DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
OF SPRINGBROOK OAK MEADOWS II

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THIS DECLARATION is made and executed this 14th day of May, 2008, by Werth Family, LLC.

WITNESSETH:

WHEREAS, Declarant is the owner of certain property located in Newberg City, Yamhill County, Oregon, and more particularly described in "Exhibit A" attached hereto and by reference made a part hereof.

Declarant is the owner of all the real property and improvements thereon located in Newberg City, Yamhill County, Oregon, described as follows (the "Property"): Lots inclusive, and Tracts as shown on the plat map filed for record on 20080807 Book, Pages, in the plat records of Yamhill County, Oregon.

Declarant intends to develop a non-profit corporation to be organized for the benefit of the real property described herein as a mixed use development as permitted by the Newberg City RP/SP zone. Declarant desires to impose these mutually beneficial covenants, conditions, restrictions, easements, assessments, and liens on the Property, under a comprehensive general plan of improvement and development for the benefit of all Lots and Common Areas in Springbrook Oak Meadows II.

Declarant has deemed it desirable for the efficient preservation of the values and amenities in the Property to create a nonprofit corporation, to which will be delegated and assigned the powers and authority to own, maintain, and administer the Common Areas and facilities, to administer and enforce the covenants, conditions, and restrictions of the Declaration, and to collect and disburse the assessments and charges hereinafter created.

The Declarant shall convey Tracts A, B, C, the Round-about at Hayes Street and Werth Blvd, and any other property subsequently deemed to be Common Area to a non-profit corporation to be organized for the benefit of the real property described herein ("Association"). The Association shall assume the maintenance obligation of the Common Area properties.

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

ARTICLE I

DEFINITIONS

Section 1. "Architectural Committee" shall mean the Architectural Control Committee.

Section 2. "Association" shall mean and refer to a non-profit corporation to be organized for the benefit of the real property described herein, its successors and assigns.

Section 3. "Board of Directors" shall mean the Board of Directors of the Association.

Section 4. "Common Area" shall mean all real property and easements (including the improvements thereto) owned by the Association for the common use and enjoyment of the owners. The Common Area which will be owned by the Association consists of any common areas,
easements, and conservation easements depicted on the Plat of Oak Meadows II. Additional real property may be conveyed to the Association for the common use and enjoyment of the Owners as the Properties are developed.

Section 5. "Declarant" shall mean and refer to Werth Family, LLC, and its successors and assigns if such successors or assigns should acquire and assume all rights and responsibilities of the Declarant under this Declaration by written agreement.

Section 6. "Improvement" shall mean all buildings, outbuildings, alterations, additions, sheds, driveways, parking areas, fences, lights and utility pole lines and any other structure, of any type or kind.

Section 7. "Parcel" shall mean and refer to each separate tax lot within the Properties as conveyed and recorded in the Public Records of Yamhill County, Oregon, with the exception of any Common Area.

Section 8. "Maintenance" shall mean the exercise of reasonable care to keep any Association owned private streets, the round-a-bout, common areas, easements, landscaping, drainage, recreational facilities, and other amenities used in common by Parcel owners in aesthetically pleasing, good and functioning condition.

Section 9. "Member" shall mean every person or entity that holds membership in the association.

Section 10. "Notice" shall mean, unless otherwise specifically required in this Declaration, notice mailed, postage paid, to the last-known address of the person who appears as Member or owner on the records of the Association at the time of such mailing.

Section 11. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Parcel which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 12. "Properties" shall mean and refer to that certain real property described in "Exhibit A" attached hereto, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 13. "Street" shall include any private street, drive, boulevard, road, way, terrace or court as shown on the plat.

Section 14. "Unit" shall mean the following: each Parcel shall be assigned one (1) Unit for each acre within the Parcel. Parcels of less than one acre shall be represented as a percentage of an acre. The failure to fully exercise the development rights by not constructing the maximum acreage shall not reduce the number of Units assigned to a Parcel.
ARTICLE II

PROPERTY RIGHTS

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

(a) the right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members or to mortgage all or any part of the Common Area (no such dedication, transfer or mortgage shall be effective unless an instrument agreeing to such dedication or transfer signed by two-thirds (2/3) of the members has been recorded); and (b) the right of the Association to adopt rules and regulations not inconsistent with this Declaration concerning the use and enjoyment of the Common Areas.

Section 2. Delegation of Use. Any Owner may delegate, in accordance with the By-Laws, his right of enjoyment to the Common Area and facilities to his tenants, guests or invitees.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

Section 1. Every Owner of a Parcel which is subject to assessment shall be a member of the Association. Membership shall be appurtenant to, and may not be separated from, ownership of any Parcel which is subject to assessment.

Section 2. The Association shall have one class of voting membership. All Owners shall be Members and shall be entitled to one (1) vote for each Unit held.

ARTICLE IV

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Parcel owned within the Properties, hereby covenants, and each Owner of any Parcel by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges, and (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs, and reasonable attorneys' fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs, and reasonable attorneys' fees, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due.
Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the health, safety, and welfare of the Owners and their tenants, guests and invitees, and for the improvement and maintenance of the Common Areas.

Section 3. Rate of Assessment. Both annual and special assessments, other than assessments under Article XIV of this Declaration, shall be determined and fixed based upon the total Units assigned to a Parcel. Each assessment against each Parcel shall be a percentage of the total assessment determined by dividing the Units held by the Owner with respect to a Parcel by the total Units outstanding.

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

Section 5. Notice and Quorum for Any Action Authorized Under Sections 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 4 shall be sent to all members not less than 30 days or more than 60 days in advance of the meeting. At such meeting, the presence of members or of proxies entitled to cast thirty percent (30%) of all the votes of the membership shall constitute a quorum.

Section 6. Collection. Assessments may be collected on an installment basis or annual basis at the discretion of the Board of Directors of the Association.

Section 7. Date of Commencement of Annual Assessments; Due Dates. The annual assessments provided for herein shall commence as to all Parcels on the first day of the month following the conveyance of the first Parcel, except as hereinafter provided. The Board of Directors shall fix the amount of the annual assessment against each Parcel at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Parcel have been paid. A properly executed certificate of the Association as to the status of assessments on a Parcel is binding upon the Association as of the date of its issuance. Notwithstanding anything to the contrary contained herein, as long as the Declarant pays any operating expenses incurred by the Association that exceed the assessments receivable from other members and other income of the Association, the Declarant may elect to be excused from payment of annual assessments related to Parcels owned by the Declarant. In the event the Declarant elects to be excused from payment of annual assessments, the Declarant may at any time thereafter elect to have all Parcels owned by the Declarant subject to assessments. Upon such election, the Declarant’s liability for operating expenses shall cease and the Parcels owned by the Declarant shall be subject to assessment. As each Parcel becomes subject to assessment, the annual assessment shall be prorated according to the number of months remaining in the calendar year.
Section 8. Effect of Nonpayment of Assessments: Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of twelve percent (12%) per annum or at the prime rate, as published in the Wall Street Journal, plus four percent (4%), whichever is greater, not to exceed, however, the maximum rate of interest allowed by law. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the property. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Parcel.

Section 9. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage. The sale or transfer of any Parcel shall not affect the assessment lien. However, the sale or transfer of any Parcel pursuant to mortgage foreclosure or any proceeding in lieu thereof or the bona fide conveyance to a mortgagee in satisfaction of a first mortgage shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Parcel from liability for any assessments thereafter becoming due or from the lien thereof.

Section 10. Exempt Property. All properties dedicated to, and accepted by, a local governmental or public authority for utility purposes shall be exempt from the assessments created herein.

ARTICLE V

EASEMENTS AND DEDICATION

Section 1. Roadway, Utility and Drainage Easements. As the Properties are developed, the Declarant will grant and convey non-exclusive, perpetual easements to and on behalf of the Association, the Owners, their grantees, heirs and successors in interest for ingress and egress, utility, drainage and landscape purposes over, across and under portions of the Properties.

Section 2. Maintenance and Interference. Each easement granted and conveyed to the Association shall be maintained by the Association until such time as the property encumbered by the easement has been dedicated and accepted by the local governmental authority and the local governmental authority has assumed such maintenance. The local governmental authority shall not have responsibility for maintenance of the streets and street related drainage facilities located on the Properties unless and until the local governmental authority accepts such maintenance responsibility and the local governmental authority shall not be responsible for utility trench lines or trench line failures. Within these easements, no structure, planting or other material which may interfere with the use and purpose of the easements shall be placed or permitted to remain.

ARTICLE VI

ARCHITECTURAL CONTROL

Section 1. Approval Required. No building, fence, wall, outbuilding, landscaping or other structure or improvement shall be commenced, erected or maintained upon the Properties, nor shall any exterior addition to or change or alteration therein be made, nor shall any material alteration, addition or deletion be made to the landscaping of a Parcel, until the plans and specifications showing the nature, kind, shape, height, materials, location and all other reasonable detail of the same shall have been submitted to and approved in writing as to harmony of external design and
location in relation to surrounding structures and topography by an architectural committee composed of three (3) or more representatives appointed in accordance with this Article (the "Architectural Committee"). In the event any improvement is destroyed in whole or in part, the improvement shall be reconstructed in accordance with the original plans and specifications approved by the Architectural Committee and any subsequently approved modifications thereto, or if the Owner desires to change the plans and specifications, all terms and conditions of this Declaration shall be complied with as if no improvement had been previously constructed.

Section 2. Membership. The Declarant shall appoint the initial Architectural Committee. The Declarant will attempt to appoint an Architectural Committee from the following:

A. The Declarant or Designee - At such time as Declarant no longer wishes to serve or to appoint a designee or is incapable of doing so, the Board of Directors shall have the authority to make the appointment in Declarant’s place;
B. An architect;
C. A landscape architect;
D. A builder;
E. A real estate agent or broker; and
F. A member or members of the Association owning a Parcel within the Properties.
The Board of Directors shall have the authority, but shall not be required, to pay compensation to the members of the Architectural Committee. The members of the Architectural Committee shall serve at the pleasure of the Board of Directors. Subsequent members of the Architectural Committee shall be appointed by the Board of Directors and may include any Member of the Association and/or any Board of Directors member.

Section 3. Application Procedures. All notices or submission requests to be given to the Architectural Committee shall be in writing delivered by mail to the principal registered office of the Association as from time to time set forth in the records of the office of the Secretary of State of Oregon, Corporate Division.
Three copies of all such plans and specifications to be approved shall be furnished to the Architectural Committee. The plans and specifications shall include the following information:

(1) Building plans showing floor plans and front, side and rear elevations.
(2) Exterior finish schedule showing material, style, and color for all surfaces.
(3) Site plan showing location of buildings, drives, parking areas, sidewalks, and all other improvements.
(4) Landscape plan, to include all removal of trees, underbrush and vegetation.
(5) Detailed plan for controlling erosion.
(6) The contractor who will perform and be responsible for all work.

