DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR PARK MEADOWS THIRD ADDITION

TABLE OF CONTENTS

ARTICLE 1  DEFINITIONS .................................................. 1-3
ARTICLE 2  PROPERTY SUBJECT TO THIS DECLARATION ............... 3-4
ARTICLE 3  DESIGN REVIEW COMMITTEE ................................. 5-7
ARTICLE 4  USE OF PROPERTY AND DESIGN STANDARDS .............. 7-11
ARTICLE 5  COMMON AREA .................................................. 11-13
ARTICLE 6  ARCHITECTURAL REVIEW COMMITTEE .................... 13-16
ARTICLE 7  MEMBERSHIP IN THE ASSOCIATION ......................... 16-17
ARTICLE 8  DECLARANT CONTROL ....................................... 17
ARTICLE 9  DECLARANT'S SPECIAL RIGHTS ........................... 17-18
ARTICLE 10  FUNDS AND ASSESSMENTS .................................. 18-23
ARTICLE 11  GENERAL PROVISIONS ..................................... 23-25
DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR PARK MEADOWS THIRD ADDITION

THIS DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR PARK MEADOWS THIRD ADDITION ("Declaration") is made by Alan Ruden, Inc., an Oregon corporation ("Declarant").

RECITALS

Declarant is the owner of all the real Property and Improvements thereon located in Yamhill County, Oregon, described as follows (the "Property"):

Lots 74-81 inclusive as shown on the Plat map of Park Meadows Third Addition filed for record on Mar. 9, 2006, in 200605092, in the Plat records of Yamhill County, Oregon.

Declarant intends to develop Park Meadows Third Addition as a Class II planned community. To establish Park Meadows Third Addition, as a planned community, 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 in Park Meadows Third Addition.

Declarant has deemed it desirable for the efficient preservation of the values and amenities in Park Meadows Third Addition to create a nonprofit corporation, to which will be delegated and assigned the powers and authority to own, maintain, and administer the Common Area, if any, the Conservation Easement Area, and to maintain, repair, and replace certain portions of the Lots and other Commonly Maintained Area, and to administer and enforce the covenants, conditions, and restrictions of this Declaration, and to collect and disburse the assessments and charges hereinafter created.

NOW THEREFORE, Declarant declares that the Property shall be held, transferred, sold, conveyed, and occupied subject to the Oregon Planned Community Act as may be amended from time to time (ORS 94.550–94.783) and subject to the following covenants, conditions, restrictions, easements, charges, and liens, which shall run with the land, which shall be binding on all parties having or acquiring any right, title, or interest in the Property or any part thereof, and which shall inure to the benefit of the Association and of each Owner.

ARTICLE 1
DEFINITIONS

1.1 Architectural Review Committee or “ARC” shall refer to that committee constituted and acting pursuant to Article 6 of this Declaration.

1.2 Articles shall mean the Articles of Incorporation for the nonprofit corporation, Park Meadows Homeowners’ Association, Inc. as filed with the Oregon Secretary of State.

1.3 Association shall mean and refer to Park Meadows Homeowners’ Association, Inc., its successors and assigns.
1.4 Board shall mean the Board of Directors of the Association.

1.5 Bylaws shall mean and refer to the Bylaws of the Association, which shall be recorded in the Yamhill County, Oregon, deed records.

1.6 City shall mean and refer to the City of McMinnville, Oregon in which the Property is located.

1.7 Common Area shall mean only that portion of the Property, if any, that is established for the common benefit of Park Meadows Third Addition and that is owned by the Association for the use and/or benefit of the Owners. There is no Common Area as of the date of this Declaration.

1.8 Commonly Maintained Property shall mean the Common Area, if any, and also shall mean any area within public rights-of-way, Tracts or other Property that the Association is required to maintain for the common benefit of the Members, including without limitation those areas described in Article 5.9.

1.9 Declaration shall mean the covenants, conditions, restrictions, and all other provisions set forth in this Declaration.

1.10 Declarant shall mean and refer to Alan Ruden, Inc., an Oregon corporation, and its successors or assigns, or any successor or assign to all or the remainder of its interest in the Property.

1.11 Home shall mean and refer to any portion of a structure situated on a Lot and designed and intended for use and occupancy as a residence by a single family or household.

1.12 Improvements shall mean and refer to any man-made changes under natural conditions of the land including, but not limited to, structures and construction of any kind whether above or below the land surface, such as any building, fence, walls, signs, additions, alterations, screen enclosure, sewer drain, disposal, lake, waterway, road, pavement, utilities, grading, landscaping and exterior illumination and shall not be limited to any changes in any exterior color or shape in any interior construction or exterior Improvements.

1.13 Lot shall mean and refer to each and any of Lots 74–81; provided, however, that Lot shall not include any Tracts.

1.14 Members shall mean and refer to the Owners of Lots in Park Meadows Third Addition.

1.15 Occupant shall mean and refer to the Occupant of a Home, whether such person is an Owner, a lessee, or any other person authorized by the Owner to occupy the Home.

1.16 Owner shall mean and refer to the record Occupant, whether one or more persons or entities, of the fee simple title to any Lot or a purchaser in possession of a Lot under a land sale contract. The foregoing does not include persons or entities who hold an interest in any Lot merely as security for the performance of an obligation.
1.17 Park Meadows Third Addition shall mean Lots 74-81 of the Property and as designated on the Plat of Park Meadows Third Addition.

