



00830979201200155120410418

04/26/2012 11:01:40 AM

D-CCR Cnt=1 Stn=4 SRB

\$205.00 \$11.00 \$16.00 \$10.00 \$6.00

Recording Office

RECORDING COVER SHEET (Please print or type)

This cover sheet was prepared by the person presenting the instrument for recording. The information on this sheet is a reflection of the attached instrument and was added for the purpose of meeting first page recording requirements in the State of Oregon, and does NOT affect the instrument. ORS 205.234

AFTER RECORDING RETURN TO: ORS 205.234(1)(c)

Buettner Land Group LLC
PO Box 489
Redmond OR 97726

1. TITLES(S) OF THE TRANSACTION(S)

ORS 205.234(1)(a)

Declaration of Covenants conditions, and Restrictions

2. DIRECT PARTY(IES) / GRANTOR(S)

NAME(S) & ADDRESS(ES)

ORS 205.234(1)(b)

Buettner Land Group LLC

3. INDIRECT PARTY(IES) / GRANTEE(S)

NAME(S) & ADDRESS(ES)

ORS 205.234(1)(b)

Village Meadows Home Sites North

4. TRUE and ACTUAL CONSIDERATION

Amount in dollars or other value/property ORS 205.234(1)(d)

\$ ☐ Other Value ☐ Other Property

Other value/property is **Whole** ☐ or **Part** ☐ of the consideration

5. SEND TAX STATEMENTS TO:

ORS 205.234(1)(e)

6. SATISFACTION of ORDER or WARRANT

Check one if applicable: ORS 205.234(1)(f)

☐

FULL

☐

PARTIAL

7. The amount of the monetary obligation

imposed by the order or warrant: ORS 205.234(1)(f)

\$

8. If this instrument is being Re-Recorded, complete the following statement:

ORS 205.244(2)

Re-recorded at the request of

Buettner Land Group LLC

to ~~correct~~ add

Articles of Incorporation

previously recorded in

Book/Volume 202 and Page 14061, or as Fee Number



00829434201200140610240245

04/17/2012 08:35:28 AM

D-CCR Cnt=1 Stn=2 TM

\$120.00 \$11.00 \$16.00 \$10.00 \$6.00

AFTER RECORDING, RETURN TO:
BUETTNER LAND GROUP, LLC
P.O. BOX 489
REDMOND, OREGON 97756

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR

VILLAGE MEADOWS HOMESITES NORTH

THIS DECLARATION (the "Declaration") is made this 5 day of FEB, 2012 by BUETTNER LAND GROUP, LLC, an Oregon limited liability company, ("Declarant"), and the owners of the individual Lots within Village Meadows Homesites North (collectively "Owners").

RECITALS

- A. Village Meadows Homesites North has been developed as a single-family residential development. The plat of Village Meadows has been filed in the plat records of Deschutes County, Oregon and recorded February 5, 2007 in the Official Records for Deschutes County at Book 2007, page 007285 and Plat Cabinet H-243. Village Meadows Homesites North will be a Class II planned community under the Oregon Planned Community Act, ORS 94.550 to 94.783.
- B. Declarant and Owners desire to subject the property described in the attached Exhibit A (the "Property") to the terms of this Declaration for the benefit of such property and its present and subsequent owners.

NOW, THEREFORE, Owners and Declarant hereby declare that the Property shall be held, sold, and conveyed subject to the terms of this Declaration, which will 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 "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, Emergency Assessments, and Individual Assessments as described in Article 10 below.

1.2 "Association" means the nonprofit corporation formed to serve as the owners association and known as "Village Meadows Homesites North Owners Association."

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

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

1.5 "City" shall mean the City of Sisters.

1.6 "Common Areas" means those Lots or tracts, including private street tracts, designated as such on any plat of the Property or in this Declaration including any Improvements thereon, but excluding those areas designated as public streets and right-of-ways.

1.7 "Declarant" shall mean Buettner Land Group, LLC., an Oregon limited liability company, and its successors and assigns if a recorded instrument executed by Declarant assigns to the transferee all of Declarant's rights under this Declaration.

1.8 **"Declaration"** shall mean the Declaration of Covenants, Conditions and Restrictions for Village Meadows Homesites North.

1.9 **"Design Review Committee"** or the "Committee" shall mean the Committee appointed pursuant to Article 6 herein.

1.10 **"Governing Documents"** means the Master Plan, this Declaration, the Articles of Incorporation, the Bylaws, the Design Guidelines, and any Policies and Procedures adopted by the Board.

1.11 **"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 and 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.

1.12 **"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.

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

1.14 **"Master Plan"** shall mean the development approval issued by the City of Sisters for Village Meadows Master Planned Development under File No. "MP-05-02; CU 05-03; 05-04", as the same may hereafter be amended.

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

1.16 **"Owners"** 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. 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. 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.

1.17 **"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.

1.18 **"Property"** shall mean the property described on Exhibit A attached hereto.

1.19 **"Village Meadows Homesites North"** shall mean all the property described on Exhibit A and made subject to this Declaration.

ARTICLE 2

PROPERTY SUBJECT TO THIS DECLARATION

Owners and Declarant hereby declare that all the real property described on Exhibit A attached hereto, is owned and shall be owned, conveyed, hypothecated, encumbered, used occupied and improved subject to this Declaration.

ARTICLE 3

DESCRIPTION OF PROPERTY AND CONSOLIDATION OF LOTS

3.1 **Number of Lots**. The Property contains thirteen (13) Lots.

3.2 Common Facilities. Neither Owners nor Declarant agree to build any improvements on the Common Areas other than as shown on any plat of the Property, but may elect, at Declarant's sole option, to build additional improvements.

3.3 Consolidation of Lots. Declarant reserves the right to combine any two or more Lots then owned by Declarant upon receipt of any required approvals from the City of Sisters, if applicable, and recording an amendment to this Declaration. For Owners other than Declarant, the Owner of two adjoining Lots, with the approval of Declarant and the Design Review Committee, may elect to consolidate such Lots into one Lot. The consolidation shall be effected by the Owner's recording in the deed records of Deschutes County a declaration stating that the two Lots are consolidated, which declaration shall include a written consent executed on behalf of the Design Review Committee by at least one member of the Committee. Thereafter, the consolidated Lots shall constitute one Lot for all purposes of this Declaration, including voting rights and assessments. Once so consolidated, the consolidated Lot may not thereafter be partitioned nor may the consolidation be revoked.

ARTICLE 4

PROPERTY RIGHTS IN 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 shall be conveyed to and shall be accepted by the Association AS IS, free and clear of monetary liens and encumbrances (except for nondelinquent taxes and assessments), on or before the Turnover Meeting.

4.3 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) The Governing Documents;
- (b) Any restrictions or limitations contained in any deed or other instrument conveying such property to the Association;
- (c) Easements reserved to Declarant for itself and the Association 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 or with the approval of the Board and any such easement shown on any plat of the Property and for construction, maintenance, repair and use of Common Areas and any Improvements thereon;
- (d) Easements granted by Declarant or the Association, or as shown on any plat of the Property, to governmental entities or other companies providing utility and communications services and to police, fire and other public officials and to employees of utility companies and communications companies serving the Property; and
- (e) The Board's right to:
 - (i) adopt Policies and Procedures regulating use and enjoyment of the Common Areas; and
 - (ii) dedicate or transfer all or any part of the Common Areas, subject to such approval requirements as may be set forth in this Declaration.

4.4 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.

4.5 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 at least eighty percent (80%) of the Class voting rights and the Class B Member, if any. Such approvals shall not be required for the granting of easements as otherwise permitted in this Declaration.

4.6 **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.

ARTICLE 5

OWNERSHIP AND EASEMENTS

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 in Article 4, Owners hereby grant, and Declarant hereby reserves or grants, as applicable, the following perpetual easements:

(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) **Easement for Maintenance, Emergency, and Enforcement.** Declarant and Owners grant to the Association easements over the Property as necessary to enable the Association to fulfill its maintenance responsibilities. The Association shall also have the right, but not the obligation, to enter upon any Lot to perform maintenance, for emergency, security, and safety reasons, and to enter any portion of the Lot other than the dwelling located thereon to inspect for the purpose of ensuring compliance with and enforce the Governing Documents. Such right may be exercised by any member of the Board, any duly authorized agents and assignees of the Association, or any member or duly authorized representative of the Design Review Committee and all emergency personnel in the performance of their duties. Except in an emergency situation, entry shall only be during reasonable hours and after notice to the Owner. No such entry shall be deemed to constitute a trespass or otherwise create any right of action in the Owner of such Lot.

(c) **Utility Easements.** Easements for installation and maintenance of utilities and drainage facilities are reserved over portions of certain Lots, as shown on or described in the recorded plat or as otherwise reserved in any recorded document. 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 or utility company is responsible.

(d) **Utility Inspection and Repairs.** Each utility service provider and its agents or employees shall have authority to access all Lots, but not Improvements constructed thereon, and the Common Areas, on which communication, power, gas, drainage, sewage or water facilities may be located for the purpose of installing, operating, maintaining, improving or constructing such facilities, reading meters, inspecting the condition of pipes and facilities, and completing repairs. The Owner of any such Lot will be given advance notice if possible. In the case of an emergency, as determined solely by the utility service provider, no prior notice will be required.

