DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS
FOR MEADOWS OAK

THIS DECLARATION is made this 25 day of MARCH, 2005 by MEADOWS OAK, LLC, an Oregon limited liability company ("Declarant").

RECATALS

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

B. Declarant desires to subject the property described in such plat to the conditions, restrictions and charges set forth in this instrument for the benefit of such property, and its present and subsequent owners, and to establish such property under the Oregon Planned Community Act, ORS 94.550 to 94.783, as a planned development to be known as "Meadows Oak.”

NOW, THEREFORE, Declarant hereby declares that the property described in Section 2.1 below shall be held, sold and conveyed subject to the following easements, covenants, restrictions and charges, which shall run with such property and shall be binding upon all parties having or acquiring any right, title or interest in such property or any part thereof and shall inure to the benefit of each owner thereof.

ARTICLE 1
DEFINITIONS

As used in this Declaration, the terms set forth below shall have the following meanings:

1.1 "Age-Qualified Occupant": Any Person (a) 55 years of age or older who owns and occupies a Living Unit and was the original purchaser of the Living Unit from the Declarant; or (b) 55 years of age or older who occupies a Living Unit.

1.2 "Architectural Review Committee" or "the Committee" means the committee appointed pursuant to Article 7 below.

1.3 "Assessments" means all assessments and other charges, fines and fees imposed by the Association on an Owner in accordance with this Declaration, the Bylaws of the Association or the provisions of the Oregon Planned Community Act, including, without limitation, Annual Assessments, Special Assessments, Emergency Assessments, Limited Common Area Assessments and Individual Assessments as described in Article 10 below.

1.4 "Association" means the nonprofit corporation to be formed to serve as the owners association as provided in Article 8 below, and its successors and assigns.

1.5 "Board of Directors" means the duly appointed or elected board of directors of the Association, which is invested with the authority to operate the Association and to appoint the officers of the Association. Prior to the turnover meeting described in Section 8.7, Declarant will appoint the Board of Directors. After the turnover meeting, the Board of Directors will be elected by the Owners.

1.6 "Common Areas" means those lots or tracts designated as such on any plat of the Property, or in this Declaration, including any improvements thereon, and shall also include Limited Common Areas and any Lots converted to Common Areas as provided in Section 3.2 below.

1.7 "Declarant" means Meadows Oak, LLC, an Oregon limited liability company, and its successors and assigns if such successor or assignee should acquire Declarant's interest in the remainder of the proposed
project site, or less than all of such property if a recorded instrument executed by Declarant assigns to the transferee all of Declarant's rights under this Declaration.

1.8 "Design Guidelines" means the guidelines adopted from time to time by the Architectural Review Committee pursuant to Article 7 below.

1.9 "Improvement" means every structure or improvement of any kind, including but not limited to a fence, wall, driveway, swimming pool, storage shelter, well house, water reservoir, mailbox and newspaper receptacles, landscaping or other product of construction efforts on or in respect to the Property.

1.10 "Limited Common Areas" means those Common Areas established for the exclusive use or enjoyment of certain Lots as designated in this Declaration.

1.11 "Living Unit" means a building or a portion of a building located upon a Lot within the Property and designated for separate residential occupancy.

1.12 "Lot" means a platted or partitioned lot within the Property, with the exception of any lot marked on a plat of the Property as being common or open space or so designated in this Declaration. Lot does not include Common Areas or Public Areas.

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

1.14 "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.

1.15 "Meadows Oak" means the real property described in Section 2.1 below.

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

1.17 "Qualified Occupant": Any of the following Persons occupying a Living Unit:

(a) any Age-Qualified Occupant;

(b) any children of an Age-Qualified Occupant;

(c) any person whose legal guardian is the Age-Qualified Occupant.

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

1.19 "The Property" means Meadows Oak.

1.20 "This Declaration" means all of the easements, covenants, restrictions and charges set forth in this instrument, 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.
ARTICLE 2
PROPERTY SUBJECT TO THIS DECLARATION

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

All real property within that certain plat entitled "Meadows Oak," filed in the plat records of Yamhill County, Oregon, in Book ______ at Page ______ of Plat Records.

2.2 Improvements. Declarant does not agree to build any Improvements on the Property other than as required by Yamhill County and The City of Newberg, but may elect, at Declarant's option, to build additional Improvements.

2.3 Withdrawal of Property. Declarant may withdraw property from Meadows Oak only by duly adopted amendment to this Declaration, except that Declarant may withdraw all or a portion of the Property at any time prior to the sale of the first Lot in the plat of the Property, subject to the prior approval of Yamhill County and the City of Newberg. Such withdrawal shall be by a declaration executed by Declarant and recorded in the deed records of Yamhill County, Oregon. If a portion of the Property is so withdrawn, all voting rights otherwise allocated to Lots being withdrawn shall be eliminated, and the common expenses shall be reallocated among the remaining Lots.

ARTICLE 3
LAND CLASSIFICATIONS

3.1 Land Classifications. All land within the Property is included in one or another of the following classifications:

(a) Lots, which shall consist of Lots 1 through 55 of the plat of the Property.

(b) Common Areas, which shall be the areas marked as Tracts A and B.

(c) Public Area, which shall be Meadows Oak Park as shown on the plat of the Property.

3.2 Conversion of Lots to Common Areas. Declarant may elect to build common facilities on one or more Lots and designate such Lots as Common Areas by a declaration recorded in the deed records of Washington County, Oregon. Such declaration shall be executed by Declarant, as owner of the Lots.

ARTICLE 4
PROPERTY RIGHTS IN COMMON AREAS

4.1 Owners' Easements of Enjoyment. Subject to provisions of this Article, every Owner and his invitees shall have a right and easement of enjoyment in and to the Common Areas, which easement shall be appurtenant to and shall pass with the title to every Lot. The use of Limited Common Areas, however, shall be limited to the Owners and invitees of the Lots designated in the declaration establishing the Limited Common Area.

4.2 Title to Common Areas. Title to the Common Areas shall be conveyed to the Association by Declarant, free and clear of monetary liens, prior to the date on which Declarant has sold and conveyed 40 Lots to Owners other than a successor Declarant.

4.3 Extent of Owners' 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) Association 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 for construction, maintenance, repair and use of Common Areas, including common facilities thereon.

(iii) An easement for the purpose of making repairs to any existing structures on Common Areas.

(b) Public and Utility Easements. Declarant or the Association may (and, to the extent required by law, shall) grant or assign such easements to municipalities or other utilities performing utility services and to communication companies, and the Association may grant free access thereon to police, fire and other public officials and to employees of utility companies and communications companies serving the Property.

(c) Use of the Common Areas. The Common Areas shall not be partitioned or otherwise divided into parcels for residential use, and no private structure of any type shall be constructed on the Common Areas. Except as otherwise provided in this Declaration, the Common Areas shall be reserved for the use and enjoyment of all Owners and no private use may be made of the Common Areas. Nothing herein shall prevent the placing of entry monuments or signs upon the Common Areas identifying the Property or identifying pathways or items of interest, signs restricting certain uses or warning signs, provided such signs are approved by the Architectural Review Committee. 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.

(d) Alienation of the Common Areas. The Association may 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 50 percent of the Class A Association voting rights and the Class B member (as defined in Section 6.3 below), if any, have given their prior written approval and unless approved by The City of Newberg. This provision shall not apply to the easements described in Section 4.3(a) above. The Association, upon approval in writing of at least 50 percent of the Class A Association voting rights and the Class B member, if any, and if approved by order or resolution of the City of Newberg, may dedicate or convey any portion of the Common Areas to a park district or other public body.

(e) Limitations 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 to the extent provided in Article 11 below.

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

4.4 Delegation of Use. Any Owner may delegate, in accordance with the Bylaws of the Association, his right of enjoyment of the Common Areas to the family members, tenants, invitees and guests, whose use shall be subject to this Declaration and Rules and Regulations adopted under this Declaration.

4.5 Easements Reserved by Declarant. So long as 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 the Property 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 and future phases of the Property. Declarant, for itself and its successors and assigns, hereby retains a right and easement of ingress and egress over, in, upon, under and across the Common Areas and the right to store materials thereon and to make such other use thereof
as may be reasonably necessary or incident to the construction of the Improvements on the Property or other real property owned by Declarant; provided, however, that no such rights shall be exercised by Declarant in such a way as to unreasonably interfere with the occupancy, use, enjoyment or access to an Owner's Lot by that Owner or his family, tenants, employees, guests or invitees.

ARTICLE 5
PROPERTY RIGHTS IN LOTS

5.1 Use and Occupancy. The Owner of a Lot in the Property shall be entitled to the exclusive use and benefit of such Lot, except as otherwise expressly provided in this Declaration, but the Lot shall be bound by and each Owner and the Declarant shall comply with the restrictions contained in Article 6 below and all other provisions of this Declaration and the provisions of any supplement or amendment to this Declaration.

5.2 Age Restriction. Meadows Oak is intended to provide housing primarily for persons 55 years and older. The Properties shall be operated as an age restricted community in compliance with all applicable State and Federal laws. Living Units shall be occupied by at least one Person 55 years of age or older; provided, once a Living Unit is occupied by an Age-Qualified Occupant, other Qualified Occupants of that Living Unit may continue to occupy that Living Unit, regardless of the termination of the Age-Qualified Occupant's occupancy, if at least 80% of the Living Units within the Properties are occupied at least one Person 55 years of age or older. In any event, at all times, at least 80% of the Dwelling Units within the Properties shall be occupied by at least one person 55 years of age or older. The Board may establish policies and procedures from time to time as necessary to maintain its status as an age restricted community under State and Federal laws. The Board shall have the power and authority to enforce this Section 5.2 by any legal or equitable means available, as the Board deems appropriate.

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

(a) Adjacent Common Area. The Owner of any Lot which blends together visually with any Common Area shall, if the Association elects from time to time to so require, permit the Association to enter upon the Lot to perform the maintenance of such Common Area.

(b) Right of Entry. Declarant, the Architectural Review Committee and any representative of the Association authorized by it may at any reasonable time, and from time to time at reasonable intervals, enter upon any Lot for the purpose of determining whether or not the use and/or improvements of such Lot are 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.

(c) Utility Easements. Easements for installation and maintenance of utilities and drainage facilities may be reserved over portions of certain Lots, as shown on any recorded plat. Within the easements, the Architectural Review Committee will not permit any structure, planting or other material to be placed or permitted to remain on the easement area which may damage or interfere with the installation or maintenance of utilities, or which may change the direction of flow of drainage channels in the easements, or which may obstruct or retard the flow of water through drainage channels in the easements. The easement area of each Lot and all improvements in it shall be maintained continuously by the Owner of the Lot, except for those improvements for which a public authority or utility company is responsible, which will be maintained by the Association.

5.4 Storm Water Detention Facility. The Storm Water Detention facility is described on the subdivision plat map as Tract "B"

(a) Tract "B" shall be owned by the Declarant, their heirs or assigns.

(b) A Storm Water Detention facility is constructed on Tract "B"

(c) Tract "B" is subject to a storm water easement to the City of Newberg for storm water treatment, detention and disposal.
(d) The landscaping of Tract “B” shall be maintained by the “Meadows Oak” Owners Association. Maintenance activities include:

1. Removal of litter and debris at a frequency that is sufficient to ensure that the outlet and overflow grates remain clear and the overall site is clean and presentable.


3. Maintenance of vegetation in the detention facility. The Facility is to be kept vegetated.

4. An operations and maintenance report shall be submitted to the City of Newberg by December 31 of each year to certify how and what the association has accomplished with the facility.

(e) The City of Newberg is responsible any repair or modification required to maintain the overall hydraulic and operational effectiveness of the facility.

ARTICLE 6
GENERAL USE RESTRICTIONS

6.1 Structures Permitted. No structures shall be erected or permitted to remain on any Lot except structures containing a single detached Living Unit and structures normally accessory thereto, all of which shall have first been approved by the Architectural Review Committee pursuant to Article 7 below. Such provision shall not exclude construction of a private greenhouse, or private swimming pool, provided the location of such structure is in conformity with the applicable City of Newberg County regulations, is compatible in design and decoration with the dwelling structure constructed on such Lot, and has been approved by the Architectural Review Committee. The Living Unit, exclusive of garage, shall contain a minimum of 1500 square feet.

