COVENANTS AND RESTRICTIONS

WHEREAS, J. GREGSON INC., the owner in fee simple in the
hereinafter described real premises which is now being subdivided
and known as SPRING MEADOW STAGE 2 to the City of Newberg, Yamhill
County, Oregon; and;

WHEREAS, it is the desire of the above named parties to
impose certain covenants and restrictions upon the hereinafter
described real premises for the purposes of uniform development,
use, and construction upon the following described real premises,
to-wit:

All of SPRING MEADOW STAGE 2 to the City of Newberg, Yamhill County, Oregon.

THEREFORE, it is hereby agreed that the following covenants
and restrictions are imposed upon the above described real premises:

RESIDENTIAL AREA COVENANTS

1. LAND USE AND BUILDING TYPE: No lot shall be used except for
residential purposes. No building shall be erected, altered,
placed, or permitted to remain on any lot other than one detached
single-family dwelling not to exceed one and one-half stories
in height and a private garage for not more than two (2) cars.

2. DWELLING COST, QUALITY AND SIZE: No dwelling shall be permitted
on any lot at a cost of less than $15,000.00 based upon cost
levels prevailing on the date these covenants are recorded (such
cost shall not include the value of the real premises), it being
the intention and purpose of the covenant to assure that all
dwellings shall be of a quality of workmanship and materials sub-
stantially the same or better than that which can be produced
on the date these covenants are recorded at the minimum cost stated
herein for the minimum permitted dwelling size. The Ground floor
area of the main structure, exclusive of one-story dwelling, shall
not be less than 1,000 square feet for a dwelling of more than one
story.

Page 1
3. BUILDING LOCATION: (a) No building shall be located on any lot nearer to the front lot line or nearer to the side street line than the minimum building setback lines shown on the recorded plat. In any event, no building shall be located on any lot nearer than 20 feet to the front lot line, or nearer than 20 feet to any side street line. (b) No building shall be located nearer than 10 feet to an interior lot line, except that no side yard shall be required for a garage or other permitted accessory building located 5 feet or more from the minimum building setback line. No dwelling shall be located on any interior lot nearer than 10 feet to the rear lot line. (c) For the purposes of this covenant, eaves, steps and open porches shall not be considered as part of a building, provided, however, that this shall not be construed to permit any portion of a building on a lot to encroach upon another lot.

4. EASEMENTS: Easements for installation and maintenance of utilities shall be maintained continuously by the owner of each lot where they exist, except for those improvements for which a public authority or utility company is responsible. No outdoor overhead wire or service drop for the distribution of electric energy or for telecommunication purposes nor any pole, tower, or other structure supporting said outdoor overhead wires shall be erected, placed, or maintained within this subdivision, their heirs, successors, and assigns shall use underground service wires to connect their premises and the structures built thereon to the underground electric or telephone utility facilities, (except for street lighting purposes).

5. NUISANCES: No noxious or offensive activity shall be carried on upon any lot, nor shall anything be done thereon which may become an annoyance or nuisance to the neighborhood. Any wrecked or unused automobile or truck remaining on the real premises for a period of more than thirty (30) days shall be deemed a nuisance.
6. TEMPORARY STRUCTURES: No structures of a temporary character, trailer, basement, tent, shack, garage, barn or other outbuilding shall be used on any lot at any time as a residence either temporarily or permanently.

7. SIGNS: No sign of any kind shall be displayed to the public on any lot except one professional sign of not more than one square foot, one sign of not more than five square feet advertising the property for sale or rent, or signs used by a builder to advertise the property during the construction and sales period.

8. LIVESTOCK and POULTRY: No animals, livestock or poultry of any kind shall be raised, bred or kept on any lot, except that dogs, cats and other household pets may be kept, provided that they are not kept, bred or maintained for any commercial purpose.

9. SIGHT DISTANCE AT INTERSECTIONS: No fence, wall, hedge or shrub planting which obstructs sight lines at elevations between 2 and 6 feet above the roadways shall be placed or permitted to remain on any corner lot within the triangular area formed by the street property lines and a line connecting them at points 25 feet from the intersection of the street lines, or in the case of a rounded property corner from the intersection of the street property lines extended. The same sightline limitations shall apply on any lot within 10 feet from the intersection of a street property line with the edge of a driveway or alley pavement. No tree shall be permitted to remain within such distances of such intersections unless the foliage line is maintained at sufficient height to prevent obstruction of such sight-lines.

