AFTER RECORDING, RETURN TO:

BAY CREEK DEVELOPMENT CORPORATION
and BRIDGE CITY PROPERTIES, INC.
d.b.a. Chehalem Meadows Joint Venture
10000 SW Riverside Drive
Portland, OR 97219

OREGON TITLE
1515 SW Fifth
Suite 840
Portland, OR 97201
ATTN: Frank Landis

DECLARATION OF PROTECTIVE COVENANTS,
CONDITIONS, RESTRICTIONS AND EASEMENTS
FOR

CHEHALEM MEADOWS

Declarant: Bay Creek Development Corporation and Bridge City Properties, Inc.
d.b.a. CHEHALEM MEADOWS JOINT VENTURE
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DECLARATION OF PROTECTIVE COVENANTS,
CONDITIONS, RESTRICTIONS AND EASEMENTS FOR
CHEHALEM MEADOWS

THIS DECLARATION is made this _____ day of __________, 19___, by BAY CREEK
DEVELOPMENT CORPORATION and BRIDGE CITY PROPERTIES, INC., d.b.a. CHEHALEM
MEADOWS JOINT VENTURE ("Declarant").

RE C I T A L S:

A. Declarant has recorded the plat as "Chehalem Meadows" in the plat records of
Yamhill County, Oregon.

B. Declarant desires to subject such property to the conditions, restrictions and charges
set forth herein for the benefit of such property and its present and subsequent owners, and to
establish such property as a townhouse project to be known as "Chehalem Meadows."

NOW THEREFORE, Declarant hereby declares that the property described in the plat of
Chehalem Meadows shall be held, sold and conveyed subject to the following easements,
covenants, restrictions and charges, which shall run with 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 "Association" means the nonprofit corporation to be formed to serve as an Owners' association as provided in Article 6 of this Declaration, and its successors and assigns.

1.2 "Common Areas" means those lots or tracts designated as common in this Declaration, or in any plat of the Property, including any improvements thereon.

1.3 "Declarant" means Bay Creek Development Corporation and Bridge City Properties, Inc., d.b.a. Chehalem Meadows Joint Venture.

1.4 "Initial Development" means the property described in Section 2.1 below.

1.5 "Lot" means a numerically designated and platted lot within the Property (including the Unit located on such Lot), with the exception of any tract or lot marked on the plat as being common, open space or dedicated to the City of Newberg.

1.6 "Mortgage" means a mortgage or a deed of trust; "mortgagor" means a mortgagee or a beneficiary of a deed of trust; "mortgagor" means a mortgagor or a grantor of a deed of trust.

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

1.6 "The Property" means the Initial Development as shown on the Plat.

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

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

1.11 "Unit" means a building or a portion of a building located upon a Lot within the Property and designated for separate occupancy as a dwelling, together with any attached deck.

ARTICLE 2

PROPERTY SUBJECT TO THESE COVENANTS

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

All that certain real property located in the City of Newberg, Yamhill County, Oregon, contained in that certain plat entitled "CHEHALM MEADOWS" filed in the Plat Records of Yamhill County, Oregon, on the _____ day of __________, 19__, in Book _____ or Plats at Page ___.

The Development contains 36 Lots and will contain not more than 36 units.

ARTICLE 3

PROPERTY RIGHTS IN COMMON AREAS

3.1 Designation of Common Areas in the Development: The following tracts as shown on the plat of the Development shall be Common Areas for purposes of this Declaration: Tracts "A", "B", "C", and "D".

3.2 Owner's Easements of Enjoyment: Subject to the provisions of this Article, every Owner and his or her 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.

(a) Tracts "A", "B", "C" and "D" shall be subject over their entirety to a private access and a public and private utility easement for public and private utilities including, but not limited to, water, sanitary sewer, storm drainage, storm water detention, electrical power, telephone, natural gas, television cable, irrigation, security and communication systems. No trees or
permanent structures shall be placed or constructed on the easements except for landscaping which by its nature, shallow-rooted, and may be easily removed to allow access to utility lines. Easement areas shall be restored to a neat and presentable condition, and the grass and topsoil restored to as near as possible to as good a condition as the same were prior to the installation, repair, replacement.

(b) Public and private utility easements as noted on the plat shall be for public and private utilities including, but not limited to water, sanitary sewer, storm drainage, storm water detention, electrical power, telephone, natural gas, television cable, security and communication systems. No trees or permanent structures shall be placed or constructed on the easements except for landscaping which by its nature, shallow-rooted, and may be easily removed to allow access to utility lines. Easement areas shall be restored to a neat and presentable condition, and the grass and topsoil restored to as near as possible to as good a condition as the same were prior to the installation, repair, replacement.

(c) The detention facilities constructed on Lots 11, 12, 13, 16, 19, 20, 23 and Tracts "B" and "C" are appurtenant to Lots 1 through 36.

3.3 Title to the Common Areas. Title to the Common Areas shall be conveyed to the Association by Declarant no later than the turnover meeting referring to in Section 6.7 below.

3.4 Extent of Owner’s Rights. The rights and easements of enjoyment in the Common Areas created hereby shall be subject to the following and all other provisions of this Declaration:

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

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

(ii) An easement over all roadways for vehicular access within the Property and to adjacent areas.

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

(iv) An easement for the purpose of making exterior repairs to the Units.

Declarant or the Association may (and to the extent required by law, shall) grant or assign easements on all Common Areas to municipalities or other utilities performing utility services and to communications companies, and may grant free access over the Common Areas to police, fire and other public officials and to employees of utility companies and communication companies serving the Property.