6.2 Residential Use. Lots shall only be used for residential purposes. Except with the consent of the Board of Directors of the Association, no trade, craft, business, profession, commercial or similar activity of any kind shall be conducted on any Lot, nor shall any goods, equipment, vehicles, materials or supplies used in connection with any trade, service or business be kept or stored on any such Lot. The mere parking on a Lot of a vehicle bearing the name of a business shall not, in itself, constitute a violation of this provision. Nothing in this paragraph shall be deemed to prohibit (a) activities relating to the rental or sale of Living Units, (b) the right of Declarant or any contractor or homebuilder to construct Living Units on any Lot, to store construction materials and equipment on such Lots in the normal course of construction, and to use any Living Unit as a sales or rental office or model home for purposes of sales or rental in Meadows Oak, and (c) the right of the Owner of a Lot to maintain his professional personal library, keep his personal business or professional records or accounts, handle his personal business or professional telephone calls or confer with business or professional associates, clients or customers, In his Living Unit. The Board of Directors shall not approve commercial activities otherwise prohibited by this paragraph unless the Board of Directors determines that only normal residential activities would be observable outside of the Living Unit and that the activities would not be in violation of applicable City of Newberg ordinances.

6.3 Offensive or Unlawful Activities. No noxious or offensive activities shall be carried on upon the Property, nor shall anything be done or placed on the Property which interferes with or jeopardizes the enjoyment of the Property, or which is a source of annoyance to Owners or occupants. No unlawful use shall be made of the Property nor any part thereof, and all valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction over the Property shall be observed.

6.4 Animals. No animals, livestock or poultry of any kind shall be raised, bred or kept or permitted within any Lot other than a reasonable number of household pets which are not kept, bred or raised for commercial purposes and which are reasonably controlled so as not to be a nuisance. Any inconvenience, damage or unpleasantness caused by such pets shall be the responsibility of their respective owners. No animal shall be permitted to roam the Property unattended, and all dogs shall be kept on a leash while outside a Lot. An
Owner or occupant may be required to remove a pet upon receipt of the third written notice from the Association Board of Directors of violations of any rule, regulation or restriction governing pets within the Property.

6.5 Landscaping. Basic front yard landscaping is provided by builder at time of construction. All significant changes to the basic, original landscaping plans shall be approved by the Architectural Review Committee pursuant to the Design Guidelines in the discretion of the Architectural Review Committee. Landscaping for that portion of the Lot which is visible from the street shall be done by the builder and shall commence within sixty (60) days after final building inspection by the local government jurisdiction, and shall be completed within sixty (60) days after commencement. Landscaping for the balance of the Lot shall be the responsibility of the Owner and shall be completed within six (6) months after final building inspection. This Section 6.5 shall apply to Lots owned by builders with finished Living Units being held for sale, as well as subsequent Owners.

6.6 Tree Cutting Restrictions. No trees of a diameter of six inches or more may be removed from any Lot without the prior approval of the Architectural Review Committee. Provided, however, trees greater than six inches in diameter may be removed without Architectural Review Committee approval when they are diseased or pose an immediate danger to persons or property, or are within a tree’s length of an existing or proposed building. In all instances of tree removal, an Owner shall comply with all governmental regulations, including any approvals from the City of Newberg.

6.7 Maintenance of Structures and Grounds. Each Owner shall maintain the Owner’s Lot and improvements thereon in a clean and attractive condition, in good repair and in such fashion as not to create a fire or other hazard. Such maintenance shall include, without limitation, exterior painting, repair, replacement and care for roofs, gutters, downspouts, exterior building surfaces, walks, lights and perimeter fences and other exterior improvements and glass surfaces, repainting or retaining, any change in type of roof or roof color and any exterior remodeling or changes shall be subject to prior review and approval by the Architectural Review Committee. In addition, while the Homeowner’s Association will contract for the maintenance of front yards, each Owner shall have the final responsibility to keep all sidewalks, shrubs, trees, grass and plantings of every kind on the Owner’s Lot neatly trimmed, properly cultivated and free of trash, weeds and other unsightly material. Damage caused by fire, flood, storm, earthquake, riot, vandalism, or other causes shall likewise be the responsibility of each Owner and shall be restored within a reasonable period of time.

6.8 Parking. Except as may otherwise be provided in the Rules and Regulations of the Association, parking outside of the Owner's garage or private driveway, of boats, trailers, motorcycles, commercial vehicles, mobile homes, campers or other recreational vehicles or equipment, regardless of weight, and parking of any other vehicles with a gross vehicle weight in excess of 9,000 pounds shall not be allowed to remain overnight on any part of the Property, or on public streets within the Property, excepting over-night visitors with recreation vehicles will be allowed on the Living Unit property for a maximum of 72 hours, and excepting only within areas designated for such purposes by the Board of Directors of the Association. Vehicles may not be used for storage of materials for more than forty-eight (48) hours without approval from the Architectural Review Committee. Each Owner shall provide adequate off-street parking on such Owner’s Lot for parking of vehicles owned by such Owner and shall not park the Owner’s vehicles on adjacent roads or streets as a matter of course. Blocking of Common Area roadways is prohibited. Any vehicle parked in violation of this section can be towed or impounded as provided in Section 11.1(c) below.

6.9 Vehicles in Disrepair. No Owner shall permit any vehicle which is in an extreme state of disrepair to be abandoned or to remain parked on the Owner’s Lot unless screened from view or on the Common Area or any street for a period in excess of forty-eight (48) hours. A vehicle shall be deemed in an "extreme state of disrepair" when the Board of Directors reasonably determines that its presence offends the occupants of the area due to its appearance or continued inoperability. 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. Any vehicle parked in violation of this section can be towed or impounded as provided in Section 11.1(c) below.

6.10 Signs. No signs shall be erected or maintained on any Lot except that not more than two "For Sale" or "For Rent" signs placed by the Owner, Declarant or by a licensed real estate agent, not exceeding twenty-four (24) inches high and thirty-six (36) inches long, may be temporarily displayed on any Lot, together with a standard realtor flyer box. The restrictions contained in this paragraph shall not prohibit the temporary
placement of "political" signs on any Lot by the Owner, subject to reasonable regulations adopted by the Architectural Review Committee relating to size and length of display.

6.11 Rubbish and Trash. No part of the Property shall be used as a dumping ground for trash or rubbish of any kind. All garbage and other waste shall be kept in appropriate sanitary containers for proper disposal and out of public view, except during garbage pick up days. Yard rakings, dirt and other material resulting from landscaping work shall not be dumped onto Lots, streets or Common Areas. Should any Owner or occupant responsible for its generation fail to remove any trash, rubbish, garbage, yard rakings or any such materials from any streets or the Property where deposited by such person within ten (10) days following the date on which notice is mailed to the Owner or occupant by the Board of Directors of the Association, the Association may have such materials removed and charge the expense of such removal to the Owner.

6.12 Temporary Structures. No structure of a temporary character, trailer, tent, shack, garage, barn or other outbuildings shall be used on any Lot at any time as a residence either temporarily or permanently.

6.13 Fences and Hedges. No fences or boundary hedges shall be installed without prior approval of the Architectural Review Committee and in accordance with any Design Guidelines adopted by the Committee.

6.14 Service Facilities. Service facilities (trash containers not provided by Newberg Garbage Service, clotheslines, etc.) shall be screened such that the elements screened are not visible at any time from the street or a neighboring property. All telephone, power, natural gas, cable television and other communication lines shall be placed underground, except as otherwise mandated by local jurisdictions or public utility companies.

6.15 Mailboxes. Mailboxes will be gang type supplied and/or approved by the United States Postal Service. No individual mailboxes will be allowed.

6.16 Antennas and Satellite Dishes. Exterior antennas, satellite receiver and transmission dishes and other communication devices shall not be permitted to be placed upon any Lot, except if affixed to the Living Unit, and except in accordance with rules established by the Architectural Review Committee in accordance with Section 7.3

6.17 Exterior Lighting or Noisemaking Devices. Except with the consent of the Architectural Review Committee, no exterior lighting or noisemaking devices shall be installed or maintained on any Lot, other than as originally installed by the builder of the home and security and fire alarms.

6.18 Pest Control. No Owner shall permit any thing or condition to exist upon any portion of the Property which shall induce, breed or harbor infectious plant or animal diseases or noxious insects or vermin.

6.19 Grades, Slopes and Drainage. Each Owner of a Lot shall accept the burden of, and shall not in any manner alter, modify or interfere with, the established drainage pattern and grades, slopes and courses related thereto over any Lot or Common Area without the express written permission of the Architectural Review Committee, and then only to the extent and in the manner specifically approved. No structure, plantings or other materials shall be placed or permitted to remain on or within any grades, slopes, or courses, nor shall any other activities be undertaken which may damage or interfere with established slope ratios, create erosion or sliding problems, or which may change the direction of flow, or obstruct or retard the flow of water through drainage channels.

6.20 Roofing Materials and Chimneys. All Living Units shall incorporate fire retardant roofing materials and spark arresting chimneys.

6.21 Fire Prevention. Dwellings shall be constructed with a fire sprinkler system approved by the fire marshal. The fire sprinkler system may not be disconnected or disabled except by or under the supervision of the Newberg City Fire Department.

6.22 Rules and Regulations. In addition, the Association from time to time may adopt, modify or revoke such nondiscriminatory rules and regulations governing the conduct of persons and the operation and use of the Property 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. The rules and regulations may be adopted by the Board of Directors of the Association, except as may be otherwise provided in the Bylaws of the Association.

ARTICLE 7
ARCHITECTURAL REVIEW COMMITTEE

7.1 Architectural Review. No Improvement shall be commenced, erected, placed or altered on any Lot until the construction plans and specifications showing the nature, shape, heights, materials, colors and proposed location of the Improvement have been submitted to and approved in writing by the Architectural Review Committee. The Architectural Review Committee is not responsible for determining compliance with structural and building codes, solar ordinances, zoning codes or any other governmental regulations, all of which are the responsibility of the applicant. The procedure and specific requirements for review and approval of construction may be set forth in Design Guidelines adopted from time to time by the Architectural Review Committee. The Committee may charge a reasonable fee to cover the cost of processing the application. In all cases in which the Architectural Review Committee consent is required by this Declaration, the provisions of this Article shall apply, except that this Article shall not apply to construction by Declarant.

7.2 Committee Decision. The Architectural Review Committee shall render its decision with respect to the construction proposal within thirty (30) working days after it has received all material required by it with respect to the application. In the event the Committee fails to render its approval or disapproval within forty-five (45) working days after the Committee has received all material required by it with respect to the proposal, or if no suit to enforce this Declaration has been commenced within one year after completion thereof, approval will not be required and the related provisions of this Declaration shall be deemed to have been fully complied with.

7.3 Committee Discretion. The Architectural Review Committee may, at its sole discretion, withhold consent to any proposed work if the Committee finds the proposed work would be inappropriate for the particular Lot or incompatible with the Design Guidelines or design standards that the Committee intends for Meadows Oak. It is the intent and purpose of this Declaration to assure quality of workmanship and materials and to assure harmony of external design with the existing Improvements and as to location with respect to topography and finished grade elevations and compliance with the setback requirements contained in the conditions of approval of the City of Newberg. Considerations such as siting, shape, size, color, design, materials, height, solar access, screening, impairment of the view from other Lots, or other effect on the enjoyment of other Lots or the Common Area, disturbance of existing terrain and vegetation and any other factors which the Committee reasonably believes to be relevant, may be taken into account by the Committee in determining whether or not to consent to any proposed work. Regulations on siting of television antennas and satellite receiving dishes shall be in conformance with any applicable Federal Communications Commission rules.

7.4 Membership: Appointment and Removal. The Architectural Review Committee shall consist of as many persons, but not less than two, as the Declarant may from time to time appoint. The Declarant may remove any member of the Committee from office at its discretion at any time and may appoint new or additional members at any time. The Association shall keep on file at its principal office a list of the names and addresses of the members of the Committee. Declarant may at any time delegate to the Board of Directors of the Association the right to appoint or remove members of the Architectural Review Committee. In such event, or in the event Declarant fails to appoint an Architectural Review Committee, the Board of Directors shall assume responsibility for appointment and removal of members of the Architectural Review Committee, or if it fails to do so, the Board of Directors shall serve as the Architectural Review Committee.

7.5 Majority Action. Except as otherwise provided in this Declaration, a majority of the members of the Architectural Review Committee shall have the power to act on behalf of the Committee, without the necessity of a meeting and without the necessity of consulting the remaining members of the Committee. The Committee may render its decision only by written instrument setting forth the action taken by the consenting members.

