DECLARATION OF PROTECTIVE COVENANTS
FOR
FALCON CREST

This Declaration of Protective Covenants is applicable to the following described real property:
LOTS 1 through 49, TRACTS C, D & E and DAVIDSON Property as described in FV 1998-0038

WHEREAS, ROYAL 150 LLC, hereinafter referred to as a declarant, is the owner in fee simple of certain real property located in the City of Dundee, in the County of Yamhill and State of Oregon, known as FALCON CREST, a duly recorded subdivision.

WHEREAS the declarant desires to impose certain protective covenants and conditions to the ownership of said property, all of which are for the purpose of enhancing and protecting the value, livability and aesthetic quality of the property in FALCON CREST.

NOW THEREFORE, the undersigned hereby declares that the following protective covenants, conditions, restrictions, reservations and easements shall run with the land, shall become and are made a part of all conveyances of lots with in the plat of FALCON CREST as recorded in Plat book 10, Yamhill County, Oregon and shall by reference apply thereto as fully and with the same effect as if set forth at large therein.

ARTICLE 1
Definitions

As used herein, the following capitalization terms shall have the following meaning unless the context of their usage clearly indicates otherwise:

DECLARANT: ROYAL 150 LLC and its successors or assigns.

PROPERTY: The duly recorded plat of FALCON CREST

LOT: Any numbered parcel of land shown upon any recorded plat of the property.

OWNER: The Owner of record, whether one (1) or more persons, of fee simple title to any lot, whether or not subject to any mortgage or trust deed, but excluding those having such interest merely as security for the performance of an obligation. A contract purchase under a recorded agreement of sale or contract for the sale of real property wherein the legal title remains in the vendor thereunder shall be deemed to be a mortgage. If title to a lot is vested of record in a mortgagee, or beneficiary under a deed of trust by foreclosure, trustee's sale or deed in lieu of foreclosure, the mortgagee or beneficiary shall be deemed to be the Owner of the lot.

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DWELLING: Any structure constructed on a lot intended to be occupied by one family as a dwelling under applicable zoning and building laws and restrictions.

EASEMENTS: Those portions of the property designated on the plat and in this Declaration of Protective Covenants which are reserved for a specific limited use or enjoyment.

ARTICLE II

Annexation of Additional Property

Declarant may, from time to time, and in its sole discretion, annex to FALCON CREST any adjacent property now or thereafter acquired by it, and may also from time to time, and in its sole discretion, permit other holders of adjacent property to annex adjacent land owned by them to FALCON CREST. The annexation of such property shall be accomplished by recording a declaration which shall be executed by or bear the approval of Declarant and shall describe the property to be annexed, shall establish any additional or different limitations, restrictions, covenants and conditions, and shall declare that such property is held, conveyed, hypothecated, encumbered, used, occupied or improved subject to these covenants. The property included by any such annexation shall thereby become a part of the Property bound by these protective covenants.

ARTICLE III

Residential Covenants

1) Use: All lots in FALCON CREST shall be for single family residential use only. Any permanent multi-family communal or group use is prohibited. No business ventures shall be conducted in or about any property in FALCON CREST except for (a) one room offices which are not designated by exterior signs and do not create additional vehicle traffic, and (b) builder’s, declarant’s, real estate agent’s temporary sales office or model homes. All businesses and home occupations shall be licensed by the City of Dundee.

2) Dwelling size: The ground floor area of a one-story dwelling, exclusive of open porches or garages, shall not be less than 1,100 square feet. The total living level of multi-level dwellings shall not be less than 1,200 square feet. The architectural Control Committee, upon application may waive any violation of this provision which it finds to have been inadvertent.

3) Exterior Materials and Finish: Exterior materials and colors must be approved for use by the Architectural Control Committee in accordance with the provisions of Article IV. All street sides of residences must be double wall construction and have a garage for not less than two (2) automobiles. Roofing material shall be 25 year composition, wood shake or shingle, tile or equivalent. Composition color shall be approved by the Architectural Control Committee. Exterior trim, fences, doors, railings, decks, eaves, gutters and the exterior finish of garages and other accessory buildings shall be designed, built and maintained to be compatible with the exterior of the dwellings they adjoin. Some stone or brick is encouraged on front elevations. Roofing materials shall be 25 year composition, wood shake or shingle, tile or equivalent. Metal roofing materials shall not be used.
4) Easements: Easements for the installation and maintenance of utilities and drainage facilities are reserved as shown on the recorded plat. Within these easements, no structure, planting or other materials shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities, or which may change the direction or flow of water through drainage channels within the easement. The easement area of each lot shall be maintained continuously by the owner of the lot except for those improvements for which a public authority or utility company is responsible. The owner is responsible for removal of any fencing or vegetation in the event the utility company makes such a request.

5) Maintenance of Dwelling and Grounds: Each owner shall maintain their lot and improvements in a clean and attractive condition, in good repair and in such fashion as not to create a hazard of any kind. Such maintenance shall include, without limitation painting or staining, repair, replacement and care of roofs, gutters, downspouts, surfaces, water drainage, walks and other exterior improvements and glass surfaces. In addition, each owner shall keep shrubs, trees, grass and plantings of every kind neatly trimmed, properly cultivated and free of trash, weeds and any other unsightly materials. The provisions of this section include the area between the property lines of any lot and the nearest curb, including sidewalks and street trees.

6) Animals: No animals, including poultry, shall be raised or kept on any lot except that dogs, cats or other household pets may be kept, provided that they are not raised or kept for commercial purposes and are not permitted to cause damage or discomfort to neighboring lots.

7) Garbage and Refuse Disposal: No lot shall be used as a dumping ground for garbage, rubbish or other waste. All garbage, trash, lawn and garden clippings shall be kept in sanitary containers and out of public view.

8) Signs: No signs shall be erected or maintained on any lot except that "for rent" or "for sale" may be placed by the Owner, Declarant, Builder or Real Estate Agent, and the temporary placement of "political" sign is permissible. All signs shall conform to the Dundee Development Code.