ARTICLE 6

DESIGN REVIEW

6.1 **Approval Required; Review Fee.** No Improvement, as defined in Section 1.11 above, shall be erected, placed, altered, maintained, or permitted to remain on any Lot subject to this Declaration, except Lots owned by Declarant, until final plans and specifications have been submitted to and approved in writing by the Design Review Committee. It is the intent and purpose of this Declaration to assure quality of workmanship and materials, to assure harmony of external design with the existing Improvements and as to location with respect to topography and finished grade elevation, and to avoid plan repetition. The procedure and specific requirements for review and approval of residential construction may be set forth in Design Guidelines adopted from time to time by the Design Review Committee. The Committee may charge a reasonable fee to cover the cost of processing the application. In all cases which the Design Review Committee consent is required by this Declaration, the provisions of this Article shall apply.

6.2 Required Documents. Any Owner proposing to utilize, improve and/or develop real property within the Property shall submit a completed application form and related documents as the Committee may require from time to time.

6.3 Review. All plans and drawings identified in paragraph 6.2 above shall be submitted to the Design Review Committee for review prior to the performance of any proposed work. Such plans and drawings shall be accompanied by a check in the amount of the application fee payable to the order of Declarant or the Design Review Committee as designated by the Design Review Committee from time to time. No plans shall be reviewed until the design review fee is paid in full and all items specified in this section and the Design Guidelines are submitted. No work may be performed relating to any Improvement unless and until all aspects of all plans required under paragraph 6.2 above have been approved by the Design Review Committee. The Committee shall render its decision with respect to the construction application within thirty (30) working days after it has received all material and fees required by it with respect to the application.

6.4 Design Guidelines. The development concept for the Property shall be determined by the Design Review Committee. Design Guidelines setting forth various aspects of the development concept, in addition to this Declaration, shall be published from time to time by the Design Review Committee. The Design Review Committee shall have the right to alter, rescind or amend any published Design Guidelines without prior notice to any party; provided, however, that once approval has been given pursuant to Section 6.3 above, work may proceed in accordance with the approved plans and drawings notwithstanding any changes in the development concept.

6.5 Inspection. All work related to any building, structure or Improvement or any landscaping, vegetation, ground cover or other improvements within the Property shall be performed in strict conformity with the plans and drawings approved under paragraph 6.2 above. The Design Review Committee shall have the right to inspect any such work to determine its conformity with the approved plans and drawings and reserves the right to order a stop to all work if, in good faith, it believes that any such work is nonconforming. In the event that it is determined by the Committee that certain work is nonconforming, a stop work notice may be issued, without necessity of court order, which shall require the Owner to correct all non-conforming work specified in the notice before the remainder of the proposed work may be completed. Continued work without correction of any such non-conforming items shall be deemed a breach of this Declaration. Neither Declarant nor the Design Review Committee nor any officer, director, employee, agent, member, or servant of Declarant or the Design Review Committee shall be responsible for any damages, loss, delay, cost, or legal expense occasioned through a stop work notice given in good faith, even if it is ultimately determined that such work was in conformity with the approved plans and drawings.

6.6 Waiver. Any condition or provision of paragraph 6.2 through 6.5 above may be waived by the Design Review Committee in its exclusive discretion. Any waiver shall be in general conformity with the development concept and development standards for the Property. The granting of a waiver as to one Owner shall not automatically entitle any other Owner to the waiver of the same or similar conditions or provisions. No waiver shall be valid unless it is in writing, signed by an authorized representative of the Design Review Committee and delivered by certified mail to the party claiming the benefit of such waiver.

6.7 Design Review Committee. The Design Review Committee shall consist of as many persons, but not less than three, as the Declarant may from time to time appoint. As long as Declarant owns any Lot, the members of the Design Review Committee shall be appointed by Declarant. Declarant may at any time delegate to the Board of Directors of the Association the right to appoint or remove members of the Design Review Committee. Thereafter, or in the event Declarant fails to appoint a Design Review Committee, the Board of Directors shall assume responsibility for appointment and removal of members of the Design Review Committee or, if it fails to do so, the Board of Directors shall serve as the Design Review Committee.

6.8 Majority Action. Except as otherwise provided herein, a majority of the members of the Design Review Committee shall have the power to act on behalf of the Design Review Committee, without the necessity of a meeting and without the necessity of consulting or notifying the remaining members of the Design Review Committee. The Design Review Committee may render its decision only by written instrument setting forth the action taken by the members consenting thereto.

6.9 Liability. The scope of the Design Review Committee's review is not intended to include any review or analysis of structural, geophysical, engineering, building or zoning code compliance or other similar considerations. Neither the Design Review Committee nor any member thereof shall be liable to any Owner, tenant, occupant, invitee, builder, or developer for any damage, loss or prejudice suffered or claimed on account of any action or failure to act of the Design Review Committee or a member thereof, provided only that the Design Review Committee has, or the member has, in accordance with the actual knowledge possessed by the Design Review Committee or by such member, acted in good faith.

6.10 Appeal. At any time after Declarant has delegated appointment of the members of the Design Review Committee to the Association pursuant to Section 6.7, any Owner adversely affected by action of the Design Review Committee may appeal such action to the Board of Directors of the Association. Appeals shall be made in writing within ten (10) days of the Committee's action and shall contain specific objections or mitigating circumstances justifying the appeal. A final, conclusive decision shall be made by the Board of Directors of the Association within fifteen (15) working days after receipt of such notification.

6.11 Effective Period of Consent. The Design Review Committee's consent to any proposed Improvement shall automatically be revoked one year after issuance unless construction of the Improvement has been commenced or the Owner has applied for and received an extension of time from the Committee.

ARTICLE 7

RESTRICTIONS ON USE OF RESIDENTIAL LOTS

7.1 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 and decoration with the dwelling structure constructed on such Lot, and has been approved by the Design Review Committee.

7.2 Residential Use. All Lots shall be used for single-family residential purposes only. No retail or industrial use shall be allowed on any Lot. Commercial use in a residence may be allowed provided only normal residential activities would be observable outside the Living Unit and that the activities would not be in violation of applicable governmental ordinances.

7.3 Access to Property. Except as shown on the plat or by recorded easement, no other Lots or private properties may be used for access or parking without that Owner's written permission.

7.4 Antennas. Only standard TV antennas and satellite dishes shall be permitted on a Lot. All over-the-air reception devices shall comply with the Design Guidelines and any other applicable restrictions adopted by the Design Review Committee or the Association, pertaining to the size, means, method and location of TV antenna and satellite dish installation.

7.5 Appearance. All garbage, trash, cuttings, refuse, garbage and refuse containers, machinery and equipment, including but not limited to, 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 Design Review Committee.

7.6 Building Height Limitation. Subject to the provisions of Section 7.1, no structure shall be erected, altered, placed or permitted to remain on any Lot other than one detached single-family Living Unit, and no such structure shall exceed thirty (30) feet in height.

7.7 Completion of Construction. Home building must be completed, including painting and all exterior finish, within one (1) year from the start of construction. "Complete" means obtaining certificate of final inspection from the City of Sisters. In the event of undue hardship due to weather conditions or other causes beyond the reasonable control of the Owner, this time period may be extended for a reasonable length of time upon written approval from the Design Review Committee.

7.8 Driveways and Walkways. Allowed materials for driveways and walkways include concrete, asphalt and masonry. All driveways shall be finished prior to occupancy. Exceptions may be allowed with Design Review Committee approval. Owners are responsible for repair of all driveway cuts, concrete breakage of curbs, sidewalks or sidewalk aprons. The Design Review Committee representative will monitor and provide written documentation to the offending Owner. All repairs must be completed within a reasonable period of time from receipt of written notification from the Design Review Committee representative.

7.9 Exterior Colors and Materials. All exterior colors and materials including those for trim, windows and doors are subject to approval by the Design Review Committee. Pursuant to the Master Plan, Living Units shall be constructed to the standards recommended in the "Oregon Forestland-Urban Interface Fire Act of 1997." Clearly indicate on submitted plans the locations of all proposed exterior colors. Samples may be standard manufacturer's paint chip samples or such larger samples as may be required by the Committee.

7.10 Exterior Lighting. No exterior lighting shall be placed on a Lot or any portion thereof without approval by the Design Review Committee. All exterior lighting contemplated shall meet all requirements of the City of Sisters "Dark Skies" lighting ordinance. Seasonal holiday lighting and decorations are permissible if consistent with any applicable Policies and Procedures and if removed within thirty (30) days after the celebrated holiday.

7.11 Fences. No perimeter fences shall be permitted within Village Meadows Homesites North on open spaces and Lots, as required by the Master Plan.

7.12 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 Design Review Committee, and then only to the extent and in the manner specifically approved. No structure, plantings or other materials shall be placed or permitted to remain on or within any grades, slopes, or courses, nor shall any other activities be undertaken which may damage or interfere with established slope ratios, create erosion or sliding problems, or which may change the direction of flow, or obstruct or retard the flow of water through drainage channels.

7.13 Landscaping Completion and Protection. Landscaping plans for each Lot shall be submitted to the Design Review Committee and shall be in compliance with guidelines as may be established by the Committee from time to time. Landscaping on Lots shall use "fire resistant plants" as described in the "Oregon Forestland-Urban Interface Fire Act of 1997." Each Owner shall attempt to preserve as many trees on each Lot as possible. Installation of underground sprinkler systems for all front lot landscaping of each home is mandatory on all Lots, and for rear lawns on certain Lots as will be determined by the Design Review Committee. The approved landscaping must be completed not later than ninety (90) days from completion of the home. In the event of undue hardship due to weather conditions, this provision may be extended for a reasonable length of time upon written approval of the Design Review Committee. Significant pruning of trees shall be subject to review and approval by the Design Review Committee. "Significant pruning" shall be considered such when any limb greater than 4" in diameter is removed.