(b) Use of the Common Areas. The Common Areas shall not be partitioned or otherwise divided into parcels for residential use. Except as otherwise provided in this Declaration, the Common Areas shall be reserved for the use and enjoyment of all Owners and no

Page 3 - DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS FOR CHEHALME MEADOWS
private use may be made of the Common Areas. The Common Areas and facilities thereon shall be used for the purposes for which the same area reasonably intended, and their use, operation and maintenance shall not be obstructed, damaged or unreasonably interfered with by any Owner. Nothing herein shall prevent the placing of a sign or signs upon the Common Areas identifying Chehalum Meadows or identifying trails or identifying items of interest, including directional signs, provided such signs comply with any applicable sign ordinances. The Board of Directors of the Association shall have authority to abate any trespass or encroachment upon the Common Area at any time, by any reasonable means and with or without having to bring legal proceedings.

(c) **Allocation of the Common Areas.** The Association shall not by act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the Common Areas owned directly or indirectly by the Association for the benefit of the Lots unless the holders of at least eighty percent (80%) of the Class A Association voting rights and the Class B member, if any, have given their prior written approval. This provision shall not apply to the easements described in Section 3.4(a).

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

(i) The right of the Association to suspend such use rights of an Owner and his or her family members, guests, tenants and contract purchasers to the extent provided in Article 9 below.

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

3.5 **Delegation of Use.** Any Owner may delegate, in accordance with the Bylaws of the Association, his or her right of enjoyment to the Common Areas to the members of his or her family, tenants, or contract purchasers who reside on the Property, whose use of the Common Areas shall be subject to this Declaration and all rules and regulations adopted hereunder.

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

**ARTICLE 4**

**PROPERTY RIGHTS IN LOTS**

4.1 **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 contained in Article 5 below and all other provisions of this Declaration for the mutual benefit of all Owners.

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

(a) Right of Entry. The Association and any person authorized by the Association may at any reasonable time, and from time to time at reasonable intervals, enter upon any Lot for the purpose of performing the maintenance referred to in Section 7.1 below and determining whether or not the Lot is then in compliance with this Declaration. No such entry shall be deemed to constitute a trespass or otherwise create any right of action in the Owner of such Lot.

(b) Encroachments. Each Lot and all Common Areas shall have an easement over all adjoining Lots and Common Areas for the purpose of accommodating any present or future encroachment as a result of engineering errors, construction, reconstruction, repairs, settlement, shifting or movement of any portion of the Property, or any other similar cause, and any encroachment due to building overhang of projection. There shall be valid easements for the maintenance of the encroaching Units and Common Areas so long as the encroachment shall exist, and the rights and obligations of Owners shall not be altered in any way by the encroachment. The encroachments described in this paragraph shall not be construed to be encumbrances affecting the marketability of title to any Lot. Nothing in this section shall relieve an Owner of liability in the case of the Owner's willful misconduct.

(c) Utilities. Each Lot shall be subject to an easement under and across that portion of the Lot not occupied by the Unit for installation, maintenance and use of power, gas, electric, water and other utility and communication lines and services and for meters measuring such services.

4.3 Party Walls. Each wall which is built as a part of the original construction of the dwellings within the Property and placed upon the dividing line between Lots shall constitute a "party wall," and the following provisions shall apply:

(a) General Rules of Law to Apply. The general rules of law of the State of Oregon regarding party walls and of liability for property damage due to negligence or willful acts or omissions shall apply to all such party walls, to the extent such rules are not inconsistent with the provisions of this section.

(b) Sharing of Repair and Maintenance. Reasonable repairs and maintenance of a party wall shall be performed by the Association, but charged to the unit owner or owners affected by the party wall as determined by the Association.

(c) Destruction by Fire or Other Casualty. If the party wall is destroyed or damaged, then the Association shall restore it to its former condition, but the unit owner or owners affected by the destroyed or damaged party wall shall be charged for the repair. It is up to each unit owner to carry this potential loss by their own insurance policy.

(d) Weatherproofing. Notwithstanding any other provision of this Section 4.3, an Owner who by his negligent or willful act causes the party wall to be exposed to the elements.
shall bear the cost of furnishing the necessary protection against such elements to the extent such cost is not covered by the Association's insurance policy.

(e) Arbitration. In the event of any disputes arising concerning a party wall, or under the provisions of this Section 4.3, the Board of Directors of the Association shall act as arbitrators and their decision shall be final.

ARTICLE 5

RESTRICTIONS ON USE

5.1 Residential Use. Not more than one Unit may be located on any Lot. No goods, equipment, vehicles, materials or supplies used in connection with any trade, service or business be kept or stored on any Lot. Units are for residential use. No commercial activities are allowed that would be in violation of any city code or ordinance or that would negatively impact the residential use and nature if the property. Nothing in this paragraph shall be deemed to prohibit (a) activities related to the rental or sale of Lots; (b) the right of Declarant to use any Unit as a sales or rental office or model home or apartment for purposes of sales or rental in Chehalem Meadows; and (c) the right of the Owner of a Lot to maintain his professional personal library, keep his personal business or professional records or accounts, handle his personal business or professional telephone calls or confer with business or professional associates, clients or customers, in his Unit. The Association shall not approve commercial activities otherwise prohibited by this paragraph unless the Association determines that only normal residential activities would be observable outside of the Unit and that the activities would not be in violation of applicable City of Newberg ordinances.

5.2 Offensive or Unlawful Activities. No noxious or offensive activities shall be carried on in any Unit, Lot or Common Area nor shall anything be done or placed upon any Unit, Lot or Common Area which interferes with or jeopardizes the enjoyment of other Units or the Common Areas, or which is a source of annoyance to residents. Unit occupants shall exercise extreme care not to make noises which may disturb other Unit occupants. No garage shall at any time be used as a residence either temporarily or permanently. No unlawful use shall be made of the Lot nor any part thereof, and all valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction thereof shall be observed.

5.3 Trailers, Campers, Boats, etc. Except with the consent of the Association, no trailer, truck camper, boat or boat trailer, or other recreational vehicles or motorcycles, vehicles in excess of three-quarter (3/4) ton in weight or motor vehicles not operated in daily family use shall be parked in driveways or any street in the development, except in a garage or for the purpose of temporarily loading or unloading. No such trailer or truck camper shall be used as a residence temporarily or permanently on any portion of the Property.