1.18 Plat shall mean and refer to the Plat of Park Meadows Third Addition recorded in the Plat Records of Yamhill County, Oregon, at 200605092, on March 9, 2006.

1.19 Property shall have the meaning attributed to such term in the Recitals of this Declaration and any annexation to additional Property including Common Area and all Improvements located on the real Property, as may be brought within the jurisdiction of the Association and be made subject to this Declaration.

1.20 Rules and Regulations shall mean and refer to the documents containing Rules and Regulations and policies adopted by the Board or the Architectural Review Committee, as may be from time to time amended.

1.21 Set Back shall mean the minimum distance between the Home or other structure referred to in a given Property line, unless otherwise indicated.

1.22 Tract shall mean a parcel of land, if any, shown on the Plat and denoted by the word "Tract". There are no Tracts in Park Meadows Third Addition.

ARTICLE 2
PROPERTY SUBJECT TO THIS DECLARATION

2.1 Development. The development of Park Meadows Third Addition shall consist of the Property, which shall be held, transferred, sold, conveyed, and occupied subject to this Declaration.

2.2 Right to Subject Additional Property to this Declaration. Declarant reserves the right to subject additional Property to this Declaration. Declarant currently anticipates annexing Park Meadows Fourth Addition consisting of approximately 16 Lots and Park Meadows Fifth Addition, consisting of approximately 17 additional Lots to this Declaration. The number of Lots may be adjusted at the sole discretion of Declarant. Declarant shall have no obligation of any kind to annex additional land to the Property.

2.2.1 Declaration of Annexation. Annexation shall be evidenced by a written Declaration of Annexation executed by the Declarant (or in the case of annexation by actions of Members) by the Board and the Occupants of the Property being annexed, setting forth the legal description of the Property being annexed and any additional covenants, conditions or restrictions to be applied to such annexed Property. Notwithstanding any provision apparently to the contrary, a Declaration with respect to any annexed Property may:

2.2.1.1 Establish such new land classifications and types of lots and such limitations, uses, restrictions, covenants and conditions with respect thereto as Declarant may deem to be appropriate for the development of the annexed Property;
2.2.1.2 With respect to existing land classifications, establish additional or different limitations, uses, restrictions, covenants and conditions with respect thereto as Declarant may deem to be appropriate for the development of such annexed Property; and or

2.2.1.3 Contain provisions necessary or appropriate to comply with any condition, requirement or imposition of any governmental or regulatory authority.

Without limitation of the meaning of the foregoing provisions of this Article, any Declaration of Annexation, the Declarant, may, but shall not be obligated to establish different types of Lots and have particular rights and obligations pertain to different types of Lots, establish easements particular to different Lots, establish assessments that pertain only to certain types of Lots, establish maintenance obligations of the Association or of Occupants that vary in accordance with different types of Lots, establish insurance and casualty provisions that relate to certain types of Lots and not others and establish limited Common Areas that benefit particular Lots to the exclusion of other Lots and provisions particular to such limited Common Areas.

2.2.2 Voting Rights; Allocation of Assessments. Upon annexation, additional Lots so annexed shall be entitled to voting rights and shall be responsible for payment of assessments as required for that fiscal year. At the beginning of the next fiscal year, assessments for the general Common Areas shall be apportioned equally based upon the total number of Lots following such annexation, but assessments that are relative to a specific product type will be spread equally over only the units of that type.

2.2.3 No duty to Annex. Nothing herein contained shall establish any duty or obligation on the part of the Declarant or any member to annex any Property into the Association and no Occupant of Property excluded from the Association shall have any right to have such Property annexed thereto. Declarant is under no obligation to build Homes on any or all the Lots contained in the original Plat.

2.2.4. Status of Annexed Property. The Property Included by any such Declaration shall thereby become a part of these covenants, and Declarant shall accept and exercise administration of these covenants with respect to such Property.

ARTICLE 3
OWNERSHIP AND EASEMENTS

3.1 Nonseverability. The interest of each Owner in the use and/or benefit of the Common Area, if any, shall be appurtenant to the Lot owned by the Owner. No Lot shall be conveyed by the Owner separately from the interest in the Common Area. Any conveyance of any Lot shall automatically transfer the right to use the Common Area, where such Common Area is designated for use by the Owners, without the necessity of express reference in the instrument of conveyance. There shall be no judicial partition of the Common Area. Each Owner, whether by deed, gift, devise, or operation of law, for such Owner's benefit and for the benefit of all other Owners, specifically waives and abandons all rights, interests, and causes of action for judicial partition of any interest in the Common Area and agrees that no action for judicial partition shall be instituted, prosecuted, or reduced to judgment. Ownership interests in the Common Area and Lots are subject to the easements granted and reserved in this Declaration. Each of the

Page 4 - Declaration of Covenants, Conditions and Restrictions for Park Meadows Third Addition
easements granted or reserved herein shall be deemed to be established upon the recordation of this Declaration and shall thenceforth be deemed to be covenants running with the land for the use and benefit of the Owners and their Lots and shall be superior to all other encumbrances applied against or in favor of any portion of Park Meadows Third Addition.

3.2 Ownership of Lots. Title to each Lot in Park Meadows Third Addition shall be conveyed in fee to an Owner. If more than one person and/or entity owns an undivided interest in the same Lot, such persons and/or entities shall constitute one Owner.