GENERAL PROVISIONS

1.-b. TERM: These covenants are to run with the land and shall be binding on all parties and all persons claiming under them for a period of thirty (30) years from the dated these covenants are recorded, after which time the said covenants shall be automatically extended for successive period of ten (10) years, unless an instrument signed by a majority of the then owners of the lots herein described has been recorded, agreeing to change said covenants in

Page 3
whole or in part.

2.-b. ENFORCEMENT: Enforcement shall be by proceedings at law or in equity against any person or persons violating or attempting to violate any covenants either to restrain said violations or to recover damages.

3.-b. SEVERABILITY: Invalidation of any one of these covenants by judgment or court order shall in no way affect any of the other provisions which shall remain in full force and effect.

J. GREGG, INC.

STATE OF OREGON

County of Yamhill

BE IT REMEMBERED, That on the 20th day of June 1977, before me, the undersigned, a Notary Public in and for said County and State, personally appeared the within named

R. P. Steen, Vice-President of J. Gregg, Inc.

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 by official seal the day and year last above written.

Notary Public for Oregon
My Commission expires July 8, 1979

Page 4
THIS ADDENDUM, made this 16th day of July, 1979, by J. Gregcin, Inc., an Oregon Corporation, and.

WHEREAS, the above named corporation did install certain Covenants and Restrictions concerning certain real premises as described in Covenants and Restrictions recorded in Film Volume 121, Page 744, Deed and Mortgage Records, Yamhill County, Oregon, and,

WHEREAS, it is the desire of said corporation to clarify and make more definite item No. 1, LAND USE AND BUILDING TYPE,

NOW THEREFORE, said paragraph is hereby amended to read as follows: No lot shall be used except for residential purposes. No building shall be erected, altered, placed, or permitted to remain on any lot other than one detached single-family dwelling not to exceed two and one-half stories in height and a private garage for not more than two cars. EXCEPT Lot 14, Block 14 and Lot 14, Block 13 which are approved for a multi-family site, to be built according to the site plans approved by the City of Newberg.

IT IS FURTHER UNDERSTOOD AND ACKNOWLEDGED that all other terms and conditions of the said Protective Covenants shall remain in full force and effect excepting as herein modified.

J. GRECCIN, INC.

STATE OF OREGON
County of Yamhill

On this 16th day of July, 1979 personally appeared Danny E. Hoekert who, being duly sworn, did say that he is the President of J. Gregcin, Inc., an Oregon Corporation, and was signed in behalf of said Corporation by authority of board of directors, and acknowledged said instrument to be his voluntary act and deed.

Notary Public for Oregon
My Commission Expires: 7-4-83
DEMANDATION
OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR CHEHALEM TOWNHOUSE HOMES

THIS DECLARATION, made on the date hereinafter set forth
by CHEHALEM TOWNHOUSE HOMES PARTNERSHIP, hereinafter referred
to as "Declarant."

WITNESSETH:

WHEREAS, Declarant is the owner of certain property in
Newberg, County of Yamhill, State of Oregon, which is more
particularly described as:

Lot 18, Block 14, SPRING MEADOW SUBDIVISION
STAGE 2, in the City of Newberg, Yamhill
County, Oregon,

Subject to the following encumbrances:

1. Utility easement, 10 feet in
width as disclosed by the recorded plat of
Spring Meadow Subdivision Stage 2.

2. Covenants and Restrictions,
including the terms and provisions thereof,
as set forth in instrument recorded June 30,
1977, in Film Volume 121, page 744, Deed
and Mortgage Records.

3. Addendum to Covenants and Restrictions,
including the terms and provisions thereof,
as set forth in instrument recorded July 19,
1979, in Film Volume 142, page 33, Deed and
Mortgage Records.

4. Conditions, as set forth in instru-
ment recorded March 19, 1979, in Film
Volume 138, page 215, Deed and Mortgage
Records.