5.4 Vehicles in Disrepair. No Owner shall permit any vehicle which is in an extreme state of disrepair to be abandoned or to remain parked upon any Lot or on the Common Area for a period in excess of forty-eight (48) hours, unless kept within a garage. A vehicle shall be deemed to be in “extreme state of disrepair” when in the opinion of the Association its presence offends the occupants of the neighborhood. Should any Owner fail to remove such vehicle within five (5) days following the date on which notice is mailed to him by the Association, the Association may have the vehicle removed from the Property and charge the expense of such removal to the Owner in addition to the assessments made upon him in accordance with this Declaration.
5.5 **Signs.** No signs shall be placed or kept on any Lot or Common Area, other than project signs installed by Declarant or the Association, except that in the event an Owner wishes to advertise his or her Lot for sale or lease the Owner may do so, provided that the Owner shall use for that purpose a single sign not more than 24 inches high and 36 inches long placed in front of the Unit.

5.6 **Animals.** No animals or fowls shall be raised, kept or permitted within the Property or any part thereof, except domestic dogs, cats or other household pets kept within a Unit. No more than two (2) animals are allowed in each unit. No such dogs, cats or pets shall be permitted to run at large nor shall be kept, bred or raised for commercial purposes or in unreasonable numbers. Any inconvenience, damage or unpleasantness caused by such pets shall be the responsibility of the respective Owners thereof. All dogs shall be kept on a leash while outside a Unit. An Owner may be required to remove a pet upon the third violation of any rule, regulation or restriction governing pets within the Property.

5.7 **Appearance.** No part of any Lot or any part of the Common Areas shall be used or maintained as a dumping ground for rubbish, trash, garbage or other waste. Trash, garbage or other wastes shall be kept only in sanitary containers in the garages, except when outside awaiting pickup.

5.8 **Antennas and Service Facilities.** Exterior antennas and satellite dishes more than two (2) feet in diameter shall not be permitted to be placed upon the exterior of any structure, except as permitted by the Association. Clotheslines and other service facilities shall be screened so as not to be viewed from any Common Area.

5.9 **Exterior Lighting or Noisemaking Devices.** Except with the consent of the Association, and except for exterior lighting originally installed by the Declarant, no exterior lighting or noisemaking devices shall be installed or maintained on any Lot. Owners shall not tamper with exterior lighting installed by Declarant except to replace expanded bulbs with similar new bulbs.

5.10 **Windows, Decks, Porches and Outside Walls.** In order to preserve the attractive appearance of the Property, the Association may regulate the nature of items which may be placed in or on windows, decks, entry porches, and the outside walls so as to be visible from the common Areas. Garments, rugs, laundry and other similar items may not be hung from windows, facades, porches or decks.

5.11 **Alterations.** Exterior painting, maintenance and roof repair or replacement will be performed by the Association. Owners are expressly prohibited from painting or changing the exterior of a building or other structure without the written permission of the Association. No structure may be installed outside of Units except structures, including without limitation, courtyard fences, installed by Declarant or the Association or installed by an Owner with written approval of the Association.

5.12 **Insurance.** Nothing shall be done or kept in any Lot or Common Area which will increase the cost of insurance on the Units or Common Areas. No Owner shall permit anything to be done or kept in his Unit or in the Common Areas which will result in cancellation of insurance on any Lot or any part of the Common Areas.

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

5.14 **Garage Doors.** All garage doors shall remain closed except to permit entrance and exit therefrom.

5.15 **Landscape.** All exterior landscape installation and maintenance will be performed by the Association, except that with the permission of the Association an Owner may install and maintain additional landscape or flowers in the yard area immediately in front of such Owners' Unit and the area around the rear deck or patio.

5.16 **Association Rules and Regulations.** In addition, the Association from time to time may adopt, modify or revoke such rules and regulations governing the conduct of persons and the operation and use of the Lots, Units and the Common Areas as it may deem necessary or appropriate in order to assure the peaceful and orderly use and enjoyment of the Property. A copy of the rules and regulations, upon adoption, and a copy of each amendment, modification or revocation thereof, shall be delivered by the Association Board of Directors promptly to each Owner and shall be binding upon all Owners and occupants of all Lots from the date of delivery. The method of adoption of such rules shall be as provided in the Bylaws of the Association.

**ARTICLE 6**

**ASSOCIATION**

Declarant shall organize an association of all of the Owners within the Property. Such Association, its successors and assigns, shall be organized under the name "Chehalem Meadows Homeowners 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.

6.1 **Organization.** Declarant shall, before the first Lot is conveyed to an Owner, organize the Association as a nonprofit corporation under the general nonprofit corporation laws of the State of Oregon. The Articles of Incorporation of the Association shall provide for its perpetual existence, but in the event the Association is at any time dissolved, whether inadvertently or deliberately, 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 thereupon shall automatically vest in a successor unincorporated nonprofit association. 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.

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

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

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

Class B. The Class B member shall be the Declarant and shall be entitled to three (3) votes for each Lot owned. 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) When seventy-five percent (75%) of the Lots in the development of Chehalem Meadows have been sold and conveyed to Owners other than Declarant; or

(b) The expiration of five (5) years after the date of recording of this Declaration.

6.4 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 obligation of a homeowners association pursuant to the Oregon Planned Community Act.

(d) Any additional or different powers, duties and obligations necessary or desirable for the purpose of carrying out the functions of the Association pursuant to this Declaration or otherwise promoting the general benefit of the Owners within the Property.

The powers and obligations of the Association may from time to time be amended, repealed, enlarged or restricted by changes in this Declaration made in accordance with 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.

6.5 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 7 and other provisions of this Declaration.