3.3 Ownership of Common Area. Title to any Common Area shall be conveyed to the Association not later than the date of the Turnover Meeting.

3.4 Easements. Individual deeds to Lots may, but shall not be required to, set forth the easements specified in this Article.

3.4.1 Easements on Plat. The Common Area and Lots are subject to the easements and rights-of-way shown on the Plat.

3.4.2 Easements for Common Area. Every Owner shall have a nonexclusive right and easement of use and enjoyment in and to the Common Area, which shall be appurtenant to and shall pass with the title to every Lot. Such easement is subject to ORS 94.665, as may be amended from time to time.

3.4.3 Easements Reserved by Declarant. As long as Declarant owns any Lot, Declarant reserves an easement over, under, and across the Common Area in order to carry out sales activities necessary or convenient for the sale of Lots. Declarant, for itself and its successors and assigns, hereby retains a right and easement of ingress and egress to, from, over, in, upon, under, and across the Common Area and the right to store materials thereon and to make such other use thereof as may be reasonably necessary or incident to the construction of the Improvements on the Property in such a way as not to interfere unreasonably with the occupancy, use, enjoyment, or access to an Owner's Lot by such Owner or such Owner's family, tenants, employees, guests, or invitees.

3.4.4 Additional Utility and Drainage Easements; Public Walkway Easements. Notwithstanding anything expressed or implied to the contrary, this Declaration shall be subject to all easements granted by Declarant for the installation and maintenance of utilities and drainage facilities necessary for the development of Park Meadow Third Addition. No structure, planting, or other material that may damage or interfere with the installation or maintenance of utilities, that may change the direction of flow of drainage channels in the easements, or that may obstruct or retard the flow of water through drainage channels in the easement areas shall be placed or permitted to remain within any easement area.

3.4.5 Association's Easements. Declarant grants to the Association and its duly authorized agents and representatives such easements over the Lots and Common Area as are necessary to perform the duties and obligations of the Association, as set forth in this Declaration, the Bylaws, and the Articles, as the same may be amended.

3.4.6 Easement to Governmental Entities. Declarant grants a nonexclusive easement
over the Common Area to all governmental and quasi-governmental entities, agencies, utilities, and their agents for the purposes of performing their duties as utility providers.

3.4.7 Perimeter Easement Benefitting Association. Declarant grants to the Association and its duly authorized agents and representatives an easement over that perimeter portion of each Lot that is included within the building Setbacks set by applicable ordinances for the purposes of installation, maintenance, repair, and replacement of utilities, communication lines, and drainage. The Board may grant or convey the easements reserved herein to any governmental body or agency and/or any public or private utility company or provider, on a two-thirds vote of the Board Members at a duly called and held Board meeting.

3.4.8 Perimeter Easements Benefitting Owners. Every Owner shall have an easement over that perimeter portion of other Lots that is included within the building Setbacks set by applicable ordinances as may be reasonably necessary to reach such Owner's Lot for purposes of exterior maintenance and repair of the Owner's Home and for maintaining the landscaping on the Owner's Lot.

3.4.9 Conservation Easement Area. Declarant has established a Conservation Easement Area (the "Area") as set forth on the Plat and more particularly described in Exhibit "__" attached to this Declaration for the purpose of mitigating wetlands to be maintained in accordance with the Oregon Department of State Lands ("Department") Permit No. 34295-FP and U.S. Army Corps of engineers ("Corps") Permit No. 2003-00618. The Area has been created to enhance and preserve the wellland values of the Property subject thereto and to manage and maintain the Area to that end. Accordingly, said Area shall be held, transferred, sold, convey and occupied subject to the following covenants and restrictions:

3.4.9.1 The Area is not to be used for land development or industrial, commercial, agricultural or residential purposes. Storm water runoff may be discharged to the area, provide that said runoff has received pre-treatment, such as biofiltration or other means.

3.4.9.2 The Area shall be maintained in accordance with the terms of the Department Permit No. 34295-FP and Corps permit No. 2003-00618, including, but not limited to, planting of native vegetation, mowing, grading to achieve wetland hydrology conditions, removal of non-native vegetation and non-native animals, plus other vegetation management or activities needed to fulfill the intent of the mitigation plan.

3.4.9.3 The restriction herein shall not be construed as a gift or dedication of the Area to the general public, nor as a right of use or access by the general public.

3.4.9.4 No part of the restrictions imposed herein may be terminated, amended, or revoked without the written approval of the Department.

3.4.9.5 If any provisions of this Article is or becomes illegal or unenforceable for any reason, the remaining provisions will remain in full force and effect.

Page 6 - Declaration of Covenants, Conditions and Restrictions for Park Meadows Third Addition
3.4.9.6 Any Owner having some portion of its Lot within the Area shall have the primary responsibility for compliance with the terms of this easement applicable to such Area. Park Meadows Third Addition Lots 80 and 81 are so affected. The Association shall have the authority to enforce such terms as to the Area within a Lot, including, but not limited to the right to enter upon such Area to obtain compliance and to assess the cost thereof to the Lot Owner, and the primary responsibility for compliance as to the Area within any Tract or Common Area.

3.4.9.7 In the event of any conflict between the terms of this Article 3.4.7 and Department Permit No. 34295-FP or Corps Permit No. 2003-00618, the permit shall control.