7.6 Liability. Neither the Architectural Review Committee nor any member thereof shall be liable to any Owner, occupant, builder or developer for any damage, loss or prejudice suffered or claimed on account of
any action or failure to act of the Committee or a member of the Committee, and the Association shall indemnify the Committee and its members therefrom, provided only that the member has, in accordance with the actual knowledge possessed by him, acted in good faith.

7.7 Nonwaiver. Consent by the Architectural Review Committee to any matter proposed to it or within its jurisdiction shall not be deemed to constitute a precedent or waiver impairing its right to withhold approval as to any similar matter thereafter proposed or submitted to it for consent.

7.8 Appeal. At any time after Declarant has delegated appointment of the members of the Architectural Review Committee to the Board of Directors of the Association pursuant to Section 7.4, any Owner adversely affected by action of the Architectural Review Committee may appeal such action to the Board of Directors of the Association. Appeals shall be made in writing within ten (10) days of the Committee's action and shall contain specific objections or mitigating circumstances justifying the appeal. A final, conclusive decision shall be made by the Board of Directors of the Association within fifteen (15) working days after receipt of such notification.

7.9 Effective Period of Consent. The Architectural Review Committee's consent to any proposed work shall automatically be revoked three months after issuance unless construction of the work has been substantially commenced in the judgment of the Architectural Review Committee and thereafter diligently pursued, unless the Owner has applied for and received an extension of time from the Committee.

7.10 Estoppel Certificate. Within fifteen (15) working days after written request is delivered to the Architectural Review Committee by any Owner, and upon payment to the Committee of a reasonable fee fixed by the Committee to cover costs, the Committee shall provide such Owner with an estoppel certificate executed by a member of the Committee and acknowledged, certifying with respect to any Lot owned by the Owner that as of the date thereof, either: (a) all improvements made or done upon or within such Lot by the Owner comply with this Declaration, or (b) such Improvements do not so comply, in which event the certificate shall also identify the noncomplying Improvements and set forth with particularity the nature of such noncompliance. Any purchaser from the Owner, and any mortgagee or other encumbrancer, shall be entitled to rely on such certificate with respect to the matters set forth therein, such matters being conclusive as between Declarant, the Architectural Review Committee, the Association and all Owners, and such purchaser or mortgagee.

7.11 Enforcement. If during or after the construction the Architectural Review Committee finds that construction does not comply with the approved plans, the Committee may require conforming changes to be made or that construction be stopped. The cost of any required changes shall be borne by the Owner. The Committee shall have the power and authority to order any manner of changes or complete removal of any Improvement, alteration or other activity for which prior written approval from the Committee is required and has not been obtained or waived in writing. If an Owner fails to comply with an order of the Committee, then, subject to the Owner's right of appeal under Section 7.8, either the Architectural Review Committee or the Association may enforce compliance in accordance with the procedures set forth in Section 11.1 below.

ARTICLE 8
ASSOCIATION

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

8.1 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 all of the property, powers and obligations of the incorporated association existing immediately prior to its dissolution shall thereupon automatically vest in the successor unincorporated association, and such vesting shall thereafter be confirmed as evidenced by appropriate conveyances and assignments by the incorporated association. To the greatest extent possible,
any successor unincorporated association shall be governed by the Articles of Incorporation and Bylaws of the Association as if they had been made to constitute the governing documents of the unincorporated association.

8.2 Membership. Every Owner of one or more Lots within the Property shall, immediately upon creation of the Association and thereafter during the entire period of such Owner's 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.

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

(i) When 40 or as otherwise agreed to by all parties of the Lots have been sold and conveyed to Owners other than Declarant; or

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

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

(a) The powers, duties and obligations granted to the Association by this Declaration.

(b) The powers and obligations of a nonprofit corporation pursuant to the general nonprofit corporation laws of the State of Oregon.

(c) The powers, duties and obligations of a homeowners association pursuant to the Oregon Planned Community Act.

(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 its provisions, accompanied by changes in the Articles of Incorporation or Bylaws of the Association made in accordance with such instruments and with the nonprofit corporation laws of the State of Oregon.

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

(a) Maintenance and Services. The Association shall provide maintenance and services for the Property as provided in Article 9 and other provisions of this Declaration.

(b) Insurance. The Association shall obtain and maintain in force policies of insurance as provided in this Declaration or the Bylaws of the Association.
(c) Rule making. The Association shall make, establish, promulgate, amend and repeal rules and regulations as provided in Section 6.24 of this Declaration.

(d) Assessments. The Association shall adopt budgets and impose and collect Assessments as provided in Article 10 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, including, without limitation, enforcement of the decisions of the Architectural Review Committee.

(f) Employment of Agents, Advisers and Contractors. The Association, through its Board of Directors, may employ the services of any person or corporation as managers, hire employees to manage, conduct and perform the business, obligations and duties of the Association, employ professional counsel and obtain advice from such persons or firms or corporations such as, but not limited to, landscape maintenance, 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 monies for the purpose of performing its duties under this Declaration, and subject to Section 4.3(d) above, encumber the Common Areas as security for the repayment of such borrowed money. The Association may acquire, hold title to and convey, with or without consideration, real and personal property and interests therein, including but not limited to easements across all or any portion of the Common Area, and shall accept any real or personal property, leasehold or other property interests within Meadows Oak conveyed to the Association by Declarant.

(h) Transfer, Dedication and Encumbrance of Common Area. Except as otherwise provided in Section 4.3(d) above, the Association may sell, transfer or encumber all or any portion of the Common Area to a person, firm or entity, whether public or private, and dedicate or transfer all or any portion of the Common Area to any public agency, authority, or utility for public purposes.

(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 members who do not assent to such charges and to such other Rules and Regulations 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.

8.6 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 duties, except for acts of gross negligence or intentional acts. In the event any member of the Board of Directors or any officer of the Association is made a party to any proceeding because the individual is or was a director or officer of the Association, the Association shall indemnify such individual against liability and expenses incurred to the maximum extent permitted by law.

8.7 Interim Board; Turnover Meeting. Declarant shall have the right to appoint an interim board of one to three directors, who shall serve as the Board of Directors of the Association until replaced by Declarant or until their successors take office at the turnover meeting following termination of Class B membership. At such meeting the interim directors shall resign and be replaced by their successors, who shall be designated as provided in this Declaration and the Bylaws of the Association. Declarant shall call a meeting of the Association for the purpose of turning over administrative responsibility for the Property to the Association not later than ninety (90) days after termination of the Class B membership in accordance with Section 8.3 above. At the turnover meeting the interim directors shall resign and their successors shall be elected by the
Owners as provided in this Declaration and in the Bylaws of the Association. If Declarant fails to call the turnover meeting required by this section, any Owner or mortgagee of a Lot may call the meeting by giving notice as provided in the Bylaws.

8.8 Contracts Entered into by Declarant or Prior to Turnover Meeting. Notwithstanding any other provision of this Declaration, any management contracts, service contracts or 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 8.7 above shall have a term of not in excess of three (3) years. In addition, any such 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) days' notice to the other party given not later than sixty (60) days after the turnover meeting described in Section 8.7 above.

ARTICLE 9
MAINTENANCE, UTILITIES AND SERVICES

9.1 Maintenance and Lighting of Common Areas. The Association may provide exterior lighting for and shall perform all maintenance upon the Common Areas, and Limited Common Areas, including but not limited to landscaping, irrigation, entry monuments and signs, walks, private roads, entrance gates, fences, walls, and signs, parking areas, walkways and trails, and parks unless the maintenance thereof is assumed by a public body. The Association shall also maintain and irrigate the area of the street right-of-way between the curb and the sidewalk, including any entry monuments and signs. Such areas shall be maintained in an attractive condition and in a good and workmanlike manner.

9.2 Additional Maintenance. In addition to the Common Areas, the Association shall maintain the front lawns of each Living Unit including, but not limited to, mowing, watering, and fertilizing.

9.3 Maintenance of Utilities. The Association shall perform or contract to perform maintenance of all private utilities within Common Areas, such as sanitary sewer service lines, domestic water service lines and storm drainage lines, except to the extent such maintenance is performed by the public utilities furnishing such services. The Association shall not be liable for any interruption or failure of such services. Each Owner shall be responsible for maintaining utility lines within his Lot.

9.4 Security. The Association may, but shall not be obligated to, maintain or support certain activities within the Property designed to make the Property safer than it otherwise might be. Neither the Association, any managing agent retained by the Association, Declarant, nor any successor Declarant shall in any way be considered insurers or guarantors of security within the Property, nor shall any of them be held liable for any loss or damage by reason of failure to provide adequate security or of ineffectiveness of security measures undertaken. No representation or warranty is made that any fire protection system, burglar alarm system or other security system cannot be compromised or circumvented, nor that any such systems or security measures undertaken will in all cases prevent loss or provide the detection or protection for which the system is designed or intended. Each Owner acknowledges, understands and covenants to inform its tenants that the Association, its board of directors and committees, any managing agent retained by the Association, Declarant, and any successor Declarant are not insurers and that each person using the Property assumes all risks for loss or damage to persons, to property and to the contents of Lots resulting from acts of third parties and releases such parties from any liability there for.

9.5 Services. The Association shall provide or contract for such services as the Board may reasonably deem to be of benefit to the Property, including, without limitation, landscape services, garbage and trash removal for Common Areas and security services.

9.6 Owner's Responsibility. Except as otherwise provided in this Declaration or by written agreement with the Association, all maintenance of the Lots and Improvements thereon as provided in Section 6.5, 6.6, 6.7 above shall be the sole responsibility of the Owner thereof, who shall maintain such Lot in a neat and attractive condition in accordance with the community-wide standard of Meadows Oak. The Association shall, in the discretion of the Board of Directors, assume the maintenance responsibilities of such Owner if, in the opinion of the Board of Directors, the level and quality of maintenance being provided by such Owner does not satisfy such standard. Before assuming the maintenance responsibilities, the Board of Directors shall notify the Owner in writing of its intention to do so, and if such Owner has not commenced and
diligently pursued remedial action within fifteen (15) days after mailing of such written notice, then the Association shall proceed. The expenses of such maintenance by the Association shall be reimbursed to the Association by the Owner, together with interest as provided in Section 11.5 below. Such charges shall be an Individual Assessment and lien on the Lot as provided in Sections 10.8 and 11.2 below.

ARTICLE 10
ASSESSMENTS

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

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

10.3 Apportionment of Assessments. Lots owned by Declarant shall not be subject to Annual Assessments, Special Assessments, Limited Common Assessments or Emergency Assessments until such time as the Lot is occupied for residential use, except that Annual Assessments for reserves as described in Section 10.11(b) below shall begin accruing for all Lots, including Lots owned by Declarant, from the date the first Lot is conveyed. Declarant, however, may defer payment of the accrued reserve assessments for a Lot until the date the Lot is conveyed. The books and records of the Association shall reflect the amount owing from the Declarant for all reserve assessments. All Lots other than unoccupied Lots owned by Declarant shall be subject to assessment shall pay an equal share of the Annual Assessments, Special Assessments and Emergency Assessments. Declarant may elect to delay collection of Annual Assessments against all Lots, but in such case shall pay all common expenses of the Association until such Assessments commence. No Owner by the Owner’s own action may claim exemption from liability for contribution towards common expenses by waiver by the Owner of use of enjoyment of any of the Common Area or by abandonment by the Owner of the Owner’s Lot. An Owner may not claim an offset against an Assessment for failure of the Association to perform its obligations, and no Owner may offset amounts owing or claimed to be owing by the Association or Declarant to the Owner.

10.4 Annual Assessments. The Board of Directors of the Association shall from time to time and at least annually prepare an operating budget for the Association, taking into account the current costs of maintenance and services and future needs of the Association, any previous over assessment and any common profits of the Association. The budget shall take into account the number of Lots subject to assessment as of the first day of the fiscal year for which the budget is prepared and the number of Lots reasonably anticipated to become subject to assessment during the fiscal year. The budget 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 10.10 below. Annual Assessments for such operating expenses and reserves ("Annual Assessments") shall then be apportioned among the Lots as provided in Section 10.3 above. Within thirty (30) days after adopting the annual budget, the Board of Directors shall provide a summary of the budget to all Owners. If the Board of Directors fails to adopt an annual budget, the last adopted budget shall continue in effect. The manner of billing and collection of Assessments shall be as provided in the Bylaws.