(b) Insurance. The Association shall obtain and maintain in force policies of insurance as provided in this Declaration or the Bylaws of the Association.
(c) **Rulemaking.** The Association shall make, establish, promulgate, amend and repeal Rules and Regulations as provided in Section 5.16 of this Declaration.

(d) **Assessments.** The Association shall adopt budgets and impose and collect assessments as provided in Article 8 of this Declaration.

(e) **Enforcement.** The Association shall perform such acts, whether or not expressly authorized by this Declaration, as may be reasonably necessary to enforce the provisions of this Declaration and the Rules and Regulations adopted by the Association.

(f) **Employment of Agents, Advisers and Contractors.** The Association, through its Board of Directors, may employ the services of any person or corporation as manager, 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, recreational experts, architects, planners, lawyers 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, subject to Section 3.4(c) above, and encumber the Common Areas as security for the repayment of such borrowed money. The Association may acquire, hold title to and convey, with or without consideration, real and personal property and interests therein, including but not limited to easements across all or any portion of the Common Area, and shall accept any real or personal property, lease hold or other property interests within the Property conveyed to the Association by Declarant.

(h) **Transfer, Dedication and Encumbrance of Common Area.** Except as otherwise provided in Section 3.4(c) 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 purpose.

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

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

6.6 **Liability.** A member of the Board of Directors or an officer of the Association shall not be liable to the Association or any member thereof for any damage, loss or prejudice suffered
or claimed on account of any action or failure to act in the performance of his or her duties, except for acts of gross negligence or intentional acts. In the event any member of the Board of Directors or any officer of the Association is made a party to any proceeding because the individual is or was a director or officer of the Association, the Association shall indemnify such individual against liability and expenses incurred to the maximum extent permitted by law.

6.7 Interim Board: Turnover Meeting. Declarant shall have the right to appoint an interim board of one (1) to three (3) directors, who shall serve as the Board of Directors of the Association until replaced by Declarant or their successors have been elected by the Owners at the turnover meeting described in this section. 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 one hundred twenty (120) days after Lots representing seventy-five percent (75%) of the voting power (computed in accordance with Section 6.3 above) have been sold and conveyed to Owners other than Declarant or five (5) years after recording the Plat, whichever first occurs. At the turnover meeting, the interim directors shall resign and their successors shall be elected by the Owners as provided in the Bylaws of the Association. 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.

6.8 Declarant Control After Turnover. After the turnover meeting described in Section 6.7 above, Declarant shall continue to have the voting rights described in Section 6.3 above. In addition, a majority of the Board of Directors of the Association shall be elected by Declarant, as Class B member, with the balance of the Board of Directors elected by the Class A members. After termination of Class B membership, all directors shall be elected by the Class A members.

6.9 Management Agreements and Service Contracts. The Association may enter into a management agreement with a professional management firm either alone or in a common management arrangement with other owners or associations in the area. Any such management agreement shall be terminable by the Association for cause upon thirty (30) days' written notice, and the term of any such agreement may not exceed one (1) year, renewable by agreement of the parties for successive one- (1) year periods.

6.10 Contracts Entered into by Declarant or Prior to Turnover Meeting. Notwithstanding any other provisions of this Declaration, any leases or contracts (including management contracts, service contracts and employment contracts) entered into by the Declarant or the Board of Directors on behalf of the Association prior to the turnover meeting described in Section 6.7 above shall have a term of not in excess of three (3) years. In addition, any such lease or contract shall provide that it may be terminated without cause or penalty by the Association or Board of Directors upon not less than thirty (30) nor more than ninety (90) days' notice to the other party given at any time after the turnover meeting described in Section 6.7 above.

ARTICLE 7
MAINTENANCE, SERVICES, CONDEMNATION, DAMAGES

7.1 Exterior Maintenance. The Association shall provide exterior maintenance upon each Unit as follows: paint, repair, replace and care for roofs, gutters, downspouts, exterior building surfaces, exterior garage lights and other exterior improvements. Such exterior maintenance does not include repair or replacement of doors, windows and other glass surfaces, except to the extent of the proceeds of the Association's insurance. The Association shall also maintain party walls as provided in Section 4.3 and the landscaping on that portion of each Lot not occupied by the Unit.
The cost of such maintenance by the Association shall be a common expense paid out of assessments described in Article 6. In the event, however, the need for such maintenance or repair is caused by the willful or negligent act or omission of an Owner, his or her family, tenants, guests or invitees, and to the extent such maintenance or repair is not covered by the Association’s insurance policy, the costs of such maintenance and repair may, in the discretion of the Board of Directors, be charged to the Owner as an individual Assessment.

7.2 Maintenance and Lighting of Common Areas. In addition to the exterior maintenance as set forth in Section 7.1, the Association shall maintain any exterior lighting for and perform all maintenance upon the Common Areas and the improvements located thereon, including but not limited to grass, trees, landscaping, irrigation system, walks, private roads located on Tracts B and D, entrance gates, parking areas and driveways.

7.3 Maintenance of Utilities. The Association shall perform or contract to perform maintenance of all utilities, such as sanitary sewer service lines, domestic water service lines and storm drainage lines located in the Common Areas and Lots. Each Owner shall maintain at such Owners’ expense utility lines to the extent located within the Unit.

(a) The water system is public up to and including the water meter, and will be owned, operated and maintained by the City of Newberg. Maintenance of the water service from the meter to the unit will be the maintenance responsibility of the Association.

(b) The sanitary sewer mains are public and will be owned, operated and maintained by the City of Newberg. Sewer laterals locate don lots outside of units, or on tracts are private and will be the maintenance responsibility of the Association. Access to the sanitary sewer manholes located on the southwest corners of Lots 17 and 36 for City of Newberg Maintenance vehicles shall be maintained at all times.