ARTICLE 4
USE OF PROPERTY AND DESIGN STANDARDS

4.1 Residential Purpose. No Lot shall be used for any purpose other than residential purposes. To the extent permitted by the zoning and other governmental regulations, Occupants of any Home may give Instruction in the arts and such similar activities.

4.2. Size, Height and Materials.

4.2.1. No building shall be erected, altered, placed or permitted to remain on any Lot other than one (1) single-family dwelling not more than two (2) stories in height, including the main floor level used for living, and not more than thirty-five (35) feet in height from the adjacent finished grade. Every dwelling house constructed in Park Meadows and Park Meadows First Addition shall have a minimum ground floor area of 1800 square feet of living space exclusive of garage area, if a single level Home, or 1100 square feet of living space exclusive of garage area on the ground floor of a two-story residence with a total minimum living space exclusive of garage of 2000 square feet (exclusive of basement, if any). Each dwelling house shall have a private two (2) or three (3) car garage as part of, or attached to, the house. The garage shall not be used for dwelling purposes and shall conform generally in architectural design, exterior material and finish to the dwelling house to which it is appurtenant. No carports shall be allowed or constructed on any Lot. Outbuildings, sheds or similar structures may be placed, erected, maintained or constructed only with the written approval of the ARC and upon approval of the City, and shall in no event be for dwelling purposes.

4.2.2. Every building, fence, wall, or other structure placed on any part of any Lot shall be constructed of new material unless the use of other than new material shall have been reviewed and shall have received the written approval of the ARC. No buildings constructed elsewhere shall be moved to or placed on said Property excepted with the written approval of the ARC.

4.2.3. All roofing material shall be medium or better wood shake/shingle, tile or 50 year comp-architectural composition. Roofing material other than wood
shake/shingle, tile or 50 year comp-architectural composition may be used if approved in writing by the ARC.

4.2.4. All buildings shall have siding materials on all sides of every structure or improvement placed on the premises. All siding material shall be natural wood, brick, stone, concrete stucco or hardy plank. No T-111-303, or other vertical plywood-type siding shall be allowed on any Home or any other structure on the Property.

4.3. **Set Back Requirements.** Every dwelling house, or other structure as may be approved by the ARC, shall comply with all applicable City zoning requirements, including Set Back requirements.

4.4. **Temporary Occupancy.** No building shall be in any manner occupied while in the course of original construction or until it complies with all C C and Rs stated herein. The construction or remodeling of any building or structure shall be prosecuted with reasonable diligence continuously from the time of commencement until fully completed.

4.5. **Temporary Structures; Recreational Vehicles.** No structure of a temporary character, trailer, basement, tent, shack, garage, barn, or other outbuilding shall be used on any Lot at any time as a residence, either temporarily or permanently. No campers, motor homes, boats, boat trailers, travel trailers, utility trailers, tents, or non-operable vehicles shall be permitted to be left where they shall be visible from the street or from contiguous Property within Park Meadows Third Addition, for a period in excess of seven (7) days. If any such structure, vehicle, or boat is permanently stored on the premises, it shall be stored either inside a garage or detached structure or shall be physically obscured from horizontal view from the street or contiguous parcels by means of a fence or hedge-type landscaping. No vehicle of the type described herein shall be kept on the street for any longer period than permitted by the ordinances of the City of McMinnville.

4.6. **Fences.**

4.6.1 Any fence constructed, erected, placed or maintained on a Lot will be governed by all City ordinances. In addition, plantings or sight obscuring fences on any Lot shall not exceed two and one-half (2-1/2) feet in height in front yard, or on the side yard forward of the building line with the greatest Set Back on the Lot or the adjoining residential Lot, or on corner Lots on the side abutting the street. Other fences shall not exceed six (6) feet in height. All fences shall be constructed of suitable fencing material and shall not detract from the appearance of the dwelling located on the Lot or on adjacent Lots or be offensive to the Occupants or Occupants thereof. The location, materials and design of any proposed fence shall be approved by the ARC prior to construction.

4.6.2. Notwithstanding subsection a. above, and subject to the approval of the McMinnville City Planning Director, with regard to any Lot which abuts on more than one street, plantings or sight obscuring fences on said Lot in a street side yard or back yard may be constructed up to six (6) feet in height,
provided any such plantings or fence exceeding two and one-half (2-1/2) in height shall be Set Back a minimum of thirteen (13) feet from the face of the curb. The Occupant of said Lot shall landscape and maintain the area between such fence and the sidewalk.

4.6.3 All walls and fences constructed by Declarant shall be maintained by the Occupant of the nearest Lot adjacent thereto as to the portion of said wall or fence which is within the boundaries of said Lot or would be within such boundaries if they were extended in a straight line to an intersection with said wall or fence except as otherwise provided in this Declaration.

4.7 Exterior Colors. Exterior colors of any dwelling house, garage, shed, outbuilding or other structure which may be approved by the ARC shall be natural earth colors or other subdued colors as approved by the ARC.

4.8 Commercial Vehicles. No vehicle shall be permitted to be parked on any of the streets of the development for periods longer than those permitted by the ordinances of the City of McMinnville.