9) Parking and the Storage of Equipment: Boats, Trailers, Truck-campers, Motorhomes, Commercial vehicles and like equipment shall not be parked or stored on any lot or on public ways, except that such equipment when now owned by a resident owner shall be allowed to be parked in the driveway servicing a dwelling, or on public streets adjacent thereto, for a period not to exceed forty-eight (48) hours in any thirty (30) day period, and except further that such equipment may be parked on that portion of the lot not located between the street and the front setback line which is adequately screened, specifically designed for such additional parking pad, and has been approved by the Architectural Control Committee.

10) Offensive Activities: No noxious or offensive activity or condition shall be permitted upon any part of the Property, nor shall anything be done which may be or become an annoyance to the neighborhood.

11) Antenna and Service Facilities: No exterior antennas, aerials or satellite dishes exceeding nineteen (19) inches in width, shall be permitted on any part of the Property. Clothesline and other service facilities shall be screened so as not to be viewed from the street.
12) Completion of Construction: The construction of any dwelling, including painting and all exterior finish, shall be completed within eight (8) months from the beginning of construction so as to present a finished appearance when viewed from any angle. In the event of undue hardship due to extraordinary weather conditions, this provision may be extended or a reasonable length of time upon written approval from the Architectural Control Committee. The building area and streets shall be kept reasonably clean and in workmanlike order during the construction period, and the owner of each lot shall be responsible for any and all damage to curbs, streets and utilities during construction.

13) Landscape Completion: All front yard landscaping must be completed within six (6) months from the date of occupancy of the dwelling thereof. In the event of undue hardship due to weather conditions, this provision may be extended upon written approval of the Architectural Control Committee. Landscape completion shall also include provisions for adequate surface water drainage to prevent unnecessary discharge onto adjoining lots.

14) Fencing: As used herein, fencing shall mean any barrier or wall. Any sight-obscuring fences shall be in accordance with Yamhill County ordinances and be complimentary to the dwelling. All fence plans must be reviewed by the Architectural Control Committee for compatibility.

15) Views: No shrub, trees or bushes shall be allowed to grow to a height which unduly restricts the view from an adjoining property and the Architectural Control Committee, at its discretion, after an investigation, may require any offending shrub, tree or bush to be trimmed, pruned or removed.

16) Lots 35, 36, 37, 38 and 39 shall have a minimum of three off street parking spots.

17) Front, rear and side setbacks for lots on the perimeter of this development shall conform to the R-1 zone minimums. Front setbacks for garages on all lots shall not be less than 20 feet. All front and rear setback lines shall be as required to provide a minimum lot width of 50 feet at the building line.

ARTICLE IV

Architectural Controls

1) Construction: No structure, including swimming pools, greenhouses, remodeling or fences shall be commenced on any lot until the plans and specifications have been submitted to and approved in writing by the Architectural Control Committee. The intent of this covenant is to assure quality of workmanship and materials, harmony of exterior design with existing and planned structures as to location with respect to topography and finish grade elevations, and to avoid plan repetition.

2) Procedure: Prior to application for a building permit or commencement of any minor work, owner shall prepare and submit one set of plans for the proposed work showing the location of all improvements, materials and colors, and be accompanied by a plot plan showing the location of the improvement on the lot. The Architectural Control Committee shall render its decision, in writing, within ten (10) days after it has received said requested plans. In the event the Committee
fails to render its approval or disapproval within twenty (20) working days after receipt, approval will be deemed to have been given.

3) Membership—Appointment and Removal: The Architectural Control Committee shall consist of as many persons, but not less than three (3), as the Declarant may from time to time appoint. The Declarant may remove any member of the Committee at any time and may appoint new or additional members at any time. The Declarant shall keep on file at its principal office, a list of names and addresses of the members of the Committee. The powers and duties of the Architectural Control Committee shall cease one year after the completion of the construction of all single family homes and the sale of said homes to the initial owner/occupant on all of the building sites within the development, including any property annexed thereto as provided for in Article III.

4) Liability: Neither the Architectural Control Committee nor Declarant shall be liable in damages to any one submitting plans to them for approval, or to any lot owner or occupant by reason of mistake in judgment, negligence or nonfeasance arising out of or in connection with the approval or disapproval or failure to approve such plans. Every person who submits plans to the Architectural Control Committee for approval agrees, by submission of such plans, and every owner by acquiring title to their lot or interest therein, that they will not bring any action or suit against the committee or Declarant to recover damages. The Architectural Control Committee's review and approval or disapproval of plans or specifications shall not be relied upon by the applicant in any way as an indication of sufficiency, structural soundness or in any other way, such review having been made solely to assure that the improvements contemplated would be aesthetically compatible with the existing and planned dwellings in FALCON CREST.

5) Action: Any two (2) members of the Architectural Control Committee shall have power to act on behalf of the Committee without the necessity of a meeting and without the necessity of consulting with the remaining members of the Committee. The Committee may render its decisions only by written instrument setting forth the action taken by members consulting thereon.

6) Nonwaiver: Consent by the Architectural Control Committee to any matter proposed to it and within its jurisdiction under these Protective Covenants shall not be deemed to constitute a precedent or waiver impairing its rights or withhold approval as to any similar matter thereafter proposed or submitted to it for consent.

7) Effective Period of Consent: The Architectural Control Committee's consent to any proposed work shall automatically be revoked one year after the issuance of consent unless construction of the work has commenced or the owner has applied for and received an extension of time from the Architectural Control Committee.

ARTICLE V

General Provisions

1) Duration and Amendment: The covenants shall run with the land with respect to all property within FALCON CREST, and shall be binding on all parties and persons claiming under them for a term of twenty (20) years from the date herein, after which time, they shall automatically be extended for successive periods of ten (10) years. This Declaration of Protective Covenants can be terminated or amended only by duly recording an instrument which contains an
agreement for termination or amendment, and which has been signed by the owners of a majority (75% minimum) of the platted lots.

2) Enforcement: Should any person violate or attempt to violate any of the provisions of these Protective Covenants, the Declarant or any other person owning lots within FALCON CREST, or at its option, but without obligation, shall have the full power and authority to prosecute any proceedings at law or in equity against the person or persons violating or attempting to violate any of the Covenants, either to prevent the doing of such or to recover damages sustained by reason of such violation. Failure by any other to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

3) Severability: Invalidation of any one of these Protective Covenants shall in no way affect any of the other provisions which shall remain in full force and effect.