(c) The storm drainage improvements from Arlington Avenue across Lots 22, 21 and 20 to Tract "C", and across Lots 19, 18, 17, Tract "B", Lots 12 to the outlet on Lot 11 are public and will be owned, operated and maintained by the City of Newberg. All remaining storm drainage lines, storm drain laterals to individual units, catch basins and cleanouts are the maintenance responsibility of the Association. The Association shall ensure that the sumps of the private trapped catch basins in the Private Roads, and the sumps of the catch basins and area drains in and between the detention facilities and on Lot 36 are kept free of accumulated dirt, oil and foreign materials.

7.4 Maintenance of Detention Facilities and Public Facilities. The Association shall maintain the detention basins on Lots 11, 12, 13, 16, 19, 20, 23 and Tracts "B" and "C", and may enter into maintenance sharing arrangements with the owner of the adjoining property upon which the facility is also located. The Association may perform maintenance, the cost of which shall be assessed as a common expense.

(a) The owners of Lots 11, 12, 13 and 16 shall be responsible for the maintenance of the detention basins located on Lots 11, 12, 13, 16 and Tract "B", and shall keep vegetation neatly trimmed, and shall keep the site and pipe inlets, outlets and catch basin grates free of debris, garbage, litter and foreign materials.

(b) The owners of Lots 19, 20 and 23 shall be responsible for the maintenance of the detention basins located on Lots 19, 20, 23 and Tract "C", and shall keep vegetation neatly
trimmed, and shall keep the site and pipe inlets, outlets and catch basin grates free of debris, garbage, litter and foreign materials.

7.5 **Utilities and Services.** The Association shall provide or contract for such utilities and services as the Board of Directors may reasonably deem to be of benefit to the Property, including, without limitation, cable, garbage and trash removal and security services.

7.6 **Access at Reasonable Hours.** For the purpose solely of performing the maintenance and services provided for in this Article 7, the Association, through its duly authorized agents or employees, shall have the right, after reasonable notice to the Owner, to enter upon any Lot or exterior of the dwelling thereof at reasonable hours.

7.7 **Condemnation.** If an portion of the Common Areas is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, notice of the proceeding or proposed acquisition shall promptly be given to each Owner and to each mortgagee. The Association shall represent the Owners in any condemnation proceeding or in negotiations, settlements and agreements with the condemning authority for acquisition of any portion of the Common Areas and each Owner appoints the Association to act as his other attorney-in-fact for such purposes. All compensation, damages or other proceeds of the taking of Common Areas shall be payable to the Association. Proceeds shall first be applied to restore or repair any remaining Common Area, including a structure on Common Area, which may be required to permit the continued enjoyment of such Common Area. Thereafter, the Association shall deposit such sums in the Operations Fund or apply these sums to such capital improvements as shall be authorized pursuant to Section 8.5 of this Declaration.

7.8 **Damage or Destruction by Casualty.** In the event of damage or destruction which affects a material portion of the Property, timely written notice shall be given to the Owners and their mortgagees, and the following provisions shall apply:

(a) In the event of damage or destruction by casualty of structures erected on the Common Areas or to any Unit, the damage or destruction shall be repaired, reconstructed, or rebuilt unless, within fourteen (14) days of such damage or destruction, the Board of Directors or more than ten percent (10%) of the Owners shall have requested a special meeting of the Association. Such special meeting must be held within thirty (30) days of the date of damage or destruction. At the time of such meeting, unless all Owners, whether in person, by writing or by proxy, with the approval of mortgagees if and as required by this Declaration, vote not to repair, reconstruct or rebuild the damaged property, the damage or destruction shall be repaired, reconstructed or rebuilt, with the work commencing as soon as reasonably possible. In the event any portion of the insurance proceeds paid to the Association are not used to repair, reconstruct or rebuild the damaged or destroyed Common Areas or units, the Association shall distribute the proceeds attributable to Units to the Owners and mortgagees thereof, as their interests may appear. The proceeds attributable to Common Areas shall be deposited in the Operations Fund or applied to such capital improvements as shall be authorized pursuant to Section 8.5 of this Declaration. If the insurance proceeds are not sufficient to pay the entire cost, the Board of Directors, if necessary, may assess the Owner of each Unit such additional amounts as required to pay the cost of restoration.

(b) If due to act or neglect of an Owner or a member of his or her family or his or her household pet or of a guest or other unauthorized occupant or visitor of such Owner, damage shall be caused to the Common Areas or maintenance, repairs or replacements should
be required which would otherwise be a common expense, then such Owner shall pay for such
damage and such maintenance, repairs or replacements as may be determined by the Association,
to the extent not covered by the Association’s insurance, as an Individual Assessment.

ARTICLE 8
ASSESSMENTS

8.1 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 Chehalem Meadows and for the improvement, operation and maintenance of the
Common Areas and other areas to be maintained by the Association.

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

8.3 Apportionment of Assessments. Lots owned by Declarant shall not be subject
to Assessments until such time as the Unit located on the Lot is occupied for residential use,
subject to accrual of reserves as described in Section 8.10 below. All other Lots shall pay an equal
pro rata share of the Annual Assessments, Special Assessments and Emergency Assessments
commencing upon the date such Lots are made subject to this Declaration.

8.4 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, but not
less than the reserves required by Section 8.10 below. Annual Assessments for such operating
expenses and reserves (“Annual Assessments”) shall then be apportioned among the Lots as
provided in Section 8.3 above. The method of adoption of the budget and the manner of billing and
collection of Assessments shall be as provided in the Bylaws.

8.5 Special Assessments. In addition to the Annual Assessment authorized above,
the Board of Directors may levy during any fiscal year a Special Assessment (“Special
Assessment”), applicable to that year only, for the purpose of deferring all or any part of the cost
of any construction or reconstruction, unexpected repair, or acquisition or replacement of a
described capital improvement, or for any other one-time expenditure not to be paid for out of
Annual Assessments. Special Assessments which in the aggregate in any fiscal year exceed an
amount equal to fifteen percent 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 voting on such matter,
together with the written consent of the Class B member, if any. Special Assessments shall be
apportioned as provided in Section 8.3 above and may be payable in lump sum or in installments,
with or without interest or discount, as determined by the Board of Directors.