4.9 Telecommunication Devices. Radio or television antenni or other outside receptors, except small satellite dishes that do not exceed two feet in diameter and two feet in height, shall not be permitted. Any allowed satellite dishes that are installed shall be placed on the Property in an inconspicuous area where it is out of sight as viewed from the street.

4.10 Sidewalks and Driveways. Sidewalks and paved or concrete driveways are required to be installed and maintained (on all Lots) by Lot Occupants at the Lot Occupants' expense in conjunction with the completion of the dwelling. Sidewalks shall be constructed adjacent to the curb and shall meet all municipal or other ordinances or laws. The Declarant will designate the color, texture and scoring pattern on; all sidewalks and driveways constructed in the development and all sidewalks and driveways shall be constructed and maintained consistent therewith.

4.11 Landscaping Requirements.

4.11.1 All yard areas on each Lot, exclusive of buildings, shall be landscaped. All landscaping shall be installed in accordance with a landscaping plan approved by the ARC. Landscaping shall present a complete and finished look to the entire Lot. The nature, kind of materials, and topography of the landscaping and its maintenance shall be consistent with the quality generally maintained in the neighborhood. All unbuilt yard areas shall have their initial landscaping installed within six (6) months from the date of building construction completion in accordance with the plans submitted to and approved by the ARC. Under unusual circumstances, the ARC may grant reasonable time extensions for completion of landscaping. All front yards shall be equipped with underground irrigation, including the five foot parkway strip area, landscaped, and maintained tidy without weeds or debris.
4.11.2 To protect forest area within the millrace easement Lots 80 and 81 shall be kept in their natural condition, to the extent practicable. Existing trees within the millrace easement that are greater than six (6) inches in caliper, as measured four and one-half (4½) feet above grade, shall not be removed without City approval.

4.11.3 The Declarant shall initially install and maintain street trees within curbside planting strips along the streets, provided, however, the Occupant of a Lot shall relocate trees as may be necessary to accommodate individual building plans and shall replace any trees which may die due to neglect, vandalism, or loss during construction. All replaced trees shall conform to the species and characteristics of the original trees. The Declarant's obligation to maintain street trees shall terminate one year from the date of planting.

4.12. Completion of Construction. All construction on any Lot must be completed and the occupancy permit issued within 365 days from the date of the issuance of the building permit.

4.13. Animals. No animals or fowl shall be raised, kept or permitted upon any Lot or any part thereof except domestic dogs, cats, and caged pets kept within the dwelling house, provided said dogs, cats and caged pets are not kept, bred or raised for commercial purposes, or are kept in an unreasonable number so as to constitute a nuisance to the immediate neighbors.

4.14. Nuisance. No noxious or offensive activity shall be carried on upon any Lot, or on the public streets or rights-of-way within or adjacent to any Lot, nor shall anything be done or maintained thereon which may be or become an annoyance or nuisance to the neighborhood or detract from its value as a high-class residential district.

4.15. Vacant Lots. Until such time as any Lot Occupant constructs a residence on said Lot, the Lot Occupant shall maintain the Lot in such a manner as to keep the Lot free from weeds, briars, and other types of vegetation which would infiltrate lawns of other Lot Occupants. Lot Occupants shall also keep vacant Lots free from debris. Vacant Lots shall also be subject to all other CC and RS set forth herein, including, but not limited to, those conditions involving temporary structures, recreational vehicles and commercial vehicles.

ARTICLE 5
COMMON AREA AND COMMONLY MAINTAINED PROPERTY

5.1 Use of Common Areas. Use of the Common Area is subject to the provisions of the Declaration, Bylaws, Articles, and the Rules and Regulations adopted by the Board. There shall be no obstruction of any part of the Common Area. Nothing shall be stored or kept in the Common Area without the prior written consent of the Board. No alterations or additions to the Common Area shall be permitted without the prior written consent of the Board. There is no Common Area in Park Meadow Third Addition.

5.2 Maintenance of Common Area. The Association shall be responsible for maintenance, repair, replacement, and upkeep of the Common Area at the equal expense of the Occupants of all Lots. The Association shall keep the Common Area in good condition and repair,
provide for all necessary services, and cause all acts to be done that may be necessary or proper to assure the maintenance of the Common Area.

5.3 Alterations to Common Area. Only the Association shall construct, reconstruct, or alter any improvement located on the Common Area. A proposal for any construction of or alteration, maintenance, or repair to any such improvement may be made at any Board meeting. The Board may adopt a proposal, subject to the limitations contained in the Bylaws and this Declaration.

5.4 Funding. Expenditures for alterations, maintenance, or repairs to an existing improvement for which a reserve has been collected shall be made from the Reserve Account. As provided in Article 10.5, the Board may levy a special assessment to fund any construction, alteration, repair, or maintenance of an improvement (or any other portions of the Common Area) for which no reserve has been collected or for which the Reserve Account is insufficient to cover the cost of the proposed improvement.

5.5 Landscaping. All landscaping on any Lot or on the Common Area shall be maintained and cared for in a manner that is consistent with Declanrant’s or the ARC’s original approval of such landscaping. Weeds and diseased or dead lawn, tree, groundcover, or shrubs shall be removed and replaced. Lawns shall be neatly mowed and trees and shrubs shall be neatly trimmed. All landscaping shall be irrigated in a horticulturally proper manner, subject to water use restrictions or moratoria by government bodies or agencies in the front yards of the Homes only. The Owners shall maintain all other portions of the landscaping on their Lot.