Section 4. Design Criteria. The Architectural Committee shall have the right to establish certain design criteria, and amend the same, from time to time. Such design criteria may be directed to only certain aspects of designs or acceptable materials and should be applied only as minimum guidelines to facilitate the review process. Materials which are of a higher quality, in the Architectural Committee’s opinion, will be allowed. Full compliance with such design criteria will not establish any right to approval hereunder unless all other concerns and conditions have been addressed and met in a satisfactory manner. The architectural design of buildings shall be in accordance with the design standards described in Article XXIII of this document.
Section 5. Purpose and Discretion. The purpose of this Article in providing the Architectural Committee with the authority to approve or disapprove plans and specifications for all improvements constructed on the Parcels is to maintain the value of all Parcels and to protect all Owners against a diminution of value resulting from the construction of a building or other structure incompatible with the proper development of the Properties. The disapproval of such plans and specifications shall be in the sole discretion of the Architectural Committee and shall be based upon the following factors:

(1) Harmony of exterior design with the existing or proposed improvements to the Parcels.
(2) General quality in comparison with the existing improvements to the Parcels.
(3) Location in relation to surrounding improvements.
(4) Location in relation to topography.
(5) Changes in topography.
(6) Aesthetic considerations.

The Architectural Committee may establish and specify for any Parcel, prior to construction, standards and requirements relating to excavation, dirt and fill storage, digging, backfilling, etc. for utility trenches and building construction, the color and composition of roofing materials, the color and composition of bricks, stone or siding, and the style of architecture. Such standards and requirements may include, but not necessarily be limited to, the following: off-site storage of fill, dirt or construction debris; stockpiling of fill from utility trenches; backfilling utility trenches; and the general appearance of the buildings. Such standards and requirements may vary from Parcel to Parcel and may be imposed by the Architectural Committee in its sole discretion so as to minimize disruption of trees, tree roots, existing ground cover, or other natural features. Indiscriminate grading or trenching will be strictly forbidden to minimize harm to existing services and natural features which protect and enhance the beauty and privacy of the entire Properties and to encourage the aesthetic standards of the neighborhood.

Section 6. Approval Process. A decision regarding approval of building plans for a particular Parcel will be returned to the applicant in writing no later than thirty (30) days after receipt of complete plans by the Architectural Committee. In the event the Architectural Committee fails to approve or disapprove such plans and specifications within thirty (30) days after complete plans, in a form acceptable to the Architectural Committee, have been submitted to it, the applicant shall give by certified or registered mail written notice to the Architectural Committee stating that no action was taken for thirty (30) days and shall request immediate action within ten (10) days of such notice. If the Architectural Committee fails to approve or disapprove the plans within said ten (10) day period, then approval of said plans shall be deemed to have been given. The applicant shall agree in writing to all changes made to the building plans as mutually agreed by both the Architectural Committee and the applicant. Thereafter, no changes may be made to the plans without the express written approval of the Architectural Committee as set forth in this approval process. Within ten (10) days after the completion of construction of any improvement in the Properties, the Owner, builder or other agent for the Owner, shall give written notice to the Architectural Committee that the improvement is complete and ready for inspection. Within twenty (20) days after receipt of such notice, the Architectural Committee shall inspect the improvement and shall notify the Owner in writing as to any defects or deficiencies which are found. This response from the Architectural Committee shall include a statement as to the corrections which should be made to correct any such deficiencies so as to render the improvement in compliance with the approved plans and specifications. The Owner shall be given a reasonable period within which to correct such deficiencies. After being given a reasonable opportunity to do so, the Architectural Committee shall make such recommendations to the
Board of Directors as it deems necessary for enforcing compliance with the approved plans and specifications. In the event the Architectural Committee fails to inspect the improvement and notify the Owner in writing as to the defects within twenty (20) days after notice of completion, the improvement will be deemed in compliance with the plans and specifications previously approved.

ARTICLE VII

LAND USE AND BUILDING TYPE

No Parcel shall be used except for commercial and/or residential purposes and such other purposes set forth in this Declaration. The density and intensity of development of the Properties is controlled by the terms and conditions of the Springbrook Oaks Specific Plan, and any variance granted by the City of Newberg The Declarant shall assign development rights with each Parcel conveyed by the Declarant. The Owner of each Parcel shall develop and improve the Parcel in accordance with this Declaration, the Springbrook Oaks Specific Plan and any assignment of development rights by the Declarant.

ARTICLE VIII

BUILDING AND FENCE LOCATION AND SIGHT RESTRICTIONS

Building locations shall be approved by the Architectural Committee, provided, however, no portion of any building shall be located on any Parcel: in violation of applicable set-back restrictions under the Springbrook Oaks Specific Plan unless by a variance approved by the City of Newberg and the Architectural Committee.

ARTICLE IX

NUISANCES

No noxious or offensive activity shall be carried on upon any Parcel or any Common Area, nor shall anything be done thereon which may be or may become an annoyance or nuisance.

ARTICLE X

TEMPORARY STRUCTURES

No structure of a temporary character, trailer, basement, tent, shack, garage, barn, storage building, or other outbuilding shall be used on any Parcel at any time as a place of business either temporarily or permanently. Temporary construction offices are excepted.

ARTICLE XI

SIGNS

No sign of any kind shall be displayed to the public view on any Parcel except such signage as approved by the Architectural Committee and except signs used by Declarant and its agents to advertise Parcels for sale. Notwithstanding the foregoing, the Declarant shall have the right to use
such signs as the Declarant deems appropriate to promote the sale of improved or unimproved Parcels.

ARTICLE XII

RADIO AND TELEVISION ANTENNA, FENCING AND TANKS

No exterior radio, television or satellite-dish antenna may be installed on any portion of the Properties unless the installation, and the location, color and design of the antenna have been approved by the Architectural Committee. No fence shall be located on any Parcel unless the installation, color and design of the fencing have been approved by the Architectural Committee. No tank for the storage of fuel, water or other substance shall be placed or permitted to remain on any Parcel unless the tank is buried or enclosed in an approved structure, and the location of the tank is approved by the Architectural Committee.

ARTICLE XIII

MAIL BOXES

No mail box or paper box or other receptacle of any kind for use in the delivery of mail, newspapers, magazines or similar materials shall be erected or located on any Parcel. All mailboxes shall be located in clusters in areas designated by the Declarant or the Board of Directors and approved by the U.S. Postal Service.

ARTICLE XIV

EXTERIOR MAINTENANCE

Each Owner shall maintain the landscaping, including the trees, shrubs and grass within the boundaries of his Parcel, and the exterior of the building, including shutters, doors and windows, located on the Parcel in a neat and attractive condition. Each Owner shall maintain all glass in doors, sidelights and windows and replace the glass as necessary when cracked, broken or fogged. All personal property kept on a Parcel shall be either kept and maintained inside of a building or a proper storage facility or shall be stored at the rear of the building, provided, however, this provision shall not be construed to permit junk cars, old appliances or the like being kept anywhere on the Parcel, including in the front, on the side or to the rear of the Parcel.

Any personal property, if it is to be stored on the Parcel, is to be stored in a completely enclosed structure approved by the Architectural Committee. If an Owner shall fail to comply with the requirements of this Declaration, then upon vote of a majority of the Board of Directors and after not less than ten (10) days' notice to the Owner, the Association shall have the right (but not the obligation) to enter upon such Parcel and provide such maintenance or make such repairs, removals or replacements as it deems necessary or appropriate, and the cost thereof shall be payable to the Association by such Owner within ten (10) days after the delivery to the Owner of a demand for payment. Amounts due hereunder may be enforced and collected, together with interest at the maximum rate allowed by law, or eighteen percent (18%) per annum if no maximum limit is in effect, and attorneys' fees, in the manner assessments are enforced and collected under Article IV. For the purpose solely of performing the maintenance authorized by this paragraph, the
Association's agents and employees shall have the right, after reasonable notice to the Owner, to enter upon any such Parcel between the hours of 7:00 a.m. and 6:00 p.m.

ARTICLE XV

ACCESS TO OTHER PROPERTY

Except for the Declarant, no Owner shall permit or otherwise authorize any portion of any Parcel to be utilized as an easement, roadway, driveway, street or other means or method of access, ingress or egress to areas or property not included within the Properties. The purpose of this provision is to preserve and protect the integrity of the exterior boundaries of the Properties, and to preclude and prohibit any break in those boundaries by any easement, roadway, driveway or street granted, permitted or otherwise created by any Owner other than the Declarant. The Declarant reserves the right to grant such easements or create such roadways upon land or Parcels owned by the Declarant as the Declarant, in the Declarant's sole discretion, determines necessary, appropriate or desirable.

ARTICLE XVI

GARBAGE AND REFUSE DISPOSAL

No Parcel shall be used, maintained, or allowed to become a dumping ground for scraps, litter, leaves, limbs or rubbish. Trash, garbage or other waste shall not be allowed to accumulate on any Parcel or other part of the Properties and shall not be kept except in sanitary containers located and installed in the manner approved by the Architectural Committee. All equipment for the storage or disposal of such material shall be kept in a clean and sanitary condition and shall not be visible from the street or from any private or common driveway except for those times designated for collection by the appropriate waste management and collection authority approved by the Board of Directors.

ARTICLE XVII

OUTSIDE LIGHTING

Floodlighting or any other outside lighting with high intensity, bright lamps is prohibited. Indirect and low level surface lighting is required.

ARTICLE XVIII

LANDSCAPING

Only vegetation which has been approved by the Architectural Committee shall be used for landscaping. All landscaping shall be in compliance with the Oregon Department of Environmental Protection regulations. No native vegetation shall be removed from any Parcel except such removal as is reasonably necessary for the construction of improvements and landscaping as approved by the Architectural Committee. No significant vegetation shall be removed from any Parcel without the approval of the Architectural Committee. Only pesticides, herbicides and fertilizers that are consistent with the USDA-SCS Soil Pesticide Interaction Rating Guide will be used. Only pesticides that have a minimum potential for leaching or loss from runoff, and only chemicals with a half-life of seventy (70) days or less will be used. Fertilizers, pesticides, and herbicides which
cannot be analyzed in a laboratory will not be applied on site. Spraying unauthorized chemicals shall render the Owner personally liable for any pollution created by said chemicals. Additions to the normal landscape such as bird baths, statues, water and fish pools, benches, rock or brick borders, and any other such yard decorations are prohibited unless specifically approved by the Architectural Committee.