4) Limitation of Liability of Declarant: Neither Declarant nor any other officer or director thereof shall be liable to any owner or account of any action or failure to act of Declarant in performing its duties or rights hereunder, provided that Declarant has, in accord with actual knowledge possessed by it, acted in good faith.

5) Notice: Any notice required to be sent to any owner under the provisions of this declaration of Protective Covenants shall be deemed to have been properly sent when mailed, postage prepaid, to the last known address of the person who appears as the owner of record at the time of such mailing.

ARTICLE VI

Owners Association

Declarant shall organize an Owners Association of all of the Owners of Lots 1 through 49, TRACT C, D & E, and DAVIDSON Property as described in FV 1998-0038 within the Property. Such Association, its successors and assigns, shall be organized under the name "FALCON CREST OWNERS ASSOCIATION" or such similar name as Declarant shall designate, and shall have such powers and obligations as are set forth in these Covenants for the benefit of the Property and all Owners of Lots located therein.

1) Organization: Declarant shall, not later than the date on which the first Dwelling is conveyed to the initial occupant, organize the Owners Association as a nonprofit corporation under the general nonprofit corporation laws of the State of Oregon. Concurrently with organization of the Owners Association, declarant shall transfer ownership of Tract E to the Owners Association. The Articles of Incorporation of the Owners Association shall provide for its existence; however, the Owners Association shall be dissolved in the event Tract E is sold or dedicated to the City of Dundee or by eighty percent (80%) vote for such dissolution. Any assets of the Owners Association shall be divided equally (1/49 each) among the Owners of the 49 lots after payment of all Owners association obligations. Dissolution of Home Owners Association will require approval of Dundee City Council.

2) Membership: Every Owner of one (1) or more Lots within the Association Property shall, immediately upon creation of the Owners Association and thereafter during the entire period of such Owner's ownership of one (1) or more Lots within the Property, be a member
of the Owners 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 of acceptance of membership.

(3) Powers and Obligations: The Owners Association shall have, exercise and perform all of the following powers, duties and obligations:

   a.) Powers, duties and obligations created by these Covenants;
   b.) Powers and obligations of a nonprofit corporation pursuant to the nonprofit corporation laws of the state of Oregon;
   c.) Any additional duties and obligations necessary or desirable for the purpose of maintaining any improvements, or otherwise promoting the general benefit of the Owners within the Property.

The Powers and obligations of the Owners Association may from time to time be amended, repealed, enlarged or restricted by changes in these Covenants made in accordance with the provisions herein, accompanied by changes in the Article of Incorporation or Bylaws of the Owners Association made in accordance with such instruments and with the nonprofit corporation laws of the State of Oregon.

(4) Voting Rights: On matters submitted to the Owners Association for decision, there shall be one vote cast for each Lot. If more than one person holds interest, the vote for such Lot shall be exercised as the persons holding such interest shall determine between themselves, but in no event shall more than one vote be cast with respect to such Lot.

(5) Liability: Neither the Owners Association nor any officer or member of its Board of Director's shall be liable to any Owner for damages, loss or prejudice suffered or claimed on account of any action or failure to act by the Owners Association, any of its officers or any member of its Board of Directors, provided only that the officer of Board member has acted in good faith in accord with the actual knowledge possessed by him or her. No officer or Directors of the Owners Association shall be liable for any damages or loss arising out of the failure to enforce any term, condition or restriction contained herein.

(6) Delegation by Declarant: Administrative responsibility over the affairs of the Owners Association and all powers provided by these Covenants shall be retained and performed by Declarant until such time as Declarant grants to the Owners Association such authority. Such authority shall be established and granted to the Owners Association at a meeting of members to be scheduled not later than One Hundred Twenty (120) days after Lots representing seventy-five percent (75%) of the votes have been conveyed to initial occupants. Declarant may form a transitional advisory committee consisting of two or more Owners to provide for the transition from administrative responsibility by Declarant to administrative responsibility by the Owners Association.

ARTICLE VII

Maintenance Assessments and Fund

(1) Maintenance: Declarant shall maintain, or provide for the maintenance of improvements in Tract E. Declarant shall maintain or provide for the maintenance of improvements in Tract E until such time as Declarant shall delegate or otherwise assign its
obligation of maintenance to lots 31 thru 43 of the Owners Association within the time set forth in Section 6 Article VI. In the event the Tract E is not properly maintained, the City of Dundee reserves the right to maintain, repair or replace the improvement as found to be necessary and assess the Owners of Lots 31 through 43 on a prorated basis for all costs incurred by the City for maintenance, repair and replacement. Maintenance of Tract C shall be the responsibility of the Chehalis Park and Recreation District, maintenance of Tract D will be the responsibility of the Home Owners Association and includes, but is not limited to, moving grass, maintaining landscaping and irrigation system, cleaning the detention basin, outlet pipe and flow control manhole in 11th Street a minimum of two (2) times a year or as required to maintain the system. Maintenance of the flow control manhole shall include the removal of all sediment and debris from the sump. The Homeowners Association is responsible for the improvement and maintenance of all identified open spaces, including the private street, walkways and detention basin. However, Tract C may be transferred to Chehalis Park and Recreation District. In the event that Tract C & D is not properly maintained, the City of Dundee reserves the right to maintain, repair or replace the improvements as found to be necessary and assess the owners of lots 1 - 49, Falcon Crest on a prorated basis for all costs incurred by the City of Dundee for maintenance, repair and replacement.

(2) Maintenance Assessment: Declarant (or, after delegation, the Owners Association) shall assess and collect from every Owner, and every Owner shall pay, an annual maintenance assessment sufficient to pay the common expenses, but not more than $75.00 per Lot per year unless such maximum assessment is increased as provided in Section 7 (3). The annual assessment shall be made as of January 1 of each year commencing 2000, unless deferred by Declarant, and shall be payable in a lump sum with a 3 percent (3%) discount on or before February each year; provided, however, that no such maintenance assessment shall be made with respect to Lots as to which Declarant is Owner or any Owner whose membership of one or more Lots is solely for the purpose of construction homes thereon for resale. All amounts received as maintenance Fund to be established and provided herein.