5. Declaration, Bylaws, Articles of
incorporation and other townhouse documents.

NOW THEREFORE, Declarant hereby declares that all of the
properties described above shall be held, sold and conveyed sub-
ject to the following easements, restrictions, covenants, and
conditions, which are for the purpose of protecting the value
and desirability of, and which shall run with, the real property
and be binding on all parties having any right, title or interest
in the described properties or any part thereof, their heirs,
successors and assigns, and shall inure to the benefit of each
owner thereof.

ARTICLE I
DEFINITIONS

Section 1. "Association" shall mean and refer to Chehalem
townhouse Association, its successors and assigns.

Section 2. "Owner" shall mean and refer to the record owner,
whether one or more persons or entities, of a fee simple title to
any Lot which is a part of the Properties, including contract sel-
lers, but excluding those having such interest merely as security
for the performance of an obligation.

Section 3. "Properties" shall mean and refer to that certain
real property hereinbefore described, and such additions thereto
as may hereafter be brought within the jurisdiction of the Association.

Section 4. "Common Area" shall mean all real property (includ-
ing the improvements thereto) owned by the Association for the
common use and enjoyment of the owners. The Common Area to be
owned by the Association at the time of the conveyance of the
first lot is described as follows:

All land in Lot 18 Block 14 of Spring Meadow
Subdivision Stage II, except Lots 1 through
28 of the Chehalem Townhouse Homes Plat, sub-
ject to and together with all easements of
record, and including,

all pathways, driveways, fences, grounds,
undesignated parking spaces, 28 designated
carports, and the outdoor lighting system situ-
ated thereon, in the City of Newberg, County
of Yamhill, State of Oregon.

Section 5. "Lot" shall mean and refer to any plot of land
shown upon any recorded subdivision map of the Properties with
the exception of the Common Area.

Section 6. "Declarant" shall mean and refer to Chehalem
townhouse Homes Partnership, its successors and assigns if such
successors or assigns should acquire more than one undeveloped
Lot from the Declarant for the purpose of development.

2 - DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
ARTICLE II
PROPERTY RIGHTS

Section 1. Owners' Easements of Enjoyment. Every owner shall have a right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Lot, subject to the following:

(a) the right of the Association to charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Area;

(b) the right of the Association to suspend the voting rights and right to use of the recreational facilities by an owner for any period during which any assessment against his Lot remains unpaid; and for a period not to exceed 60 days for any infraction of its published rules and regulations;

(c) the right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless an instrument agreeing to such dedication or transfer signed by two-thirds of each class of members has been recorded;

(d) the right of individual owners to the exclusive use of one covered vehicle parking space as provided in this article;

(e) the provisions of the Declaration, Bylaws, and Articles of Incorporation of the Association.

Section 2. Delegation of Use. Any owner may delegate, in accordance with the Bylaws, his right of enjoyment to the Common Area and facilities to the members of his family, his tenants, or contract purchasers who reside on his property.

Section 3. Parking Rights. Ownership of each lot shall entitle the owner or owners thereof to the exclusive use of one covered vehicle parking space, which shall be as near and convenient to said lot as reasonably possible with the right of ingress
and egress in and upon said parking area. The Association shall permanently assign one such space for each lot.

ARTICLE III
USE OF THE PROPERTIES

Section 1. Use of Lots; Leases. All Lots shall be used for residential purposes only. No owner shall be permitted to lease the dwelling on the Lot for hotel or transient purposes, nor to lease less than the entire dwelling. Any lease agreement shall provide that the terms of the lease shall be subject in all respects to the provisions of the Declaration, Bylaws, and Articles of Incorporation and that any failure by the lessee to comply with the terms of such documents shall be a default under the lease. All leases shall be in writing.

Section 2. Rules of Conduct. The following rules and restrictions are in addition to all other restrictions and requirements contained in the Declaration and the Bylaws. Failure by an owner (his family, invitees, or lessees) to comply with these rules of conduct and restrictions contained in the Declaration, Bylaws, or others promulgated by the Board of Directors will be cause for which the Board of Directors may suspend such owner's right to use any Common Area facility with respect to which such owner otherwise had a right of use for a period not to exceed 60 days, in addition to all other actions which the Board of Directors may take against such owner.

(a) Without prior written approval of the Board of Directors, no advertisements, posters, or signs of any kind shall be displayed to public view on or from any Lot or the Common Area except signs used by the Declarant to advertise Lots for sale or lease.