ARTICLE XIX

CONSTRUCTION ACTIVITIES

Grading and excavating work shall be contained on the building site. Backfilling of trees shall not be permitted. All building debris must be removed and building site kept clean during construction. No tree eight (8) inches in diameter or greater shall be cut without prior approval of the Architectural Committee.

In the event any violation of this Article occurs, all work shall cease until the Parcel is restored in a manner approved by the Architectural Committee. In the event an Owner cuts or removes a tree in violation of this Article, the Owner shall replace each tree improperly cut or removed with a tree of a size and type approved by the Architectural Committee and replant as necessary.

ARTICLE XX

MAINTENANCE OF STREETS AND ROADWAYS

The Association shall be responsible for maintenance, as defined herein, within the Properties. The Association shall be responsible for the maintenance of the private streets and parking lots and common areas within and to the Properties as follows:

Section 1. The Association shall be solely responsible for the maintenance of the common detention/water quality pond and the pedestrian paths intended for use by the general public.

Section 2. The Association shall share responsibility for the maintenance of the round-about at Hayes and Werth streets with the City of Newberg as follows:

- The Association will maintain the landscaping, landscape lighting (if installed) and the irrigation system, within the round-about.
- The City will assume responsibility for the costs of irrigation water and the electricity required for the irrigation system and landscape lighting.
- If by an act of nature, human vandalism or traffic accident, the landscape amenities within the round-about are significantly damaged, the cost of any necessary repairs will be as follows:
  - The City of Newberg will be responsible for the repair of concrete improvements those being the inner curb and mountable portion of the round-about.
  - The Association will be responsible for repairs to the landscaping and any other features in the interior of the round-about.

Section 3. Access to storm water manhole locations at the west side storm water system. Exhibit “A” is a plan view showing the entire Westside storm system. This system is within a Public Easement and ownership and maintenance of this system is the responsibility of the City of Newberg. For the City to be able to maintain this system, access to the system manholes must be
provided by the owners of the lots both over and adjacent to the system manholes. Access to manhole Locations “a”, “b”, and “c”, shall be as follows:

Location “a”: Access to Location “a” shall be through Lot 1 via a City approved access way. Said access way shall be approved by City when Lot 1 is developed. The fence that borders Lots 1 and 2 shall be modified to allow City public works crews and equipment access.

Location “b”: Access to Location “b” shall be through Lot 3 via a City approved access way which shall be approved by City when Lot 3 is developed.

Location “c”: Access to Location “c” shall be through Tract A and/or the Oak Meadows Subdivision, if required, via a City approved access way. This access way shall be approved by City when Lot 7 and Tract A are developed.

ARTICLE XXI

DECLARANT’S DEVELOPMENT RIGHTS

Nothing contained in this Declaration shall be interpreted or construed to prevent the Declarant, or contractors or subcontractors of the Declarant from doing or performing on all or any part of the Properties actually owned or controlled by the Declarant or upon the Common Areas, whatever the Declarant determines to be reasonably necessary or advisable in connection with the completion of the development of the Properties, including, without limitation:

A. Erecting, constructing and maintaining structures as may be reasonably necessary for the conduct of the Declarant’s business of completing and establishing the Properties as a commercial development and disposing of the Parcels by sale, lease or otherwise;
B. Conducting the Declarant’s business of completing and establishing the Properties as a commercial development and marketing of the Properties in Parcels;
C. Maintaining such sign or signs as may be reasonably necessary in connection with the sale and marketing of the Parcels;
D. Provided, however, that operations being conducted under subparagraphs A., B., and C. immediately above shall be permitted upon only those parts of the Properties owned or controlled by the Declarant and the Common Areas.

ARTICLE XXII

GENERAL PROVISIONS

Section 1. Enforcement. The Declarant, the Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. The failure of the Declarant, the Association or any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.
Section 3. Annexation. Additional property and common areas may be annexed to the Properties by the Declarant. Any such annexation shall subject said land to these covenants, conditions and restrictions, and the Owners of each Parcel in such annexed area shall have the same rights, benefits, obligations and duties as the Owners of the Parcels described in this Declaration.

Section 4. Amendment. The covenants and restrictions of this Declaration shall run with and bind the land, for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended (i) with the consent of seventy-five percent (75%) of all Parcel Owners, together with (ii) the approval of the Board of Directors. The aforementioned consent of the Owners may be evidenced by a writing signed by the required number of Owners or by the affirmative vote of the required number of Owners at any regular or special meeting of the Association called and held in accordance with the Bylaws and evidenced by a certificate of the secretary or an assistant secretary of the corporation. No Amendment shall affect the priority of the lien of any first mortgage on any Parcel over the lien of the assessments provided for herein unless the holder of the mortgage joins in the execution of the amendment. Any amendment must be recorded.

ARTICLE XXIII

OAK MEADOWS ARCHITECTURAL GUIDELINES

Authority:
These Architectural Guidelines are an integral part of the development regulations for Springbrook Oaks Specific Plan, specifically for areas designated as F-1 and F-2 (commercial/industrial areas) in Newberg Ordinance ORD 2006-2657. The Oak Meadows II subdivision encompasses these areas. These guidelines are intended to be complementary the standards established by and for the Springbrook Oaks Specific Plan and to the City of Newberg. Where criteria from one instrument conflicts with that of another, the more restrictive shall apply.

Architectural Guidelines:
*These Architectural Guidelines are intended to specifically reinforce the character of Newberg Oregon. Building patterns and architectural detail will foster a feeling of community, safety, warmth and the tradition associated with this pioneering region. All development will emphasize quality, durability and respect for the natural environment from which it derives its energy and raw materials.*

Organization

Part I Lot Development Guidelines
Part II Architectural Detail Guidelines
Part III Sustainability Guidelines
I. LOT DEVELOPMENT GUIDELINES

The lot development guidelines address setbacks, building heights, streetscape character, and other Oak Meadows II-wide related issues.

SETBACKS

A. Minimum Setbacks
   1. Setbacks shall follow city of Newberg Zoning codes.

BUILDING HEIGHTS

A. Maximum Building Heights
   1. Maximum building height is 50 feet to the top of the highest roof ridge.

STREETSCAPE CHARACTER

A. Orient buildings to the street.
   1. The structures primary entrance shall face the street.
   2. Accessory Structures shall be aesthetically subordinate to the main structure.

B. Provide lot-to-lot continuity.
   1. Provide diversity between structures yet retain some unifying architectural elements, such as roof pitches, scale of building, materials and color, window elements or orientation.
   2. Buildings must integrate into the setting harmoniously and not overpower the site.

C. Establish variety in the streetscape.
   1. Identical plans shall create a pattern along streetscape and shall use a similar setback in their placement.
   2. Taller structures shall be closer to Providence drive and slope to shorter building to the west.

LOT ORGANIZATION & COVERAGE

A. Lot coverage
   1. Lot coverage for the aggregate footprint area of structures (including overhangs) and out buildings shall not exceed 50% of the total lot area.
   2. Lot coverage for the aggregate footprint of all structures, outbuildings, garbage enclosures, patios, sidewalks, roads, and vehicular parking shall not exceed 85% of the total lot area.
ACCESSORY DEVICES

A. Accessory devices shall be screened from public view except as follows:
   1. Utilitarian devices not requiring public view for their function such as garbage and recycling delivery containers shall be hidden from view from the street or be built in the character of the structures.
   2. Permanent devices that require partial exposure to function, such as HVAC condensers, must be located discreetly from view from the street and shall be screened or landscaped with construction consistent with that of the structure.
   3. Permanent devices that require full exposure to function such as satellite dishes must be located discreetly from view from the street and painted to match the structure.

SITE LIGHTING

A. Exterior lighting shall be:
   1. Architecturally compatible with the style, materials, colors, and detailing of the structures.
   2. Shielded so as not to cast light into the sky.
   3. Shielded so point source (bare bulb) is not visible from off site.

SITE LANDSCAPING

A. Plantings shall reinforce the overall Oak Meadows II concept.
   1. Plantings are encouraged to be of a natural northwest species.
   2. Landscapes shall be natural in character and limit highly formal designs.
   3. Plantings in right-of-way planting strip must not interfere with sidewalks or streets and are required to be drought tolerant species.
   4. Street trees placement should follow Newberg zoning laws.

II. ARCHITECTURAL DETAIL GUIDELINES:

The architectural detail guidelines address aesthetic requirements including building style, mass and scale, materials, color and detailing.

STYLE

A. Structures must stylistically reflect a Northwest architectural vernacular.
   1. Scale, mass and detail is traditionally based but lacks the prominence of any distinct stylistic era.
   2. Floor plans are substantially articulated with bays and offsets.
   3. Roofs are moderate to steeply pitched, gabled, shed, or hipped and connected by flat roofed areas
   4. Natural brick sidings dominated, often with concrete bases and accents of stucco and wood siding.
   5. Exterior finishes, whether paints, stains or naturally weathering materials, reflect earth tone colors in simple, limited palettes.
QUALITY

A. Structures shall be built of high quality, long lasting materials.
   1. Buildings must evoke a solid, well detailed, understated elegance, with quality, long
      lasting, timeless materials; naturally weathering or easily maintainable with a proven
      history of performance.

B. Structures shall be similar in appearance on all sides.
   1. Building materials shall be consistent on all facades of a structure.

COVERED ENTRIES

A. Covered canopies shall be used to define primary entrances.
   1. A canopy shall be oriented towards the street and is encouraged to integrate into the
      building façade.
   2. The canopy and entry shall be the primary focus of the street facade.
   3. Entries shall be sheltered from the weather.

ROOFS

A. Roofs shall be similar to those found typically in the Northwest.
   1. Primary roofs shall be gabled, shed, or hipped. Flat roofs are permitted as links to
      sloping roofs.
   2. Offsets or breaks in roof elevation shall be at least two or more feet in height.

BUILDING MATERIALS

A. Siding and cladding materials shall be similar to those found typically in commercial
   districts in the Northwest.
   1. Dwellings are limited to three primary exterior materials.
   2. Natural materials that can be used in their natural finish or clear stained, that
      weather gracefully to exhibit a fine patina, are especially desirable.
   3. Natural materials shall be used including wood and brick products.
   4. Cultured stone with earth tones are permitted.
   5. Stucco is permitted.

B. Roofing materials.
   1. Asphalt, metal, and BUR roofing materials are permitted.
   2. Roofs shall be of subdued earth or grey/black tones.