10.5 Special Assessments. In addition to the Annual Assessment authorized above, the Board of Directors may levy during any fiscal year a Special Assessment ("Special Assessment"), applicable to that year only, for the purpose of deferring all or any part of the cost of any construction or reconstruction, unexpected repair, or acquisition or replacement of a described capital improvement, or for any other one-time expenditure not to be paid for out of Annual Assessments. Special Assessments which in the aggregate in any fiscal year exceed an amount equal to fifteen percent (15%) of the budgeted gross expenses of the Association for the fiscal year may be levied only if approved by a majority of the voting rights voting on such matter, together with the written consent of the Class B member, if any. Prior to the turnover meeting described in Section 8.7, any Special Assessment must be approved by not less than fifty percent (50%) of the Class A voting rights, together with the written consent of the Class B member. Special Assessments shall be apportioned as provided in Section 10.3 above and may be payable in lump sum or in installments, with or without interest or discount, as determined by the Board of Directors.
10.6 Emergency Assessments. If the Annual Assessments levied at any time are, or will become, inadequate to meet all expenses incurred under this Declaration for any reason, including nonpayment of any Owner's Assessments on a current basis, the Board of Directors of the Association shall immediately determine the approximate amount of such inadequacy and issue a supplemental budget, noting the reason therefor, and levy an Emergency Assessment for the amount required to meet all such expenses on a current basis ("Emergency Assessment"). Any Emergency Assessment which in the aggregate in any fiscal year would exceed an amount equal to five percent (5%) 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 10.3 above and payable as determined by the Board of Directors.

10.7 Individual Assessments. Any common expense or any part of a common expense benefiting fewer than all of the Lots may be assessed exclusively against the Lots benefited ("Individual Assessment"). Individual Assessments include, without limitation, charges for services provided under Sections 8.5(i) and 9.6 and any common expense that is the fault of the Owner and not paid by insurance. 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.

10.8 Operations Fund. The Association shall keep all funds received by it as Assessments, other than reserves described in Section 10.10, separate and apart from its other funds, in a bank account in the name of the Association to be known as the "Operations Fund." All expenses of the Association shall be paid from the Operations Fund or the Reserve Fund referred to in Section 10.10. 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 9.

(b) Payment of the cost of insurance as described in the Bylaws of the Association.

(c) Payment of taxes assessed against the Common Areas and any improvements thereon, if any.

(d) Payment of the cost of other services which the Association deems to be of general benefit to the Owners, including but not limited to accounting, legal and secretarial services.

10.9 Reserve Fund.

(a) Establishment of Account. The Declarant shall establish a bank account in the name of the Association (the "Reserve Fund") for replacement of common properties which will normally require replacement in whole or in part in more than three (3) and less than thirty (30) years and for exterior painting if the Common Areas or other property to be maintained by the Association include exterior painted surfaces. The Reserve Fund need not include those items that could reasonably be funded from operating assessments.

(b) Funding of Reserve Fund. The Reserve Fund shall be funded by assessments against the individual Lot assessed for maintenance of the items for which the Reserve Fund is being established, which sums shall be included in the regular monthly Annual Assessment for the Lot. 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 Association is responsible for administering the Reserve Fund and making periodic payments into it.

(c) Reserve Studies. The amount of the reserve payments shall be adjusted at least annually to recognize changes in current replacement costs over time. The Board of Directors annually shall conduct a reserve study, or review and update an existing study, of the Common Areas and other property maintained by the Association to determine the Reserve Fund requirements. A Reserve Fund shall be established for those
items of the Common Areas and other property maintained by the Association for all or part of which will
normally require replacement in more than three (3) and less than thirty (30) years, for exterior painting if the
Common Areas or any other property maintained by the Association include exterior painted surfaces, and
for the maintenance, repair or replacement of other items the Board of Directors, in its discretion, may deem
appropriate. The Reserve Fund need not include items that could reasonably be funded from operating
assessments. The reserve study shall include:

(i) Identification of all items for which reserves are to be established;

(ii) The estimated remaining useful life of each item as of the date of the reserve study;

(iii) An estimated cost of maintenance, repair or replacement of each item at the end of its useful life;

(iv) A thirty (30) year plan with regular and adequate contributions, adjusted by estimated inflation and
interest earned on reserves, to meet the maintenance, repair and replacement schedule.

(d) Use of Reserve Fund. The Reserve Fund shall be used only for maintenance, repair and replacement of
Common Areas and other property maintained by the Association for which the reserves have been
established and shall be kept separate from other funds. After the turnover meeting described in Section 8.7,
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, Limited Common Area Assessments or Emergency 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.

10.10 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 11.5, shall be a charge
on the land and shall be a continuing lien upon the Lot against which each such Assessment or charge is
made. Such Assessments, charges and other costs shall also be the personal obligation of the person who
was the Owner of such Lot at the time when the Assessment or charge fell due. Such liens and personal
obligations shall be enforced in the manner set forth in Article 11 below.

10.11 Voluntary Conveyance. In a voluntary conveyance of a Lot the grantee shall be jointly and severally
liable with the grantor for all unpaid assessments against the grantor of the Lot up to the time of the grant or
conveyance, without prejudice to the grantee’s right to recover from the grantor the amounts paid by the
grantee therefor. However, upon request of a prospective purchaser, the Board of Directors of the
Association shall make and deliver a statement of the unpaid Assessments against the prospective grantor
or the Lot, and the grantee in that case shall not be liable for, nor shall the Lot when conveyed be subject to,
a lien filed thereafter for any unpaid Assessments against the grantor in excess of the amount set forth in the
statement.

ARTICLE 11
ENFORCEMENT

11.1 Violation of General Protective Covenants. In the event any Owner constructs or permits to be
constructed on his Lot an improvement contrary to the provisions of this Declaration, or shall violate any
provisions of this Declaration, the Bylaws of the Association or the rules and regulations, then the
Association acting through its Board of Directors shall notify the Owner in writing of any such specific
violations. If the Owner is unable, unwilling or refuses to comply with the Association’s specific directives for
remedy or abatement, or the Owner and the Association cannot agree to a mutually acceptable solution
within the framework and intent of this Declaration, after notice and opportunity to be heard and within fifteen (15) days of written notice to the Owner, then the Association acting through its Board of Directors, shall have the right to do any or all of the following:

(a) Assess reasonable fines against such Owner in the manner and amount the Board deems appropriate in relation to the violation, which fines shall constitute Individual Assessments for purposes of this Declaration;

(b) Enter the offending Lot and remove the cause of such violation, or alter, repair or change the item which is in violation of this Declaration in such a manner as to make it conform thereto, in which case the Association may assess such Owner for the entire cost of the work done, which amount shall be payable to the Operations Fund as an Individual Assessment, provided that no items of construction shall be altered or demolished in the absence of judicial proceedings;

(c) Cause any vehicle parked in violation of this Declaration or the rules and regulations to be towed and impounded at the Owners’ expense;

(d) Suspend the voting rights, any utility services paid for out of Assessments and the right to use the Common Areas for the period that the violations remain unabated, provided that the Association shall not deprive any Owner of access to and from his Living Unit; and

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

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

(a) The Association may suspend such Owner’s voting rights, any utility services paid for out of Assessments 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 in accordance with ORS 94.709 against each Lot for any Assessment levied against the Lot, including any fines or other charges imposed under this Declaration or the Bylaws against the Owner of the Lot.

(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.

11.3 Reports to First Mortgagees. In response to a written request of any first mortgagee of a Lot, the Association shall report to such mortgagee whether such Lot is current or past due with respect to Assessments.

11.4 Subordination of Lien to Mortgages. The lien of the Assessments or charges provided for in this Declaration shall be subordinate to the lien of any mortgage or deed of trust on such Lot which was made in good faith and for value and which was recorded prior to the recording 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 there under 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. The unpaid Assessments as a result of such foreclosure or sale shall become a common expense of all Owners, including the mortgagee or purchaser, and such sale
or transfer shall not release the Lot from liability for any Assessments or charges thereafter becoming due or from the lien of such Assessments or charges.

11.5 Interest, Late Charges and Expenses. 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 which is the greater of eighteen percent (18%) per annum or three percentage points per annum above the prevailing Portland, Oregon prime rate as of the due date, or such other rate as may be established by the Board of Directors, but not to exceed the lawful rate of interest under the laws of the State of Oregon. A late charge may be charged for each delinquent Assessment in an amount established from time to time by resolution of the Board of Directors 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.

11.6 Costs and Attorneys' Fees. In the event the Association shall bring any suit or action to enforce this Declaration, the Bylaws of the Association or the Rules and Regulations, 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 attorneys' fees at trial and upon any appeal or petition for review thereof or in connection with any bankruptcy proceedings or special bankruptcy remedies.

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

11.8 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 of Newberg may enforce such provisions by appropriate proceedings at law or in equity, or may cause such maintenance to be performed, the costs of which shall become a lien upon the Property.

ARTICLE 12
DISPUTE RESOLUTION

12.1 Mediation/Arbitration. Any claim, controversy or dispute by or among Declarant, Association, the Architectural Control Committee or one or more Owners, or any of them, arising out of or related to this Declaration, the Bylaws of the Association, the Rules and Regulations or the Property shall be first subject to mediation and, if not timely settled by mediation, resolved by arbitration in accordance with this Article 12. Any party may at any time opt to forego mediation and submit the matter directly to arbitration as provided herein. The decisions and award of the arbitrator shall be final, binding and nonappealable. The arbitration shall be conducted in Yamhill County, Oregon pursuant to the arbitration statutes of the State of Oregon and any arbitration award may be enforced by any court with jurisdiction. Filing for arbitration shall be treated the same as filing in court for purposes of meeting any applicable statute of limitations or for purposes of filing a notice of pending action ("lis pendens").

12.2 Selection of Arbitrator. The arbitration shall be conducted by a single arbitrator selected by mutual agreement of the parties. The arbitrator selected shall be neutral and unbiased, except to the extent the arbitrator's prior relationship with any party is fully disclosed and consented to by the other party or parties. If the parties are unable to agree upon the arbitrator within ten (10) days after a party's demand for arbitration, upon application of any party, the Presiding Judge of the Circuit Court of Yamhill County, Oregon shall designate the arbitrator.
12.3 Consolidated Arbitration. Upon demand by any party, claims between or among the parties and third parties shall be submitted in a single, consolidated arbitration.

12.4 Discovery. The parties to the arbitration shall be entitled to such discovery as would be available to them in an action in Yamhill County Circuit Court. The arbitrator shall have all of the authority of the Court incidental to such discovery, including without limitation authority to issue orders to produce documents or other materials, to issue orders to appear and submit to deposition, and to impose appropriate sanctions including without limitation award against a party for failure to comply with any order.

12.5 Evidence. The parties to the arbitration may offer such evidence as they desire and shall produce such additional evidence as the arbitrator may deem necessary for an understanding and determination of the dispute. The arbitrator shall determine the admissibility of the evidence offered. All evidence shall be taken in the presence of the arbitrator and all of the parties, except where any of the parties is absent in default or has waived its right to be present.

12.6 Excluded Matters. Notwithstanding the foregoing, the following matters shall not be subject to mediation or arbitration under this Article 12 (but shall be subject to the applicable provisions of Section 12.6 below): (a) actions relating to the collection of fees, assessments, fines and other charges imposed or levied by the Association (other than disputes as to the validity or amount of such fees, assessments, fines or charges, which disputes shall be subject to mediation/arbitration as provided above), and (b) actions to enforce any order, decision or award rendered by arbitration pursuant to this Article 12. The filing of a lis pendens or the application to any court for the issuance of any provisional process or similar remedy described in the Oregon or Federal Rules of Civil Procedure shall not constitute a waiver of the right or duty to utilize the procedures specified in this Article 12.

12.7 Costs and Attorneys' Fees. The fees of any mediator and the costs of mediation shall be divided and paid equally by the parties. Each party shall pay its own attorneys' fees and costs in connection with any mediation. The fees of any arbitrator and the costs of arbitration shall be paid by the nonprevailing party or parties; if none, such fees and costs shall be divided and paid equally by the parties. Should any suit, action or arbitration be commenced in connection with any dispute related to or arising out of this Declaration, the Bylaws or Rules and Regulations, to obtain a judicial construction of any provision of this Declaration, the Bylaws or Rules and Regulations, to rescind this Declaration or to enforce or collect any judgment or decree of any court or any award obtained during arbitration, the prevailing party shall be entitled to recover its costs and disbursements, together with such investigation, expert witness and attorneys' fees incurred in connection with such dispute, as the court or arbitrator may adjudge reasonable, at trial, in the arbitration, upon any motion for reconsideration, upon petition for review, and on any appeal of such suit, action or arbitration proceeding. The determination of who is the prevailing party and the amount of reasonable attorneys' fees to be paid to the prevailing party shall be decided by the arbitrator (with respect to attorneys' fees incurred prior to and during the arbitration proceeding) and by the court or courts, including any appellate or review court, in which such matter is tried, heard or decided, including a court that hears a request to compel or enjoin arbitration or that hears exceptions made to an arbitration award submitted to it for confirmation as a judgment (with respect to attorneys' fees incurred in such proceedings).