"Significant trees" identified in Exhibit O-1 to the Master Plan shall be protected during construction. If any significant tree is determined to need to be removed due to construction, the health of the tree shall be evaluated by a certified arborist. In the event a healthy tree must be removed to accommodate development, then said tree shall be replaced with a comparably-sized tree of a similar specie on a 'one to one' basis. Any significant tree that does not survive must be replaced on a one-to-one basis with a species and location subject to review and approval by the City and the Association.

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

The Property is within the City limits of Sisters and resident animals are subject to the City of Sisters leash laws. Animal nuisance ordinances are also in effect for barking and trash strewing dogs. If an animal is off the Owner's Lot, it must be on a leash. Contact the City of Sisters Police Department to report violations. The City of Sisters is best equipped to deal with these problems and can enforce stringent fines.

7.15 Minimum Square Footage and Maximum Floor Area. Any single-family residence shall be a minimum of 1,400 square feet in size, not including any enclosed garage. The maximum permissible interior floor area shall be limited only by constraint of the building site area and other reasonable limitations as may be established by the Design Review Committee. Garages must be of sufficient size to accommodate a minimum of two cars.

7.16 Model/Offices. Models with sales offices are allowed for any builder with multiple homes for sale with Declarant's approval, subject to acceptance by the City of Sisters.

7.17 Outside Equipment and Accessory Structures. No recreational equipment, including but not limited to, basketball hoops or play structures, are allowed in any street. Other accessory structures or equipment, including but not limited to, tool and/or storage sheds, play equipment and dog houses are allowed only in the backyard and must be approved by the Design Review Committee.

7.18 Outside Storage. Woodpiles, storage areas, machinery and equipment shall be prohibited upon any Lot, unless obscured from view of neighboring property and streets by an appropriate screen approved by the Design Review Committee. Colored tops and covers shall be of a color approved by the Committee. Trash cans and other moveable rubbish

containers shall be allowed to be visible from the street or adjacent Lots within the Property only during the days on which rubbish is collected and after sundown of the preceding evening.

7.19 Parking, Prohibited Vehicles, and Lot Appearance. An enclosed garage, of a size appropriate for a minimum of two cars, is required for any dwelling on a Lot. No parking on any street shall be allowed of any commercial or recreational vehicles, including but not limited to horse trailer, travel trailer, commercial 18-wheel tractor, boat trailer, camper or incapacitated motor vehicle. 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 Design Review Committee, or on a temporary basis as allowed in the Association Policies and Procedures which may be amended from time to time.

"No Parking" signage shall be posted on the interior side of the circle that terminates Village Meadows Road and such signage shall be maintained by the Association. Enforcement of the "no parking" restriction is the responsibility of the Association. Any vehicle found in violation of this restriction is subject to towing by the Association at the Owner's expense, which cost may be assessed as an Individual Assessment as provided in Article 10. This parking prohibition and the responsibilities of the Association cannot be amended or discontinued without the written consent of the City.

7.20 Signs. No sign of any kind shall be displayed to public view on or from any Lot without the Design Review Committee's prior written consent; provided, however, that an Owner may display not more than one (1) "for sale" sign or one (1) "for rent" sign per Lot. Said signs shall be limited in size to not more than four (4) square feet.

7.21 Utilities. No above ground utilities, pipes or wires shall be used to connect Improvements with supplying facilities.

7.22 Water and Sewer Supply. Owners are required to hook into City water and sewer systems. No individual water supply system or sewage disposal system shall be permitted on any Lot.

ARTICLE 8

ASSOCIATION

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

8.1 Organization. Declarant shall organize the Association as a nonprofit corporation under the general nonprofit corporation laws of the State of Oregon. The Articles of Incorporation of the Association shall provide for its perpetual existence, but in the event the Association is at any time dissolved, whether inadvertently or deliberately, 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 incorporated association existing immediately prior to its dissolution shall thereupon automatically vest in the successor unincorporated association, and such vesting shall thereafter be confer red as evidenced by appropriate conveyances and assignments by the incorporated 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 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.

8.3 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 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 8.3(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 no event, however, shall more Voting Units be cast with respect to any Lot than as set forth in Section 8.3(a) above.

Class B. The Class B member shall be the Declarant and shall be entitled to three times the Voting Units computed under Section 8.3(a) for each Lot owned by Declarant. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

- (i) Declarant no longer owns any Lot within the Property; or
- (ii) At such earlier time as Declarant may elect in writing to terminate Class B membership.

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

- (a) The powers, duties and obligations granted to the Association by this Declaration.
- (b) The powers and obligations of a nonprofit corporation pursuant to the general nonprofit corporation laws of the State of Oregon.
- (c) The powers, duties and obligations of a homeowners association pursuant to the Oregon Planned Community Act, 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.

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

- (a) **Maintenance and Services.** The Association shall provide maintenance and services for the Property as provided in Article 9 and other provisions of this Declaration.
- (b) **Insurance.** The Association shall obtain and maintain in force policies of insurance as provided in this Declaration or the Bylaws of the Association.
- (c) **Rulemaking.** The Association, through the Board of Directors, shall have the right to make, establish, promulgate, amend and repeal Policies and Procedures governing the conduct of persons and the operation and use of Lots 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 occupant of all Lots upon the date of delivery.
- (d) **Assessments.** The Association shall adopt budgets and impose and collect Assessments as provided in Article 10 of this Declaration.
- (e) **Enforcement.** Subject to the provisions of Article 11, 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, including without limitation, enforcement of the decisions of the Design Review Committee. Nothing in this Declaration shall be construed as requiring the Association to take any specific action to enforce violations.

(f) **Employment of Agents, Advisers and Contractors.** The Association, through its Board of Directors, may employ the services of any person or corporation as managers, hire employees to manage, conduct and perform the business, obligations and duties of the Association, employ professional counsel and obtain advice from such 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.

(g) **Borrow Money, Hold Title and Make Conveyances.** The Association may borrow and repay moneys for the purpose of maintaining and improving the Common Areas and, subject to Section 4.4 above, encumber the Common Areas as security for the repayment of such borrowed money. The Association may acquire, hold title to and convey, with or without consideration, real and personal property and 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 Owners or Declarant.

(h) **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.

8.6 Liability. Neither a member of the Board of Directors nor an officer of the Association or member of the Design Review Committee or any other committee established by the Board of Directors, shall be liable to the Association, any member of the Association or any third party 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, so long as the individual acted in good faith, believed that the conduct was in the best interests of the Association, or at least was not opposed to its best interests, and in the case of criminal proceedings, had no reason to believe the conduct was unlawful. In the event any member of the Board of Directors or any officer or committee member of the Association is threatened with or made a party to any proceeding because the individual is or was a director, officer or committee member of the Association, the Association shall indemnify such individual against liability and expenses incurred to the maximum extent permitted by law.

8.7 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, all of whom shall be elected by Owners. The method of election, terms of office and method of removal and filling of vacancies shall be governed by the Bylaws.

8.8 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 the termination of Class B membership as provided in Section 8.3(b) above. 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.

ARTICLE 9

MAINTENANCE, UTILITIES AND SERVICES

9.1 Maintenance of Lots and Living Units. Each Owner shall maintain the Owner's Lot and Improvements thereon in a clean and attractive condition, in good repair and in such a fashion as not to create a fire or other hazard. Such maintenance shall include, without limitation, painting or staining, repair, replacement and care for roofs, gutters, downspouts, exterior building surfaces, walks and other exterior improvements and glass surfaces. All repainting or restaining and exterior remodeling shall be subject to prior review and approval by the Design Review Committee. Subject to the landscaping requirements in Section 7.13 herein, each Owner shall keep all shrubs, trees, grass and plantings of every kind on the Owner's Lot neatly trimmed, properly cultivated and free of trash, weeds and other unsightly material. Damage caused by fire, flood, storm, earthquake, riot, vandalism, or other causes shall likewise be the responsibility of each Owner and shall be restored within a reasonable period of time.

9.2 Maintenance and Lighting of Common Areas. The Association shall be responsible for exterior lighting for and perform all maintenance upon the Common Areas and landscaping within dedicated rights of way, including but not limited to grass, trees, entrance signs, 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 and as required by the Master Plan. Any exterior lighting must meet the requirements of the City of Sisters "Dark Skies" lighting ordinance.

9.3 Maintenance of Utilities. The Association shall perform or contract to perform maintenance of all private utilities within Common Areas, such as sanitary sewer service lines, domestic water service lines 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.

9.4 Corrective Maintenance. The Association may assume the maintenance responsibilities set out in this Declaration for any Owner, after giving the responsible Owner reasonable notice and an opportunity to correct its deficient maintenance. In such event, all costs of such maintenance shall be assessed only against those Owners to which the services are provided and shall be Individual Assessments as determined by the Board. The assumption of this responsibility may take place either by contract or because, in the opinion of the Board, the level and quality of service then being provided is not consistent with the requirements of this Declaration.

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

ARTICLE 10

ASSESSMENTS

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

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

10.3 Apportionment of Assessments. All Lots shall pay a pro rata share of the Annual Assessments, Special Assessments and Emergency 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. A Lot shall be obligated to pay such Assessments regardless of whether the Living Unit has been constructed on the Lot.

10.4 Annual Assessments. The Board of Directors of the Association shall from time to time and at least annually prepare an operating budget for the Association, taking into account the current costs of maintenance and services and future needs of the Association, any previous overassessment and any common profits of the Association. The budget shall provide for such reserve or contingency funds as the Board deems necessary or as may be required by law. Annual Assessments for such operating expenses and reserves, if any, ("Annual Assessments") shall then be apportioned among the Lots as provided in Section 10.3 above. The method of adoption of the budget and the manner of billing and collection of Assessments shall be as provided in the Bylaws.