8.6 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, noted as to the reason therefor, and levy an Emergency Assessment for

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the amount required to meet all such expenses on a current basis ("Emergency Assessment"). Any Emergency Assessment which in the aggregate in any fiscal year would exceed an amount equal to five percent of the budgeted gross expenses of the Association for the fiscal year may be levied only if approved by not less than a majority of the voting rights voting on such matter, together with the written consent of the Class B member, if any. Emergency Assessments shall be apportioned as set forth in Section 8.3 above and payable as determined by the Board of Directors.

8.7 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 Section 8.5(i). Individual Assessments shall also include default assessments levied against any Lot to reimburse the Association for costs incurred in bringing such Lot or its Owner into compliance with the provisions of this Declaration or the Rules and Regulations of the Association and for fines or other charges imposed pursuant to this Declaration for violation thereof. Unless otherwise provided by the Board of Directors, Individual Assessments shall be due 30 days after the Board of Directors has given written notice thereof to the Owners subject to the Individual Assessments.

8.8 Operations Fund. The Association shall keep all funds received by it as Assessments, other than reserves described in Section 8.9, separate and apart from its other funds, in an account to be known as the “Operations Fund.” The Association shall use such fund exclusively for the purpose of promoting the recreation, health, safety and welfare of the residents within the Property and in particular for the improvement and maintenance of properties, services and facilities devoted to this purpose and related to the use and enjoyment of the Common Areas and of the Lots situated upon the property, including but not limited to:

(a) Payment of the cost of maintenance, utilities and services as described in Article 7;
(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 water service, sewer service and garbage and trash disposal for the Common Areas or which are commonly billed;
(e) Payment of the cost of other services which the Association deems to be of general benefit to the Owners, including but not limited to accounting, legal and secretarial services;
(f) In the event any condemnation of a portion of the Common Areas should result in a surplus in the Operations Fund not needed for payment of the other items described in this section, such surplus shall be divided by the number of units within the Property and such amounts paid equally to the holder of any first mortgage or deed of trust on each Lot, or if none, to the Owner of the Lot.
8.9 **Reserve Fund.** The Declarant shall establish a reserve fund for replacement of those items to be maintained by the Association all or a part of which will normally require replacement in more than three (3) and less than thirty (30) years ("Reserve Fund"). Such Reserve Fund shall be funded by Assessments against the individual Lots assessed for maintenance of the Items for which the Reserve Fund is being established. The Assessments under this section begin accruing against each Lot from the date the first Lot in the Property is conveyed. The Declarant may defer payment of the accrued Assessment for a Lot until the Lot is conveyed. The amount assessed shall take into account the estimated remaining life of the Items for which the reserve is created and the current replacement cost of such Items. The Reserve Fund shall be established in the name of the Association and shall be adjusted at regular intervals to recognize changes in current replacement costs over time. The Reserve Fund shall be used only for replacement of common property as determined by the Board of Directors and shall be kept separate from the Operations Fund. After the turnover meeting described in Section 6.7, however, the Board of Directors may borrow funds from the Reserve Fund to meet high seasonal demands on the regular operating funds or to meet other temporary expenses which will later be paid from Annual Assessments, Special Assessments, Emergency Assessments or Limited Common Area Assessments. Nothing in this section shall prohibit prudent investment of the reserve account. Following the second year after the turnover meeting, future Assessments for the Reserve Fund may be reduced, eliminated or decreased by an affirmative vote of not less than seventy-five percent (75%) of the voting power of the Association. Assessments paid into the Reserve Fund are the property of the Association and are not refundable to sellers or Owners of Lots. Sellers of the Lots, however, may treat their outstanding share of the Reserve Fund as a separate item in any sales agreement.

8.10 **Creation of Lien and Personal Obligation of Assessments.** Declarant, for each Lot owned by it within the Property, does hereby covenant, and each Owner of any Lot by acceptance of a conveyance thereof, whether or not so expressed in any such conveyance, shall be deemed to covenant to pay to the Association all assessments or other charges as may be fixed, established and collected from time to time in the manner provided in this Declaration or the Association Bylaws. Such assessments and charges, together with any interest, expenses or attorneys' fees imposed pursuant to Section 9.6, 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 9 below.

**ARTICLE 9**

**ENFORCEMENT**

9.1 **Use of Common Areas.** In the event any Owner shall violate any provision of this Declaration, the Bylaws of the Association, or other rules adopted by the Association governing the use of Common Areas, then the Association, acting through its Board of Directors, shall notify the Owner in writing that the violations or nuisances exist and that he is responsible for them, and may, after reasonable notice and opportunity to be heard, do any or all of the following: (a) suspend his voting rights and right to use the Common Areas for the period that the violations or nuisances remain unabated, or for any period not to exceed sixty (60) days for any infraction of its rules and regulations, (b) impose reasonable fines upon the Owner, in the manner and amount the Board deems appropriate in relation to the violation, which fines shall be paid into the Operations Fund, or (c) bring suit or action against such Owner to enforce this Declaration. Nothing in this section, however, shall give the Association the right to deprive any Owner of access to and from his Unit.
9.2 Nonqualifying Improvements and Violation of General Protective Covenants. In the event any Owner constructs or permits to be constructed on his Lot or Unit 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 his Lot or Unit, then the Association acting through its Board or 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 and Unit, the improvements thereon and his 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 acceptance solution within the framework and intent of this Declaration, after notice and opportunity to be heard and within sixty (60) 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) Impose reasonable fines against such Owner in the manner and amount the Board 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 this Declaration in such a manner as to make it conform thereto, in which case the Association may assess such Owner for the entire cost of the work done which amount shall be payable to the Operations Fund, provided that no items of construction shall be altered or demolished in the absence of judicial proceedings; or

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

9.3 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 his Lot.