12.8 Survival. The mediation and arbitration agreement set forth in this Article 12 shall survive the transfer by any party of its interest or involvement in the Property and any Lot therein and the termination of this Declaration.

ARTICLE 13
MORTGAGEES

13.1 Reimbursement of First Mortgagees. First mortgagees of Lots may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against any Common Area and may pay overdue premiums on hazard insurance policies or secure new hazard insurance coverage on the lapse of a policy, for such Common Area. First mortgagees making such payments shall be owed immediate reimbursement therefor from the Association to the extent the same was the responsibility of the Association.
13.2 Right of First Mortgagees Relating to Maintenance. At any time that the Common Areas are not
maintained or repaired by the Association to the extent reasonably necessary to protect and preserve the
value of the Property for security purposes, then the record mortgagee, upon giving written notice as
provided in this paragraph, shall be entitled to exercise the rights of the Owner of the Lot as a member of the
Association to vote at all regular and special meetings of the members of the Association for a period of one
year following the date of such notice. During this one-year period, the Association shall give notice of all
regular and special meetings to both the Owner and the mortgagee, and the Owner may attend such
meetings as an observer. Notice from the mortgagee under this section shall quote this Section 13.2 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.

ARTICLE 14
MISCELLANEOUS PROVISIONS

14.1 Amendment and Repeal. This Declaration, or any provision 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 representing not less than seventy-five percent (75%) of the Lots, based upon one vote for each
such Lot, together with the written consent of the Class B member, if such Class B membership has not
been terminated as provided in this Declaration. Any such amendment or repeal shall become effective only
upon recording 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 said 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 without Declarant’s written consent, or change the boundaries of any Lot or any uses to which any Lot
is restricted unless the Owners of the affected Lots unanimously consent to the amendment. Declarant may
not amend this Declaration to increase the scope of special declarant rights reserved in this Declaration after
the sale of the first Lot unless owners representing seventy-five percent (75%) of the total vote, other than
Declarant, agree to the amendment. To the extent any amendment relates to the preservation or
maintenance of the Common Areas or private utility lines, or the existence of an entity responsible for
accomplishing the same, such amendment shall be approved by the Department of Community
Development, City of Newberg.

14.2 Regulatory Amendments. Notwithstanding the provisions of Section 14.1 above, until the turnover
meeting described in Section 8.7 has occurred, Declarant shall have the right to amend this Declaration or
the Bylaws of the Association in order to comply with the requirements of any applicable statute, ordinance
or regulation or of the Federal Housing Administration, the United States Department of Veterans Affairs, the
Farmers Home Administration of the United States, the Federal National Mortgage Association, the
Government National Mortgage Association, the Federal Home Mortgage Loan Corporation, any
department, bureau, board, commission or agency of the United States or the State of Oregon, or any
corporation wholly owned, directly or indirectly, by the United States or the State of Oregon which insures,
guarantees or provides financing for a planned community or lots in a planned community. After the turnover
meeting, any such amendment shall require the approval of a majority of the voting rights of the Association
voting in person, by proxy or by ballot at a meeting or ballot meeting of the Association at which a quorum is
represented.

14.3 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 proportion of votes or consents given with respect to such matter.

14.4 Lessees and Other Invitees. Lessees, employees, 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 Lot and other
areas within the Property. The Owner shall be responsible for obtaining such compliance and shall be liable
for any failure of compliance by such persons in the same manner and to the same extent as if the failure had been committed by the Owner himself.

14.5 Nonwaiver. Failure by the Association or by any Owner to enforce any covenant or restriction contained in this Declaration shall in no event be deemed a waiver of the right to do so thereafter.

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

As used in this Declaration, the singular shall include the plural and the plural the singular, and the masculine and neuter shall each include the masculine, feminine and neuter, as the context requires. All captions used herein are intended solely for convenience of reference and shall in no way limit any of the provisions of this Declaration.

14.7 Notices and Other Documents. Any notice or other document permitted or required by this Declaration may be delivered either personally or by mail. Delivery by mail shall be deemed made twenty-four (24) hours after having been deposited in the United States mail as certified or registered mail, with postage prepaid, addressed as follows: If to Declarant or the Association, MJG Development, Inc., 5241 Windsor Terrace, West Linn, Oregon 97068; if to an Owner, at the address given at the time of the Owner's purchase of a Lot, or at the Lot. The address of a party may be changed at any time by notice in writing delivered as provided herein.
IN WITNESS WHEREOF, Declarant has executed this Declaration on the date set forth above.

MEADOWS OAK, LLC, an Oregon limited liability company

By ____________________________

Title President

STATE OF OREGON

County of Yamhill

The foregoing instrument was acknowledged before this 25 day of March, 2005, by

______________________________
of Meadows Oak, LLC, an Oregon limited liability company, on its behalf.

______________________________
Notary Public for Oregon

My commission expires: 9-7-06

[Notary Public Seal]
AMENDMENT OF DECLARATION OF PROTECTIVE CONVENTANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS FOR OAK MEADOWS

WEREAS, on March 25, 2005, Declarant recorded with the county of Yamhill, State of Oregon and bearing the microfilm number 2005-05889, that certain Declaration of Protective Covenants, Conditions, Restrictions, and Easements for Oak Meadows, a Planned Unit Development located in the city of Newberg.

RESOLVED that on page 1, paragraph 1, of the said Declaration of Protective Covenants, Conditions, Restrictions, and Easements, that reads; THIS DECLARATION is made this 25th day of March 2005 by MEADOWS OAK, LLC, an Oregon Limited Liability Company, shall read THIS DECLARATION is made this 25th day of March, 2005 by MJG Development, Inc., an Oregon Corporation (Declarant).

RESOLVED that on page 22 of the said Declaration the reference in the execution reading Meadows Oak, LLC, shall read MJG Development, Inc., an Oregon Corporation. FURTHER, that the notary section contained on page 22 of said Declaration shall be read to be consistent with this amendment.

RESOLVED that the Declaration of Covenants, Conditions, Restrictions and Easements for Oak Meadows are amended by changing all reference to Meadows Oak, LLC, or Oak Meadows, LLC to read Oak Meadows at Newberg, Inc. (if not otherwise amended herein) when referring to the Home Owners Association for the PUD known as Oak Meadows.

Dated this 16th day of January 2007

George Michael Gougler, Declarant
STATE OF OREGON

County of Yamhill

Personally appeared George Michael Gougler who, being duly sworn, did say that he is the Declarant for Oak Meadows, a PUD in the county of Yamhill, state of Oregon, manager of Meadows Oak, LLC, President of MGJ Development Inc., and that the foregoing instrument was signed in behalf of entities; and acknowledged said instrument to be their voluntary act and deed.

Notary Public for Oregon
My commission expires: 4-12-09
BYLAWS OF

OAK MEADOWS at NEWBERG, INC.

This document is being re-recorded to add the legal description in Article 1, 1.5, page 1 and Exhibit A.
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BYLAWS OF
OAK MEADOWS at NEWBERG, INC.

ARTICLE 1.

DEFINITIONS

1.1 Association. "Association" means OAK MEADOWS at NEWBERG, INC., a nonprofit corporation organized and existing under the laws of the State of Oregon.

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

1.3 Declaration. The “Declaration” means the Declaration of Protective Covenants, Conditions, and Restrictions for Oak Meadows to which these Bylaws are attached, as the same may be subsequently amended or supplemented pursuant to the terms thereof.

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

1.5 Bylaws Applicability. These Bylaws apply to the Lots and the Common Area in Oak Meadows, a planned community in Yamhill County, Oregon, and further described in EXHIBIT A, that have been subjected to the Declaration of Conditions, Covenants, Restrictions and Easements of Oak Meadows at Newberg, Inc. (the “Declaration”), as well as to the Oak Meadows at Newberg, Inc. Homeowners’ Association (the “Association”) and the entire management structure thereof.

ARTICLE 2.

MEMBERSHIP

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

2.2 Membership List. The Secretary shall maintain a membership list showing the name and address of the Owner of each Lot. The Secretary may accept as satisfactory proof of such ownership a duly executed and acknowledged conveyance, a title insurance policy, or other evidence reasonably acceptable to the Board of Directors.
ARTICLE 3.

MEETINGS AND VOTING

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

3.2 **Turnover Meeting.** Declarant shall call the first meeting of the Owners to organize the Association within ninety (90) days after termination of the Class B membership as provided in Section 3.7(b) below. Notice of such meeting shall be given to all Owners as provided in Section 3.5. If the Declarant fails to call the meeting, the meeting may be called and notice given by any Owner or mortgagee of a Lot. The expense of giving notice shall be paid or reimbursed by the Association. No quorum is required for the Turnover Meeting. Nothing in this section shall be construed as preventing Declarant from calling the Turnover Meeting before such date or from calling informal, informational meetings of the Owners. At the turnover meeting, Declarant shall relinquish control of the administration of the Association and the Owners shall assume such control and shall elect the board in accordance with the provisions herein. The turnover meeting may not be conducted by written ballot.

3.3 **Annual Meeting.** The annual meeting of the members for the election of directors and for the transaction of such other business as may properly come before the meeting shall be held at such reasonable hour and on such reasonable day as may be established by the Board of Directors or, if the Board should fail to designate a date by the first day of February, then the meeting shall occur at 7:00 p.m. on the first (1st) Thursday in March. An annual meeting shall be held within each calendar year, commencing with the year in which the Association is incorporated. The Turnover Meeting may count as the annual meeting for the year in which it is held.

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

3.5 **Notice of Meeting.**

(a) Written or printed notice stating the place, day and hour of the meeting, the items on the agenda, including the general nature of any proposed amendment to the Declaration or these Bylaws, any budget changes, any proposal to remove a director or officer and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) or more than fifty (50) days before the date of the meeting. Such notice shall be given either personally or by mail, by or at the direction of the President, the Secretary, or the persons calling the meeting, to each member entitled to vote at such meeting and to all mortgagees who have requested such notice. Notices to Declarant shall be mailed. If
mailed, such notices shall be deemed to be delivered when deposited in the United States mail, with postage fully prepaid thereon, addressed to the member at his or her most recent address as it appears on the records of the Association or to the mailing address of his or her Lot.

(b) When a meeting is adjourned for thirty (30) days or more, or when a re-determination of the persons entitled to receive notice of the adjourned meeting is required by law, notice of the adjourned meeting shall be given as for an original meeting. In all other cases, no notice of the adjournment or of the business to be transacted at the adjourned meeting need be given other than by announcement at the meeting at which such adjournment is taken.

3.6 **Quorum.** At any meeting of the Association, except the Turnover Meeting, members having at least twenty percent (20%) of the voting rights entitled to be cast at such meeting, present in person or by proxy, shall constitute a quorum, except when a larger quorum is required by the Declaration. When a quorum is once present to organize a meeting, it cannot be broken by the subsequent withdrawal of a member or members. If any meeting of members cannot be organized because of a lack of quorum, the members who are present, either in person or by proxy, may adjourn the meeting from time to time not less than forty-eight (48) hours or more than thirty (30) days from the time the original meeting was called until a quorum is present. The quorum for the adjourned meeting shall be reduced to ten percent (10%) of the voting rights entitled to be cast at the meeting, present in person or by proxy.

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

(a) **Residential Lots.** Each Lot shall be entitled to one vote.

(b) **Classes of Voting Membership.** The Association shall have two classes of voting membership:

**Class A.** Class A members shall be all Owners with the exception of the Declarant and shall be entitled to voting rights for each Lot owned computed in accordance with Section (a) above. 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 voting rights be cast with respect to any Lot than as set forth in Section (a) above.

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

(i) When 75% of the Lots in the development of Oak Meadows have been sold and conveyed to Owners other than Declarant; or a builder for development; or
(ii) At such earlier time as Declarant may elect in writing to terminate Class B membership.

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

3.9 **Tenants and Contract Vendors.** Tenants shall not be permitted to vote by virtue of being a tenant and may not vote a proxy from the owner. Unless otherwise stated in the contract, all voting rights allocated to a Lot shall be exercised by the vendee of any recorded land sale contract on the Lot.