10.5 Special Assessments. In addition to the Annual Assessment authorized above, the Board of Directors may levy during any fiscal year a Special Assessment ("Special Assessment"), applicable to that year only, for the purpose of deferring all or any part of the cost of any construction or reconstruction, unexpected repair, or acquisition or replacement of a described capital improvement, or for any other one-time expenditure not to be paid for out of Annual Assessments. Special Assessments which in the aggregate in any fiscal year exceed an amount equal to twenty percent (20%) of the budgeted gross expenses of the Association for the fiscal year may be levied only if approved by a majority of the Voting Units, together with the written consent of the Class B Member, if any. Prior to the Turnover Meeting, any Special Assessment for acquisition or construction of new capital improvements or additions must be approved by not less than fifty percent (50%) of the Class A

voting rights voting in person or by proxy, together with the written consent of the Class B Member. Special Assessments shall be apportioned as provided in Section 10.3 above and may be payable in lump sum or in installments, with or without interest or discount, as determined by the Board of Directors.

10.6 Emergency Assessments. If the Annual Assessments levied at any time are, or will become, inadequate to meet all expenses incurred under this Declaration for any reason, including nonpayment of any Owner's Assessments on a current basis, the Board of Directors of the Association shall immediately determine the approximate amount of such inadequacy and issue a supplemental budget, noting the reason therefor, and levy an Emergency Assessment for the amount required to meet all such expenses on a current basis ("Emergency Assessment"). Emergency Assessments shall be apportioned as set forth in Section 10.3 above and payable as determined by the Board of Directors.

10.7 Individual Assessments. Any common expense or any part of a common expense benefiting fewer than all of the Lots may be assessed exclusively against the Lots benefited ("Individual Assessment"). Individual Assessments include, without limitation, charges for services provided under Sections 9.4 and 9.5 relating to maintenance and repair and Section 7.19 relating to parking violations. 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.

10.8 Operations Fund. The Association shall keep all funds received by it as Assessments 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 the Bylaws of the Association.
- (c) Payment of taxes assessed against the Common Areas and any improvements thereon.
- (d) Payment of the cost of other services which the Association deems to be of general benefit to the Owners, including but not limited to accounting, legal and administrative services.

10.9 Reserve Fund. Pursuant to the Oregon Planned Community Act ORS 94.750(2) regarding a Class II planned community, there is no requirement to comply with OS 94.595 to establish a reserve fund.

10.10 Creation of Lien and Personal Obligation of Assessments. Declarant and Owners hereby covenant, and each Owner of any Lot by acceptance of a conveyance thereof, whether or not so expressed in any such conveyance, shall be deemed to covenant to pay to the Association all Assessments or other charges as may be fixed, established and collected from time to time in the manner provided in this Declaration or the Association Bylaws. Such Assessments and charges, together with any interest, expenses or attorneys' fees imposed pursuant to Section 11.7, 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 11

ENFORCEMENT

11.1 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 causes or permits any Improvement, activity, condition or nuisance contrary to the provisions of this Declaration to remain uncorrected or unabated on the Owner's Lot, then the Association acting through its Board of Directors shall notify the Owner in writing of any

such specific violations of this Declaration 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. If the Owner is unable, unwilling or refuses to comply with the Association's specific directives for remedy or abatement, or the Owner and the Association cannot agree to a mutually acceptable solution within the framework and intent of this Declaration, after notice and opportunity to be heard and within thirty (30) days of written notice to the Owner, then the Association acting through its Board of Directors, shall have the right to do any or all of the following.

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

(b) Enter the offending Lot and remove the cause of such violation, or alter, repair or change the item which is in violation of this Declaration in such a manner as to make it conform thereto, in which case the Association may assess such Owner for the entire cost of the work done 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,

(c) Cause any vehicle parked in violation of this Declaration or the Policies and Procedures to be towed and impounded at the Owner's expense;

(d) Suspend the voting rights and any utility services paid for out of Assessments for the period that the violations remain unabated; and

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

11.2 Default in Payment of Assessments; Enforcement of Lien. If an Assessment or other charge levied under this Declaration is not paid within thirty (30) days of its due date, such Assessment or charge shall become delinquent and shall bear interest from the due date at the rate set forth below. In such event, the Association may exercise any or all of the following remedies:

(a) The Association may suspend such Owner's voting rights 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 in accordance with ORS 94.709 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 and may foreclose such lien in the manner provided in ORS 94.709.

(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.

11.3 Notification of First Mortgagee. If a first mortgagee has requested such notice in writing from the Association, the Board of Directors shall notify such mortgagee of any individual Lot of any default in performance of this Declaration by the Owner which is not cured within sixty (60) days after notice of default to the Owner.

11.4 Subordination of Lien to Mortgages. The lien of the Assessments or charges provided for in this Declaration shall be subordinate to the lien of any Mortgage 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. 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.

11.5 Interest, Expenses and Attorneys' Fees. Any amount not paid to the Association when due in accordance with this Declaration shall bear interest from the due date until paid at a rate that is the greater of eighteen percent (18%) per annum or three percentage points per annum above the prevailing Portland, Oregon prime rate as of the due date, or such other rate as may be established by the Board of Directors, but not to exceed the lawful rate of interest under the laws of the State of Oregon. A late charge may be charged for each delinquent Assessment in an amount established from time to time by resolution of the Board of Directors, which resolution is delivered to each Lot, mailed to the mailing address of each Lot or mailed to the mailing address designated by the Owner in writing, together with all expenses incurred by the Association in collecting such unpaid assessments, including attorneys' fees (whether or not suit is instituted). In the event the Association shall file a notice of lien, the lien amount shall also include the recording fees associated with filing the notice, and a fee for preparing the notice of lien established from time to time by resolution of the Board of Directors. 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 all costs and expenses incurred by it in connection with such suit or action, including a foreclosure title report, and the prevailing party in such suit or action shall recover such amount as the court may determine to be reasonable as attorneys' fees at trial and upon any appeal or petition for review thereof or in connection with any bankruptcy proceedings or special bankruptcy remedies.

11.6 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.

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

ARTICLE 12

DISPUTE RESOLUTION

12.1 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 noninitiating 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.

12.2 Costs and Attorneys' Fees. The fees of any mediator and the costs of mediation shall be divided and paid equally by the parties. Each party shall pay its own attorneys' fees and costs in connection with any mediation.

12.3 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 13

DECLARANT'S IMMUNITY

Declarant has a non-exclusive right and power to enforce the covenants, conditions, and restrictions contained in this Declaration, but Declarant does not have the 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, and each Owner or any person or entity claiming by, through or from said Owner hereby releases Declarant from and against any claim arising in connection with the development of the Property or related to Declarant's acts or omissions in preparing, filing or enforcing this Declaration and shall be stopped from making or enforcing any such claim.

ARTICLE 14

MORTGAGEES

The following provisions are for the benefit of institutional holders, insurers and guarantors of first Mortgages on Lots. The provisions of this Article apply to both this Declaration and to the Bylaws, notwithstanding any other provisions contained therein.

14.1 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.

14.2 Right of First Mortgagees Relating to Maintenance. At any time that the Common Areas are not maintained or repaired by the Association to the extent reasonably necessary to protect and preserve the value of the Property for security purposes, then the record mortgagee, upon giving written notice as provided in this 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.

14.3 Notice to Association. Upon request, each Owner shall be obligated to furnish to the Association the name and address of the holder of any Mortgage encumbering such Owner's Lot.

ARTICLE 15

MISCELLANEOUS PROVISIONS

15.1 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 Owners owning not less than seventy-five percent (75%) of the Lots in the Property.

15.2 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 with written consent of the Owners of at least seventy-five percent (75%) of the Lots in the Property; provided, however, that as long as Declarant owns any of the Lots, no such termination, extension, modification, or amendment shall be effective without the written approval of Declarant. In no event shall an amendment under this section create, limit or diminish special Declarant rights without Declarant's written consent, or change the boundaries of any Lot or any uses to which any Lot is restricted under this Declaration or change the method of determining liability for common expenses, the method of determining the right to common profits or the method of determining voting rights of any Lot unless the Owners of the affected Lots unanimously consent to the amendment. Further, in no event shall an amendment under this section limit, revise or diminish requirements within the Master Plan without the written consent of the City, which consent may be withheld in its sole discretion. Declarant may not amend this Declaration to increase the scope of special Declarant rights reserved in this Declaration after the sale of the first Lot unless Owners representing seventy-five percent (75%) of the total vote, other than Declarant, agree to the amendment.

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

15.4 Regulatory Amendments. Notwithstanding the provisions of Section 15.2 above, until the Turnover Meeting has occurred, Declarant shall have the right to amend this Declaration or the Bylaws of the Association in order to comply with the requirements of any applicable statute, ordinance or regulation or of the Federal Housing Administration; the United States Department of Veterans Affairs; the Farmers Home Administration of the United States; the Federal National Mortgage Association; the Government National Mortgage Association; the Federal Home Mortgage Loan Corporation, any department, bureau, board, commission or agency of the United States or the State of Oregon; or any corporation wholly owned, directly or indirectly, by the United States or the State of Oregon that insures, guarantees or provides financing for a planned community or lots in a planned community. After the Turnover Meeting, any such amendment shall require the approval of a majority of the voting rights of the Association voting in person, by proxy or by ballot at a meeting or ballot meeting of the Association at which a quorum is represented.