DOORS & WINDOWS

A. Doors and windows should be similar in scale to those found in commercial districts in the
   Northwest.
   1. Fenestration shall be contemporary in style with banding of windows in a rhythmic
      sequence. The use of E-Glass or comparable material is encouraged.
2. Storefront windows are acceptable. Color of windows shall be compatible with trim color. Black or silver colors are recommended.

DETAILS

A. Ornamentation and detail shall be simple in design, to reflect the traditional styles of Northwest.
   1. Trellises, columns, eave details, and other architectural appurtenances and details are encouraged to be of a simple elegance and timeless design, well constructed and of materials appropriate for long service life requiring minimal maintenance in this region’s climate.
   2. Avoid overly complex, delicate, or fanciful ornamentation.

COLOR

A. Color schemes should be simple.
   1. All structures shall be consistent in color scheme.
   2. Up to three base colors are permitted.
   3. Up to two accent colors are permitted.

III. SUSTAINABILITY GUIDELINES:

Environmentally friendly building practices are encouraged throughout Oak Meadow II development including; landscape enhancement, use of green building products and high efficiency equipment and, creative placement and design of structures to take advantage of natural lighting and ventilation.

NATURAL ENVIRONMENT

A. Buildings are encouraged to take advantage of sun, wind, and weather patterns.
   1. Larger overhangs are encouraged to face south to diminish heat gain into the structure and create protection from storms.
   2. Northern facing windows are encouraged to be smaller to diminish heat loss.
   3. Southwest facing facades are encouraged to be sheltered from typical southwesterly storm fronts.
   4. “Green” roofs are encouraged where feasible.
   5. Buildings are encouraged to be designed to minimum LEED qualifications.

B. Landscaping.
   1. Design landscaping which takes into account indigenous plantings, shading, low water usage, soil stability, and runoff.

LOW TOXICITY MATERIALS

A. Builders are encouraged to use low toxicity, low off-gassing and bio-degradable building materials beyond existing mandated regulations.
1. Utilize low- or no-VOC adhesives for installation of all building materials requiring adhesives including ceramic tile, linoleum, vinyl flooring, carpet base, wall coverings, plywood and cabinet backing, and counter tops.
2. Utilize low-toxicity grade carpet systems.
3. Utilize low- or no-VOC paints and stains.
4. Utilize products composed of natural materials and minimal or no harmful off-gassing characteristics.
5. Utilize formaldehyde-free building materials.

REDUCE, REUSE, RECYCLE

A. Builders are encouraged to reduce, reuse, and recycle materials in all phases of construction.
   1. Choose products made entirely from or with a high percentage from renewable resources wherever possible.
   2. Utilize building products made from local manufacturers rather than those requiring extensive shipping.
   3. Recycle all construction debris as mandated by local jurisdiction.
      Website: http://www.metro-region.org/article.cfm?ArticleID=899

B. Facilitate tenant recycling.
   1. Develop a practical space in each structure or garbage enclosure for plenty of recycling containers with easy access from the building and garbage pickup area.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has caused this Declaration to be executed the day and year first above written.

STATE OF Oregon )
CITY of Newberg )ss.
COUNTY OF Yamhill )

The foregoing instrument was acknowledged before me this 14th day of May, 2008, by

[Signature]
Dean E. Werth
Managing Member
Werth Family, LLC

Jody L. Watson
Notary Public for Oregon

My Commission Expires: July 18, 2011
BYLAWS OF
Oak Meadows II Owner's Association, Inc.

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BYLAWS OF
Oak Meadows II Owner's Association, Inc.

ARTICLE 1
PLAN OF LOT OWNERSHIP; DEFINITIONS

1.1 Bylaws Applicability. These Bylaws apply to the Lots and the Common Area in Springbrook Oak Meadows II, a community in Yamhill County, Oregon, that have been subjected to the Declaration of Conditions, Covenants, and Restrictions of Springbrook Oak Meadows II, (the “Declaration”), as well as to the Oak Meadows II Owner’s Association, Inc., (the “Association”) and the entire management structure thereof.

1.2 Lots; Property. The Lots and the Common Area may be collectively referred to in these Bylaws as the “Property” or “Project” and the Lots individually as a “Lot” or collectively as the “Lots.”

1.3 Personal Application. All present or future Owners, tenants, Occupants, and their employees, and any other person that might occupy any portion of the Property in any manner, shall be subject to the provisions set forth in these Bylaws. The acquisition, rental, or occupancy of any of the Lots shall constitute acceptance and ratification of these Bylaws and agreement to comply with all the provisions hereof.

1.4 Definitions. Capitalized terms used but not defined herein shall have meanings attributed to them in Article 1 of the Declaration.

1.5 Oregon Planned Unit Act. The Development of Springbrook Oak Meadows II is not a development within the Oregon Planned Unit Act and is not subject to the Oregon Planned Unit Act.
ARTICLE 2
ASSOCIATION MEMBERSHIP, VOTING, MAJORITY OF OWNERS, QUORUM, PROXIES

2.1 Membership in the Association. Upon recordation of a conveyance or contract to convey a Lot, the grantee or purchaser named in such conveyance or contract shall automatically be and shall remain a Member of the Association until such time as such person's ownership ceases for any reason. For all purposes of the Declaration and the administration of the Property, Lot ownership shall be determined from the records maintained by the Association. The record shall be established by the Owner filing with the Association a copy of the deed to or land sale contract for such Owner's Lot, to which shall be affixed the certificate of the recording officer of Yamhill County, Oregon, showing the date and place of recording of such deed or contract. No person shall be recognized as an Owner unless a copy of the deed or contract has been filed with the Association as provided above showing such Owner to be the current Owner or contract purchaser of a Lot. Notwithstanding the foregoing, Declarant shall be the Owner of all previously unsold Lots, although no deed or land sale contract, with respect to such Lots, has been filed with the Association.

2.2 Voting Rights. The Association shall have two classes of voting Members:

2.2.1 Class A. Class A Members shall be all Owners of Lots other than Declarant, and each Class A Member shall be entitled to one vote for each Lot owned with respect to all matters on which Owners are entitled to vote.

2.2.2 Class B. The Class B Member shall be Declarant, its successors, and its assigns. The Class B Member shall have three votes for each Lot owned; provided, however, that Class B membership shall cease on the Termination Date, as defined in Section 3.3. After termination of Class B membership, each Owner (including Declarant) shall be entitled to one vote for each Lot owned with respect to all matters on which Owners are entitled to vote, and the total number of votes shall equal the total number of Lots annexed to the Property and subjected to these Bylaws.

When more than one person or entity owns a Lot, the vote for such Lot may be cast as they shall determine, but in no event shall fractional voting be allowed. Fractionalized or split votes shall be disregarded, except for purposes of determining a quorum.

2.3 Majority of Owners. As used in these Bylaws, the term majority shall mean those Owners holding over 50% of the voting rights allocated to the Owners in accordance with the Declaration and Section 2.2 above. Majority of Owners present shall mean Owners holding over 50% of the votes present at any legal meeting.

2.4 Quorum. Except as otherwise provided in these Bylaws, the presence in person or by proxy of Owners holding 50% or more of the outstanding votes in the Association, as defined in Section 2.2 of this Article, shall constitute a quorum.

2.5 Voting; Proxies. Owners may cast votes in person, by written ballot, or by proxy. Proxies must be filed with the Secretary of the Association (“Secretary”) before or during the appointed meeting. A proxy shall expire one year after the date it was signed unless a shorter period is specified in the proxy. The proxies may require the holder to cast a vote for or against any special proposal set out in the notice calling the meeting. Unless withdrawn, a proxy given to another person to vote at a specific meeting shall also be valid at an adjourned meeting called under the provisions of Section 3.8. The Association must retain proxies and ballots for one year from the date of the determination of the vote.
2.6 **Authority to Vote.** All Owners, including those who have leased their Lot to a third party, shall be entitled to vote. An Owner's right to vote may not be revoked. A purchaser under a land sale contract entitled to immediate possession of the Lot shall be deemed the Owner thereof, unless otherwise provided in such contact.

2.7 **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 by such person in such capacity, whether or not the same shall have been transferred to such person's name, provided that such person has satisfied the Secretary that such person is the executor, administrator, guardian, or trustee holding such Lot in such capacity. Whenever any Lot is owned by two or more persons jointly according to the records of the Association, the vote 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 such protest, no one co-owner shall be entitled to vote without the approval of all co-owners. In the event of disagreement among the co-owners, the vote of such Lot shall be disregarded for all purposes, except for determining whether a quorum is present.

**ARTICLE 3**

**ADMINISTRATION**

3.1 **Association Responsibilities.** The Owners shall constitute the Members of the Association. Except as otherwise provided in the Declaration or these Bylaws, decisions and resolutions of the Association shall require approval by a majority of the Owners present at any legal meeting. A legal meeting is one duly called pursuant to these Bylaws at which a quorum is present, in person or by proxy at a formal gathering or, if a vote is taken by written ballots, when ballots are returned representing more than 50% of the vote, unless a larger vote is required to approve a ballot item, in which case the quorum requirements shall be the number of votes required to approve the proposal.

3.2 **Place of Meetings.** Formal meetings of the Association shall be held at suitable places convenient to the Owners as may be designated by the Board of Directors of the Association (the "Board"). If a vote is taken by written ballot, the Board shall count the returned written ballots within 48 hours of the ballot return deadline. Each Owner shall be notified by mail or other delivery of written notice of the results of the ballot meeting or that a quorum of ballots was not returned within 15 days after the ballot return deadline.

3.3 **Turnover Meeting.** Declarant shall call a meeting (which shall be the initial meeting) for the purpose of turning over administrative control of the Association from Declarant to the Members within 60 days after of the earliest of the following dates (the "Termination Date"):  

3.3.1 **Based on Lot Sales.** The date on which 75% of the Lots in Springbrook Oak Meadows II have been sold and conveyed to Owners other than Declarant; and

3.3.2 **Earliest Date.** The date on which Declarant delivers written notice to the Association of termination of Class B membership.

Declarant shall give notice of the Turnover Meeting to each Owner as provided in these Bylaws. If Declarant does not call such meeting as required under this Section 3, [the transitional advisory committee] or any Owner may do so.

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 of Article 4 of these Bylaws. Additionally, Declarant shall deliver to the
Association all business and financial records, together with all Association bank accounts, funds and other assets. The turnover meeting may not be conducted by written ballot.

