;

(c) The minute books, including all minutes, and other books and records of the Association and the Board of Directors;

(d) All rules and regulations adopted by the Declarant;

(e) Resignations of officers and members of the Board of Directors who are required to resign because of the expiration of any period of Declarant control;

(f) A report on the present financial position of the Association, consisting of a balance sheet and an income and expense statement for the 12-month period or a period following the recording of the Declaration, whichever period is less;

(g) All funds of the Association and control of the funds, including all bank records;

(h) All tangible personal property that is property of the Association, and an inventory of the property;

(i) Records of all property tax payments for the Areas of Common Responsibility to be administered by the Association;

(j) Copies of any income tax returns filed by the Declarant in the name of the Association, and supporting records for the returns;

(k) All bank signature cards;

(l) The reserve account established in the name of the Association;

(m) The reserve study, including all updates and other sources of information that serve as a basis for calculating reserves;

(n) An operating budget for the Association and a budget for replacement and maintenance of the Areas of Common Responsibility;

(o) A copy of the following, if available:

(i) The as-built architectural, structural, engineering, mechanical, electrical and plumbing plans;

(ii) The original specifications, indicating all subsequent material changes;

(iii) The plans for underground site service, site grading, drainage and landscaping together with cable television drawings;

(iv) Any other plans and information relevant to future repair or maintenance of the Property; and

(v) A list of the general contractor and the electrical, heating and plumbing subcontractors responsible for construction or installation of Areas of Common Responsibility;

(p) Insurance policies;

(q) Copies of any occupancy permits issued for the Property;

(r) Any other permits issued by governmental bodies applicable to the Property in force or issued within one year before the date on which the Owners assume administrative responsibility;

(s) A list of any written warranties on the Areas of Common Responsibility that are in effect and the names of the contractor, subcontractor or supplier who made the installation for which the warranty is in effect;

(t) A roster of Owners and their addresses and telephone numbers, if known, as shown on the records of the Declarant;

(u) Leases related to the Areas of Common Responsibility and any other leases to which the Association is a party;

(v) Employment or service contracts in which the Association is one of the contracting parties or service contracts in which the Association or the Owners have an obligation or responsibility, directly or indirectly, to pay some or all of the fee or charge of the person performing the service; and

(w) Any other contracts to which the Association is a party.

In order to facilitate an orderly transition, the Declarant or his knowledgeable delegate shall be available to meet with the Board of Directors to review such documents on at least three (3) mutually agreeable dates during the three (3) month period following the Turnover Meeting.

**3.4 Annual Meeting.** The annual meeting of the Association 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 as may be established by the Board of Directors, or if the Board should fail to designate a date by the first day of May, then at 7:30 p.m. on the third Saturday in May. The first annual meeting shall be held within one year from the date of the Turnover Meeting.

**3.5 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 one-third (1/3) of the Voting Units entitled to be cast at such meeting. Business transacted at a special meeting shall be confined to the purposes stated in the notice of the meeting.

**3.6 Notice of Meeting.**

(a) Written or printed notice stating the place, day and hour of any meeting provided for in these Bylaws, the Declaration or the Articles of Incorporation, the items on the agenda, including the general nature of any proposed amendment to the Declaration, Articles of Incorporation 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, 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 when a redetermination of the persons entitled to receive notice of the adjourned meeting is required by law, 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.

**3.7 Quorum.** At any meeting of the Association, members having four-ninths (4/9) of the Voting Units 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.

**3.8 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 Voting Units for each Lot owned computed in accordance with the Declaration. When more than one person holds an interest in any Lot, all such person shall be members. Pursuant to Section 3.10, lessees and vendees granted the right to exercise a voting right by contract or by operation of Section 3.10 shall be members of the Association, which membership shall expire automatically upon contract termination. In no event shall more Voting Units be cast with respect to any Lot than as set forth in the Declaration.

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 any of the following events, whichever occurs first:

- (i) Declarant has completed development of all Lots and Common Areas permitted under the Master Plan, and 75% of the lots have been sold and conveyed to Owners other than Declarant or Declarants' affiliate; or
- (ii) At such earlier time as Declarant may elect in writing to terminate Class B membership; or
- (iii) Ten (10) years from the date the Declaration is recorded in the Real Property Records of Deschutes County, Oregon.

**3.9 Fiduciaries and Joint Ownership.** 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 court order establishes the authority of a co-Owner to vote.

**3.10 Tenants and Contract Vendors.** Unless otherwise expressly stated in a rental agreement or lease applicable to a Lot, all voting rights allocated to a Lot shall be exercised by the Owner thereof. 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.