15.5 Right to Transfer or Assign Declarant's Rights Any or all of Declarant's rights and related obligations under this Declaration may be transferred in whole or in part to other persons or entities; provided, the transfer shall not reduce an obligation nor enlarge a right beyond that which Declarant then has under this Declaration. No such transfer or assignment shall be effective unless it is in a written instrument signed by Declarant and recorded in the deed records of Deschutes County, Oregon.

15.6 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.

15.7 Lessees and Other Invitees. Lessees, licensees, invitees, contractors, family members, guests, and other persons entering the Property under rights derived from an Owner shall comply with all of the provisions of this Declaration

restricting or regulating the Owner's use, improvement or enjoyment of his or her Lot and other areas within the Property. The Owner shall be responsible for obtaining such compliance and shall be liable for any failure of compliance by such persons in the same manner and to the same extent as if the failure had been committed by such Owner.

15.8 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.

15.9 Nonwaiver. Failure by the Declarant, the Association 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.

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

As used in this Declaration, the singular shall include the plural and the plural the singular, and the masculine and neuter shall each include the masculine, feminine and neuter, as the context requires. All captions used herein are intended solely for convenience of reference and shall in no way limit any of the provisions of this Declaration. Any reference to a specific section of the Oregon Revised Statutes shall mean such section as it is constituted at the time of execution of this Declaration and as it may hereafter be amended, added to or otherwise changed, and it shall also include any applicable successor provision or any other provision of similar purpose which may hereafter become applicable.

15.11 Notices and Other Documents. Any notice or other document permitted or required by this Declaration may be delivered either personally or by mail. Delivery by mail shall be deemed made twenty-four (24) hours after having been deposited in the United States mail as certified or registered mail, with postage prepaid, addressed as follows: If to Declarant or the Association, P.O. Box 489, Redmond, Oregon 97756; if to an Owner, at the address given by the Owner at the time of purchase of a Lot, or at the Lot. The address of a party may be changed at any time by notice in writing delivered as provided in this section.

DECLARANT:

BUETTNER LAND GROUP, LLC

By: [Signature]
Steve Buettner

Its: MEMBER

STATE OF OREGON)
) ss.
County of Deschutes)

This instrument was acknowledged before me this 16th day of April, by Steve Buettner
member of Buettner Land Group, LLC, a limited liability corporation, on its behalf.

Miranda S. Dickson
Notary Public for Oregon
My commission expires: 9-15-13



OWNER - LOTS 23, 24, 28, 29, 30:

BUETTNER LAND GROUP, LLC

By: [Signature]
Steve Buettner

Its: MEMBER

STATE OF OREGON)
) ss.
County of Deschutes)

This instrument was acknowledged before me this 15th day of February, by Steve Buettner
MEMBER of Buettner Land Group, LLC, a limited liability corporation, on its behalf.

Miranda S Dickson
Notary Public for Oregon
My commission expires: 9-15-13



OWNER – LOTS 21, 26, 27:

JILL A. JARKESY REVOCABLE TRUST 1997 dated march 26, 1997 and amended October 7, 2008

By: Jill A. Jarkesy, trustee

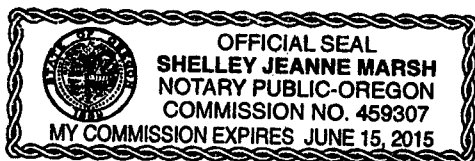
Print Name: Jill A. Jarkesy

Its: Trustee


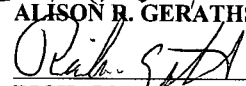
STATE OF Oregon)
County of Deschutes) ss.

This instrument was acknowledged before me this 21 day of Feb., 2012, by Jill A. Jarkesy, Trustee of Jill A. Jarkesy Revocable Trust of 1997 dated March 26, 1997 and amended October 7, 2008 on its behalf.

Shelley Jeanne Marsh
Notary Public for Oregon
My commission expires: 06-15-15

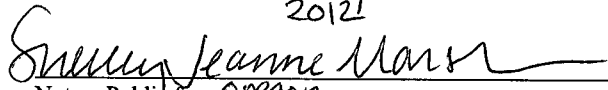


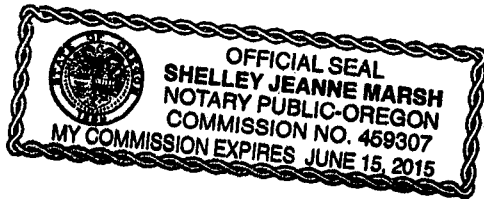
OWNERS - LOT 19, 22:


ALISON R. GERATHS

RICHARD L. GERATHS

STATE OF Oregon)
County of Deschutes) ss.

This instrument was acknowledged before me this 29 day of February, by Alison R. Geraths and Richard L. Geraths.


Notary Public for Oregon
My commission expires: 06-15-15



OWNER - LOT 20:

Taylor J. Porad
TAYLOR J. PORAD

STATE OF Oregon)
County of Deschutes)

) ss.
)



This instrument was acknowledged before me this 2 day of April 2012, by Taylor J. Porad.

Laurel A. Kelley-Graeve
Notary Public for state of Oregon
My commission expires: July 29, 2014

OWNER - LOT 25:

Allison J. Mayea
ALLISON J. MAYEA

STATE OF OR)

County of Deschutes) ss.
)

This instrument was acknowledged before me this 16th day of February, by Allison J. Mayea.

Miranda S. Dickson
Notary Public for Oregon
My commission expires: 9-15-13



OWNER - LOT 18:

SISTERS HABITAT FOR HUMANITY, a non-profit 501(c)(3)

By: Jerry W. Hanford

Print Name: Jerry W. Hanford

Its: President

STATE OF OR

County of Deschutes

)
) ss.
)

This instrument was acknowledged before me this 16th day of February, by
Jerry W. Hanford, the President of Sisters Habitat for Humanity, a non-profit 501(c)(3),
on its behalf.

Miranda S. Dickson

Notary Public for Oregon

My commission expires: 9-15-13



EXHIBIT A

Lots 18 – 30, inclusive, and all private roadways and common lot parcels located north of McKinley Butte Road as shown on the plat of Village Meadows filed in plat records of Deschutes County, Oregon and recorded February 5, 2007 in the Official Records for Deschutes County at Book 2007, Page 007285 and Plat Cabinet H-243:

Lots: Lots 18 – 30, inclusive

Common Areas:

Private Roadway: Village Meadows Road

Common lot: Located north of Lot 19 and adjacent to Village Meadows Road, consisting of 1,943 square feet

Common lot: Located inside the Village Meadows Road circle, consisting of 1,385 square feet

Common lot: Located north of and adjacent to McKinley Butte Road, consisting of 10,371 square feet

VILLAGE MEADOWS HOMESITES NORTH OWNERS ASSOCIATION, INC.

ARTICLES OF INCORPORATION

The undersigned corporation acting as incorporator under the Oregon Nonprofit Corporation Law, adopts the following Articles of Incorporation:

ARTICLE I - NAME

The name of this corporation is **Village Meadows Homesites North Owners Association, Inc.** (hereinafter called the "Association").

ARTICLE II - PURPOSES

This corporation is a mutual benefit, membership corporation. The purposes for which the Association is organized are to provide for the management, maintenance, protection and preservation of property in VILLAGE MEADOWS HOMESITES NORTH, a subdivision in Deschutes County, Oregon, and to promote the health, safety, welfare and other general benefit of its members, not for profit, but for the mutual advantages to be derived therefrom as contemplated in the Declaration of Covenants, Conditions and Restrictions for Village Meadows Homesites North recorded or to be recorded in the Deed Records of Deschutes County, Oregon, as the same may be subsequently amended or supplemented by instruments of record (the "Declaration"). Except as otherwise provided in these Articles, the definitions contained in the Declaration are hereby adopted by reference.

ARTICLE III - POWERS AND DUTIES

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 the Declaration.
- (b) The powers and obligations of a nonprofit corporation pursuant to the general nonprofit corporation laws of the State of Oregon.
- (c) The powers, duties and obligations of a homeowners association pursuant to the Oregon Planned Community Act.
- (d) Any additional or different powers, duties and obligations necessary or desirable for the purpose of carrying out the functions of the Association pursuant to the Declaration or otherwise promoting the general benefit of the Owners within the Property.

ARTICLE IV - REGISTERED OFFICE AND AGENT

4.1 **Registered Office and Agent.** The street address of the initial registered office of the Association is 2642 SW 4th Street, Redmond, Oregon 97756 and the name of its initial registered agent who shall be amenable to service of process at such address is **Steve Buettner**.

4.2 **Principal Office.** The principal office and mailing address to which the Office of the Secretary of State may mail notices as required by law is P.O. Box 489, Redmond, Oregon 97756.

ARTICLE V - DIRECTORS

The powers of the Association shall be exercised and its properties controlled and its affairs conducted by a board of directors elected or appointed as provided in the Declaration and Bylaws.

ARTICLE VI - INCORPORATOR

The name and address of the incorporator is:

Buettner Land Group, LLC
P.O. Box 489
Redmond, Oregon 97756

ARTICLE VII - DISSOLUTION

In the event that 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 the assets of the Association shall be dedicated to a public body, or all of the property, powers and obligations of the incorporated association existing immediately prior to its dissolution shall thereupon automatically vest in the successor unincorporated association and such vesting shall thereafter be confirmed and evidenced by appropriate conveyances and assignments by the incorporated 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.