3.10 **Absentee Ballots and Proxies.** A vote may be cast in person, by absentee ballot or by proxy. A proxy given by an Owner to any person who represents such Owner at meetings of the Association shall be in writing and signed by such Owner, and shall be filed with the secretary, at any time prior to or at the start of the meeting. An Owner may not revoke a proxy given pursuant to this Section except by actual notice of revocation to the person presiding over a meeting or to the Board of Directors if a vote is being conducted by written ballot in lieu of a meeting. A proxy shall not be valid if it is undated or purports to be revocable without notice. A proxy shall terminate one year after its date unless the proxy specifies a shorter term. Every proxy shall automatically cease upon sale of the Lot by its Owner. An Owner may pledge or assign such Owner’s voting rights to a mortgagee. In such a case, the mortgagee or its designated representative shall be entitled to receive all notices to which the Owner is entitled under these Bylaws and to exercise the Owner’s voting rights from and after the time that the mortgagee shall give written notice of such pledge or assignment to the Board of Directors. Any first mortgagee may designate a representative to attend all or any meetings of the Association.

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

3.12 **Rules of Order.** Unless other rules of order are adopted by resolution of the Association or the Board of Directors, all meetings of the Association shall be conducted according to the latest edition of Robert’s Rules of Order, published by Robert’s Rules Association.
3.13 **Ballot Meetings.**

(a) At the discretion of the Board of Directors, any action that may be taken at any annual, regular or special meeting of the Association may be taken without a meeting if the Association delivers a written ballot to every member who is entitled to vote on the matter; provided, however, that a ballot meeting may not substitute for the Turnover Meeting or, if a majority of the Lots are the principal residences of the occupants, for the annual meetings of the Association. The written ballot shall set forth each proposed action and provide an opportunity to vote for or against each proposed action.

(b) The Board of Directors shall provide Owners with at least ten (10) days' notice before written ballots are mailed or otherwise delivered. If, at least three (3) days before written ballots are scheduled to be mailed or otherwise distributed, at least ten percent (10%) of the Owners petition the Board of Directors requesting secrecy procedures, a written ballot must be accompanied by a secrecy envelope, a return identification envelope to be signed by the Owner, and instructions for marking and returning the ballot. The notice shall state the general subject matter of the vote, the right of the Owners to request secrecy procedures, the date after which ballots may be distributed, the date and time by which any petition must be received by the Board requesting secrecy procedures and the address where any petition must be received. Notwithstanding the applicable provisions of paragraph (c) of this section, written ballots that are returned in secrecy envelopes may not be examined or counted before the deadline for returning ballots has passed.

(c) If approval of a proposed action would otherwise require a meeting at which a certain quorum must be present and at which a certain percentage of total votes cast is required to authorize the action, the proposal will be deemed to be approved when the date for return of ballots has passed, a quorum of Lot Owners has voted, and the required percentage of approving votes has been received. Otherwise, the proposal shall be deemed to be rejected. If approval of a proposed action otherwise would require a meeting at which a specified percentage of Lot Owners must authorize the action, the proposal shall be deemed to be approved when the percentage of total votes cast in favor of the proposal equals or exceeds such required percentage. The proposal shall be deemed to be rejected when the number of votes cast in opposition renders approval impossible or when both the date for return of ballots has passed and such required percentage has not been met. Except as otherwise provided in paragraph (b) of this section, votes may be counted from time to time before the final return date to determine whether the proposal has passed or failed by the votes already cast on the day they are entered.

(d) All solicitations for votes by written ballot shall state the number of responses needed to meet any applicable quorum requirement and the total percentage of votes needed for approval. All such solicitations for votes shall specify the period during which the Association will accept written ballots for counting, which period shall end on the earliest of (i) the date on which the Association has received a sufficient number of approving ballots to pass the proposal, (ii) the date on which the Association has received a sufficient number of disapproving ballots to render the proposal impossible of passage, or (iii) a date certain by which all ballots must be returned to be counted. A written ballot may not be revoked.

BYLAWS OF OAK MEADOWS AT NEWBERG, INC.
ARTICLE 4.

BOARD OF DIRECTORS

4.1 Number and Qualification. The affairs of the Association shall be governed by a Board of Directors of five (5) persons. All directors, other than interim directors appointed by Declarant, shall be Owners or co-Owners of Lots. For purposes of this section, the officers of any corporate Owner, the members of any limited liability company and the partners of any partnership shall be considered co-Owners of any Lots owned by such corporation or partnership.

4.2 Interim Directors. Upon the recording of the Declaration, Declarant shall appoint an interim board of one (1) to three (3) directors, who shall serve until replaced by Declarant or until their successors have been replaced by the Owners as provided below.

4.3 Transitional Advisory Committee. Unless the Turnover Meeting has already been held, Declarant shall call a meeting of the Owners for the purpose of forming a Transitional Advisory Committee. The meeting shall be called within sixty (60) days after the date Declarant conveys fifty percent (50%) or more of the Lots then existing in Oak Meadows to Owners other than a successor Declarant. The committee shall consist of two (2) or more Owners elected by the Owners other than Declarant and not more than one (1) representative of Declarant. The members shall serve until the Turnover Meeting. The Transitional Advisory Committee shall be advisory only, and its purpose shall be to enable ease of transition from administrative control of the Association by Declarant to control by the Owners. The committee shall have access to any information, documents and records that Declarant must turn over to the Owners at the time of the Turnover Meeting. If Declarant fails to call the meeting to elect a Transitional Advisory Committee within the time specified, the meeting may be called and notice given by any Owner. If the Owners fail to elect a Transitional Advisory Committee at the meeting called for such purpose, Declarant shall have no further obligation to form the committee.

4.4 Election and Tenure of Office.

(a) At the Turnover Meeting, the interim directors shall resign and the members shall elect five (5) directors, three (3) directors to serve for two (2) years and two(2) for a term of one (1) year. Thereafter, the successors to each director shall serve for two (2) years. The nominees' terms shall be in order based on the number of votes received, with the largest number of votes serving the longest term. In the event of a tie, term selection shall be by random means. If a Director is unable to serve his full term, a successor Director shall be selected in accordance with Section 4.5 below.

(b) All directors shall hold office until their respective successors have been elected by the members. Election shall be by plurality.
4.5 **Vacancies.**

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

(b) Vacancies in the Board of Directors, other than interim directors, may be filled by a majority of the remaining directors even though less than a quorum, or by a sole remaining director. Each director so elected shall hold office for the balance of the unexpired term and until his or her successor is elected.

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

4.7 **Powers.** The Board of Directors shall have all the powers and duties necessary for the administration of the affairs of the Association, except such powers and duties as by law, or by the Declaration, or by these Bylaws may not be delegated to the Board of Directors by the Owners. The Board of Directors may delegate responsibilities to committees or a managing agent, but shall retain ultimate control and supervision. The powers and duties to be exercised by the Board of Directors shall include any provisions in the Declaration, the Oregon Planned Community Act, the Oregon Non-Profit Corporation Act, and the following:

(a) Carry out the program for maintenance, upkeep, repair and replacement of any property required to be maintained by the Association as described in the Declaration and these Bylaws.

(b) Determine the amounts required for operation, maintenance and other affairs of the Association, and the making of such expenditures.

(c) Prepare a budget for the Association, and assessment and collection of the Assessments.

(d) Employ and dismiss such personnel as may be necessary for such maintenance, upkeep and repair.

(e) Employ legal, accounting or other personnel for reasonable compensation to perform such services as may be required for the proper administration of the Association; provided, however, the Board may not incur or commit the Association to incur legal fees in excess of $2,500 for any specific litigation or claim matter unless the Owners have enacted a resolution authorizing the incurring of such fees by a vote of seventy-five percent (75%) of the
voting rights present in person or by absentee ballot or proxy at a meeting at which a quorum is constituted. This limitation shall not be applicable to legal fees incurred in defending the Association or the Board of Directors from claims or litigation brought against them. The limitation set forth in this paragraph shall increase by $500 on each fifth anniversary of the recording of the Declaration. To the extent required by the Oregon Planned Community Act, the Board shall notify the Owners before instituting litigation or administrative proceedings. With regard to any pending litigation involving the Association, the Board shall periodically report to the Lot Owners as to the status (including settlement offers), progress, and method of funding such litigation. Nothing in this paragraph shall be construed as requiring the Board to disclose any privileged communication between the Association and its counsel.

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

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

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

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

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

(k) Make additions and improvements to, or alterations of, the Common Areas, or modify, close, remove, eliminate or discontinue use of any common facility, including any improvement or landscaping, except that any such modification, closure, removal, elimination or discontinuance (other than on a temporary basis) of any community structure must be approved by a majority vote of the members at a meeting or by written ballot held or conducted in accordance with these Bylaws.

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

(m) Enforce by legal means the provisions of the Declaration, these Bylaws, Oregon statutes, and any rules and regulations adopted hereunder.
(n) In the name of the Association, maintain a current mailing address of the Association, file annual reports with the Oregon Secretary of State, and maintain and keep current the information required to enable the Association to comply with ORS 94.670(7).

(o) Enter into management agreements with professional management firms and delegate such business and record keeping functions as may be appropriate to said management firm.

(p) Appoint and/or remove members of the Architectural Review Committee according to guidelines set forth in the CC&Rs (Article 7).

4.8 Meetings.

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

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

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

4.9 Open Meetings.

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

(b) Meetings of the Board of Directors may be conducted by telephonic communication or by other means of communication that allows all members of the Board participating to hear each other simultaneously or otherwise to be able to communicate during the meeting, except that if a majority of the Lots are principal residences of the occupants, then: (i) notice shall be provided by a method reasonably calculated to inform the Owners of such meeting; and (ii) only emergency meetings of the Board of Directors may be conducted by
telephonic communication or such other means. The meeting and notice requirements of this Section may not be circumvented by chance or social meetings or by any other means.

4.10 Notice of Meetings.

(a) For other than emergency meetings, notice of Board of Directors meetings shall be provided at least three (3) business days prior to the meeting by a method otherwise reasonably calculated to inform Lot Owners of such meetings. Notice to Directors shall be considered sufficient if actually received at the required time, or if mailed, e-mailed or faxed not less than three (3) days before the meeting. Such notice shall be directed to the address shown on the Association’s records, or to the director’s actual address ascertained by the person giving the notice. Such notice need not be given for an adjourned meeting if such time and place is fixed at the meeting adjourned.

(b) Attendance of a director at a meeting shall constitute a waiver of notice of such meeting except when a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

4.11 Quorum and Vote.

(a) A majority of the directors shall constitute a quorum for the transaction of business. A minority of the directors, in the absence of a quorum, may adjourn from time to time, but may not transact any business.

(b) The action of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors unless a greater number is required by law, the Declaration, the Articles of Incorporation or these Bylaws.

(c) A director must be present at a meeting of the Board of Directors to cast a vote. No proxy votes by directors for Board actions are permissible.

4.12 Liability. Neither a member of the Board of Directors nor an officer of the Association shall be liable to the Association, any Owner or any third party for any damage, loss or prejudice suffered or claimed on account of any action or failure to act in the performance of his or her duties so long as the individual acted in good faith, believed that the conduct was in the best interests of the Association, or at least was not opposed to its best interests, and in the case of criminal proceedings, had no reason to believe the conduct was unlawful. In the event any member of the Board of Directors or any officer 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 defend such individual against such claims and indemnify such individual against liability and expenses incurred to the maximum extent permitted by law. The managing agent of the Association, and its officers and employees, shall not be liable to the Association, the Owners or any third party on account of any action or failure to act in the performance of its duties as managing agent, except for acts of gross negligence or intentional acts, and the
Association shall indemnify the managing agent and its officers and employees from any such claims, other than for gross negligence or intentional misconduct.

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

4.14 **Executive, Covenants and Other Committees.** Subject to law, the provisions of the Declaration and these Bylaws, the Board of Directors, may appoint an Executive Committee, a Covenants Committee to be responsible for covenant enforcement as provided in Section 4.15 and such other standing or temporary committees as may be necessary from time to time consisting of Owners and at least one member of the Board of Directors and having such powers as the Board of Directors may designate. Such committees shall hold office at the pleasure of the Board.

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

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

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

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

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

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

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

**ARTICLE 5.**

**OFFICERS**

5.1 **Designation and Qualification.** The officers of the Association shall be the President, the Secretary, and the Treasurer, as the Board of Directors shall from time to time appoint. Each officer shall be a member of the Board of Directors. The offices of Treasurer and Secretary may be held by the same person.