(3) Maintenance Fund: Declarant (or, after delegation, the Owners Association) shall keep all funds received by it as maintenance assessments, together with any proceeds from any condemnation or sale of any part of the Open Space and any other funds received by it pursuant to these Covenants which are by the terms of such Covenants to be deposited into the Maintenance Fund, separate and apart from its other funds in an account to be known as the "Maintenance Fund," and shall use such fund only for the following purposes:

a.) Payment of the cost of maintaining street improvements. Tract E constructed by Declarant for the benefit of Lots 31 through 43;
b.) Payment of real property taxes assessed against Tracts E within FALCON CREST and any improvements thereto;
c.) Payment of the cost of insurance, including insurance protecting the Architectural Control Committee, Declarant and the Owners Association against liability arising out of their functions and activities in the administration of these Covenants;
d.) Payment of the cost of enforcing these Covenants;
e.) Payment of the cost of other services which the Declarant or Owners Association deems to be of general benefit to Owners of Lots, including but not limited to legal, accounting and secretarial services;
f.) Detention basin and walk way.
(4) Special Assessment for Capital Improvements: In addition to the assessments authorized by Section 7 (2) above, the Owners Association may levy in any assessment year a special assessment, applicable to that year only, for the purpose of defraying all or part of the cost of any construction or reconstruction, unexpected repair or replacement of a described capital improvement upon the areas maintained by the Owners Association. No such assessment may be levied without the vote or written consent of seventy-five percent (75%) of the membership. The special assessment shall be made against each Lot on the Property equally.

(5) Assessment Adjustment: Any adjustment (increase or decrease) of the maximum assessment set forth in Section 7 (2) must have the assent of seventy-five percent (75%) of the votes of the members of the Owners Association entitled to vote, voting in person or by proxy at a meeting duly called for that purpose. At the election of the Board of Directors and without a vote of the Owners Association members entitled to vote, the maximum annual assessment set forth Section 7 (2) may be increased by one percent (1%) for each one percent (1%) increase occurring after January 1997 in the United States Department of Labor Consumer Price Index, all Urban Consumers, all items for Portland, Oregon or the successor in such index.

(6) Default in Payment of Association Assessments: 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 at the rate of two (2) percentage points per annum above the prevailing First Interstate Bank prime rate at the time, but not to exceed the lawful rate of interest under the laws of the State of Oregon.

(7) Lien: All assessments required to be paid by an Owner under the provisions of this Declaration shall constitute a lien against the Lot of the Owner obligated to pay the same and shall be secured by such Lot. Each Owner shall be deemed to have agreed, by his or her acceptance of a deed conveying a Lot, that such lien shall be effective, without the necessity of obtaining the approval of such Owner in the execution of any instrument, upon the filing by Declarant or Owners Association of a claim of lien (a "Claim of Lien") of Lien to show the following:
   a.) The name of the lien claimant;
   b.) A statement concerning the basis for the Claim of Lien;
   c.) A description of the Lot against which the Claim of Lien is asserted; and
   d.) A statement that the Claim of Lien is asserted pursuant to the provisions of this Declaration, reciting the date and the book and page of recordation thereof.

Each Claim of Lien shall be verified and acknowledged and contain a certificate indicating that a copy thereof has been served upon the Defaulting Owner, by personal service or by mailing pursuant to the notice provisions hereof. Each lien established by a Claim of Lien shall attach to the subject property from the date of recordation and may be enforced in any manner allowed by applicable law, including (without limitation) by suit in the nature of a suit to foreclose a mortgage or mechanic's lien under the provisions of applicable law. Each Claim of Lien shall be subordinate and inferior to prior mortgages, deeds of trust and liens encumbering the subject Lot.
ARTICLE VIII

Enforcement

(1) Nonqualifying Improvements and Violation of Use Restrictions: If any Owner constructs or permits to be constructed on his or her Lot an improvement contrary to the provision of these Covenants, or causes or permits any improvement, activity, condition or nuisance contrary to the provisions of these Covenants to remain uncorrected or unabated on his or her Lot, then the Owners Association, acting through its Board of Directors shall notify the Owner, in writing, of any such specific violations of these Covenants and shall require the Owner to remedy or abate the same in order to bring the Owner's Lot, the improvements thereon and the use thereof, in conformance with these Covenants. If the Owner is unable, unwilling or refuses to comply with the Owners Association's specific directives for remedy or abatement, or the Owner and the Owners Association cannot agree to a mutually acceptable solution within the framework and intent of these Covenants, within fourteen (14) days after the written notice to the Owner and a hearing with an opportunity for the Owner to be heard, then the Owners Association, acting through its Board of Directors, shall have the right to:

a.) Impose reasonable fines against such Owner in the manner and amount it deems appropriate in relation to the violation;

b.) Enter the offending Lot and remove the cause of such violation, or alter, repair or change the item which is in violation of these covenants in such a manner as to make it conform thereof, in which case, the Owners Association may assess such Owner for the entire cost of the work done, which amount shall be payable to the Maintenance Fund, and

c.) Bring suit or action against the Owner on behalf of the Owners Association and other Owners to enforce these Covenants.

ARTICLE IX

General Provisions

(1) Duration and Amendment: These Covenants shall run with the land with respect to all Property within the Lots I through 49 FALCON CREST,® and shall be binding on all parties and persons claiming under them for a term of twenty (20) years from the date herein, after which time, they shall automatically be extended for successive periods of ten (10) years. This Declaration of Protective Covenants can be terminated or amended only by duly recording an instrument which contains an agreement providing for termination or amendment and which has been signed by the Owners of eighty percent (80%) of the platted Lots, termination will also require approval of Dundie City Council.

(2) Severability: Invalidation of any one of these Covenants shall in no way affect any of the other provisions which shall remain in full force and effect.

(3) Limitation of Liability of Declarant: Neither Declarant nor any officer or director thereof shall be liable to any Owner or on account of any action or failure to act of Declarant in performing its duties or rights hereunder, provided that Declarant has, in accordance with actual knowledge possessed by it, acted in good faith.
(4) Notice: Any notice required to be sent to any Owner under the provisions of this Declaration of Protective Covenants shall be deemed to have been properly sent when mailed, postage prepaid, to the last known address of the person who appears as the Owner of record at the time of such mailing.

(5) Disclaimer: Except as provided by this document, these Covenants constitute a private agreement among the Owners of Lots 1 through 49 FALCON CREST* and may not be enforced by the City of Dundee.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has hereunto set its hand this 17 day of November 1998.

* Lots 1 through 49, Tracts C, D & E and Davidson Property FV 1998-0038.