ARTICLE VIII - MEMBERSHIP AND VOTING RIGHTS

8.1 **Membership.** Every Owner of one or more Lots in Village Meadows Homesites North shall, immediately upon creation of the Association and thereafter during the entire period of such ownership, be a member of the Association. Such membership shall commence, exist and continue simply by virtue of such ownership, shall expire automatically upon termination of such ownership, and need not be confirmed or evidenced by any certificate or acceptance of membership.

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

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

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

- (a) Declarant no longer owns any Lot within the Property; or
- (b) At such earlier time as Declarant may elect in writing to terminate Class B membership.

ARTICLE IX - LIABILITY AND INDEMNIFICATION

To the fullest extent permitted by law, the Association shall indemnify all current and former directors, officers and members of committees established by the Board (each an "Indemnified Party" and collectively, the "Indemnified Parties") against all expenses, including attorneys' fees, reasonably incurred in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the Board) to which an Indemnified Party may be a party by reason of being or having been a director, officer of committee member, so long as the director, officer or committee member acted or failed to act, in good faith, with regard to the act or omission at issue. Any right to indemnification provided for herein shall not be exclusive of any other rights to which a current or former director, officer or committee member may be entitled. In addition to the foregoing, the Association may, to the extent authorized from time to time by the Board, indemnify an employee or agent of the Association in accordance with the provisions of this Article.

To the full extent permitted by law, neither the Association nor any Indemnified Party shall be liable to a member for any damage, loss, or prejudice suffered or claimed on account of any action or failure to act by the Association or the Indemnified Party, provided that the Association or Indemnified Party acted in good faith and in a manner reasonably believed to be in the best interest of the Association and its members.

ARTICLE X - AMENDMENT

10.1 **Approval Required.** These Articles, or any provision thereof, may be amended or repealed by the vote or written consent of Owners representing not less than a majority of the voting rights of the Association, together with the written consent of the Class B member, if such Class B membership has not been terminated as provided herein. In no event shall an amendment under this section create, limit or diminish special declarant rights without Declarant's written consent. Notwithstanding such vote, the provisions hereof shall not be amended so as to be inconsistent with the Declaration; if inconsistent, the Declaration shall be amended as provided in Section 15.2 thereof.

10.2 **Regulatory Amendments.** Notwithstanding the provision of Section 10.1 above, until the Turnover Meeting has occurred, Declarant shall have the right to amend these Articles in order to comply with the requirements of any applicable statute, ordinance or regulation 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 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.

DATED: FEBRUARY 15TH 2012

BUETTNER LAND GROUP, LLC, an Oregon
limited liability company

By


Steve Buettner

Its

MEMBER

EXHIBIT B

By-Laws

EXHIBIT B
BYLAWS OF
VILLAGE MEADOWS HOMESITES NORTH OWNERS ASSOCIATION, INC.

ARTICLE 1.

DEFINITIONS

1.1 **Association.** "Association" means VILLAGE MEADOWS HOMESITES NORTH OWNERS ASSOCIATION, INC., a nonprofit corporation organized and existing under the laws of the State of Oregon.

1.2 **Articles of Incorporation.** "Articles of Incorporation" means the Articles of Incorporation of the Association filed or to be filed with the Oregon Secretary of State, as amended from time to time.

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

1.4 **Planned Community Act.** The "Planned Community Act" shall mean the Oregon Planned Community Act (ORS 94.550 to ORS 94.783), as amended from time to time, and any applicable successor statutes thereto.

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

ARTICLE 2.

MEMBERSHIP

2.1 **Membership.** Every Owner of one or more Lots within the Property shall, immediately upon creation of the Association and thereafter during the entire period of such ownership, be a member of the Association. Such membership shall commence, exist and continue simply by virtue of such ownership, shall expire automatically upon termination of such ownership, and need not be confirmed or evidenced by any certificate or acceptance of membership.

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

ARTICLE 3.

MEETINGS AND VOTING

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

3.2 **Turnover Meeting.** Declarant shall call the first meeting of the Owners to organize the Association within ninety (90) days after termination of the Class B membership as provided in Section 3.7 below. Notice of such meeting shall be given to all Owners as provided in Section 3.5. If the Declarant fails to call the meeting, the meeting may be called and notice given by any Owner or mortgagee of a Lot. The expense of giving notice shall be paid or reimbursed by the Association. In the event of a lack of quorum at such Turnover Meeting, it may be adjourned as provided in Section 3.6. Nothing in this section shall be construed as preventing Declarant from calling the Turnover Meeting before such date or from calling informal, informational meetings of the Owners.

3.3 **Annual Meeting.** The annual meeting of the members for the election of directors and for the transaction of such other business as may properly come before the meeting shall be held at such reasonable hour and on such reasonable day as

EXHIBIT B

may be established by the Board of Directors or, if the Board should fail to designate a date by the first day of September, then at 7:30 p.m. on the second Thursday in October. The first annual meeting shall be held within one year after the date of the Turnover Meeting.

3.4 Special Meetings. A special meeting of the Association may be called at any time by the President or by a majority of the Board of Directors. A special meeting shall be called upon receipt of a written request stating the purpose of the meeting from members having at least thirty percent (30%) of the voting rights entitled to be cast at such meeting. Business transacted at a special meeting shall be confined to the purposes stated in the notice of meeting.

3.5 Notice of Meeting.

(a) Except as otherwise provided in these Bylaws, written or printed notice stating the place, day and hour of the meeting, the items on the agenda, including the general nature of any proposed amendment to the Declaration or these Bylaws, any 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) or more than fifty (50) days before the date of the meeting. Notice of a meeting may be waived by a member at any time. A member who is present at a meeting may not object to the adequacy or timeliness of the notice given.

(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.

3.6 Quorum. At any meeting of the Association, members having at least fifty percent (50%) of the voting rights entitled to be cast at such meeting, present in person or by proxy, shall constitute a quorum, except when a larger quorum is required by the Declaration. When a quorum is once present to organize a meeting, it cannot be broken by the subsequent withdrawal of a member or members. If any meeting of members cannot be organized because of a lack of quorum, the members who are present, either in person or by proxy, may adjourn the meeting from time to time not less than forty-eight (48) hours or more than thirty (30) days from the time the original meeting was called until a quorum is present. The quorum for the adjourned meeting shall be reduced to twenty-five percent (25%) of the voting rights entitled to be cast at the meeting, present in person or by proxy.

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

Class A. Class A members shall be all Owners with the exception of the Class B member and shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot. In no event, however, shall more voting rights be cast with respect to any Lot than as set forth in Section 8.3(a) of the Declaration.

Class B. The Class B member shall be the Declarant and shall be entitled to three (3) votes for each Lot owned by Declarant. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

- (i) Declarant no longer owns any Lot within the Property; or
- (ii) At such earlier time as Declarant may elect in writing to terminate Class B membership.

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

EXHIBIT B

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

3.10 Absentee Ballots and Proxies. A vote may be cast in person, by absentee ballot or by proxy. A proxy given by an Owner to any person who represents such Owner at meetings of the Association shall be in writing and signed by such Owner, and shall be filed with the secretary, at any time prior to or at the start of the meeting. An Owner may not revoke a proxy given pursuant to this Section except by actual notice of revocation to the person presiding over a meeting or to the Board of Directors if a vote is being conducted by written ballot in lieu of a meeting. A proxy shall not be valid if it is undated or purports to be revocable without notice. A proxy shall terminate one year after its date unless the proxy specifies a shorter term. Every proxy shall automatically cease upon sale of the Lot by its Owner. An Owner may pledge or assign such Owner's voting rights to a mortgagee. In such a case, the mortgagee or its designated representative shall be entitled to receive all notices to which the Owner is entitled under these Bylaws and to exercise the Owner's voting rights from and after the time that the mortgagee shall give written notice of such pledge or assignment to the Board of Directors. Any first mortgagee may designate a representative to attend all or any meetings of the Association. If the Board authorizes voting by absentee ballot, then the absentee ballot shall set forth each proposed action and provide an opportunity to vote for or against each proposed action. All solicitations for absentee ballots shall include instructions for return delivery of the completed absentee ballot and information about whether or not the absentee ballot may be canceled if it is returned in accordance with the instructions. If an absentee ballot is delivered to a member, the member may vote in person at the meeting if the member returned the absentee ballot and canceled the absentee ballot, if cancellation was permitted in the instructions included with the absentee ballot.

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

3.12 Rules of Order. Unless other rules of order are adopted by resolution of the Association or the Board of Directors, all meetings of the Association shall be conducted according to the latest edition of *Robert's Rules of Order*, published by Robert's Rules Association. A decision of the Association may not be challenged because the appropriate rules of order were not used unless a person entitled to be heard was denied the right to be heard and raised an objection at the meeting in which the right to be heard was denied. Further, a decision of the Association is deemed valid without regard to procedural errors related to the rules of order one year after the decision is made unless the error appears on the face of a written instrument memorializing the decision.

3.13 Ballot Meetings.

(a) At the discretion of the Board of Directors, any action that may be taken at any annual, regular or special meeting of the Association may be taken without a meeting if the procedures set forth in ORS 94.647 are followed. Any vote that may be conducted by written ballot may also be conducted by electronic ballot subject to the procedures and requirements set forth in the Planned Community Act for electronic ballots. An electronic ballot shall mean any ballot given by electronic mail, facsimile transmission, posting on a website or other means of electronic communication approved by the Board.