3.4 **Transitional Advisory Committee.** Declarant shall form a transitional advisory committee (the “Committee”) to provide for the transition of administrative control of the Association from Declarant to the Class A Members. Within 60 days after Declarant has conveyed 50% or more of Lots then existing in the Project to Owners other than a successor Declarant, Declarant shall call a meeting of Owners for the purpose of selecting the Committee, which shall consist of three Members. The Class A Members shall, by majority vote, elect two Members, and Declarant shall elect one Member.

The Committee’s function shall be facilitating the transfer of control of the administration of the Association from Declarant to the Owners. The Committee shall have access to the information, documents, and records that Declarant must turn over to the Owners under the PCA and this Article 3.

Declarant shall give notice of the meeting required under this Section 3.4 to each Owner at least seven, but not more than 50, days before the meeting. The notice shall state the purpose of the meeting and the time and place where it is to be held. If Declarant does not call such meeting within the time specified, an Owner may call such meeting. If the Owners, other than Declarant, do not select Members for the Committee under this Section 3.4, Declarant shall have no further responsibility to form the Committee.

3.5 **Annual Meetings.** The Board, by a Board action, shall cause the first annual meeting of the Association to be held during the calendar year following the calendar year in which the Turnover Meeting is held. The Board, at its discretion, from time to time, may change the meeting date, provided that the meeting is held annually. At such meetings, the Owners shall elect new members of the Board in accordance with the requirements of Section 4.7 of these Bylaws to replace those Directors whose terms have expired. The Owners also may transact such other business of the Association as may properly come before them. Annual meetings of the Association may not be conducted by written ballot.

3.6 **Special Meetings.** The President shall call a special meeting of the Owners if so directed by a resolution of the Board or a petition, presented to the Secretary and signed by 30% or more of the Owners. All meetings called because of petition of Owners shall be held at a formal gathering, and not by written ballot, within 60 days after the Secretary’s receipt of the petition. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business other than that stated in such notice shall be transacted at a special meeting unless by consent of all the Owners of the Lots or as otherwise set out in these Bylaws.

3.7 **Notice of Meetings.** The Secretary shall mail a notice of each annual and special meeting, stating the purpose thereof and the time and place where such meeting is to be held, to each Owner of record at least 10 but not more than 50 days before such meeting or the date on which ballots for a ballot meeting are required to be returned. The Board of Directors may propose that the Owners take an action by written ballot without a meeting, pursuant to the provisions of the PCA and the Oregon Nonprofit Corporation Act. Such notices shall be mailed to the Owner’s address last given to the Secretary in writing by the Owner or such Owner’s vendee. If Lot ownership is split or the Lot has been sold on a contract, notice shall be sent to a single address, of which the Secretary has been notified in writing by such parties. If no address has been given to the Secretary in writing, then mailing to the Project Lot shall be sufficient. The mailing of a notice in the manner provided in this Section 3.7 shall be considered notice served.
3.8 **Adjourned Meetings.** As permitted by ORS 65.214, if any gathering of Owners is not a legal meeting because a quorum has not attended, the Owners who are present, either in person or by proxy, may adjourn the meeting to a time not less than 48 hours nor more then 10 days from the time of the original meeting. The adjournment provisions of this Section 3.8 do not apply to actions proposed to be taken by written ballot.

3.9 **Ballot Meetings.** Unless prohibited or limited by the Articles of Incorporation of the Association, any action that may be taken at any annual or special meeting of the owners may be taken without a meeting if the Association delivers a written ballot to every owner entitled to vote on the matter. Such ballot shall set forth each proposed action and provide an opportunity to vote for or against each proposed action. A proposed action shall be deemed to be approved by written ballot when the number of votes cast by ballot equals or exceeds any quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot. The Board must provide owners with at least 10 days’ notice before written ballots are mailed or otherwise delivered. If, at least three days before ballots are scheduled to be mailed or otherwise distributed, at least 10% of the owners petition the Board 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 making and returning the ballot. Written ballots that are returned in secrecy envelopes may not be examined or counted before the deadline for returning ballots has passed.

3.10 **Order of Business.** The order of business at all annual meetings shall be as follows:

(a) Roll call.
(b) Proof of notice of meeting or waiver of notice.
(c) Reading of minutes of the preceding meeting.
(d) Reports of officers.
(e) Reports of committees.
(f) Election of inspectors of election.
(g) Election of Directors.
(h) Unfinished business.
(i) New business.
(j) Adjournment.

**ARTICLE 4**

**BOARD OF DIRECTORS**

4.1 **Number and Qualification.** The Board shall be composed of three persons, all of whom must be an Owner or a co-owner of a Lot; provided, however, that if a Lot is owned by more than one owner, only one owner of that Lot may serve on the Board of Directors at any one time. An officer or employee of a corporation, the trustee of a trust, the personal representative of an estate, or an employee of a trust or estate may serve on the Board if the corporation, trust, or estate owns a Lot.

4.2 **Powers and Duties.** The Board shall have the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are not by law or by these Bylaws directed to be done by the Owners.
4.3 Other Duties. In addition to duties imposed by these Bylaws or by resolutions of the Association, the Board shall have authority to carry out and be responsible for the following matters:

4.3.1 Upkeep of Common Area and Commonly Maintained Property. Care, upkeep, and supervision of the Common Area and the Commonly Maintained Property.

4.3.2 Reserves. Establishment and maintenance of replacement Reserve Accounts that the Board deems prudent for replacement of Common Area improvements or facilities and the Commonly Maintained Property.

4.3.3 Assessment Collection. Designation and collection of assessments from the Owners, in accordance with these Bylaws and the Declaration.

4.3.4 Budget; Voucher System. Establishment of a budget and payment of all common expenses of the Association and institution and maintenance of a voucher system for such payment, which shall require a sufficient number of signatories thereon as may be reasonably necessary to prevent any misuse of Association funds, in accordance with these Bylaws and the Declaration.

4.3.5 Insurance. Procurement and maintenance of insurance policies and payment of premiums therefor out of the common expense funds in respect to the Common Area, as more specifically provided in Article 8 of these Bylaws.

4.3.6 Personnel. Designation and dismissal of the personnel necessary for the maintenance and operation of the Project.

4.3.7 Financial Statements. Causing the preparation and distribution of annual financial statements of the Association to each of the Owners, as more specifically provided in the Declaration.

4.3.8 Rules. Adoption and amendment of administrative Rules and Regulations governing the details of operation and use of the Common Area and administration of the Association, including a fine schedule for violations of these Bylaws, the Declaration, or any rules or regulations promulgated there under. Provided, however, that any such Rules and Regulations shall always be subject to rescission or amendment by the Association on a majority vote of Owners present at any properly called meeting.

4.3.9 Copies of Documents; Bank Accounts. Documents are to be delivered to the Association by Declarant, depositing all assessments in a separate bank account in the name of the Association, payment of all expenses of the Association from the Association’s bank account, and maintenance and distribution of financial statements and to maintain copies suitable for duplication of the following: the Declaration, the Articles of Incorporation, the Bylaws, the Association rules and regulations and any amendments thereto, the most recent annual financial statement, and the current operating budget of the Association.

4.3.10 Tax Returns. Causing the Association to file the necessary tax returns of the Association.

4.3.11 Mailing Address. Establishing and maintaining a current mailing address for the Association.

4.3.12 Professional Services. Employment of legal, accounting, and other personnel or consultants for reasonable compensation to perform such services as may be required for the proper administration of the Association, and preparing and filing the required income tax returns or forms.
4.4 **Limited Authority.** The Board shall not take any of the following actions, except with the vote or written assent of a majority of the voting power of the Owners other than Declarant:

4.4.1 **Third-Party Contracts.** Enter into a contract with a third party wherein the third person will furnish goods or services for the Common Area, the Commonly Maintained Property, or the Association for a term longer than one year with the following exceptions:

(a) A contract with a public utility company in Yamhill County, or a service contract if the rates charged for the materials or services are regulated by the Oregon Public Utilities Commission; provided, however, that the term of the contract shall not exceed the shortest term for which the supplier will contract at the regulated rate.

(b) A prepaid casualty and/or liability insurance policy the term of which does not exceed three years, provided that the policy permits short-rate cancellation by the insured.

4.4.2 **Capital Expenditures.** Incur aggregate expenditures for capital improvements (as opposed to maintenance, repair and replacement costs) to the Common Area, the Commonly Maintained Property, during any fiscal year in excess of 5% of the budgeted gross expenses of the Association for that fiscal year.

4.4.3 **Compensating Board Members.** Pay compensation to members of the Board or officers of the Association for services performed in the conduct of the Association’s business; provided, however, that the Board may cause a member or officer to be reimbursed for expenses incurred in carrying on the business of the Association.

4.5 **Management Agent.** The Board may employ a management agent, to be compensated in an amount established by the Board, to perform such duties and services as the Board shall authorize, including, but not limited to, the duties listed in Section 4.3 of these Bylaws.

4.6 **Interim Board and Officers.** Declarant hereby reserves administrative control of the Association until the Turnover Meeting. Declarant, in its sole discretion, may appoint and remove members of the Board and officers of the Association whose terms of service shall end on or before the date of the Turnover Meeting. However, at the Turnover Meeting, at least one Director shall be elected by Owners other than Declarant, even if Declarant otherwise has voting power to elect all three Directors.

4.7 **Election and Term of Office.** At the Turnover Meeting of the Association, the term of office of two Directors shall be fixed for two years. The term of office of one Director shall be fixed at one year. Should the number of Directors serving on the Board be increased, the same sequential election terms shall apply as nearly as is practicable. Upon expiration of the initial term of office of each respective Director, such Director’s successor shall be elected to serve a term of two years. The Directors shall hold office until their successors have been elected and hold their first meeting. At the Turnover Meeting, on agreement by vote of the Owners, the Owners may elect Directors by using a ballot that permits each Owner to vote for three nominees. In such event, the two nominees receiving the highest number of votes shall be the two year Directors and the nominee receiving the next highest number of votes shall be the one year Director.

4.8 **Vacancies.** Vacancies on the Board caused by any reason other than the removal of a Director by a vote of the Association shall be filled for the balance of the term of each directorship by vote of a majority of the remaining Directors, even though they may constitute
less than a quorum. Each person so elected shall be a Director until a successor is elected upon expiration of the term for which such person was elected to serve by the other Directors.

4.9 Removal of Directors. At any legal annual or special meeting (not including actions proposed to be taken by written ballot without a meeting), any one or more of the Directors may be removed with or without cause, by a majority vote of the total voting power of the Owners and a successor may be then and there elected to fill the vacancy thus created; provided, however, that the notice of meeting shall specifically indicate that the removal of one or more named Directors is an agenda item for such meeting. Any Director whose removal has been proposed by the Owners shall be given an opportunity to be heard at such meeting.