ROYAL 150 LLC

By: R. N. McDougald
Managing Partner
ACKNOWLEDGMENT

State of Oregon
County of Yamhill

THIS IS TO CERTIFY, That on this 17th day of November, 1998, before me, a Notary Public in and for said County and State, personally appeared R.N. McDougald, who being first duly sworn did say that she is the identical person named in and described in the foregoing instrument and that this certificate thereto, and he did declare the act of affixing his signature to the said instrument to be the free and wilful act and deed of said Corporation.

[Notary Seal]
JANET L. WINDER
Notary Public for Oregon
My commission expires: 5/4/01

12.30.98
AMENDMENT TO DECLARATION OF PROTECTIVE COVENANTS FOR FALCON CREST

This Declaration of Protective Covenants is applicable to the following described real property: LOTS 1 through 49, FALCON CREST

WHEREAS, ROYAL 150 LLC hereinafter referred to as declarant, is the owner in fee simple of certain real property located in the City of Dundee, in the County of Yamhill and State of Oregon, known as FALCON CREST duly recorded subdivision, and

WHEREAS the declarant desires to modify conditions to said property for the purpose of enhancing and protecting the value, livability and esthetic quality of the property in FALCON CREST.

NOW THEREFORE, the undersigned hereby declares that the following protective covenants, conditions, restrictions, reservations and easements shall be as follows:

ARTICLE III, SECTION (14) is amended to ADD: all fences shall be cedar, good neighbor style with a top cap, (meaning 2x4 or 2x6 on top of fence). No lattice attached to the fence is permitted.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has hereunto set its hand this 27th day of January, 1999.

ROYAL 150 LLC

R.N. McDougald, President

Subscribed and sworn to me this 27th day of January, 1999 by R.N. McDougald as managing partner of Royal 150 LLC.

Amanda Kay Willey

NOTARY PUBLIC, OREGON COMMISSION NO. 313320
MY COMMISSION EXPIRES JUNE 25, 2020
DECLARATION OF ANNEXATION TO FALCON CREST OF ARROWHEAD PARK

THIS DECLARATION OF ANNEXATION to Falcon Crest Protective Covenants is made by Royal 150 LLC, hereinafter called “Declarant”.

Declarant is the declarant under the Declaration of Protective Covenants for Falcon Crest recorded on December 30, 1998 as Yamhill County instrument number 199825741, and as amended on January 28, 1999 as Yamhill County deed record 199901685.

Declarant has recorded the plat of ARROWHEAD PARK and desires to annex ARROWHEAD PARK to Falcon Crest Protective Covenants and subject the same to the “Declaration”, with modifications below.

NOW, THEREFORE, Declarant hereby declares as follows:

PROPERTY ANNEXED - Declarant hereby declares that all the property described below shall be annexed to Falcon Crest and the Declaration and that such property is held and shall be held, conveyed, hypothecated, encumbered, used, occupied and improved subject to the Declaration.

All the certain property located in that certain plat entitled “Arrowhead Park excluding Tract A” as recorded in the plat records of Yamhill County, Oregon on the 21st day of January, 2002. Instrument # 006520673.

Arrowhead Park contains 17 single family lots and open space Tract A, and will contain no more than 17 dwelling units.

DECLARATION MODIFIED - Declarant declares that the covenants, conditions, restrictions, reservations and easements shall be modified as follows:

ARTICLE III, paragraph 2 is modified to read:

(2) Dwelling size: The ground floor of a one story dwelling, exclusive of open porches or garages, shall not be less than 1,400 square feet, nor shall the ground floor be less than 1,000 square feet for a two story dwelling. The total living area of a multi level dwelling shall be not less than 1,650 square feet.

ARTICLE III, paragraph 3 is modified to read:

(3) Exterior Materials and finish: Exterior materials and colors must be approved by the Architectural Control Committee in accordance with the provisions of Article IV. All residences must be double wall construction with a garage for not less than two automobiles. Plywood siding and mill grade aluminum window frames will not be permitted. The use of composition roofing is required and shall be a 30 year PABCO Driftwood roof, or equivalent. All dwellings shall have a minimum of 100 square feet of masonry, brick, or stone on the front elevation facing the street. Exterior colors, trim, fences, doors, railings, decks, eaves, gutters and the exterior finish of garages and other accessory buildings shall be designed, built and maintained to be compatible with the exterior of the dwellings they adjoin.

ARTICLE III, paragraph 14 is modified by adding:

(14) Fencing: All fences shall be cedar, good neighbor style with a top cap. meaning a 2x4 or 2x6 on the top of the fence. No lattice attached to the fence is permitted. Any stain or preservative color shall be approved by the Architectural Control Committee.
ARTICLE III, paragraph 16 added to read:

(16) Entry identification: Declarant has placed a permanent Arrowhead Park entry sign on Tract A. Responsibility for maintenance, repair and / or replacement shall be the responsibility of the Owner of the Tract on which these improvements exist.

ARTICLE VII, paragraph (1) is modified by adding:

(1) Maintenance: Concurrent with the annexation of Arrowhead Park to the Falcon Crest Protective Covenants, Declarant shall transfer ownership of Arrowhead Park Tract A, to the Chehalem Park and Recreation District, and Arrowhead Park Tract B to the Owners Association. The Owners Association shall provide for the maintenance of Tract B. The Chehalem Park and Recreation District shall be responsible for the maintenance of Tract A including but not limited to mowing grass, maintaining landscaping and irrigation system.

The common storm drains within the private storm drainage easements over Tract B and Lots 8, 9, 10, 11 and 12, and over Lots 14 and 15 are to be maintained by the Owners Association as set forth in covenants, conditions and restrictions recorded in instrument No., Yamhill County Deed Records.

19925743

IN WITNESS WHEREOF, Declarant has executed this Declaration of Annexation on this 9th day of January 2001.

ROYAL 150 LLC

[Signature]
R.N. McDougald, Manager

STATE OF OREGON
COUNTY OF WASHINGTON SS

On this 9th day of January 2001, personally appeared R.N. McDougald, who being duly sworn did say that he is the Manager of Royal 150 LLC, and that said instrument was signed on behalf of said company by authority of its Members, and acknowledged said instrument to be its voluntary act and deed.