(b) The Board of Directors shall provide Owners with at least ten (10) days' notice before written ballots are mailed or otherwise delivered. If, at least three (3) days before written ballots are scheduled to be mailed or otherwise distributed, at least ten percent (10%) of the Owners petition the Board of Directors requesting secrecy procedures, a written ballot must be accompanied by a secrecy envelope, a return identification envelope to be signed by the Owner, and instructions for marking and returning the ballot. The notice shall state the general subject matter of the vote, the right of the Owners to request secrecy procedures, the date after which ballots may be distributed, the date and time by which any petition must be received by the Board requesting secrecy procedures and the address where any petition must be received. 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 Owners has voted, and the required percentage of approving votes has been received. Otherwise, the proposal shall be deemed to be rejected. If approval of a proposed action otherwise would require a meeting at which a specified percentage of Owners must authorize the action, the proposal shall be deemed to be approved when the percentage of total votes cast in favor of the proposal equals or exceeds such required

EXHIBIT B

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.

(e) Notwithstanding the foregoing, action by written or electronic ballot may not substitute for (i) the annual meeting of the members; (ii) a meeting of the members if the agenda includes a proposal to remove a director; or (iii) a special meeting of the members called at the request of the members under ORS 94.650(2).

ARTICLE 4.

DIRECTORS: MANAGEMENT

4.1 Number and Qualification. The affairs of the Association shall be governed by a Board of Directors of three (3) persons. All directors, other than interim directors appointed by Declarant, shall be Owners or co-Owners of Lots. For purposes of this Section 4.1, an officer, employee or agent of a corporation, trustee of a trust, a partner, employee or agent of a partnership, a member, manager, officer or employee of a limited liability company, or an executor, administrator, guardian, conservator, or other individual appointed by a court to serve in a fiduciary capacity for an Owner (or an officer or employee of an entity if an entity is so appointed by the court) that owns a Lot shall be eligible to serve as directors.

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

4.3 Nomination, Election and Tenure of Office.

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

(b) All directors shall hold office until their respective successors shall have been elected by the members. Election shall be by plurality with the persons receiving the highest vote totals being elected to the Board. A director may serve more than one (1) term and such terms may be successive.

(c) Nominations for election to the Board may be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting of the members or any other meeting of the members called for the purpose of election of directors. The Board may organize a Nominating Committee and appoint the members thereof prior to each annual meeting of the Members for the purpose of nominating directors to be elected at the annual meeting of the members. If a Nominating Committee is formed, it shall consist of a chairman, who shall be a member of the Board, and two or more members. The Nominating Committee may make as many nominations for election to the Board as it shall in its discretion determine, but in no event less than the number of positions to be filled.

4.4 Vacancies.

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

EXHIBIT B

(b) Vacancies in the Board of Directors, other than interim directors, may be filled by a majority of the remaining directors even though less than a quorum, or by a sole remaining director. Each director so elected shall hold office for the balance of the unexpired term and until his or her successor is elected. Vacancies on the Board caused by the removal of Directors pursuant to Section 4.5 shall be filled in accordance with the procedures set forth therein.

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

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

(a) Carry out the program for maintenance, upkeep, repair and replacement of any property required to be maintained by the Association as 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 may be 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 litigation or claim matter unless the Owners have enacted a resolution authorizing the incurring of such fees by a vote of seventy-five percent (75%) of the voting rights present in person or by absentee ballot or proxy at a meeting at which a quorum is constituted. This limitation shall not be applicable to legal fees incurred in defending the Association or the Board of Directors from claims or litigation brought against them. The limitation set forth in this paragraph shall increase by \$500 on each fifth anniversary of the recording of the Declaration. To the extent required by the Oregon Planned Community Act, the Board shall notify the Owners before instituting litigation or administrative proceedings. With regard to any pending litigation involving the Association, the Board shall periodically report to the Lot Owners as to the status (including settlement offers), progress, and method of funding such litigation. Nothing in this paragraph shall be construed as requiring the Board to disclose any privileged communication between the Association and its counsel.

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

(g) Prepare and file, or cause to be prepared and filed, any required income tax returns or forms for the Association.

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

(i) 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.

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

(k) Make additions and improvements to, or alterations of, the Common Areas, or modify, close, remove, eliminate or discontinue use of any common facility, including any improvement or landscaping.

EXHIBIT B

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

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

(n) In the name of the Association, maintain a current mailing address of the Association, file annual reports with the Oregon Secretary of State, and maintain and keep current the information required to enable the Association to comply with ORS 94.670(7).

(o) Subject to Section 8.5 of the Declaration, enter into management agreements with professional management firms.

(p) In performing its duties, the Board shall be governed by ORS 94.640 and the applicable provisions of ORS 65.357, 65.361, 65.367, 65.369 and 65.377.

4.7 Meetings.

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

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

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

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. A decision of the Board may not be challenged because the appropriate rules of order were not used unless a director entitled to be heard was denied the right to be heard and raised an objection at the meeting in which the right to be heard was denied. Further, a decision of the Board is deemed valid without regard to procedural errors related to the rules of order one year after the decision is made unless the error appears on the face of a written instrument memorializing the decision.

4.8 Open Meetings.

(a) All meetings of the Board of Directors shall be open to Owners except that, in the discretion of the Board, the following matters may be considered in executive session: (i) consultation with legal counsel concerning the rights and duties of the Association regarding existing or potential litigation, or criminal matters; (ii) personnel matters, including salary negotiations and employee discipline; (iii) negotiation of contracts with third parties; and (iv) collection of unpaid assessments. Except in the case of an emergency, the Board of Directors shall vote in an open meeting 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, as precisely as possible, when and under what circumstances the deliberations can be disclosed to Owners. The statement, motion or decision to meet in the executive session shall be included in the minutes of the meeting, and any contract or action considered in executive session shall not become effective unless the Board, following the executive session, reconvenes in open meeting and votes on the contract or action, which shall be reasonably identified in the open meeting and included in the minutes.

(b) Meetings of the Board of Directors may be conducted by telephonic communication or by other means of communication that allows all members of the Board participating to hear each other simultaneously or otherwise to be

EXHIBIT B

able to communicate during the meeting, except that if a majority of the Lots are principal residences of the occupants, then: (i) 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 Owners of such meeting; and (ii) only emergency meetings of the Board of Directors may be conducted by telephonic communication or such other means. The meeting and notice requirements of this Section may not be circumvented by chance or social meetings or by any other means.

4.9 Notice of Meetings.

(a) Notice of the time and place of meetings shall be given to each director orally, or delivered in writing personally or by mail or telecopy, at least twenty-four (24) hours before the meeting. Notice shall be sufficient if actually received at the required time or if mailed or telecopied not less than seventy-two (72) hours before the meeting. Notice mailed or telecopied shall be directed to the address shown on the Association's records or to the director's actual address ascertained by the person giving the notice. Such notice need not be given for an adjourned meeting if such time and place is fixed at the meeting adjourned.

(b) Attendance of a director at a meeting shall constitute a waiver of notice of such meeting except when 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.

(c) A director who is present at a Board meeting at which action is taken on any Association matter is presumed to have assented to the action unless the director votes against the action or abstains from voting on the action because the director claims a conflict of interest. When action is taken on any matter at a Board meeting, the vote or abstention of each director present shall be recorded in the minutes of the meeting. The directors may not vote by proxy or by secret ballot at Board meetings, except that the directors may elect officers by secret ballot.

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

4.12 Executive, Covenants and Other Committees. Subject to law, the provisions of the Declaration and these Bylaws, the Board of Directors, may appoint an Executive Committee, a Design Review Committee and Covenants Committee to be responsible for covenant enforcement as provided in Section 4.13 and such other standing or temporary committees as may be necessary from time to time consisting of Owners and at least one member of the Board of Directors and having such powers as the Board of Directors may designate. Such committees shall hold office at the pleasure of the Board.

4.13 Enforcement Procedures. The Association shall have the power, as provided in the Declaration, to impose sanctions for any violation of the Declaration, these Bylaws, Design Guidelines or the Rules and Regulations. To the extent specifically required by the Declaration, the Board of Directors shall comply with the following procedures prior to the imposition of sanctions:

(a) Notice. The Board of Directors or its delegate shall serve the alleged violator with written notice describing (i) the nature of the alleged violation, (ii) the proposed sanction to be imposed, (iii) a statement that the alleged violator shall have fourteen (14) days to present a written request for a hearing before the Board of Directors or a Covenants Committee appointed by the Board of Directors, if any; and (iv) a statement that the proposed sanction may be imposed as contained in the notice unless a hearing is requested within fourteen (14) days of the notice.

EXHIBIT B

(b) **Response.** The alleged violator shall respond to the notice of the alleged violation in writing within such fourteen (14) day period, regardless of whether the alleged violator is challenging the imposition of the proposed sanction. If the alleged violator cures the alleged violation and notifies the Board of Directors in writing within such fourteen (14) day period the Board of Directors may, but shall not be obligated to, waive the sanction. Such waiver shall not constitute a waiver of the right to sanction future violations of the same or other provisions by any person. If a timely request for a hearing is not made, the sanction stated in the notice shall be imposed; provided, however, that the Board of Directors or Covenants Committee may, but shall not be obligated to, suspend any proposed sanction if the violation is cured within the fourteen (14) day period. Any response or request for a hearing shall be delivered to the Association's manager, President or Secretary, or as otherwise specified in the notice of violation.

(c) **Proof of Notice.** Prior to the effectiveness of sanctions imposed pursuant to this section, proof of proper notice shall be placed in the minutes of the Board of Directors or Covenants Committee, as applicable. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, director, or agent who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator or its representative requests and appears at the hearing.