(b) The Association shall have a lien against each Lot for any assessment levied against the Lot and any fines or other charges imposed under this Declaration or the Bylaws against the Owner of the Lot from the date on which the assessment, fine or charge is due. The provisions regarding the attachment, notice, recordation and duration of liens established on real property under ORS 87.352 to 87.386 shall apply to the Association's lien. The lien shall be foreclosed in accordance with the provisions regarding the foreclosure of liens under ORS Chapter 88. The Association, through its duly authorized agents, may bid on the Lot at such foreclosure sale, and may acquire and hold, lease, mortgage and convey the Lot.

(c) The Association may bring an action to recover a money judgment for unpaid assessments, fines and charges under this Declaration without foreclosing or waiving the lien described in Paragraph (b) above. Recovery on any such action, however, shall operate to satisfy the lien, or the portion thereof, for which recovery is made.
(d) The Association shall have any other remedy available to it by law or in equity.

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

9.5 Subordination of Lien to Mortgages. The lien of the assessments or charges provided for in this Declaration shall be subordinate to the lien of any mortgage or deed of trust on such Lot which was made in good faith and for value and which was recorded prior to the recordation of the notice of lien. Sale or transfer of any Lot shall not affect the assessment lien, but the sale or transfer of any Lot which is subject to any mortgage or deed of trust pursuant to a decree of foreclosure thereunder or any deed or proceeding, deed or assignment in lieu of foreclosure shall extinguish any lien of an assessment notice of which was recorded after the recording of the mortgage or trust deed. 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.

9.6 Interest, Expenses and Attorneys' Fees. Any amount not paid to the Association when due in accordance with this Declaration shall bear interest from the due date until paid at a rate three (3) percentage points per annum above the prevailing Portland, Oregon, prime rate at the time, or such other rate as may be established by the Board of Directors, but not to exceed the lawful rate of interest under the laws of the State of Oregon. A late charge may be charged for each delinquent assessment in an amount established from time to time by resolution of the Board of Directors of the Association not to exceed thirty percent (30%) of such assessment. In the event the Association shall file a notice of lien, the lien amount shall also include the recording fees associated with filing the notice and a fee for preparing the notice of lien established from time to time by resolution of the Board of Directors of the Association. In the event the Association shall bring any suit or action to enforce this Declaration, or to collect any money due hereunder or to foreclose a lien, the Owner-defendant shall pay to the Association all costs and expenses incurred by it in connection with such suit or action, including a foreclosure title report, and the prevailing party in such suit or action shall recover such amount as the court may determine to be reasonable as attorney's fees at trial and upon any appeal or petition for review thereof.

9.7 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 or another remedy permitted hereunder. 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.

9.8 Enforcement by City of Newberg. The provisions of this Declaration relating to preservation and maintenance of Common Areas shall be deemed to be for the benefit of the City of Newberg as well as the Association and Owners of Lots, and the city may enforce such provisions by appropriate proceedings at law or in equity or may cause such maintenance to be made, in which event such costs shall become a lien upon the Property.
ARTICLE 10
MORTGAGEES

10.1 Reimbursement of First Mortgagees. First mortgagees of units 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 Areas or any Unit. First mortgagees making such payments shall be owed immediate reimbursement therefor from the Association.

10.2 Right of First Mortgagees Relating to Maintenance. At any time that the common Areas or the exterior of a Unit is not maintained or repaired by the Association pursuant to Article 7 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 hereinafter provided, shall be entitled to exercise the rights of the Owner of the Unit as a member of the Association to vote at all regular and special meetings of the members of the Association for a period of one (1) year following the date of such notice. During this one- (1) year period, the Association shall give notice of all regular and special meetings to both the Owner and the mortgagee, and the Owner may attend such meetings as an observer. Notice from the mortgagee under this section shall quote this Section 10.2 and shall be sent postage prepaid by certified United States mail, return receipt requested, to the Owner with a copy by regular mail to the Association at the last known address of each.

10.3 FHA/VA Approval. As long as there is a Class B membership, the following actions will require the prior approval of the Federal Housing Administration or the Veterans Administration, if this Declaration was previously approved by such agencies: annexation of additional properties, mergers and consolidations, mortgaging of Common Areas, dissolution of the Association and amendment of this Declaration or the Articles of Incorporation or the Bylaws of the Association.

ARTICLE 11
MISCELLANEOUS PROVISIONS

11.1 Amendment and Repeal. This Declaration, or any portion thereof, as from time to time in effect with respect to all or any part of the Property, may be amended or repealed by the vote or written consent of Owners owning not less than seventy-five percent (75%) of the voting rights in the Association, together with the written consent of the Class B member if such membership has not been terminated as provided herein. To the extent required by Article 10, such amendment shall also require the prior written approval of the FHA and VA. Any such amendment or repeal shall become effective only upon recordation in the Deed Records of Yamhill County, Oregon, of a certificate of the president or 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. In no event shall an amendment under this section create, limit or diminish special Declarant rights, increase the number of Lots or Units or change the boundaries of any Lot or any uses to which any Lot or Unit is restricted unless the Owners of the affected Lots unanimously consent to the amendment. To the extent any amendment related to the preservation or maintenance of the Common Areas, or the existence of an entity responsible for accomplishing the same, such amendment shall be approved by the Planning Commission of the City of Newberg. Such amendment or repeal shall
not have the effect of denying any Owner access to his Lot unless such Owner and any mortgagee of such Lot have consented thereto.

11.2 Regulatory Amendments. Notwithstanding the provisions of Section 11.1 above, until termination of the Class B membership, Declarant shall have the right to amend this Declaration or the Bylaws of the Association in order to comply with the requirements of the Federal Housing Administration, the Veterans Administration, the Farmers Home Administration of the United States, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Home Loan Mortgage Corporation, any department, bureau, board of commission or agency of the United States or the State of Oregon, or any corporation wholly owned, directly or indirectly, by the United States of the State of Oregon which insures, guarantees or provides financing for a planning community or lots in a planned community.