(b) Residents shall exercise extreme care about creating disturbances, making noises, or using musical instruments, radios, television, and amplifiers that may disturb other residents.

(c) No animals or fowls shall be raised, kept or permitted within the properties, except domestic dogs, cats, or
other household pets kept within a Lot. No animals of any kind shall be kept, bred or raised for commercial purposes or in unreasonable numbers. Those Lot owners keeping pets will abide by municipal sanitary regulations, leash laws, and rules or regulations promulgated by the Board of Directors. A Lot owner may be required to remove a pet after receipt of two notices in writing from the Board of Directors of violations of any such laws, rules or regulations governing pets.

(d) It is prohibited to hang garments, rugs, and similar items from the windows or from any of the facades, decks, or terraces on any part of the Properties. It is prohibited to hang or shake dust rags, mops, and similar items from the windows, or to clean such items by beating them on an exterior part of the buildings on the Properties.

(e) No garbage, trash or other waste shall be deposited or maintained on any part of the Properties except in areas or containers designated for such items.

(f) No owner, resident, or lessee shall install television antenna, machines or air conditioning units, or similar devices on his Lot or cause them to protrude through the walls or the roof of the dwelling thereon except as authorized by the Board of Directors. No exterior window guards, awnings, or shades, or exterior lights or noise making devices shall be installed without the prior consent of the Board of Directors.

(g) In order to preserve the attractive appearance of the Properties, the Board of Directors or the manager may regulate the nature of items which may be placed in or on windows, decks, patios, and the outside walls so as to be visible from other Lots, or the Common Area. All such items shall be maintained in a neat, clean and sanitary manner by the Lot owner.

(h) The parking spaces are intended for use of automobiles of owners and guests. The Board of Directors may make
such rules necessary to govern the use of any Common Area parking area including assigned and unassigned spaces by which all owners and other users shall be bound.

(i) Vehicular traffic on the streets and drives within the Properties shall be limited to five (5) miles per hour as a safety precaution. This speed limit shall apply to bicycles, motor scooters, motorcycles, automobiles, and trucks.

(j) No house trailers, motorhomes, pickup campers, mobile homes, or like recreational vehicles shall be used for residential purposes, nor stored on the Common Area, or on any roadways or other ways of egress or entry thereto. The restrictions herein do not apply to the parking of pickup campers, trailers, motorhomes, or other such recreational vehicles for a reasonable period by visiting guests of the Lot owners.

(k) No commercial activities of any kind shall be carried on in any Lot or in any other portion of the Properties without the consent of the Board of Directors or manager, except activities relating to the rental or sale of Lots. This provision, however, shall not be construed so as to prevent or prohibit a Lot owner from maintaining his professional personal library, keeping his personal business or professional records or accounts, handling his personal business or professional telephone calls, or conferring with business or professional associates, clients or customers, in his Lot.

(l) Each owner shall promptly, at all times maintain and repair his Lot and dwelling thereon, except to the extent the responsibility for such maintenance and repair is undertaken by the Association pursuant to Article VI of this Declaration.

(m) In addition, the Board of Directors from time to time may adopt, modify, or revoke such rules and regulations
governing the conduct of persons and the operation and use of Common Area as it may deem necessary or appropriate in order to assure the peaceful and orderly use and enjoyment of the Properties. Such action may be modified by vote of not less than two-thirds (2/3) of each class of members voting in person or by proxy, at a meeting duly called for this purpose. A copy of the rules and regulations, upon adoption, and a copy of each amendment, modification or revocation thereof, shall be delivered by the Secretary promptly to each Lot owner and shall be binding upon all Lot owners and occupants of all Lots from the date of delivery.

Section 3. Abatement and Enjoining of Violations. The violation of any rule or regulation adopted hereunder or the breach of any Bylaw or of any provision of the Declaration shall give the Board of Directors, acting on behalf of the Association, the right, in addition to any other rights set forth by the Declaration or Bylaws:

(a) to enter the Lot in which or as to which such violation exists and to summarily abate and remove, at the expense of the defaulting Lot owner, any structure, thing, or condition that may exist therein contrary to the intent and meaning of the provisions hereof, and the Board of Directors shall not thereby be deemed guilty of any manner of trespass; or

(b) to enjoin, abate, or remedy such thing or condition, by appropriate legal proceedings.