4.10 Organizational Meeting. The first meeting of a newly elected Board shall be held within 10 days of election at such place as shall be fixed by the Directors at the Association meeting at which such Directors were elected, and no notice shall be necessary to the newly elected Directors in order to hold such meeting legally, providing a majority of the newly elected Directors are present.

4.11 Regular Meetings. Regular meetings of the Board may be held at such time and place as shall be determined, from time to time, by a majority of the Directors. Notice of regular meetings of the Board may be called by the President on at least three days' notice to each Director, given personally or by mail, telephone, e-mail, or facsimile, which notice shall state the time, place (as hereinabove provided), and purpose of the meeting.

4.12 Special Meetings. Special meetings of the Board may be called by the President or Secretary or on the written request of at least two Directors. Special meetings of the Board may be called on at least three days' notice to each Director, given personally or by mail, telephone, e-mail, or facsimile, which notice shall state the time, place (as hereinabove provided), and purpose of the meeting.

4.13 Waiver of Notice to Directors. Before, at, or after any meeting of the Board, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by such Director of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice to Directors shall be required and any business may be transacted at such meeting.

4.14 Board of Directors’ Quorum. At all meetings of the Board, a majority of the existing Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors shall be the acts of the Board. If quorum requirements are not met at any meeting of the Board, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business that might have been transacted at the meeting as originally called may be transacted without further notice.

4.15 Board Meetings Open to All Association Members. Except for executive sessions, all meetings of the Board shall be open to any and all Members of the Association; provided, however, that no Association Member shall have a right to participate in the Board’s meetings unless such Member is also a member of the Board. The President shall have authority to exclude any Association Member who disrupts the proceedings at a meeting of the Board. At the discretion of the Board, the following matters may be considered in executive sessions:

(a) consultation with legal counsel concerning rights and duties of the Association regarding existing or potential litigation or criminal matters;
(b) personnel matters, including salary negotiations and employee discipline;
(c) negotiations of contracts with third parties;
(d) collection of assessments; and
(e) for any other purpose permitted by law, that is consistent with these bylaws.

Except in the case of an emergency, the Board shall vote in an open meeting whether to
meet in executive session. If the Board votes to meet in executive session, the presiding officer of
the Board 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 executive session must be included in the minutes of the meeting.
A contract or an action considered in executive session does not become effective unless the
Board, following the executive session, reconvenes in open meeting and votes on the contract or
action, which must be reasonably identified in the open meeting and included in the minutes.

4.16 Notice to Association Members of Board Meetings. For other than emergency
meetings, notice of special Board meetings shall be mailed to each Owner at least seven days
before the meeting by first-class mail or at least three days’ notice by hand-delivery to each Lot
Owner’s address or by facsimile transmission. The Board shall give Owners notice of regular
Board meetings at the beginning of each year by first class mail or other reasonable means setting
out the time and place of the regular meetings. For any changed time or place, the notice
requirements for special meetings shall apply.

4.17 Emergency Meetings. In the event of an emergency, Board of Directors meetings
may be conducted by telephonic communication or by the use of a means of communication that
allows all Board members participating to hear each other simultaneously or otherwise to be able
to communicate during the meeting. No notice to either Directors or Association members shall
be required for such meetings of the Board of Directors to be held for any emergency action.
Provided, however, that no such meeting shall occur unless at least 75% of the Board of
Directors participate in the same and after an attempt has been made to reach each Director.

4.18 Compensation of Directors. No Director shall be compensated in any manner,
except for out-of-pocket expenses, unless such compensation is approved by vote of the Owners.

ARTICLE 5
OFFICERS

5.1 Designation. The principal officers of the Association shall be a President, a
Secretary, and a Treasurer, all of whom shall be elected by the Directors. The Directors may
appoint an assistant treasurer and an assistant secretary, and any such other officers as in their
judgment may be necessary.

5.2 Election of Officers. The officers of the Association may be elected by the Board
at the organizational meeting of each new Board or any Board meeting thereafter, and shall hold
office at the pleasure of the Board.

5.3 Removal of Officers. Upon an affirmative vote of a majority of the Board, any
officer may be removed, either with or without cause, and such officer’s successor may be
elected at any regular or special meeting of the Board.

5.4 President. The President shall be the chief executive officer of the Association
and shall preside at all meetings of the Association and of the Board. The President shall have all
of the general powers and duties which are usually vested in the office of president of an
association, including, but not limited to, the power to appoint committees from among the
Owners from time to time as the President may, in the President’s discretion, decide is appropriate to assist in the conduct of the affairs of the Association.

5.5 Secretary. The Secretary shall keep the minutes of all meetings of the Board and the minutes of all meetings of the Association and shall have charge of such books and papers as the Board may direct; and shall, in general, perform all the duties incident of the office of secretary.

5.6 Treasurer. The Treasurer shall have responsibility for Association funds and securities not otherwise held by the managing agent and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. The Treasurer shall be responsible for the deposit of all monies and other valuable effects in the name, and to the credit, of the Association in such depositories as may from time to time be designated by the Board.

5.7 Directors as Officers. Any Director may be an officer of the Association.

ARTICLE 6
OBLIGATIONS OF THE OWNERS

6.1 Assessments. All Owners are obligated to pay assessments imposed by the Association to meet all the Association’s general common expenses, as more particularly set forth in the Declaration. Assessments shall be payable on a periodic basis, not more frequently than monthly, as determined by the Board. Declarant (before turnover) and the Board (after turnover) may, but shall not be required to, impose interest or a service charge for late installment payments or allow a discount for payment of the annual assessment or any installment in advance.

6.2 Investment of Reserve Account Funds. Assessments paid into Reserve Accounts shall be kept with a safe and responsible depository, shall be accounted for separately, and, if invested, the obligation or security shall be fully guaranteed as to principal by the United States of America or one of its agencies. Assessments paid into the Reserve Accounts are the property of the Association and are not refundable to sellers of Lots. However, nothing contained herein shall prevent sellers of Lots from treating their outstanding allocable share of Reserve Accounts as a separate or reimbursable item in a sales agreement. No Owner shall have any individual rights in any of these reserves, although it is understood that the value of an Owner’s Lot may increase in proportion to such Lot’s right to receive repair, maintenance, and replacement there from.

6.3 Initial Assessment. The amount of the initial assessment due from Lot owners other than Declarant shall be determined by Declarant. The amount of the annual assessment thereafter shall be subject to review and modification by the Board of Directors.

6.3.1 Contribution to Working Capital. At closing of the sale of each Lot, each purchaser shall contribute to the Association a sum equal to one-sixth of the annual assessments, with respect to the Lot being purchased, as a one-time contribution to the working capital of the Association. Within 60 days after the first conveyance by the Declarant of the first Lot in Oak Meadows II, Declarant shall make such contribution with respect to all Lots that have not yet been conveyed to a purchaser. If Declarant has made such contribution, no further contribution shall be required to the Association, but each purchaser shall reimburse Declarant at closing for the amount of the contribution made by Declarant with respect to the Lot conveyed to the
purchaser. If the amount of the assessments is reduced pursuant to the authority granted to Declarant herein, the initial deposit to the Association budget, equal to one-sixth of the annual assessment, shall be based on the projected amount of such annual assessments after substantial or full occupancy of the Lots rather than on the reduced amount. The working capital contribution shall be allocated to the general operating reserve referenced in Section 10.6.2.1 of the Declaration. The working capital contribution is in addition to regular assessments and shall not be sued as a prepayment of assessments by any Owner. Declarant may not use the working capital funds to defray any of its expenses, reserve contributions, or construction costs, or to make up any budget deficits while Declarant is in control of the Association. All working capital contributions shall be disbursed to the Association at or prior to the turnover meeting and shall be credited to the operating reserve account.

6.3.2 Procedures. If Declarant or any other person pays all of the operating expenses of the Association or subsidizes such expenses, the assessment shall be reduced by such amount, but shall not be reduced to a sum less than the total amount of the replacement reserve items. With respect to Lots not yet conveyed by Declarant, Declarant may accrue the replacement reserve items. At the time of conveyance of the Lot for which the replacement reserve has been accrued, the accrued reserves must be paid to the Association.

Declarant or such other person paying all operating expenses or subsidizing such expenses, shall give 10 days' written notice to individual Lot owners before their obligation to pay the full assessment begins. Thereafter, each owner, including Declarant or such other person, shall pay the assessments to the Association. In the event that Declarant has collected initial assessments from Lot purchasers at closing and thereafter elects to pay or subsidize the operating expenses, thereby causing the amount of the assessment to be reduced, the one-time initial contribution collected from Lot purchasers shall be held by Declarant in a separate Association account. On the date on which Lot owners are required to pay full assessments, the aggregate sums held in such separate account shall be deposited to the Association's general account to be used as working capital.

6.3.3 Temporary Reduction of Assessment Amount. If the Association expenses are temporarily less than projected by Declarant because some or most of the Lots are not yet sold or occupied, Declarant shall have the authority to reduce temporarily the amount of the assessment to reflect the lower expenses of the project.

6.4 Income Tax Returns; Determination of Fiscal Year.

6.4.1 Fiscal Year. The fiscal year of the Association shall be the calendar year unless otherwise determined by the Board.

6.4.2 Tax Returns. The Board, in its sole discretion, shall determine the manner in which all necessary income tax returns are filed and of selecting any and all persons to prepare such tax returns.

6.5 Statement of Assessments.

6.5.1 The Association shall provide, within 10 business days of receipt of a written request from an owner, a written statement that provides:

6.5.1.1 The amount of assessments due from the owner and unpaid at the time the request was received, including:

(a) regular and special assessments;
(b) fines and other charges;
(c) accrued interest; and
(d) late payment charges.

6.5.1.2 The percentage rate at which interest accrues on assessments that are not paid when due.

6.5.1.3 The percentage rate used to calculate the charges for late payment or the amount of a fixed charge for late payment.

6.5.2 The Association is not required to comply with Section 6.5.1 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.

6.6 Default. Failure by an Owner to pay any assessment of the Association shall be a default by such Owner of such Owner’s obligations pursuant to these Bylaws and the Declaration. The Association shall be entitled to the remedies set forth in the Declaration.

6.7 Maintenance and Repair.

6.7.1 Lots. Except as otherwise specifically provided in the Declaration and these Bylaws, every Owner must promptly perform all maintenance and repair work to such Owner’s Lot and the exterior of the improvements thereon (which do not constitute Commonly Maintained Property) and keep the same in good repair and sanitary and neat condition.