5.6 Condemnation of Common Area. If all or any portion of the Common Area is taken for any public or quasi-public use under any statute, by right of eminent domain, or by purchase in lieu of eminent domain, the Board shall receive and expend the entire award in a manner that, in the Board’s discretion, is in the best interest of the Association and the Owners. The Association shall represent the interest of all Owners in any negotiations, suit, action, or settlement in connection with such matters.

5.7 Damage or Destruction of Common Area. If all or any portion of the Common Area is damaged or destroyed by an Owner or any of Owner’s guests, Occupants, tenants, licensees, agents, or Members of Owner’s family in a manner that would subject such Owner to liability for such damage under Oregon law, such Owner hereby authorizes the Association to repair such damage. The Association shall repair the damage and restore the area in workmanlike manner as originally constituted or as may be modified or altered subsequently by the Association in the discretion of the Board. Reasonable costs incurred in connection with effecting such repairs shall become a special assessment on the Lot and against the Owner who caused or is responsible for such damage.

5.8 Power of Association to Sell, Dedicate, or Transfer Common Area. As provided in ORS 94.665, the Association may sell, dedicate, transfer, grant a security interest in, or grant an easement for installation and maintenance of utilities or for similar purposes with respect to, any portion of the Common Area. Except for grants of easements for utility-related purposes, no such sale, dedication, transfer, or grant of a security interest shall be effective unless approved by 80% of the votes of both Class A and Class B Members. Provided further, if there is only one class of votes, such sale, dedication, transfer, or grant of a security interest (other than a grant
of an easement for utility-related purposes) must be approved by 80% of the votes held by Owners other than Declarant.

5.9 Maintenance of Commonly Maintained Property. Without limitation of the Association's overall maintenance and other obligations, the Association will permanently maintain and repair the following Commonly Maintained Property as necessary:

5.9.1 The boundary line fence initially constructed by Declarant running along the back Property lines of Lots 89 - 93 of proposed Park Meadow Fourth Addition and Lots 15 - 19, 36 and 37 of Cottonwood Subdivision together with the planter strip and all associated landscaping, grass swales, trees, shrubs and irrigation and stormwater infrastructure located between the fence and Hill Road. The Association will not have responsibility, however, for maintenance of the exterior finish of the Lot side of the boundary line fence. The upkeep and maintenance of the boundary line fence and planter strip area as set forth herein is deemed to be of benefit to the Owners of Lots in Park Meadows Third Addition.

5.9.2 The pedestrian access easement between Lots 90 and 91 of proposed Park Meadows Fourth Addition consisting of a twelve foot paved area flanked on each side by a six and one half foot planter strip and associated landscaping, trees, shrubs and irrigation infrastructure, initial construction and installation of which will be by Declarant. The upkeep and maintenance of this area is deep to be of benefit to the Owners of Lots in Park Meadows Third Addition.

5.9.3 The monument area to be obtained by easement on the inside curvature of Lot 80 for erection of a monument sign and landscaping, lights, irrigation and associated infrastructure, initial construction and installation of which will be by Declarant.

5.9.4 Any other area determined by the Board to be in the interest of the Association to maintain.

5.9.5 The provisions of Articles 5.1 through 5.8 shall apply to the Commonly Maintained Property as applicable.

ARTICLE 6
ARCHITECTURAL REVIEW COMMITTEE

6.1 Architectural Review. No Improvement shall be commenced, erected, placed, or altered on any Lot until the construction plans and specifications showing the nature, shape, heights, materials, colors, and proposed location of the Improvements have been submitted to and approved in writing by the ARC. This Article's purpose is to assure quality of workmanship and material and harmony between exterior design and the existing Improvements and landscaping and as to location with respect to topography and finished grade elevations. The ARC shall not be responsible for determining compliance with structural and building codes, solar ordinances, zoning codes, or other governmental regulations, all of which the applicant's responsibility. The procedure and specific requirements for review and approval of construction shall be set forth in design guidelines and standards adopted from time to time by the ARC. The provisions of this Article shall apply in all instances in which this Declaration requires the ARC's consent.
6.2 Architectural Review Committee, Appointment and Removal. Declarant reserves the right to appoint all Members of the ARC and all replacements thereto until Park Meadows Third Addition is 100% built out, or upon annexation of Park Meadows Fourth and/or Fifth Addition, until either or both is built out. The ARC shall consist of no fewer than three Members and no more than five Members. Each ARC member shall serve for one year. After buildout, Declarant shall assign to the Board the right to appoint and remove Members of the ARC. Board Members and persons who are not Owners but who have special expertise regarding the matters that come before the ARC may serve as all or some of the ARC's Members. In the Board's sole discretion, non-Owner Members of the ARC may be paid. The Board may appoint itself as the ARC or any of its Members to the ARC. If an ARC has not been appointed, the Board shall serve as the ARC.

6.3 Majority Action. Except as otherwise provided in this Declaration, a majority of the Members of the ARC shall have the power to act on behalf of the ARC, without the necessity of a meeting and without the necessity of consulting the remaining member or Members of the ARC. The ARC may render its decision only by written instrument setting forth the action taken by the Members consenting thereto.