In addition, any aggrieved Lot owner may bring an action to recover damages or to enjoin, abate, or remedy such thing or condition by appropriate legal proceedings.

ARTICLE IV
MEMBERSHIP AND VOTING RIGHTS

Section 1. Every owner of a lot which is subject to assessment shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.
Section 2. The Association shall have two classes of voting membership.

Class A. Class A members shall be all Owners, with the exception of the Declarant, 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 determine, but in no event shall more than one vote be cast with respect to any Lot.

Class B. The Class B member(s) 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 the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership, or

(b) on __________ January 2, 1983.

ARTICLE V
COVENANT FOR MAINTENANCE ASSESSMENTS
Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned within the Properties, hereby covenants, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges, and (2) special assessments, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs, and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs, and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment...
fell due. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the residents in the Properties and for the improvement and maintenance of the Common Area and of the homes situated on the property, and to pay the common expenses of the Association. Common expenses shall include:

(a) Expenses of administration.
(b) Expenses of maintenance, repair or replacement of Common Area, and improvements thereon.
(c) Expenses of exterior maintenance of each lot as provided herein.
(d) Cost of insurance or bonds obtained in accordance with the Bylaws.
(e) Costs of funding reserves, if any.
(f) Any deficit in common expenses for any prior period.
(g) Utilities for the Common Area and other utilities with a common meter or commonly billed to the Association.
(h) Any other items properly chargeable as an expense of the Association.
(i) Any other items agreed upon as common expenses by all Lot owners.

Section 3. Maximum Annual Assessment. Until January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment shall be THREE HUNDRED SIXTY Dollars ($360.00) per Lot.

(a) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased each year not more than 10% above the maximum assessment for the previous year without a vote of the membership.

(b) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the
maximum annual assessment may be increased above 10% by a vote of two-thirds (2/3rds) of each class of members who are voting in person or by proxy, at a meeting duly called for this purpose.

(c) The Board of Directors may fix the annual assessment at an amount not in excess of the maximum.

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3rds) of the votes of each class of members who are voting in person or by proxy at a meeting duly called for this purpose.

Section 5. Notice and Quorum for Any Action Authorized Under Sections 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or 4 shall be sent to all members not less than 30 days nor more than 60 days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast sixty percent (60%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than 60 days following the preceding meeting.

Section 6. Special Initial Assessment. At the time of closing of the initial sale of each Lot, the purchaser shall make a non-refundable payment equal to two months' assessment for the Lot as a special assessment. Said assessment shall be used to
purchase supplies and equipment as needed to administer the Association and maintain the Properties.

Section 7. Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all Lots and may be collected on a monthly basis.

Section 8. Date of Commencement of Annual Assessments:

Due Dates. The annual assessments provided for herein shall commence as to all Lots on the first day of the month following the conveyance of the Common Area. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors.

The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a Lot is binding upon the Association as of the date of its issuance.

Section 9. Effect of Nonpayment of Assessments; Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of 10 percent per annum on such common expenses together with all expenses, including attorney's fees incurred by the Association in collecting such unpaid expenses. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the property. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot.

Section 10. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate
to the lien of any first mortgage. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer, and such unpaid expenses or assessments shall be deemed an Association expense. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

Junior Lien holders or purchasers under them who acquire title to a unit as a result of foreclosure of such junior lien shall take title subject to the lien of any unpaid expenses.

ARTICLE VI

EXTERIOR MAINTENANCE

In addition to maintenance upon the Common Area, the Association shall provide exterior maintenance upon each Lot which is subject to assessment hereunder, as follows: paint, repair, replacement and care of roofs, gutters, downspouts, exterior building surfaces, trees, shrubs, grass, walks, and other exterior improvements. Such exterior maintenance shall not include glass surfaces.

In the event that the need for maintenance or repair of a Lot or the improvements thereon is caused through the willful or negligent acts of its owner, or through the willful or negligent acts of the family, guests or invitees of the owner of the Lot needing such maintenance or repair, the cost of such exterior maintenance shall be added to and become part of the assessment to which such Lot is subject.