**3.11 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. A proxy given pursuant to this section may not be revoked except by actual notice of revocation to the person presiding over 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.

**3.12 Majority Vote.** The vote of a majority of the Voting Units 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, unless a greater proportion is required by law, by the Declaration, by the Articles of Incorporation, or by these Bylaws.

**3.13 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.

### **3.14 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 provide an opportunity to vote for or against each 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 the 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 members entitled to vote 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 members entitled to vote 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 Qualification.** The affairs of the association shall be governed by a Board of Directors consisting of 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-minimum) to five (5) 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 3.3 above has already been held, Declarant shall call a meeting of the members for the purpose of forming a Transitional Advisory Committee. The meeting shall be called within sixty (60) days of the date the Declarant conveys fifty percent (50%) or more of the Lots to owners other than Declarant, its affiliate, or a successor Declarant. Declarant shall give notice of the meeting as provided in Section 3.6, above. The committee shall consist of two (2) or more members elected by the members 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 members. The committee shall have access to any information, documents and records which Declarant must turn over to the members 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 member. If the members 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.** At the next annual meeting following termination of the Class B membership, the interim directors shall resign and the new directors shall take office. The first directors elected by the members shall serve staggered terms of two years and three years as they among themselves shall determine. Thereafter, all directors shall be elected for three year terms. All directors shall hold office until their respective successors have been elected as provided in such Section. Election shall be by plurality.

4.5 **Vacancies.** A vacancy in the Board of Directors shall exist upon the death, resignation or removal of any director. Vacancies in the Board of Directors, other than interim directors, shall be filled by vote of the remaining directors until the next annual meeting, which time its vacancy shall be filled by election in the manner described in Section 8.11 of the Declaration. Each such director shall hold office for the balance of the unexpired term to and until his or her successor is elected. Vacancies in interim directors shall be filled by Declarant.

4.6 **Removal of Directors.** Any director, other than interim directors, may be removed, with or without cause, at any meeting of the members entitled to vote on the election of such director by vote of a majority of the number of votes entitled to be cast at the election of such director. 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 members. 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:

- (a) Carry out the maintenance program described in the Declaration and these Bylaws.
- (b) Determine the amounts required for operation, maintenance and other affairs of the Association, and the making of such expenditures.
- (c) Prepare a budget for the Association, and assessment and collection of the Assessments.
- (d) Employ and dismiss such personnel as necessary for such maintenance, upkeep and repair.
- (e) Employ 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 members have enacted a resolution authorizing the incurring of such fees by a vote of two-thirds (2/3) of the Voting Units 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 these Bylaws.

To the extent required by the Oregon Planned Community Act, the Board shall notify the members before instituting litigation or administrative proceedings. With regard to any pending litigation involving the Association, the Board shall periodically report to the members 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) Appoint to or remove members from and otherwise administer the Design Review Board after surrender of Declarants' right pursuant to the Declaration.
- (g) Open bank accounts on behalf of the Association and designating the signatories required therefore.
- (h) Prepare or cause to be prepared and filed any required income tax returns or forms for the Association.
- (i) Purchase Lots at foreclosure or other judicial sales in the name of the Association, or its designee.



(j) Sell, lease, mortgage, vote the votes appurtenant to (other than for the election of directors), or otherwise deal with Lots acquired by the Association or its designee.

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

(l) Make additions and improvements to, or alterations of, the Common Areas.

(m) From time to time, adopt, modify, or revoke such Policies and Procedures governing the conduct of persons and the operation and use of the Lots and the Common Areas 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 modified by vote of not less than two-thirds (2/3) of the voting rights of Class A members present, in person or by proxy, at any meeting, the notice of which shall have stated that such modification or revocation of Policies and Procedures will be under consideration, together with the consent of the Class B member, if any.

(n) Enforce by legal means of the provisions of the Declaration, these Bylaws and any Policies and Procedures adopted thereunder.

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

(p) Subject to the Declaration, enter into management agreements with professional management firms. The professional manager may include Declarant or an affiliate of Declarant.

#### **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 sixty (60) 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; Notice.**

(a) All meetings of the Board of Directors shall be open to members 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 members. 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 prior to the meeting, or notice shall be provided by a method otherwise reasonably calculated to inform the members of such meeting; (b) emergency meetings may be held without notice, if the reason of the emergency is stated in the minutes of the meeting; (c) only emergency meetings of the Board of Directors may be conducted by telephonic communication.