6.4 Duties. The ARC shall consider and act on the proposals and/or plans submitted pursuant to this Article. The ARC, from time to time and at its sole discretion, may adopt architectural rules, regulations, and guidelines ("Architectural Standards"). The Architectural Standards shall interpret and implement the provisions of this Declaration for architectural review and guidelines for architectural design, placement of buildings, color schemes, exterior finishes and materials, and similar features that may be used in Park Meadows Third Addition; provided, however, that the Architectural Standards shall not be in derogation of the minimum standards established by this Declaration.

6.5 ARC Decision. The ARC shall render its written decision approving or denying each construction application submitted to it within 15 working days after its receipt of all materials required with respect to such application. If the ARC fails to render such written decision within 30 days of its receipt of all required materials or request an extension, the application shall be deemed approved. The ARC shall be entitled to request one or more extensions of time, not to exceed 45 days. In the event of such extension requests, if the ARC does not render a written decision within 15 days after the expiration of the extension(s), the application shall be deemed approved. Provided, however, the applicant may agree to further extensions to allow the applicant to complete or supplement the application.

6.6 ARC Discretion. The ARC, at its sole discretion, may withhold consent to any proposed work if the ARC finds the proposed work would be inappropriate for the particular Lot or incompatible with the design standards that the ARC intends for Park Meadows Third Addition. The ARC may consider siting, shape, size, color, design, height, solar access, or other effect on the enjoyment of other Lots or the Common Area, and any other factors that it reasonably believes to be relevant in determining whether or not to consent to any proposed work.

6.7 Nonwaiver. Consent by the ARC to any matter proposed to it or within its jurisdiction shall not be deemed to constitute precedent or waiver impairing its right to withhold approval as to any similar matter thereafter proposed or submitted to it for consent.
6.8 **Appeal.** After Declarant has assigned the right to appoint ARC Members to the Board pursuant to Article 6.2, any Owner adversely impacted by ARC action may appeal such action to the Board. Such appealing Owner shall submit to the Board a written notice of appeal, setting forth specific objections or mitigating circumstances justifying the appeal, within 10 days after the ARC’s action. The Board shall issue a final, conclusive decision within 45 days after receipt of such notice, and such decision shall be final and binding on the appealing Owner and the ARC. Provided, however, the Board shall make reasonable efforts to reach a decision within 20 days. If the Board is serving as the ARC, then such appeal shall be deemed a request for reconsideration.

6.9 **Effective Period of Consent.** The ARC’s consent to any proposed work shall automatically expire three months after issuance unless construction of the project has been commenced or the Owner has applied for and received an extension of time from the ARC.

6.10 **Determination of Compliance.** The ARC may inspect, from time to time, all work performed and determine whether it is in substantial compliance with the approval granted. If the ARC finds that the work was not performed in substantial conformance with the approval granted, or if the ARC finds that the approval required was not obtained, the ARC shall notify the Owner in writing of the noncompliance. The notice shall specify the particulars of noncompliance and shall require the Owner to remedy the noncompliance.

6.11 **Noncompliance.** If the ARC determines that an Owner has not constructed an improvement consistent with the specifications of an ARC approval or has constructed an improvement without obtaining ARC approval, sends a notice of noncompliance to such Owner, and such Owner fails to commence diligently remedying such noncompliance in accordance with such notice, then, effective at 5:00 p.m. on the third day after issuance of such notice, the ARC shall provide notice of a hearing to consider the Owner’s continuing noncompliance. The hearing shall be set not more than 30 days from the date on which the notice of noncompliance was issued. At the hearing, if the ARC finds that there is no valid reason for the continuing noncompliance, the ARC shall determine the estimated costs of achieving compliance and may issue a fine against the noncomplying Owner for such amount. The ARC also shall require the Owner to remedy such noncompliance within 10 days after the date of the ARC’s determination. If the Owner does not comply with the ARC’s ruling within such period or any extension thereof granted by the ARC, at its sole discretion, the ARC may remove the noncomplying improvement, remedy the noncompliance, and/or record a notice of noncompliance in the county deed records. The costs of any such action shall be assessed against the Owner as a Reimbursement Assessment either before or after any remedial action is taken.

6.12 **Liability.** Neither the ARC nor any member thereof shall be liable to any Owner, Occupant, or builder for any damage, loss, or prejudice suffered or claimed on account of any action or failure to act of the ARC or a member thereof, provided only that the ARC or the member has, in accordance with its or his or her actual knowledge, acted in good faith.

6.13 **Estoppel Certificate.** Within 15 working days after the ARC’s receipt of a written request from an Owner and the ARC’s receipt of payment of a reasonable fee fixed by the ARC to cover costs, the ARC shall provide such Owner with a certificate executed by the Chairperson or other authorized member of the ARC certifying with respect to any Lot owned by the Owner, that, as of the date thereof either (a) all Improvements made or done upon such Lot comply with
this Declaration, or (b) such Improvements do not so comply, in which event, the certificate shall also identify the noncomplying Improvements and set forth with particularity the nature of such noncompliance. The Owner and such Owner’s heirs, devisees, successors, and assigns shall be entitled to rely on the certificate with respect to the matters set forth therein. The certificate shall be conclusive as among Declarant, the ARC, the Association, all Owners, and all persons deriving any interest through any of them.

6.14 Fees. The ARC may charge applicants a reasonable application fee and additional costs incurred or expected to be incurred by the ARC to retain architects, attorneys, engineers, and other consultants to advise the ARC concerning any aspect of the applications and/or compliance with any appropriate architectural criteria or standards, including, without limitation, those pertinent to house siting and height. Such fees shall be collectible as assessments pursuant to Article 10.