ARTICLE VII

PARTY WALLS AND RELATED EASEMENTS

Section 1. General Rules of Law to Apply. Each wall which is built as a part of the original construction of the residential units upon the Properties and placed along the dividing line between the residential units shall constitute a party wall, and,
to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

As a permanent easement running with, and appurtenant to, the residential unit of which it is a part, and not limited in personam to the Owner thereof, each residential unit shall have the right to enjoy in common with the adjacent property and its Owner, such portion of any party wall as shall be located on property adjacent to the residential unit for purposes of support, and the adjacent residential unit shall be subject and servient to such easement.

Section 2. Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of the portion of a party wall not exposed to the weather shall be borne by the Owner in whose residential unit the party wall is exposed.

Section 3. Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, any Owner who has used the wall may restore it, and if the other Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however, to the right of any such Owners to call for a larger contribution from the other under any rule of law regarding liability for negligent or willful acts or omissions.

Section 4. Weatherproofing. Notwithstanding any other provisions of this Article, an Owner who by his negligent or willful act causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

Section 5. Right to Contribution Runs with Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

Section 6. Arbitration. In the event of any dispute arising concerning a party wall, or under the provisions of this
Article, each party shall choose one arbitrator, and such arbitrators shall choose one additional arbitrator, and the decision shall be a majority of all the arbitrators, and such decision shall be binding on all parties concerned.

ARTICLE VIII
ARCHITECTURAL CONTROL

No building, fence, wall or other structure shall be commenced, erected or maintained upon the Properties, nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials, and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors of the Association, or by an architectural committee composed of three (3) or more representatives appointed by the Board. In the event said Board, or its designated committee, fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with.

ARTICLE IX
RIGHT OF ENTRY, EASEMENTS

Section 1. Emergency Entry. In case of an emergency originating in or threatening his Lot or other portions of the Properties, an owner hereby grants the right of entry to the management agent or to any other person authorized by the Board of Directors or the Association, whether or not the owner is present at the time.

Section 2. Easements.

(a) An easement is reserved to the Association in and through any Lot and the Common Area providing access at reasonable times and with reasonable notice for purposes of maintenance, repair, and replacement of the Common Area.

(b) Developer and its agents, successors and assigns shall have an easement over and upon the Common Area as may
be reasonably necessary for the purpose of completing construction and landscaping, making repairs to existing structures, and carrying out sales and rentals of Lots, including, without limitation, the right to use the Lots owned by Developer as model Lots and the right to use a Lot as a sales office.

ARTICLE X

GENERAL PROVISIONS

Section 1. Enforcement. The Association, or any Owner, 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.

Section 2. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no wise affect any other provisions which shall remain in full force and effect.

Section 3. Amendment. The covenants and restrictions of this Declaration shall run with and bind the land, for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended during the first twenty (20) year period by an instrument signed by not less than ninety percent (90%) of the Lot Owners, and thereafter by an instrument signed by not less than seventy-five percent (75%) of the Lot Owners. Any amendment must be recorded.

Section 4. Annexation. Additional residential property and Common Area may be annexed to the Properties with the consent of two-thirds (2/3rds) of each class of members.

Section 5. 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: Annexation of additional properties, dedication of Common Area, and amendment of this Declaration of Covenants, Conditions and Restrictions.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has hereunto set its hand and seal this 5th day of November, 1980.

OR-AK CORPORATION
Declarant

By: 
President

STATE OF OREGON,
County of Yamhill

BE IT REMEMBERED, That on this 5th day of November, 1980, before me, the undersigned, a Notary Public in and for said County and State, personally appeared the within named GORDON HOBBES, president of OR-AK CORPORATION, an Oregon corporation 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 4/27/82.
BYLAWS
OF
CHEALEM TOWNHOUSE HOMES
ASSOCIATION

ARTICLE I
NAME AND LOCATION

The name of the corporation is CHEALEM TOWNHOUSE HOMES
ASSOCIATION, hereinafter referred to as the "Association." The
principal office of the corporation shall be located at such
address as may be designated by the Board of Directors from
time to time, but meetings of members and directors may be held
at such places within the State of Oregon, County of Yamhill,
as may be designated by the Board of Directors.