(b) 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 as ascertained by the person giving the notice. Such notice need not be given for an adjourned meeting if such time and place is fixed at the meeting adjourned.

(c) 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.

#### **4.10 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.

**4.11 Liability.** A member of the Board of Directors or an officer of the Association shall not be liable to the Association or any member thereto 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 or omissions.

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 members 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 or omissions, and the Association shall indemnify the managing agent and its officers and employee from any such claims, other than for gross negligence or intentional misconduct.

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

**4.13 Professional Management.** The Association shall be professionally managed by a third party vendor. The professional manager shall be selected and hired by the Association Board. After the Conversion Date, no member of the Board shall have any financial (whether direct or indirect) or familial relationship with such manager. As used herein, familial relationship shall mean and include the following (whether natural or adopted): spouses, parents (including in-laws), siblings (including in-laws), children, grandparents, grandchildren, aunts, uncles, nieces, nephews, and first cousins. The Board shall annually review the scope of and compensation provided by, the management contract.

## **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 annual meeting of the Board. Officers shall 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.

(b) 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 an ex officio 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 Association 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 of Directors. 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, the Declaration 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 one 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, PROGRAMS, 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 the Owners the Assessments in the manner described in the Declaration.
- (b) Keep all funds received by the Association as Assessments, other than reserves described in the Declaration, in the Operations Fund and keep all reserves collected pursuant to 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, and determine whether the Annual Assessment should be increased or decreased.
- (d) 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 annual budget shall continue in effect.
- (e) Fix the amount of the Annual Assessment against each Lot at least thirty (30) days in advance of each Annual 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 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.
- (f) Enforce the Assessments in the manner provided in the Declaration.

(g) Keep records of the receipts and expenditures affecting the Operations Fund and Reserve Fund 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 Assessment 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 Assessment.

**7.2 Records.** The Association shall keep correct and complete financial records sufficiently detailed for proper accounting purposes, shall 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 the 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, Policies and Procedures, amendments or supplements to such documents and the books, records, financial statements and 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. In addition, the Association shall make all other records of the Association available for examination by an Owner or any mortgagee. 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 or managing agent shall pay all vouchers for all budgeted items and for any non-budgeted items up to \$1,000 signed by the President, managing agent, manager or other person authorized by the Board of Directors. Any voucher for non-budgeted 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 it 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.

**7.8 Programs.** Pursuant to the Declaration, the Articles of Incorporation and these Bylaws, the Board of Directors shall prepare a program for the maintenance, upkeep, repair and replacement of common property as provided in the Declaration and the method of payment for the expense of such program.

## **ARTICLE 8 INSURANCE**

**8.1 Types of Insurance.** For the benefit of the Association and its members, 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's 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 structural improvements on the Common Areas (exclusive of land, foundation, excavation and other items normally excluded from coverage), subject to a reasonable deductible, and as specified in the Declaration.

(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, the Design

Review Committee, and the Managing Agent, against 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. Limits of liability under such insurance shall not be less than One Million Dollars (\$1,000,000) on a combined single-limit basis. Such policy or policies shall be issued on a comprehensive liability basis and shall provide a cross liability endorsement wherein the rights of named insured's under the policy or policies shall not be prejudiced as respects his, her or their action against another named insured.

(c) **Directors and Officers Insurance.** At the discretion of the Board, the Association may purchase and maintain insurance on behalf of any person who is or was a Director, Officer, employee, or agent of the Association, or is or was serving at the request of the Association, against any liability asserted against him or her and incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not the Association would have the power to indemnify him or her against such liability under the provisions of the Articles of Incorporation of the Association.

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 and personal property on the Owner's Lot to the extent not covered by the Association policy, 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, ORS 94.550 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 Lot address 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 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 Nonprofit Corporation Law, the Declaration, the Articles of Incorporation and the Oregon Planned Community Act. 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 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 that 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. Amendment or repeal of any provision of these Bylaws that is also contained in the Declaration or Articles of Incorporation must be approved by the same voting requirement for amendment of such provision of the Declaration or Articles of Incorporation.

Notwithstanding the provisions of the preceding paragraph, until termination of the Class B membership, Declarant shall have the right to amend these Bylaws in order to comply with the requirements of the Federal Housing Administration, the Veterans Administration, the Farmers Home Administration of the United States, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Home Loan Mortgage Corporation, any department, bureau, board, commission or agency of the United States or the State of Oregon, or any corporation wholly owned, directly or indirectly, by the United States or the State of Oregon which insures, guarantees or provides financing for a planned community or lots in a planned community. After the termination of Class B membership, 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 Deschutes County, Oregon.