6.7.2 Common Area and Commonly Maintained Property. The Association shall repair and maintain the Common Area and the Commonly Maintained Property, subject to the provisions of subsection 6.6.3.

6.7.3 Reimbursement of Association. An Owner shall reimburse the Association for any expenditures incurred in repairing or replacing any portion of the Common Area or of any Commonly Maintained Property that was damaged through such Owner’s fault and that is not otherwise covered by insurance policies carried by the Owner or the Association for the Owner’s and the Association’s benefit. In such circumstances, the insurance obtained by the Owner shall be deemed to be the primary coverage. The Board of Directors shall have the unfettered discretion to refuse to make a claim on the Association’s policy even though coverage may pertain. Such discretion is for the purpose of maintaining the Association’s insurability and controlling the amount of the premiums for the Association’s insurance. Such charge shall be collectible as a Reimbursement Assessment as provided in the Declaration.

6.8 Right of Entry; Easements for Maintenance.

6.8.1 Emergencies. Present and future Owners, tenants, Occupants, and any other persons that occupy any portion of the Property, by virtue of acquisition, rental, or occupancy of any of the Lots, grant to the management agent or to any other person authorized by the Board or the Association the right to enter on such Lot in the event of an emergency originating in or threatening any Owner’s Lot.

6.8.2 Maintenance Easements. Declarant grants an easement to the Association in and through any Lot and the Common Area providing access at reasonable times and with reasonable notice for purposes of maintenance, repair, and replacement of the Common Area and Commonly Maintained Property. If, in performing such repair and maintenance, the Association needs to alter or damage any Lot, Commonly Maintained Property, or Common Area, it may do so without providing compensation, provided that it promptly restores the Lot and/or Common Area to substantially its prior condition.
ARTICLE 7
USE AND OCCUPANCY RESTRICTIONS;
RULES OF CONDUCT

In addition to the restrictions and rules of conduct set forth in the Declaration, the following shall apply:

7.1 Use of the Common Area. No Owner shall place or cause to be placed on any portion of the Common Area any trash, structure, equipment, improvement, furniture, package, or object of any kind. Common areas shall be used for no purpose other than what is customary for such areas.

7.2 Appearance of Lots. Owners shall keep their Lots and the improvements thereon in good repair, clean, and with painted, stained, or other finished exteriors compatible with the Architectural Standards, the Declaration, and Rules and Regulations. Provided, however, the Association shall have such obligations with respect to the Commonly Maintained Property.

7.3 Nuisances. No Owner or Occupant shall cause or permit such Owner’s representatives, agents, employees, or family members to cause any nuisance or to make any use or engage in any practice on the Property that is a source of annoyance to other Owners and Occupants or that interferes with other Owners’ and Occupants’ peaceful possession and proper use of the Property. Owners and Occupants shall exercise extreme care about creating disturbances, making noises or using musical instruments, radios, televisions, and amplifiers that may disturb other Owners and Occupants. Owners and Occupants shall keep all parts of their respective Lots in a clean and sanitary condition, free of any accumulation of rubbish, refuse, or garbage and free of any fire hazard and shall not cause any accumulation of rubbish, refuse, or garbage or any fire hazard on any other part of the Property. Owners and Occupants shall place all of their rubbish, refuse, and garbage inside disposal containers. No Owner shall make or permit any use of such Owner’s Lot or of the Common Area that will increase the cost of insurance on the Common Area.

7.4 Improper, Offensive, or Unlawful Use. No Owner or Occupant shall make any improper, offensive, or unlawful use of any part of the Property. Owners and Occupants shall observe all valid laws, zoning ordinances, and regulations of governmental bodies having jurisdiction over the Property. The responsibility for meeting the requirements of governmental bodies for maintenance, modification, or repair of the Property shall be carried out and paid for in the same manner as the responsibility for the maintenance and repair of the Property concerned.

7.5 Additional Rules. In addition to the rules set forth in this Article 7, the Board may promulgate and amend, from time to time, Rules and Regulations concerning other use of the Property and shall furnish copies of such Rules and Regulations to any Owner or Occupant requesting such copies.

7.6 Enforcement. The Association, through its Board of Directors, shall have the power to enforce the covenants and restrictions in these Bylaws and in the Declaration. Owners shall also have the right to bring actions or suits regarding covenants and restrictions, but shall have no right or power to require the Association or Board of Directors to take any enforcement action.

7.7 Restriction on Exterior Installations. Except as permitted by law, no owner, resident, or tenant shall install wiring for electrical or telephone installation, machines, or air conditioning units or similar devices on the exterior of the building(s) or cause them to protrude through the walls or the roof of the building(s) except as authorized in writing by the Board of...
Directors, and, if the modification or installation would require an easement pursuant to the Declaration, then prior approval by the required percentage of owners. No window guards, awnings, or shades shall be installed without the prior written consent of the Board of Directors.

7.8 **Fines.** The Board of Directors may, after giving written notice and an opportunity to be heard, levy reasonable fines for violations of the Declaration, Bylaws, and Rules and Regulations of the Association, provided that fines levied are based on a schedule previously adopted by Board resolution that is mailed to the mailing address of each Unit or mailed to the mailing address designated in writing by the owner(s).

**ARTICLE 8
INSURANCE**

8.1 **General.** The Board shall obtain and maintain at all times insurance of the type and kind and in the amounts hereinafter provided and additional insurance for such other risks of a similar or dissimilar nature as are now or as shall be hereafter customarily covered by insurance obtained by other planned communities similar in construction and design. Such additional insurance shall be governed by this Article 8.

8.2 **Types of Insurance Policies [Maintained by the Association].** For the benefit of the Association and the Owners, the Board shall obtain and maintain at all times, and shall pay for out of the common expense funds, the following insurance to the extent that it is available at reasonable cost:

8.2.1 **Property Insurance.** A policy or policies of property insurance, including, but not limited to, fire, extended coverage, vandalism, and malicious mischief, for the full insurable replacement value of the structures [all substantial improvements on the] Common Area to the extent such insurance is available and, if available at a reasonable cost, shall obtain building code and actual replacement cost endorsements and earthquake insurance.

8.2.2 **Liability.** A policy or policies insuring the Association, its Board, the Owners individually, and the manager against any liability to the public or the Owners and their invitees or tenants, incident to the ownership, supervision, control, or use of the Property. Limits of liability under such insurance shall be not less than $1 million per occurrence for bodily injuries and property damage liability. Such limit and coverage shall be reviewed at least annually by the Board, which may increase the limit of and/or coverage, in its discretion. Said policy or policies shall be issued on a commercial General Liability form and shall provide cross-liability endorsements wherein the rights of the named insured under the policy or policies shall not be prejudiced as respects his, her, or their action against another named insured.

8.2.3 **Workers’ Compensation.** Workers’ compensation insurance to the extent that it is necessary to comply with any applicable laws.

8.3 **Fidelity Bond.** For the benefit of the Association and Owners, the Board may obtain a fidelity bond naming such persons as may be designated by the Board as principals and the Association and the Owners as obligees, for the amount determined by the Board. The Board may pay for such bond out of the common expenses of the Association. In addition, the Board shall require that all officers and employees of the Association handling or responsible for Association funds to obtain adequate fidelity bonds and may pay for the premiums thereon.

8.4 **Insurance Companies Authorized.** All policies obtained under this Article 8 shall be written by a company licensed to do business in Oregon and holding a "Commissioner's
8.5 **Provisions in Insurance Policies.** The Board shall make every reasonable effort to secure insurance policies that will provide for the following:

- **Waiver of Subrogation.** A waiver of subrogation by the insurer as to any claims against the Board, the officers, the manager, the Owners, and their respective servants, agents, guests, and tenants.

- **Noncancellation for Owner Conduct.** A provision that the master policy on the Property cannot be canceled, invalidated, or suspended on account of the conduct of any one or more individual Owners.

- **Noncancellation Without Opportunity to Cure.** A provision that the master policy on the Property cannot be canceled, invalidated, or suspended on account of the conduct of any officer or employee of the Board or the manager without prior demand in writing that the Board or manager cure the defect.

- **No Other Insurance Clauses.** A provision that any “no other insurance” clause in the master policy exclude individual Owners’ policies and not otherwise prevent such individual policies from providing coverage for damage to Building Structures, Lots, or Common Area.

8.6 **Building Structure and Lot Insurance Maintained by Each Owner.** The Association shall have no responsibility to procure or to assist Owners or Occupants in procuring property loss insurance or liability insurance other than as expressly stated in this Article 8. Owners and Occupants shall procure all other insurance coverage that they deem necessary or prudent for their protection, and shall be obligated to carry property insurance with extended coverage endorsements in the amount of the replacement value of such Owners’ Building Structures and with minimum combined limits of $100,000 per occurrence. Insurance coverage obtained and maintained by the Board of Directors may be brought into contribution with that obtained and maintained by Owners or mortgagees only in the Board of Directors’ sole and unfettered discretion.

8.7 **Review of Insurance Policies.** At least annually, the Board shall review all insurance carried by the Association, which review shall include a consultation with a representative of the insurance carrier writing the master policy.

**ARTICLE 9**

**AMENDMENT**

Except as otherwise provided in this Article, and the restrictions set forth elsewhere herein, these Bylaws may be amended at any time by an instrument approved by at least a majority of the total votes of each class of Members that are eligible to vote. Any amendment must be executed, recorded and certified as provided by law. Provided, however, no amendment of these Bylaws may effect an amendment of the Declaration or the Articles without compliance with the provisions of such documents and the Oregon Nonprofit Corporation Act, and no amendment deleting or affecting any right of Declarant or its successor or assignee, including, without limitation, an amendment to this Article 9, may be adopted without the prior written consent of Declarant or its successor or assignee.
ARTICLE 10
RECORDS AND AUDITS

10.1  General Records. The Board and the managing agent or manager, if any, shall preserve and maintain minutes of the meetings of the Association, the Board, and any Board committees. The Board shall maintain a list of Owners entitled to vote at meetings of the Association. The minutes of the Association, the Board, and Board committees, and the Association’s financial records shall be reasonably available for review and copying by the Owners. A reasonable charge may be imposed by the Association for providing copies. Proxies and ballots must be retained by the Association for one year from the date of determination of the vote.

10.2  Assessment Roll. The Board and the managing agent or manager, if any, shall maintain the assessment roll in a set of accounting books in which there shall be an account for each Lot. Such account shall designate the name and address of the Owner or Owners, the amount of each assessment against the Owner, the dates on which and the amounts in which the assessment comes due, the amounts paid upon the account and the balance due on the assessments.