5.2 **Election and Vacancies.** The officers of the Association shall be elected annually by the Board of Directors at the organization meeting of each new Board to serve for one (1) year and until their respective successors are elected. If any office shall become vacant by reason of death, resignation, removal, disqualification or any other cause, the Board of Directors shall elect a successor to fill the unexpired term at any meeting of the Board of Directors.

5.3 **Removal and Resignation.**

(a) Any officer may be removed upon the affirmative vote of a majority of the directors whenever, in their judgment, the best interests of the Association will be served thereby. The removal of an officer shall be without prejudice to the contract rights, if any, of the officer so removed.

(b) Any officer may resign at any time by giving written notice to the Board of Directors, the President or the Secretary of the Association. Any such resignation shall take effect upon receipt of such notice or at any later time specified therein. Unless otherwise
specified therein, the acceptance of such resignation shall not be necessary to make it effective, provided, however, that the Board of Directors may reject any postdated resignation by notice in writing to the resigning officer. The effectiveness of such resignation shall not prejudice the contract rights, if any, of the Association against the officer so resigning.

5.4 **President.** The President shall be the chief executive officer of the Association and shall, subject to the control of the Board of Directors, have powers of general supervision, direction and control of the business and affairs of the Association. He or she shall preside at all meetings of the members and of the Board of Directors. He or she shall be an ex officio member of all the standing committees, including the executive committee, if any, shall have the general powers and duties of management usually vested in the office of president of a nonprofit corporation, and shall have such other powers and duties as may be prescribed by the Board of Directors or these Bylaws.

5.5 **Secretary.**

(a) The Secretary shall keep or cause to be kept a book of minutes of all meetings of directors and members showing the time and place of the meeting, whether it was regular or special, and if special, how authorized, the notice given, the names of those present at directors’ meetings, the number of memberships present or represented at members’ meetings and the proceedings thereof.

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

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

5.6 **Treasurer.** The Treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the Association, including accounts of its assets, liabilities, receipts and disbursements. The books of accounts shall at all reasonable times be open to inspection by any director. The Treasurer shall deposit or cause to be deposited all moneys and other valuables in the name and to the credit of the Association with such depositories as may be designated by the Board. The Treasurer shall disburse or cause to be disbursed the funds of the Association as may be ordered by the Board, shall render to the President and directors, whenever they request it, an account of all of the Treasurer’s transactions as Treasurer and of the financial condition of the Association, and shall have such other powers and perform such other duties as may be prescribed by the Board or these Bylaws.

5.7 **Compensation of Officers.** No officer who is a member of the Board of Directors shall receive any compensation from the Association for acting as an officer, unless
such compensation is authorized by a resolution duly adopted by the members. The Board of Directors may fix any compensation to be paid to other officers.

**ARTICLE 6.**

**ASSESSMENTS, RECORDS AND REPORTS**

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

(a) Assess and collect from every Owner Assessments in the manner described in the Declaration.

(b) Keep all funds received by the Association as Assessments, other than reserves described in the Declaration, in the Operations Fund and keep all reserves collected pursuant to the Declaration in the Reserve Fund and use such funds only for the purposes described in the Declaration.

(c) From time to time, and at least annually, prepare a budget for the Association, estimating the common expenses expected to be incurred with adequate allowance for reserves based upon the reserve study required by the Declaration, and determine whether the Annual Assessment should be increased or decreased. Within thirty (30) days after adopting a proposed annual budget, the Board of Directors shall provide a summary of the budget to all Owners. If the Board of Directors fails to adopt a budget, the last adopted annual budget shall continue in effect.

(d) Fix the amount of the Annual Assessment against each Lot at least thirty (30) days in advance of each Annual Assessment period. Written notice of any Assessment shall be sent to every Owner subject thereto and to any first mortgagee requesting such notice. The due dates shall be established by the Board of Directors, which may fix a regular flat Assessment payable on a monthly, quarterly, semiannual or annual basis. The Board of Directors shall cause to be prepared a roster of the Lots showing Assessments applicable to each Lot. The roster shall be kept by the Secretary and shall be subject to inspection by any Owner or mortgagee during regular business hours. Within ten (10) business days after receiving a written request, and for a reasonable charge, the Association shall furnish to any Owner or mortgagee a recordable certificate setting forth the unpaid Assessments against such Owner’s Lot. Such certificate shall be binding upon the Association, the Board of Directors, and every Owner as to the amounts of unpaid Assessments.

(e) If Additional Properties are annexed to the Property, the Board of Directors shall assess any Lots included therein in accordance with the provisions of the Declaration.

(f) Enforce the Assessments in the manner provided in the Declaration.

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(g) Keep records of the receipts and expenditures affecting the Operations Fund and Reserve Fund and make the same available for examination by members and their mortgagees at convenient hours, maintain an Assessment roll showing the amount of each Assessment against each Owner, the amounts paid upon the account and the balance due on the Assessments, give each member written notice of each Assessment at least 30 days before the time when such Assessments shall become due and payable; and for a reasonable charge, promptly provide any Owner or mortgagee who makes a request in writing with a written certificate of such Owner’s unpaid Assessments.

6.2 **Records.** The Association shall keep within the State of Oregon correct and complete financial records sufficiently detailed for proper accounting purposes, keep minutes of the proceedings of its members, Board of Directors and committees having any of the authority of the Board of Directors, and retain all documents, information and records turned over to the Association by Declarant. All documents, information and records delivered to the Association by Declarant pursuant to ORS 94.616, and other records of the Association shall be kept within the State of Oregon for the time periods specified in ORS 94.670.

6.3 **Statement of Assessments Due.** The Association shall provide, within ten (10) business days after receipt of a written request from an Owner or mortgagee, a written statement that provides: (a) the amount of assessments due from the Owner and unpaid at the time the request was received, including regular and special assessments, fines and other charges, accrued interest, and late-payment charges; (b) the percentage rate at which interest accrues on assessments that are not paid when due; and (c) the percentage rate used to calculate the charges for late payment or the amount of a fixed-rate charge for late payment. The Association is not required to comply with this section if the Association has commenced litigation by filing a complaint against the Owner and the litigation is pending when the statement would otherwise be due.

6.4 **Inspection of Books and Records.** Except as otherwise provided in ORS 94.670(5), during normal business hours or under other reasonable circumstances, the Association shall make reasonably available for examination and, upon written request, available for duplication, by Owners, lenders, and holders of any mortgage of a Lot that make the request in good faith for a proper purpose, current copies of the Declaration, Articles, Bylaws, Rules and Regulations, amendments or supplements to such documents and the books, records, financial statements and current operating budget of the Association. The Association shall maintain a copy, suitable for purposes of duplication, of each of the following: (a) the Declaration, these Bylaws, the Rules and Regulations and any amendments or supplements to them, (b) the most recent financial statement of the Association, and (c) the current operating budget of the Association. The Association, within ten (10) business days after receipt of a written request by an Owner, shall furnish copies of such documents to the requesting Owner. Upon written request, the Association shall make such documents, information and records available to such persons for duplication during reasonable hours. The Board of Directors, by resolution, may adopt reasonable rules governing the frequency, time, location, notice and manner of examination and duplication of Association records and the imposition of a reasonable fee for
furnishing copies of such documents, information or records. The fee may include reasonable personnel costs for furnishing the documents, information or records.

6.5 Payment of Vouchers. The Treasurer or managing agent shall pay all vouchers for all budgeted items and for any non-budgeted items, up to $1,000 signed by the President, managing agent, manager or other person authorized by the Board of Directors. Any voucher for non-budgeted items in excess of $1,000 shall require the authorization of the President or a resolution of the Board of Directors.

6.6 Execution of Documents. The Board of Directors may, except as otherwise provided in the Declaration, Articles of Incorporation, or these Bylaws, authorize any officer or agent to enter into any contract or execute any instrument in the name of and on behalf of the Association. Such authority may be general or confined to specific instances. Unless so authorized by the Board of Directors, no officer, agent, or employee shall have any power or authority to bind the Association by any contract or engagement, to pledge its credit, or to render it liable for any purpose or for any amount.

6.7 Reports and Audits. An annual financial statement consisting of a balance sheet and an income and expense statement for the preceding year shall be rendered by the Board of Directors to all Owners and to all mortgagees who have requested the same within ninety (90) days after the end of each fiscal year. Commencing with the fiscal year following the Turnover Meeting, if the Annual Assessments exceed $75,000 for the year, then the Board of Directors shall cause such financial statements to be reviewed within 180 days after the end of the fiscal year by an independent certified public accountant licensed in Oregon in accordance with the Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants, or if the Annual Assessments are $75,000 or less, shall cause such review within 180 days after receipt of a petition requesting such review signed by at least a majority of owners. The Board of Directors need not cause such a review to be performed if so directed by an affirmative vote of at least sixty percent (60%) of the Owners, not including votes of Declarant with respect to Lots owned by Declarant. From time to time, the Board of Directors, at the expense of the Association, may obtain an audit of the books and records pertaining to the Association and furnish copies thereof to the members. At any time any Owner or holder of a mortgage may, at their own expense, cause an audit or inspection to be made of the books and records of the Association.

ARTICLE 7.

INSURANCE

7.1 Types of Insurance. For the benefit of the Association and the Owners, the Board of Directors shall pay for out of the Operations Fund, the following insurance:

(a) Property Damage Insurance.
(i) The Association may maintain a policy or policies of insurance covering loss or damage from fire, with standard extended coverage and "all risk" endorsements, and such other coverages as the Association may deem desirable.

(ii) The amount of the coverage shall be for not less than one hundred percent (100%) of the current replacement cost of the improvements on the Common Areas (exclusive of land, foundation, excavation and other items normally excluded from coverage), subject to a reasonable deductible.

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

(b) **Liability Insurance.**

(i) The Association shall maintain comprehensive general liability insurance coverage insuring the Declarant, the Association, the Board of Directors, and the managing agent, against liability to the public or to Owners and their invitees or tenants, incident to the operation, maintenance, ownership or use of the Common Areas, including legal liability arising out of lawsuits related to employment contracts of the Association. There may be excluded from such policy or policies coverage of an Owner (other than as a member of the Association or Board of Directors) for liability arising out of acts or omissions of such Owner and liability incident to the ownership and/or use of the part of the Property as to which such Owner has the exclusive use or occupancy.

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

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

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

(d) **Fidelity Insurance.**

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

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

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

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

**ARTICLE 8.**

**GENERAL PROVISIONS**

8.1 **Seal.** The Board of Directors may, by resolution, adopt a corporate seal.

8.2 **Notice.** All notices to the Association or to the Board of Directors shall be sent care of the managing agent or, if there is no managing agent, to the principal office of the Association or to such other address as the Board of Directors may hereafter designate from time to time. All notices to members shall be sent to the member's Home or to such other address as may have been designated by the member from time to time in writing to the Board of Directors.

8.3 **Waiver of Notice.** Whenever any notice to any member or director is required by law, the Declaration, the Articles of Incorporation, or these Bylaws, a waiver of notice in writing signed at any time by the person entitled to notice shall be equivalent to the giving of the notice.

8.4 **Action Without Meeting.** Any action that the law, the Declaration, the Articles of Incorporation or the Bylaws require or permit the members or directors to take at any meeting may be taken without a meeting or ballot meeting if a consent in writing setting forth the action so taken is signed by all of the members or directors entitled to vote on the matter. The consent, which shall have the same effect as a unanimous vote of the members or directors, shall be filed in the records of minutes of the Association.

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

**ARTICLE 9.**

**AMENDMENTS TO BYLAWS**

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

9.2 **Adoption.**

A resolution adopting a proposed amendment may be proposed by either the Board of Directors or by the members and may be approved by the membership at a meeting called for such purpose, by a ballot meeting pursuant to Section 3.13, or by written consent of the members. Members not present at the meeting considering such amendment may express their approval in writing or by proxy. Any resolution must be approved by members holding a majority (at least 50%) of the voting rights, together with the written consent of the Class B member, if any. Amendment or repeal of any provision of these Bylaws that is also contained in the Declaration must be approved by the same voting requirement for amendment of such provision of the Declaration.

9.3 **Relationship to Declaration.** If a provision required to be in the declaration under ORS 94.580 is included in these bylaws, the voting requirements for amending the declaration shall also govern the amendment of the provision in the bylaws.