Before Me, janet L. Winder
Notary Public for Oregon
My commission expires 5/16/05
DECLARATION OF ANNEXATION TO FALCON CREST OF ARROWHEAD PARK

THIS DECLARATION OF ANNEXATION to Falcon Crest Protective Covenants is made by Royal 150 LLC, hereinafter called "Declarant".

Declarant is the declarant under the Declaration of Protective Covenants for Falcon Crest recorded on December 30, 1998 as Yamhill County instrument number 199825741, and as amended on January 28, 1999 as Yamhill County deed record 199901685, and as amended on February 21, 2002 as Yamhill County instrument # 200203673.

Declarant has recorded the plat of ARROWHEAD PARK 2 and desires to annex ARROWHEAD PARK 2 to Falcon Crest Protective Covenants and subject the same to the "Declaration", with modifications below.

NOW, THEREFORE, Declarant hereby declares as follows:

PROPERTY ANNEXED - Declarant hereby declares that all the property described below shall be annexed to Falcon Crest and the Declaration and that such property is held and shall be held, conveyed, hypothecated, encumbered, used, occupied and improved subject to the Declaration.

All the certain property located in that certain plat entitled "Arrowhead Park 2" as recorded in the plat records of Yamhill County, Oregon on the 12th day of September, 2002, instrument # 200218003.

Arrowhead Park contains 31 single family lots and open space Tract A, and will contain no more than 31 dwelling units.

DECLARATION MODIFIED - Declarant declares that the covenants, conditions, restrictions, reservations and easements shall be modified as follows:

ARTICLE III, paragraph 2 is modified to read:

(2) Dwelling size: In Arrowhead Park 2 the ground floor of a one story dwelling, exclusive of open porches or garages, shall not be less than 1,300 square feet, nor shall the ground floor be less than 850 square feet for a two story dwelling. The total living area of a multi level dwelling shall be not less than 1,500 square feet.

ARTICLE III, paragraph 3 is modified to read:

(3) Exterior Materials and finish: Exterior materials and colors must be approved by the Architectural Control Committee in accordance with the provisions of Article IV. All residences must be double wall construction with a garage for not less than two automobiles. Plywood siding and mill grade aluminum window frames will not be permitted. The use of composition roofing is required and shall be a 30 year PAIBCO Driftwood roof, or equivalent. All dwellings shall have a minimum of 100 square feet of masonry, brick, or stone on the front elevation facing the street. Exterior colors, trim, fences, doors, railings, decks, eaves, gutters and the exterior finish of garages and other accessory buildings shall be designed, built and maintained to be compatible with the exterior of the dwellings they adjoin.

ARTICLE III, paragraph 14 is modified by adding:

(14) Fencing: All fences shall be cedar, good neighbor style with a top cap, meaning a 2x4 or 2x6 on the top of the fence. No lattice attached to the fence is permitted. Any stain or preservative color shall be approved by the Architectural Control Committee.
ARTICLE III, paragraph 17 is deleted.

ARTICLE VII, paragraph (1) is modified by adding:

(1) Maintenance: Concurrent with the annexation of Arrowhead Park 2 to the Falcon Crest Protective Covenants, Declarant shall transfer ownership of Arrowhead Park Tract F to the Owners Association. The Owners Association shall provide for the maintenance of Tract F.

The common storm drains within the private storm drainage easements over Lots 27, 28, 29, 30 and 31 are to be maintained by the Owners Association as set forth in covenants, conditions and restrictions recorded in instrument No. ___ Yamhill County Deed Records.

# 200203673

IN WITNESS WHEREOF, Declarant has executed this Declaration of Annexation on this ___ day of __________ 2002.

ROYAL 150 LLC

R.N. McDougald

R.N. McDougald, Manager

STATE OF OREGON
COUNTY OF WASHINGTON SS

On this ___ day of August 2002, personally appeared R.N. McDougald, who being duly sworn did say that he is the Manager of Royal 150 LLC, and that said instrument was signed on behalf of said company by authority of its Members, and acknowledged said instrument to be its voluntary act and deed.

Before Me, Notary Public for Oregon
My commission expires 5/14/15

[Notary Seal]
AMENDMENT TO DECLARATION OF PROTECTIVE COVENANTS FOR FALCON CREST

This Declaration of Protective Covenants is applicable to the following described real property:
LOTS 1 through 49, FALCON CREST, and LOTS 50-97 ARROWHEAD PARK.

WHEREAS, The Falcon Crest Owners Association hereinafter referred to as declarant, is the legally appointed entity responsible for enforcing, overseeing, and governing Covenants for Falcon Crest and Arrowhead Park, and is owner in fee simple of certain real property located in the City of Dundee, in the County of Yamhill and State of Oregon, known as Falcon Crest and Arrowhead Park, duly recorded subdivisions, and

WHEREAS the declarant desires to modify conditions to said property for the purpose of enhancing and protecting the value, livability, and esthetic quality of the properties in Falcon Crest and Arrowhead Park.

NOW THEREFORE, the undersigned hereby declares that the following protective covenants, conditions, restrictions, reservations and easements shall be as follows:

ARTICLE X, SECTION (1) is added:
P.O. Box 451, Dundee, Oregon 97115-0451 shall be the legal and recognized mailing address for all communications with The Falcon Crest Owners Association which require such a contact address, to include specifically, but not limited to, all Title Companies which by law are required to notify declarant upon transfer of properties within the domain of The Falcon Crest Owners Association, or for any other purpose. A telephone contact number will also be made available to anyone, or any organization, which makes such a request, in writing, to above address.

IN WITNESS WHEREOF, the undersigned, being an Officer of the Declarant herein, has hereunto set its hand this 29th day of January, 2004;

THE FALCON CREST OWNERS ASSOCIATION

By Tania Brammer, Treasurer

STATE OF OREGON
COUNTY OF YAMHILL January 29, 2004

Subscribed and sworn to me this 29th day of January, 2004 by Tania Brammer as Treasurer of The Falcon Crest Owners Association.

Laurel Olivera
Notary Public for Oregon
My Commission expires: September 16, 2007
BYLAWS OF
FALCON CREST OWNERS ASSOCIATION

ARTICLE I

Name of Office

1. Name: Of the corporation is FALCON CREST OWNERS ASSOCIATION, hereinafter referred to as the "Owners Association."

2. Principal Office: The principal office of the Association shall be at such location as the Directors may from time to time designate.