(d) **Hearing.** If a hearing is requested within the allotted fourteen (14) day period, the hearing shall be held before the Board of Directors or the Covenants Committee, as applicable. The alleged violator shall be afforded a reasonable opportunity to be heard. The minutes of the meeting shall contain a written statement of the results of the hearing (i.e., the decision) and the sanction, if any, to be imposed.

(e) **Appeal.** Following a hearing before the Covenants Committee, if applicable, the violator shall have the right to appeal the decision to the Board of Directors. To exercise this right, the violator must deliver a written notice of appeal to the Association's manager, President or Secretary within ten (10) days after the hearing date.

(f) **Enforcement Policies.** The Board of Directors, by Resolution, may adopt additional policies and procedures governing enforcement of the Declaration, these Bylaws, Design Guidelines or the Rules and Regulations.

ARTICLE 5.

OFFICERS

5.1 **Designation and Qualification.** The officers of the Association shall be the President, the Secretary, 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, except the offices of President and Secretary, may be held by the same person.

5.2 **Election and Vacancies.** The officers of the Association shall be elected annually by the Board of Directors at the organization meeting of each new Board to serve for one (1) 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, however, that the Board of Directors may reject any postdated 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 powers of general supervision, direction and control of the business and affairs of the Association. He or she shall preside at all meetings of the members and of the Board of Directors. He or she shall be an ex

EXHIBIT B

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

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

5.7 **Treasurer.** The Treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the Association, including accounts of its assets, liabilities, receipts and disbursements. The books of accounts shall at all reasonable times be open to inspection by any director. The Treasurer shall deposit or cause to be deposited all moneys and other valuables in the name and to the credit of the Association with such depositories as may be designated by the Board. The Treasurer shall disburse or cause to be disbursed 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.

INDEMNIFICATION AND LIMITATION OF LIABILITY

To the fullest extent permitted by law, the Association shall indemnify all current and former directors, officers and members of committees established by the Board pursuant to these Bylaws or the Declaration (each an "Indemnified Party" and collectively, the "Indemnified Parties") against all expenses, including attorneys' fees, reasonably incurred in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the Board) to which an Indemnified Party may be a party by reason of being or having been a director, officer or committee member, so long as the director, officer or committee member acted or failed to act, in good faith, with regard to the act or omission at issue. Any right to indemnification provided for herein shall not be exclusive of any other rights to which a current or former director, officer or committee member may be entitled. In addition to the foregoing, the Association may, to the extent authorized from time to time by the Board, indemnify an employee or agent of the Association in accordance with the provisions of this Article 6.

To the fullest extent permitted by law, neither the Association nor any Indemnified Party shall be liable to a member for any damage, loss, or prejudice suffered or claimed on account of any action or failure to act by the Association or the Indemnified Party, provided that the Association or Indemnified Party acted in good faith and in a manner reasonably believed to be in the best interest of the Association and its members.

EXHIBIT B

ARTICLE 7.

ASSESSMENTS, RECORDS AND REPORTS

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

- (a) Assess and collect from every Owner Assessments in the manner described in the Declaration.
- (b) Keep all funds received by the Association as Assessments in the Operations Fund pursuant to the Declaration 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 and determine whether the Annual Assessment should be increased or decreased. Within thirty (30) days after adopting a proposed annual budget, the Board of Directors shall provide a summary of the budget to all Owners. If the Board of Directors fails to adopt a budget, the last adopted annual budget shall continue in effect.
- (d) Fix the amount of the 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, semiannual or annual basis. The Board of Directors shall cause to be prepared a roster of the Lots showing Assessments applicable to each Lot. The roster shall be kept in the Association office and shall be subject to inspection by any Owner or mortgagee during regular business hours. Within ten (10) business days after receiving a written request, and for a reasonable charge, the Association shall furnish to any Owner or mortgagee a recordable certificate setting forth the unpaid Assessments against such Owner's Lot. Such certificate shall be binding upon the Association, the Board of Directors, and every Owner as to the amounts of unpaid Assessments
- (e) Enforce the Assessments in the manner provided in the Declaration.
- (f) Keep records of the receipts and expenditures affecting the Operations 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 before the time when such Assessments shall become due and payable; and for a reasonable charge, promptly provide any Owner or mortgagee who makes a request in writing with a written certificate of such Owner's unpaid Assessments.

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

7.3 **Statement of Assessments Due.** The Association shall provide, within ten (10) business days after receipt of a written request from an Owner, a written statement that provides: (a) the amount of assessments due from 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.** Except as otherwise provided in ORS 94.670(5), during normal business hours or under other reasonable circumstances, the Association shall make reasonably available for examination and, upon written request, available for duplication, by Owners, lenders, and holders of any mortgage of a Lot that make the request in good faith for a proper purpose, current copies of the Declaration, Articles, Bylaws, Rules and Regulations, amendments or supplements to such documents and the books, records, financial statements and current operating budget of the Association. The Association shall maintain a copy, suitable for purposes of duplication, of each of the following: (a) the Declaration, these

EXHIBIT B

Bylaws, the Rules and Regulations and any amendments or supplements to them, (b) the most recent financial statement of the Association, and (c) the current operating budget of the Association. The Association, within ten (10) business days after receipt of a written request by an Owner, shall furnish copies of such documents to the requesting Owner. Upon written request, the Association shall make such documents, information and records available to such persons for duplication during reasonable hours. The Board of Directors, by resolution, may adopt reasonable rules governing the frequency, time, location, notice and manner of examination and duplication of Association records and the imposition of 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 nonbudgeted items, up to \$1,000 signed by the President, managing agent, manager or other person authorized by the Board of Directors. Any voucher for nonbudgeted items in excess of \$1,000 shall require the authorization of the President or a resolution of the Board of Directors.

7.6 Execution of Documents. The Board of Directors may, except as otherwise provided in the Declaration, Articles of Incorporation, or these Bylaws, authorize any officer or agent to enter into any contract or execute any instrument in the name of and on behalf of the Association. Such authority may be general or confined to specific instances. Unless so authorized by the Board of Directors, no officer, agent, or employee shall have any power or authority to bind the Association by any contract or engagement, 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 an income and expense statement for the preceding year shall be rendered by the Board of Directors to all Owners and to all mortgagees who have requested the same within ninety (90) days after the end of each fiscal year. From time to time, the Board of Directors, at the expense of the Association, may obtain an audit of the books and records pertaining to the Association and furnish copies thereof to the members. At any time any Owner or holder of a mortgage may, at their own expense, cause an audit or inspection to be made of the books and records of the Association.

ARTICLE 8.

INSURANCE

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

(a) **Property Damage Insurance.**

(i) The Association shall maintain a policy or policies of insurance covering loss or damage from fire, with standard extended coverage and "all risk" endorsements, and such other coverages 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 any improvements on the Common Areas (exclusive of land, foundation, excavation and other items normally excluded from coverage), subject to a reasonable deductible.

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

(a) **Liability Insurance.**

(i) The Association shall maintain comprehensive general liability insurance coverage insuring the Declarant, the Association, the Board of Directors, and the managing agent, 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 omissions 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.

EXHIBIT B

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

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

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

(c) **Fidelity Bonds.**

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

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

(iii) Such fidelity bond shall name the Association as obligee and shall contain waivers by the bond issuers of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees" or similar terms or expressions. The bonds shall provide that they may not be canceled or substantially modified (including cancellation for nonpayment of premium) without at least ten (10) days' prior written notice to the Association.

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

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

8.4 **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 given to members or directors under these Bylaws, the Declaration, the Articles, the Planned Community Act or any other applicable law shall be delivered by: (i) messenger service (or hand delivery); (ii) overnight courier service; (iii) regular U.S. Mail; or (iv) electronic mail, facsimile transmission or any other form of electronic communication acceptable to the Board and permissible under the Planned Community Act. Notices delivered by messenger service (or hand delivery), overnight courier service or regular U.S. Mail shall be sent to each director's or member's mailing address last appearing on the books of the Association. Notices delivered by facsimile or email shall be sent to the email address or facsimile number of the member or director last appearing on the books of the Association. Notwithstanding the foregoing, electronic mail, facsimile or other form of electronic communication may not be used to notify a member of: (i) the failure to pay an Assessment; (ii) the foreclosure of an Association lien under ORS 94.709; or (iii) an action the Association may take against a member. Additionally, a member or director may decline to receive notice by electronic mail, facsimile or other form of electronic communication by giving written notice thereof to the Board. Notices shall be deemed given on the date the notices are sent in accordance with the procedures outlined herein. All notices to the Association or to the Board of Directors shall be

EXHIBIT B

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.

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 that 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 or ballot meeting if a consent in writing setting forth the action so taken is signed by all of the members or directors entitled to vote on the matter. The consent, which shall have the same effect as a unanimous vote of the members or directors, shall be filed in the records of minutes of the Association.

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

ARTICLE 10.

AMENDMENTS TO BYLAWS

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

10.2 **Adoption.**

(a) A resolution adopting a proposed amendment may be proposed by either the Board of Directors or by the members and may be approved by the membership at a meeting called for such purpose, by a ballot meeting pursuant to Section 3.13, or by written consent of the members. 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 must be approved by the same voting requirement for amendment of such provision of the Declaration.

(b) Notwithstanding the provisions of the preceding paragraph, until the Turnover Meeting has occurred, Declarant shall have the right to amend these Bylaws in order to comply with the requirements of the Federal Housing Administration, the United States Department of Veterans Affairs, the Farmers Home Administration of the United States, the Federal National Mortgage Association, the Government 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 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, acknowledged and recorded in the Official Records of Deschutes County, Oregon.