11.3 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 within 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 within the Property and 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 resolution approved not less than six (6) months prior to the intended termination date by the vote or written consent of Owners owning not less than seventy-five percent (75%) of the Lots within the Property and the written approval of the FHA and VA to the extent required by Article 10. Any such termination shall become effective only if (a) a certificate of the president or secretary of the Association, certifying that termination as of a specified termination date has been approved in the manner required herein, is duly acknowledged and recorded in the Deed Records of Yamhill County, Oregon, not less than six (6) months prior to the intended termination date, and (b) such termination has been approved by an order or resolution of the Planning Commission of the City of Newberg. Such termination shall not have the effect of denying any Owner access to his Lot unless such Owner and any mortgagee of such Lot have consented to such termination.

11.4 Joint Owners. 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 portion of votes or consents given with respect to such matter.

11.5 Lessees and Other invitees. Lessees, Invitees, contractors, family members and other persons entering the Property under rights derived from an Owner shall comply with all of the provisions of this Declaration restricting or regulating the Owner's use, improvement or enjoyment of his unit and other areas within the Property. The Owner shall be responsible for obtaining such compliance and shall be liable for any failure of compliance by such persons in the same manner and to the same extent as if the failure had been committed by the Owner himself.
11.6 **Enforcement.** The Association, or any Owner or the owner of any recorded mortgage on any part of said Property shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens, and charges now or hereafter imposed by the provisions of this Declaration. Failure by 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.

11.7 **Construction; Severability; Number; Caption.** This Declaration shall be liberally construed as an entire document to accomplish the purposes thereof as stated in the introductory paragraphs thereof. 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 herein, 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.

11.8 **Notices and Other Documents.** Any notice or other documents 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, with postage prepaid, addressed as follows: if to Declarant, 1000 SW Riverside Drive, Portland, OR 97219; if to an Owner, at the address given by the Owner at the time of his or her purchase of a Lot, or at the Unit; if to the Association, to the mailing address of the Association as filed with the Oregon Secretary of State. The address of a party may be changed by him at any time by notice in writing delivered to the Association as provided herein.

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

BAY CREEK DEVELOPMENT CORP.  CHEHALEM MEADOWS JOINT VENTURE

By [Signature]  By [Signature]

BRIDGE CITY PROPERTIES, INC.

By [Signature]

Page 21 - DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS FOR CHEHALEM MEADOWS
STATE OF OREGON  )
County of Clackamas ) ss.

The foregoing instrument was acknowledged before me this 3 day of April
1998, by E.R. Honeys, as President of Bay Creek Development
Corporation.

VICKI GILLESPIE
NOTARY PUBLIC FOR OREGON
My Commission Expires: 12/30/00

STATE OF OREGON  )
County of __________  ) ss.

The foregoing instrument was acknowledged before me this ______ day of
19____ by _______________, as ___________________ of Bridge City Properties,
Inc.

NOTARY PUBLIC FOR OREGON
My Commission Expires: __________

STATE OF OREGON  )
County of Clackamas ) ss.

The foregoing instrument was acknowledged before me this 3 day of April
1998, by R.E. Johnson, as President of Chehalem Meadows
Joint Venture.

VICKI GILLESPIE
NOTARY PUBLIC FOR OREGON
My Commission Expires: 12/30/00

Page 22 - DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS, RESTRICTIONS
AND EASEMENTS FOR CHEHALEM MEADOWS

27/
CHEHALM MEADOWS
Located in the Northeast Quarter of Section 18
Township 3 South, Range 2 West of the Willamette Meridian
City of Newberg, Yamhill County, Oregon
28 October 1997

DECLARATION
KNOW ALL MEN BY THESE PRESENTS that Bay Creek Development Corporation, an Oregon Corporation, and Bridge City Properties, Inc., an Oregon Corporation, doing business as Chehalms Meadows Joint Venture Development Company, being the owner of the land represented on the attached map and more particularly described in the Surveyor’s Certificate herein made, hereby make, establish and declare that the herein attached subdivision plat of “CHEHALM MEADOWS” is true and correct and is consistent with the dimensions shown and that said Joint Venture hereby dedicates the public streets to the public for public use forever, and grants all easements for the purposes shown and noted on the attached map.

IN WITNESS WHEREOF, we have set our hands:

[Signature]
Ruth Anne Habbs, President
Bay Creek Development Corporation
[Signature]
David D. Ingraham, President
Bridge City Properties, Inc.

CITY OF NEWBERG APPROVALS

Newberg Community Development Director
Date

City of Newberg Recorder
Date

City of Newberg Surveyor
Date

YAMHILL COUNTY APPROVALS

Yamhill County Surveyor
Date

Yamhill County Board of Commissioners
Date

Yamhill County Board of Commissioners
Date

Pursuant to ORS <Section Number>, taxes have been paid or bond posted to the date of .

Yamhill County Tax Collector
Date

Yamhill County Assessor
Date

CONSENT AFFIDAVIT
A Subdivision Plat Consent Affidavit from Liberty Federal Bank, S.B., beneficiary of that certain Trust Deed dated 19 September 1997, Recorded 16 October 1997, as Recorder’s Fee No. 9701240, Yamhill County Deed Records, has been recorded in Recorder’s Fee No. 9701240, Yamhill County Deed Records.

IN WITNESS WHEREOF, we have set our hand this day of

State of Oregon

County of

[Signature]
Notary Public for Oregon

[Signature]
Notary Public for Oregon

State of Oregon

County of

ACKNOWLEDGEMENTS

Signed and witnessed by: [Names]

[Signature]
Notary Public for Oregon

[Signature]
Notary Public for Oregon

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Notary Public for Oregon

Acknowledged by: [Names]

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