ARTICLE II

Definitions

1. "Owners Association" shall mean and refer to FALCON CREST OWNERS ASSOCIATION, its successors and assigns.

2. "Property" shall mean and refer to the duly recorded plat of FALCON CREST as further described in the Declaration of FALCON CREST Protective Covenants.

3. "Open Space" shall mean and refer to all property in FALCON CREST owned or managed by the Owners Association for the common use and enjoyment of the Owners, specifically Tract E as shown on the recorded plat. Open Space may also include any improvements for the benefit of all Owners that may be created or constructed by the Owners or the Owners Association in the future, subject to approval by the City of Dundee.

4. "Lot" shall mean and refer to any numbered parcel of land designated for residential use within and identified on the plats of FALCON CREST.

5. "Owner" shall mean and refer to the owner of record, whether one or more persons or entities, of the fee simple title to any Lot which is part of the Property, including contracts purchasers, but excluding those having such interest merely as security for the performance of an obligation.

6. "Declarant" shall mean and refer to ROYAL 150 LLC its successors and assigns.

7. "Declaration" shall mean and refer to the Declaration of Protective Covenants applicable to the Property recorded in Yamhill County, Oregon.

8. "Member" shall mean and refer to those persons entitled to membership as provided in the Declaration.

\[1/9\]
9. "Voting Membership" shall mean and refer to the Owner of an occupied Lot and shall specifically exclude any Owner whose ownership of one or more Lots is solely for the purpose of constructing homes thereon for resale. If more than one person is in ownership, voting rights shall nevertheless be limited to (1) vote per Lot.

ARTICLE III

Meetings of Members

1. Annual Meeting: The first annual meeting of the members shall be held in ___________ and each subsequent regular annual meeting of the members shall be held in January of each year thereafter at such date and time as may be prescribed by the Board of Directors.

2. Special Meetings:
   a) Transitional Committee Meeting: Declarant shall form a transitional advisory committee to provide for the transition from administrative responsibility by Declarant to administrative responsibility by the Owners Association. Declarant shall call a meeting of Owners not later than the 60th day after conveyance to the initial occupant of Lots representing fifty percent (50%) of the votes for the purpose of selecting the transitional advisory committee to consist of not less than (2) Owners. An Owner may call a meeting of Owners to select the transitional advisory committee if Declarant fails to do so.
   b) Special Association Meetings: A special meeting of the Owners Association may be called at any time by the President or by any three (3) members of the Board of Directors. A special meeting may also be called upon receipt of a written request stating the purpose of the meeting from ten percent (10%) of the voting membership of the Owners Association.

3. Notice of Meeting: Written notice stating the place, day and hour of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered no less than seven (7), nor more than thirty (30) days before the date of the meeting, either personally or by mail, by or at the direction of the President, or the Secretary, or the persons calling the meeting, to each Owner of an occupied Lot in the Owners Association. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, with postage fully prepaid thereon, addressed to the member's address appearing on the books of the Owners Association or supplied by such member to the Owners Association for the purpose of notice.
4. Quorum: Those members present or by proxy at any annual or special meeting of members constitute a quorum at the meeting except where a greater number is required by the Declaration, or these Bylaws.

5. Special Quorum Requirements: The presence at any meeting in person or by proxy of seventy-five percent (75%) of the voting membership shall constitute a quorum for action on the following matters:

Merger and Consolidations

Mortgage of the Common Properties

Dedication, sale or transfer of any part of the Open Space.

6. Proxies: Voting may be in person or by proxy executed in writing and filed with the Secretary. No proxy shall be valid after the meeting for which it was solicited, unless otherwise expressly stated in the proxy, and every proxy shall automatically cease upon termination of membership.

7. Majority Vote: The vote of a majority of the votes entitled to be cast by the members present or represented by 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 these Bylaws or the Declaration. Specifically, seventy-five percent (75%) of the voting membership is required for Special Assessments for Capital Improvement, seventy-five percent (75%) for Amendments to an or Repeal of any portion of the Declaration, and seventy-five percent (75%) to increase maximum annual maintenance assessment beyond Section 6.2 of the Declaration.

8. Place of Meeting: Meetings shall be held in Yamhill or Washington County.

ARTICLE IV

Board of Directors

1. Number: The affairs of this Owners Association shall be managed by a Board of four (4) Directors appointed by Declarant until the first annual meeting. After the first annual meeting, the Board of Directors shall consist of no less than four (4), nor more than eight (8) members.

2. Term: The Directors named in the Articles of Incorporation shall serve until Declarant turns over administrative responsibilities at the first annual meeting. At the first annual meeting, the members shall elect no less than four (4), nor more than eight (8) directors. The number of directors and their terms of office shall be
set by each Board of Directors prior to the annual meeting, except that no director may serve for more than three (3) consecutive years.

3. Removal: Any Director may be removed from the Board, with or without cause, by a majority vote of the voting membership of the Owners Association. In the event of death, resignation or removal of a Director, a successor may be elected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

4. Compensation: No Director shall receive compensation for any service rendered to the Owners Association. However, any Director may be reimbursed for actual expenses incurred in the performance of duties with the approval of the Board of Directors.

5. Action Taken Without a Meeting: In the absence of a meeting, Directors shall have the right to take action which could have been taken at a meeting, by obtaining the written approval of all the Directors.

6. Nomination of Directors: Nomination for election to the Board of Directors may be made by a Nominating Committee appointed by the President prior to each annual meeting. The report of the Nominating Committee shall be included in the notice of the annual meeting. Nominations may also be made from the floor.

7. Election: Election to the Board of Directors shall be by written ballot. At such election, the voting membership or their proxies, may cast in respect to each vacancy the vote they are entitled to exercise. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE V

Power and Duties of the Board of Directors

1. General Powers: The Board of Directors shall have power to:

   a) Adopt and publish rules and regulations governing the use of the Open Space, personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof.

   b) Impose interest during any period in which such member shall be in default in the payment of any assessment levied by the Owners Association.

   c) Exercise for the Owners Association all powers, duties and authority vested in or delegated to this Owners Association for the purpose of maintaining the Open Space, Public Right of Way Improvements or otherwise promoting the general benefit of the Owners within FALCON CREST.
d) Declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors.

e) Employ an independent contractor, or such other persons as deemed necessary for maintenance of Open Space, and to prescribe their duties and fix their compensation.

f) Levy assessments in accordance with Article VI of the Declaration.

g) Claim a lien against any property for which assessments and or fines are not paid within thirty (30) days after date of final notice, or to bring an action at law against the Owner personally obligated to pay the same. To enforce said lien, assessment or fine by sale by the Owners Association or an organization authorized by the Owners Association, in accordance with the provisions of Article VI, paragraph 7 of the Declaration, and the laws of jurisdiction.

h) Enforce the provisions of the Declaration.