10.3  Payment of Vouchers. The Treasurer or management agent shall pay all expenses authorized by the Board. The Treasurer or management agent shall maintain and follow reasonable procedures to assure the accounts and records are proper, and to assure that all expenditures are proper. Except in cases when an emergency exists (e.g., a repair must be made immediately to prevent further damage), any voucher for nonbudgeted items shall require the signature of the President; provided, however, that any withdrawal from Reserve Accounts shall require the signature of two Board members or one Board member and an officer of the Association who is not a Board member.

ARTICLE 11
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.

ARTICLE 12
ASSESSMENT COLLECTION COSTS; SUITS AND ACTIONS

An Owner shall be obliged to pay reasonable fees and costs (including, but not limited to, attorney fees) and actual administrative costs incurred in connection with efforts to collect any delinquent unpaid assessments from such Owner, whether or not suit or action is filed. Assessments against Owners may include fees, late charges, fines, and interest imposed by the Board, in addition to amounts owed toward operating expenses and the funding of reserves. If the Association brings against any Owner or Owners a suit or action for the collection of any amounts due pursuant to or for the enforcement of any provisions of the Declaration, the Articles, or these Bylaws, such Owner or Owners, jointly and severally, shall pay, in addition to all other obligations, the costs of such suit or action, including actual administrative expenses incurred by the Association because of the matter or act which is the subject of the suit, reasonable attorneys’ fees to be fixed by the trial court and, in the event of an appeal, the cost of the appeal, together with reasonable attorneys’ fees in the appellate court to be fixed by such court.

ARTICLE 13
MISCELLANEOUS

14.1 Notices. All notices to the Association or to the Board shall be sent in 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 hereafter may designate from time to time. All notices to any Owner shall be sent to such address as may have been designated by such Owner from time to time, in writing, to the Board, or if no address has been designated, then to such Owner’s Lot.

14.2 Waiver. No restriction, condition, obligation, or provision contained in these Bylaws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches thereof that may have occurred and the number of times that the pertinent restriction, condition, obligation, or provision was not enforced.

14.3 Invalidity; Number; Captions. The invalidity of any part of these Bylaws shall not impair or affect in any manner the validity, enforceability, or effect of the balance of these Bylaws; provided, however, that if any of the provisions of these Bylaws would violate the rule against perpetuities or any other limitation on the duration of the provisions herein contained imposed by law, then such provision shall be deemed to remain in effect only for the maximum period permitted by law, or in the event the rule against perpetuities applies, until 21 years after the death of the last survivor of the now living descendants of the Werth Family LLC. As used herein, the singular shall include the plural, and the plural the singular. 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 these Bylaws.

ARTICLE 14
ADOPTION

It is hereby certified that these Bylaws have been adopted by Oak Meadows II Owner's Association, Inc., an Oregon nonprofit corporation, Declarant and shall be recorded in the Deed Records of Yamhill County, together with the Declaration for said planned community.


[Signature]
Oak Meadows II
Owner's Association, Inc.

By: G. Michael Gougler
Its: President

STATE OF OREGON

) ss.

County of Yamhill

Personally appeared G. Michael Gougler who, being duly sworn, did say that he is the President of Oak Meadows II Owner's Association, Inc., an Oregon non-profit corporation, and that the foregoing instrument was signed in behalf of said corporation; and acknowledged said instrument to be its voluntary act and deed.

[Seal]

Notary Public for Oregon
My commission expires: July 18, 2011

Acknowledgment Letter

The document you submitted was recorded as shown below. Please review and verify the information listed for accuracy.

If you have any questions regarding this acknowledgment, contact the Secretary of State, Corporation Division at (503)986-2200. Please refer to the registration number listed above. A copy of the filed documentation may be ordered for a fee of $5.00. Submit your request to the address listed above or call (503)986-2317 with your Visa or MasterCard number.

Document
ARTICLES OF INCORPORATION

Filed On
05/15/2008

Jurisdiction
OREGON

Nonprofit Type
MUTUAL BENEFIT WITH MEMBERS

Name
OAK MEADOWS II OWNER'S ASSOCIATION, INC.

Registered Agent
MJG DEVELOPMENT, INC.
901 N BRUTSCHER ST STE 206
NEWBERG OR 97132

STATE OF OREGON
SECRETARY OF STATE
CORPORATION DIV

05/15/2008 11:25AM 0001
000001#3277
BUSINESS REG $50.00
CHECK $50.00

THANK YOU
SURVEYOR’S CERTIFICATE

I, Nathan Magness, a Registered Professional Land Surveyor in the State of Oregon, do hereby certify that I have correctly surveyed and marked with proper monuments the lots and tracts herein known as "OAK MEADOWS II", the boundary of which is described as follows:

BEGINNING at the initial point, a 5/8" iron rod with a yellow plastic cap marked "OSEN ENG. PLS 2003" set at the northeast corner of Parcel 1 of Partition Plat 2003-32, Yamhill County Plat Records; said point also being the northwest corner of Parcel 1 of Partition Plat 1997-52, thence South 0°46'46" West 660.02 feet along the west line of said Parcel 1 to the southeast corner of said Parcel 1 of Partition Plat 2003-32, thence South 0°46'46" West 285.49 feet along the west line of said Parcel 1 of Partition Plat 2003-32 to the southeast corner of said Parcel 1 of Partition Plat 2001-38, thence South 0°46'46" West 65.35 feet along the east line of said Parcel 1 of Partition Plat 2001-38 to the southeast corner of said Parcel 1 of Partition Plat 2001-38, thence South 0°46'46" West 28.58 feet along the east line of said Parcel 1 of Partition Plat 2001-38 to the southeast corner of said Parcel 2 of Partition Plat 1997-52, thence South 0°46'46" West 304.68 feet along the east line of said Parcel 2 of Partition Plat 1997-52 to the southeast corner of said Parcel 2 of Partition Plat 2001-38, thence South 0°46'46" West 29.71 acres, more or less.

NATHAN MAGNESS
 Registered Professional Land Surveyor
P.O. Box 132
Willamina, Oregon 97399
Phone: 503-876-5874
Fax: 971-237-4153
E-mail: magness@nolink.com

NOTE:

1. This subdivision is subject to covenants, conditions and restrictions recorded in instrument No. 2003-084-80, Yamhill County Deed & Mortgage Records.
2. This subdivision is subject to an owners association which is recorded in instrument No. 2003-081-81, Yamhill County Deed & Mortgage Records.
3. Placing or locating a building, structure or other obstruction on or in a utility easement is prohibited.
4. This subdivision is subject to "Waiver of Rights to Remonstrate" as recorded in instrument No. 258, Yamhill County Deed & Mortgage Records.
5. This subdivision is subject to "Covenant of Waiver of Rights and Remedies" as recorded in instrument No. 2006-1574, Yamhill County Deed & Mortgage Records.
6. This subdivision is subject to "Advance Financing Agreement" as recorded in instrument No. 2006-17344, Yamhill County Deed & Mortgage Records.
7. Portions of "Public Water Line and Peasantry and Bicycle Path Easement" recorded in instrument No. 2002-0100, Yamhill County Deed & Mortgage Records, exist within the public right-of-way of Providence Drive and Hayes Street.
8. Portions of "Gas Pipeline Easement" recorded in instrument No. 2002-10022, Yamhill County Deed & Mortgage Records, exist within the public right-of-way of Providence Drive.
9. Tract 3 is subject to a storm drain easement over its entire area and is for the benefit of the City of Newberg.
10. Utility infrastructure may not be placed within one foot of any survey monument noted on this plat (see ORS 02.044 (c)).

Legend

- = Monument found, flush to 0.2" down in good condition unless otherwise stated, per plat of PT-2007-15, unless otherwise stated.
- = 5/8" iron rod with yellow plastic cap marked "OSEN PLS 2003"
(-_-) = Data of record per PT-2007-15, unless otherwise specified.
- = Easement
- = Utility easement
OL = Centerline

Narrative

The purpose of this survey is to subdivide Parcel 1 of Yamhill County Partition Plat 2003-32. The basis of bearings is per said PT-2003-32 and is established by measurements to monuments along the east line of Parcel 1 of Partition Plat 2003-32. The north line is held as shown in CS-15205 and is established by measurements to monuments shown in CS-11835. The west line is held as being along the east line of Parcel 1 of Partition Plat 1997-52 and the west line of Parcel 1 and 2 of Partition Plat 2003-32 and the east line of "OAK MEADOWS" Subdivision and is established by measurements to monuments along said east line. The south line and east line are being established by this plat.

By: MAGNESS LAND SURVING
P.O. Box 132
Willamina, Oregon 97399
Phone: 503-876-5874
Fax: 971-237-4153
E-mail: magness@nolink.com

REGISTERED PROFESSIONAL LAND SURVEYOR

OREGON No. 97399

Nathan J. Magness

This is an exact copy of the original plat of "OAK MEADOWS II" SUBDIVISION.

Sheet 6 of 7

Exhibit December 30, 2006
DECLARATION

KNOW ALL MEN BY THESE PRESENTS that WHITWORTH FAMILY, LLC, a Limited Liability Company, is the owner of the lands represented on the attached map and more particularly described in the Surveys, Certificates and Plats, and said lands to be surveyed and platted in lots, tracts and easements as shown and noted on the attached map, in accordance with the provisions of the respective O.R.S. and the standards of the City of Newburg, to be dedicated as "OAK MEADOWS II". We, the undernamed, do hereby dedicate for the public use forever all street rights-of-ways and easements for the purposes shown and noted on the attached map and donate all common improvements to the public. Tracts A, B & C are hereby conveyed to "OAK MEADOWS II OWNERS ASSOCIATION", a duly created Owners Association which is recorded in Instrument No. 2008-03481, Yamhill County Deed & Mortgage Records.

ELMER WHITWORTH, MEMBER, WHITWORTH FAMILY, LLC

MICHAELE WHITWORTH

NOTARY PUBLIC - OREGON

Commission Number: 5913901

My Commission Expires: July 14, 2013

DEAN WHITWORTH, MEMBER, WHITWORTH FAMILY, LLC

JODY L. WATSON

NOTARY PUBLIC - OREGON

Commission Number: 111910

My Commission Expires: July 18, 2011

By: MADNESS LAND SURVEYING

P.O. BOX 1239
WILLAMINA, OREGON 97396
PHONE: 503-876-5574
FAX: 503-876-5574
EMAIL: nwhitw@comcast.com

OCTOBER 31, 2008

REGIS TED PROFESSIONAL LAND SURVEYOR

OCEG

NATHAN E. MIGNNESS

RECEIVED: DECEMBER 31, 2008

SHEET 7 OF 7