ARTICLE II
DEFINITIONS

Section 1. "Association" shall mean and refer to the
Chealem Townhouse Homes Association, its successors and assigns.

Section 2. "Properties" shall mean and refer to that
certain real property described in the Declaration of Covenants,
Conditions and Restrictions, and such additions thereto as may
hereafter be brought within the jurisdiction of the Association.

Section 3. "Common Area" shall mean all real property
owned by the Association for the common use and enjoyment of
the Owners.

Section 4. "Lot" shall mean and refer to any plot of land
shown upon any recorded subdivision map of the Properties with
exception of the Common Area.

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

Section 6. "Declarant" shall mean and refer to Chealem
Townhouse Homes Partnership, its successors and assigns if such
successors or assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development.

Section 7. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the Properties recorded in the Office of the Records of Yamhill County.

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

ARTICLE III
MEETING OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the members shall be held within one year from the date of incorporation of the Association, and each subsequent regular annual meeting of the members shall be held on the same day of the same month of each year thereafter, at the hour of seven o'clock, P.M. If the day for the annual meeting of the members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the members may be called at any time by the president or by the Board of Directors, or upon written request of the members who are entitled to vote one-fourth (1/4) of all of the votes of the Class A membership.

Section 3. Notice of Meetings. Written notice of each meeting of the members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least 15 days before such meeting to each member entitled to vote thereat, addressed to the member's address last appearing on the books of the Association, or supplied by such member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

Section 4. Quorum. The presence at the meeting of members entitled to cast, or of proxies entitled to cast, one-tenth
(1/10) of the votes of each class of membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 5. Proxies. At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his Lot.

Section 6. Fiduciaries. An executor, administrator, guardian or trustee may vote, in person or by proxy, at any meeting of the Association with respect to any Lot owned or held by them in such capacity, whether or not the same shall have been transferred to his name; provided, that he shall satisfy the Secretary that he is the executor, administrator, guardian or trustee, holding such Lot in such capacity.

Section 7. Order of Business. The order of business at all meetings of members shall be as follows:

(a) Roll Call.
(b) Proof of notice of meeting or waiver of notice.
(c) Reading of minutes of the preceding meeting.
(d) Reports of officers.
(e) Reports of committees, if any.
(f) Election of directors.
(g) Unfinished business.
(h) New business.
(i) Adjournment.

ARTICLE IV
BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE

Section 1. Number. The affairs of this Association shall be managed by a Board of five (5) directors, who need not be
members of the Association. The Declarant shall appoint an interim board of five directors who shall serve until replaced by the Declarant or until their successors have been elected by the Class A and B members as hereinafter provided.

Section 2. Term of Office. At the first annual meeting the members shall elect one director for a term of one year, two directors for a term of two years and two directors for a term of three years; and at each annual meeting thereafter the members shall elect directors for a term of three years.

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

Section 4. Compensation. No director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 5. Action Taken Without a Meeting. The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

ARTICLE V

NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the members, to serve from the close of such
annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among members or non-members.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot. At such election the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VI
MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held monthly without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the president of the Association, or by any two directors, after not less than three (3) days notice to each director.

Section 3. Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE VII
POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have power to:
(a) adopt and publish rules and regulations governing
the use of the Common Area and facilities, and the personal
conduct of the members and their guests thereon, and to
establish penalties for the infraction thereof;

(b) suspend the voting rights and right to use of
the recreational facilities of a member during any period
in which such member shall be in default in the payment of
any assessment levied by the Association. Such rights may
also be suspended after notice and hearing, for a period
not to exceed 60 days for infraction of published rules
and regulations;

(c) exercise for the Association all powers, duties
and authority vested in or delegated to this Association
and not reserved to the membership by other provisions of
these Bylaws, the Articles of Incorporation, or the Declaration;

(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 a manager, an independent contractor, or
such other employees as they deem necessary, and to prescribe
their duties;

(f) making additions and improvements to, or alterations
of, the Common Area; provided, however, that no such
project may be undertaken by the Board if the total cost
will exceed the amount of $2,500 unless the project has
been approved by at least seventy-five percent (75%) of
the Lot owners. This limitation shall not be applicable
to repairs or maintenance;

(g) executing, acknowledging, delivering and recording
on behalf of the Lot owners easements, rights of ways,
licenses and other similar interest affecting the Common
Area; provided, however, that the granting of any such
interest shall be first approved by at least two-thirds
(2/3) of each class of members. The instrument granting
such an interest shall be executed by the President and Secretary, shall be appropriately acknowledged, and shall state that such grant was approved by at least two-thirds (2/3) of each class of members.