2. Duties: It shall be the duty of the Board of Directors to:

a) Cause to be kept a complete record of all of its acts and the proceedings of its meetings and to cause to be presented at the annual meeting of the members a report reviewing the business and affairs of the Owners Association for the year.

b) As more fully provided in the Declaration, to:

(1) Prepare a report for the Owners Association prior to the annual meeting listing past and present assessment year receipts and expenditures, and where possible include a forecast of upcoming expenses, with adequate allowance for reserves.

(2) Prorate the amount of the annual assessment against each Lot at least thirty (30) days in advance of the annual assessment periods, and send written notice of such to every Owner.

(3) Cause to be prepared a roster of property subject to assessment, with assessments applicable to each such property, and to keep such roster in the Owners Association office subject to inspection by any Owner.

c) Issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment.
d) Procedure and maintain adequate liability and hazard insurance on property owned, leased or otherwise used by the Owners in the Owners Association.

e) Cause the Open Space and any improvements thereon to be maintained.

f) Procedure and maintain insurance protecting the Board of Directors and committee members appointed by the Board against liability in the course of their duties as outlined herein and in the Declaration.

g) File Association Tax Returns.

ARTICLE VI

Officers

1. Officers: The Officers of this Owners Association shall be a President, Vice President, Secretary and Treasurer who shall at all times be members of the Board of Directors. The Board of Directors may appoint an Assistant Secretary or an Assistant Treasurer by resolution entered on its minutes. The Officers shall be elected at the organization meeting of the Board of Directors each year, and the term of office shall be for a period on one (1) year and until their successors are elected and assume office, unless such officer resigns or is removed.

2. Resignation and Removal: Any officer may be removed from office with or without cause by the Board. Any officer may resign at an time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

3. Vacancies: A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

4. President: The President shall preside at all meetings of the members of the Owners Association and of the Board of Directors. The President shall sign for the Owners Association such contracts and other documents as may be authorized by the Board of Directors to sign, and shall perform all acts and duties usually performed by a President or as prescribed by the Board of Directors.

5. Vice President: In the absence or disability of the President, the Vice President shall preside and perform the duties of the President. The Vice President shall also perform such other duties as may be delegated by the board of Directors.
6. Secretary: The Secretary shall record the votes and shall keep, or cause to be kept, the minutes of all meetings and proceedings of the Board and of the members, keep the corporate seal of the Owners Association and affix it on all papers requiring said seal, serve notice of meetings of the Board and of the members, keep appropriate current records showing the Owners of occupied Lots together with their addresses, and shall perform such other duties as required by the Board.

7. Treasurer: The Treasurer shall receive and deposit in appropriate bank accounts all moneys of the Owners Association and shall disburse such funds as directed by resolution of the Board of Directors, keep proper books of account, cause an annual audit of the Owners Association books to be made prior to the completion of each fiscal year, and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the members.

ARTICLE VII

Committees

The Board of Directors shall appoint such other committees as it, in its discretion, deems necessary to assist in the operation of the affairs of the Owners Association including, without limitation, a Maintenance Committee members need not be members of the Board of Directors.

ARTICLE VIII

Books, Records and Seal

1. Inspection by Members: The books, records and papers of the Owners Association shall, at all times during reasonable business hours, be subject to inspection by any member.

2. Corporate Seal: The corporate seal of the Owners Association shall be circular in form and shall have inscribed thereon the name of the Owners Association, the state of incorporation and the year of incorporation.

3. Execution of Corporate Documents: When the execution of any instrument has been authorized by the Board of Directors without specifying the executing officer, such instrument may be executed by any two of the following officers: The President, Vice President, Secretary and Treasurer. The Board of Directors may, however, authorize any one of such officers to sign any of such instruments for and on behalf of the Owners Association, and may designate officials or employees of the Owners Association other than those named above who may sign such instrument.
ARTICLE IX

Assessments

As more fully provided in the Declaration, each Owner of an occupied Lot is obligated to pay the Owners Association annual or special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of two percent (2%) per annum above the prevailing First Interstate Bank prime rate at the time, and the Owners Association may bring an action at law against the property, and interest, costs and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessment provided for herein by nonuse of the Open Space or abandonment of his Lot.

ARTICLE X

Amendments

1. These Bylaws may be amended by a majority of the Board members or at a regular or special meeting of the membership by seventy-five percent (75%) of the voting membership present in person or by proxy, provided that notice of the amendment had been included in the notice of the meeting.

2. Any matter stated in these Bylaws to be or which is in fact governed by the Declaration may not be amended except as provided in such Declaration. In the case of any conflict between such Declaration and these Bylaws, the provisions of the Declaration shall control.

ARTICLE XI

Miscellaneous

1. The fiscal year of the Owners Association shall begin on the first day of January and end on the last day of December of each year, except that the first fiscal year may begin on the date of incorporation.

2. The cost of Open Space maintenance shall be apportioned equally among the Owners on a per lot basis.
IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has hereunto set its hand this 26 day of Oct, 1998.

ROYAL 150 LLC
FALCON CREST

By

R.N. McDougald

NOTARY
STATE OF OREGON
COUNTY OF CLACKAMAS
After recording return to:
Royal 150 LLC
16850 S W. Boones Ferry Rd.
Tigard, OR 97224

STATE OF OREGON,
County of Yamhill

BE IT REMEMBERED, That on this 26th day of October, 1998, before me, the undersigned, a Notary Public in and for the State of Oregon, personally appeared the within named K.N. McDougald

known to me to be the identical individual described in and who executed the within instrument and acknowledged to me that he executed the same freely and voluntarily.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.

Notary Public for Oregon

My commission expires 11/1/2008

9/9

12-30-98