9.4 **Execution and Recording.** An amendment shall not be effective until certified by the President and Secretary of the Association as being adopted in accordance with these Bylaws and ORS 94.625, acknowledged and recorded in the Deed Records of Yamhill County, Oregon.

**ARTICLE 10**

**INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES, AND AGENTS**

The Association shall indemnify any Director, officer, employee, or agent who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding. Indemnification will be made regardless of whether the action is civil, criminal, administrative, or investigative (other than an action by the Association) by reason of the fact
that such person is or was a Director, officer, employee, or agent of the Association or is or was serving at the request of the Association as a Director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, against expenses (including attorney fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by said person in connection with such suit, action, or proceeding. This applies if such person acted in good faith and in a manner that such person reasonably believed to be in, or not opposed to, the best interest of the Association, and, with respect to any criminal action or proceedings, had no reasonable cause to believe that such person’s conduct was unlawful. The termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or with a plea of nolo contendere or its equivalent, shall not of itself create a presumption that a person did not act in good faith and in a manner that such person reasonably believed to be in, or not opposed to, the best interest of the Association, and, with respect to any criminal action or proceedings, had reasonable cause to believe that such person’s conduct was unlawful. Payment under this clause may be made during the pendency of such claim, action, suit, or proceeding as and when incurred, subject only to the right of the Association to reimbursement of such payment from such person, should it be proven at a later time that such person had no right to such payments. All persons who are ultimately held liable for their actions on behalf of the Association as a Director, officer, employee, or agent shall have a right of contribution over and against all other Directors, officers, employees, or agents and Members of the Association who participated with or benefited from the acts that created said liability.

George Michael Gougler

By Oak Meadows at Newberg, Inc.
Its: President

STATE OF OREGON

County of Yamhill

This instrument was acknowledged before me on 1-29-2007, by George Michael Gougler, as President, of the OAK MEADOWS at NEWBERG, INC., an Oregon non-profit corporation and that the forgoing instrument was signed on behalf of said corporation, and acknowledged said instrument to be its voluntarily act and deed.

NOTARY PUBLIC FOR OREGON
My Commission Expires: 4-17-09
LOT 1 THROUGH LOT 55 OF OAK MEADOWS, ACCORDING TO THE OFFICIAL PLAT THEREOF ON FILE AND OF RECORD, AS NUMBER 200422504, PLAT BOOK 12, PAGE 114 IN YAMHILL COUNTY OREGON, LOCATED IN S 1/2 OF THE S 1/2 OF SECTION 16 AND THE N 1/2 OF THE N 1/2 OF SECTION 21, T.3S, R.2W OF THE WILLAMETTE MERIDIAN, CITY OF NEWBERG, COUNTY OF YAMHILL, STATE OF OREGON
DECLARATION OF ASSOCIATION INFORMATION
PURSUANT TO ORS 94.667
OF
OAK MEADOWS at NEWBERG, INC.
(A non-profit corporation)
By its Board of Directors

1. The original name of the association filed with the County of Yamhill, State of Oregon on March 25, 2005 at microfilm number 200505889 was “MEADOWS OAK.”

2. That the name was changed from “MEADOWS OAK” to “OAK MEADOWS AT NEWBERG, INC.” by virtue of an amendment filed with the County of Yamhill, State of Oregon on January 18, 2007 at microfilm number 200701251.

3. That the name of the treasurer of Oak Meadows at Newberg, Inc is Frank Goldston, telephone number 503-476-5827 and whose mailing address is that of the association, to wit, 901 N. Brutcher Suite D-235, Newberg, Oregon 97132.

4. Pursuant to ORS 94.667(2)(b) the treasurer is authorized to receive on behalf of the Association, assessments and fees imposed by the association and notices of a transfer of any property subject to assessments by the association and the declaration. A list of the properties subject to assessment by the association is particularly described on exhibit “A” attached hereto and incorporated by reference as if fully set forth herein.

5. That the original recorded declaration, conditions, covenants and restrictions of record was filed on March 25, 2005 with the County of Yamhill, State of Oregon at microfilm 2005505889; an amendment was also filed with the County of Yamhill, State of Oregon at microfilm number 200701251. The By-Laws of Oak Meadows Newberg, Inc was also filed with the County of Yamhill, State of Oregon at microfilm number 200702292 on January 30th, 2007 and re-recorded on January 31st, 2007 at microfilm number 200702411.
6. That the "Board of Directors of Oak Meadows at Newberg, Inc." pursuant to resolution authorized the recording of this notice.

GARY BLISS, President
Oak Meadows at Newberg, Inc.

STATE OF OREGON

County of Yamhill

This notice of information was acknowledged before me on the 23rd day of February 2007, by Gary Bliss, as President, of the OAK MEADOWS at NEWBERG, INC, an Oregon non-profit corporation and the foregoing instrument was signed on behalf of said corporation, and acknowledged said instrument to be its voluntary act and deed.

NOTARY PUBLIC FOR OREGON
My Commission Expires: 11-14-2010

OFFICIAL SEAL

gema orozo
notary public oregon
commission no. 411923
my commission expires nov. 14, 2010
EXHIBIT A

LOT 1 THROUGH LOT 55 OF OAK MEADOWS, ACCORDING TO THE OFFICIAL PLAT THEREOF ON FILE AND OF RECORD, AS NUMBER 200422504, PLAT BOOK 12, PAGE 114 IN YAMHILL COUNTY OREGON, LOCATED IN S 1/2 OF THE S 1/2 OF SECTION 16 AND THE N 1/2 OF THE N 1/2 OF SECTION 21, T.3S, R.2W OF THE WILLAMETTE MERIDIAN, CITY OF NEWBERG, COUNTY OF YAMHILL, STATE OF OREGON
OAK MEADOWS
A Replot of a Portion of Parcel 1, Partition 2003-32
Located in the South Half of the Sebastian
Brutscher D.L.C. No. 51
South 1/2 of the South 1/2 of Section 16 and the North 1/2 of the North 1/2 of Section 21, Township 3 South, Range 2 West of the Willamette Meridian
City of Newberg, Yamhill County, Oregon
City of Newberg Planning File 5-39-03

VOLUME
Sheet Description
1 of 3 Index, Map, Legend, Curve Data, Corner Notes and Narrative
2 of 3 Enlarged Details
3 of 3 Surveyor’s Certificates, Notes, Current Alfalfa, Goshen, Lightning, City of Newberg Approvals and Yamhill County Approvals

INDEX

TRACT A

CENTERLINE CURVE DATA

Property Line Curve Data

RADIUS CHORD BEARING CHORD

LEGAL DESCRIPTION

Recorded 11/6/03

11/04/04

Sheet 1 of 3
SURVEYOR'S CERTIFICATE:

I, Leonard A. Rydel, Oregon Registered Professional Land Surveyor No. 1437, hereby certify that I have correctly surveyed and marked with proper monuments the land represented on the plat of the "OAK MEADOWS" as replat of a portion of Parcel 1 of Parcel 2003–32, a portion recorded 30 December 2003 by instrument No. 2003/32/038, Yamhill County Plat Records, and located in the South Half of the Sebastian Bruchler Dotal No. 51, and located in the South Half of the South Half of Section 16 and North Half of North Half of Section 21, Township 3 South, Range 2 West of the Willamette Meridian, City of Newberg, Yamhill County, Oregon, being more particularly described based on Parcel No. 2001–38 by Leonard A. Rydel, PLS 1437, as follows:

Beginning at the Initial Point, a 5/8-inch iron rebar with a yellow plastic cap marked "PSDUL 1 PLS 1437" at the Southeast corner of Parcel 1 of Parcel 2001–38, a portion recorded 23 October 2001 by instrument No. 2001/08/49, Yamhill County Plat Records, said point being on the East right-of-way line of Bruchler Street as described by instrument No. 2000/10/30, Yamhill County Deed Records, thence South 89° 13' 14" East 733.41 feet to the Southeast corner of Parcel 1 of Parcel 2001–38, thence South 00° 00' 00" West 500.00 feet to a 5/8-inch iron rebar at the Southeast corner of Parcel 2 of Parcel 2001–38, thence South 89° 13' 14" West 733.39 feet to a 5/8-inch iron rebar on the East right-of-way line of said Bruchler Street; thence North 00° 00' 00" West along the East right-of-way line of said Bruchler Street 500.27 feet to the initial point.

All tracts containing 9,356.28 acres or less.

I hereby certify that the accompanying plat properly depicts the above described tract, is drawn to scale and all points are monumented in accordance with Oregon Survey Law.

LEONARD A. RYDEL
P.O. Box 350
Newberg, Oregon 97132
Phone: (503) 538-5700

NOTE:

1. This subdivision is subject to the Conditions of Approval per Case File S-39-03, City of Newberg Community Development Office.

2. "A" shall be owned and maintained by the owners of Lots 1 through 50 and Tract "B".

3. "B" shall be owned by the Declarant, their heirs or assigns.

4. Tract "A" is subject to a storm water easement to the City of Newberg for storm water facilities, treatment, detention and disposal.

5. A storm water detention facility is constructed on Tract "B".

6. The landscaping of Tract "A" shall be maintained by the "OAK MEADOWS" owner's association. Maintenance activities shall include those detailed in section 5.4.C.4 of the Declaration of Covenants, Conditions and Restrictions for "OAK MEADOWS". The landscaping of Tract "B" shall be maintained by the owners of Lots 1 through 50 in the event that the "OAK MEADOWS" owner's association fails to perform said maintenance activities.

7. Common improvements as referred to in the Declaration include public water, sanitary sewer, street and storm drain improvements located in public right-of-ways or public and City of Newberg easements.

8. There shall be no direct motor vehicle access from Lots 1 through 4 and 36 through 38 to Bruchler Street.

9. Lots 1 through 4 and 36 through 38 shall be subject to a 5.50 foot wide public access easement, said easement to be located parallel to and alongside the East right-of-way line of Bruchler Street.

DECLARATION:

KNOW ALL MEN BY THESE PRESENTS: that JCI Development-Oak Meadows L.L.C., G. Michael Guaguer, Operating Manager, being the owner of the land described in the survey's certificate herein, do hereby make, establish and declare that this subdivision plat is true and correct map and plat thereof, all lots being the dimensions shown and all streets being the widths shown herein, said JCI Development-Oak Meadows L.L.C. does hereby dedicate and devote to the use of the public forever all streets and pedestrian and bicycle access easements shown on said plat, and said JCI Development-Oak Meadows L.L.C. hereby grants all easements as shown or noted on said plat, and said JCI Development-Oak Meadows L.L.C. does hereby convey to the County improvements to the public.

IN WITNESS WHEREOF, we have set our hands:

G. Michael Guaguer

Operating Manager

ACKNOWLEDGEMENT:

State of Oregon

County of Yamhill

On this day personally appeared before me G. Michael Guaguer, being duly sworn, who said that the Operating Manager of JCI Development-Oak Meadows L.L.C., and that the above Declaration was signed on behalf of JCI Development-Oak Meadows L.L.C., and G. Michael Guaguer acknowledged the Declaration to be his voluntary act and deed.

IN WITNESS WHEREOF I have set my hand this 1st day of October, 2004.

S.Gramm

Notary Public

PRINTED NAME OF NOTARY

IN THE STATE OF OREGON

COMMISSION NO. 3784457

MY COMMISSION EXPIRES MARCH 11, 2008

CONSENT AFFIDAVIT:

A Subdivision Plat Consent of the above mentioned portion of "OAK MEADOWS" has been recorded as Instrument No. 2004/22/663, Yamhill County Deed Records.

I, Leonard A. Rydel, P.L.S. 1437

601 Pinchot Drive

Newberg, Oregon 97132

Phone: (503) 538-5700

I hereby certify that this tracing is an exact copy of the original plat of "OAK MEADOWS".

LEONARD A. RYDEL

Registrar of Deeds

Yamhill County

RECORDED PROFESSIONAL

LAND SURVEYOR

1437

LEGAL DATE 10/13/04

YAMHILL COUNTY APPROVALS:

Newberg Planning Division Director

Date

Newberg City Recorder

Date

YAMHILL COUNTY APPROVALS:

Yamhill County Surveys

Date

Yamhill County Board of Commissioners

Date

Yamhill County Board of Commissioners

Date

Yamhill County Board of Commissioners

Date

Yamhill County Tax Collector

Date

Yamhill County Treasurer

Date

Pursuant to O.R.S. 222.295, these taxes have been paid and/or bond posted to the date of this plat.

Yamhill County Auditor

Date

Sheet 3 of 3