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

(a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members, or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the Class A members who are entitled to vote;

(b) supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;

(c) as more fully provided in the Declaration, to:

(1) fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period;

(2) send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period; and

(3) foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date or to bring an action at law against the owner personally obligated to pay the same.

(d) 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. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;
(e) procure and maintain adequate liability and hazard insurance on property owned by the Association;

(f) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;

(g) cause the Common Area to be maintained;

(h) cause the exterior of the dwellings and Lots to be maintained;

(i) open bank accounts on behalf of the Association and designate the signatories required therefor.

ARTICLE VIII
OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The officers of this Association shall be a president and vice-president, who shall at all times be members of the Board of Directors, a secretary, and a treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the members.

Section 3. Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time 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.

Section 6. 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.

Section 7. Multiple Officers. The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Duties. The duties of the officers are as follows:

(a) President. The president shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes.

(b) Vice-President. The vice-president shall act in the place and stead of the president in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

(c) Secretary. The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; serve notice of meetings of the Board and of the members; keep appropriate current records showing the members of the Association together with their addresses, and shall perform such other duties as required by the Board.

(d) Treasurer. The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all
checks and promissory notes of the Association; keep proper books of account; cause an annual audit of the Association books to be made by a public accountant at 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 IX

COMMITTEES

The Board of Directors shall appoint an Architectural Control Committee, as provided in the Declaration. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose.

ARTICLE X

BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any member. The Declaration, the Articles of Incorporation and the Bylaws of the Association shall be available for inspection by any member at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE XI

ASSESSMENTS

As more fully provided in the Declaration, each member is obligated to pay to the Association annual and 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 10 percent (10%) per annum, and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien 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 waiver
or otherwise escape liability for the assessments provided for
herein by non-use of the Common Area or abandonment of his Lot.

ARTICLE XII
CORPORATE SEAL
The Association shall have no seal.

ARTICLE XIII
AMENDMENTS
Section 1. These Bylaws may be amended, at a regular or
special meeting of the members, by a vote of a majority of a
quorum of members present in person or by proxy, except that
the Federal Housing Administration or the Veterans Administration
shall have the right to veto amendments while there is Class B
membership.

Section 2. In the case of any conflict between the Articles
of Incorporation and these Bylaws, the Articles shall control;
and in the case of any conflict between the Declaration and
these Bylaws, the Declaration shall control.

ARTICLE XIV
MISCELLANEOUS
The fiscal year of the Association shall begin on the
first day of January and end on the 31st day of December of
every year, except that the first fiscal year shall begin on
the date of incorporation.

IN WITNESS WHEREOF, we, being all of the directors of the
CHEHALEM TOWNHOUSE HOMES ASSOCIATION, have hereunto set our
hands this 31st day of March 1983.

[Signatures]

CERTIFICATION
I, the undersigned, do hereby certify:

THAT I am the duly elected and acting secretary of the
Chehalem Townhouse Homes Association, an Oregon corporation,
and,
THAT the foregoing Bylaws constitute the original Bylaws of said Association, as duly adopted at a meeting of the Board of Directors thereof, held on the 31st day of March, 1981.

[Signature]
Secretary

STATE OF OREGON

COUNTY OF YAMHILL

JSS.

The foregoing instrument was acknowledged before me this 9th day of April, 1981 by Gordon Hobbs, Secretary of the Chehalem Townhouse Homes Association, a corporation, on behalf of the corporation.

[Signature]
MARY PAOLA
NOTARY PUBLIC OREGON
My Commission Expires 10/23/83
Notary Public for Oregon

[Stamp]
City of Newberg, Yamhill County, Oregon

Resolution No. 13-01, adopted on the 13th day of June, 2013, by the Council of the City of Newberg, Yamhill County, Oregon, hereby approve the plat of Spring Meadow Subdivision Stage 2.

CHEHALIS TOWNHOUSE HOMES