6.15 Declarant and Successor Exempt from ARC. The Declarant or a successor to all of the unsold Lots shall be exempt from the requirement to submit and have plans approved by the ARC. However, the Declarant and its successor shall not be exempt from the provisions of Article 4 of the Declaration.

ARTICLE 7
MEMBERSHIP IN THE ASSOCIATION

7.1 Members. Each Owner shall be a member of the Association. Membership in the Association shall be appurtenant to, and may not be separated from, ownership of any Lot. Transfer of ownership of a Lot shall automatically transfer membership in the Association. Without any other act or acknowledgment, Occupants and Owners shall be governed and controlled by this Declaration, the Articles, Bylaws, and the Rules and Regulations of the Association and any amendments thereof.

7.2 Proxy. Each Owner may cast such Owner’s vote in person, by written ballot, or pursuant to a proxy executed by such Owner. An Owner may not revoke a proxy given pursuant to this Article 7.2 except by actual notice of revocation to the person presiding over a meeting of the Association. A proxy shall not be valid if it is undated or purports to be revocable without notice. A proxy shall terminate one year after its date, unless the proxy specifies a shorter term.

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

7.3.1 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.

7.3.2 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. The Class B membership shall cease and be converted to Class A membership on the earlier of the following dates (the “Termination Date”):

(a) The date on which 75% of the total number of Lots in Park Meadows Third Addition have been sold and conveyed to Owners other than Declarant, provided, however, if the
annexation of Park Meadows Fourth Addition and/or Park Meadows Fifth Addition is imminent, the Lots therein shall be included in the calculation of this percentage; and

(b) The date on which Declarant elects in writing to terminate Class B membership.

After the Termination Date, 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 be equal to the total number of Lots subject to this Declaration, initially or through annexation.

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. Fractional or split votes shall be disregarded, except for purposes of determining a quorum.

7.4 Procedure. All meetings of the Association, the Board, the ARC, and Association committees shall be conducted with such rules of order as may from time to time by adopted by the Board. Notwithstanding which rule of order is adopted, the President shall be entitled to vote on all matters, not merely to break a tie vote. A tie vote does not constitute a majority or approval of any motion or resolution.

ARTICLE 8
DECLARANT CONTROL

8.1 Interim Board and Officers. Declarant hereby reserves administrative control of the Association. Declarant, in its sole discretion, shall have the right to appoint and remove Members of an Interim Board (the “Interim Board”), which shall manage the affairs of the Association and be invested with all powers and rights of the Board until the Turnover Meeting (as hereinafter defined). The Interim Board shall consist of from one to three Members. Notwithstanding the provision of this Article 8.1, 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.

8.2 Turnover Meeting. Declarant shall call a meeting for the purposes of turning over administrative control of the Association from Declarant to the Class A Members within 60 days of the earlier of the following dates:

8.2.1 Earliest Date. The date on which Lots representing 75% of the total number of votes of all Lots in Park Meadows Third Addition have been sold and conveyed to persons other than Declarant, provided, however, if the annexation of Park Meadows Fourth Addition and/or Park Meadows Fifth Addition is imminent, the Lots therein shall be included in the calculation of this percentage;

8.2.2 Optional Turnover. The date on which Declarant has elected in writing to terminate Class B membership.

Declarant shall give notice of the Turnover Meeting to each Owner as provided in the Bylaws. If Declarant does not call the Turnover Meeting required under this Article the transitional advisory committee or any Owner may do so.
ARTICLE 9
DECLARANT'S SPECIAL RIGHTS

9.1 General. Declarant is undertaking the work of developing Lots and other Improvements within Park Meadows Third Addition. The completion of the development work and the marketing and sale of the Lots is essential to the establishment and welfare of the Property as a residential community. Until the Homes on all Lots on the Property have been constructed, fully completed, and sold, with respect to the Common Area and each Lot on the Property, Declarant shall have the special rights set forth in this Article 9.

9.2 Marketing Rights. Declarant shall have the right to maintain a sales office and model on one or more of the Lots that Declarant owns. Declarant and prospective purchasers and their agents shall have the right to use and occupy the sales office and models during reasonable hours any day of the week. Declarant may maintain a reasonable number of “For Sale” signs at reasonable locations on the Property, including, without limitation, on the Common Area.

9.3 Declarant Easements. Declarant reserves easements over the Property as more fully described in Articles 3.4 and 3.5 hereof.

9.4 Additional Improvements. Declarant does not agree to build any Improvements not described in this Declaration.

ARTICLE 10
FUNDS AND ASSESSMENTS

10.1 Purpose of Assessments; Expenses. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, aesthetics, and welfare of the Owners and Occupants of Park Meadows Third Addition, for the improvement, operation, and maintenance of the Common Area and the Commonly Maintained Property, for the administration and operation of the Association and for Property and liability insurance. All such expenses set forth herein shall be deemed “known expenses.”

10.2 Covenants to Pay. Declarant and each Owner covenant and agree to pay the Association the assessments and any additional charges levied pursuant to this Declaration or the Bylaws. All assessments for operating expenses, repairs and replacement, and reserves shall be allocated among the Lots and their Owners as set forth in Article 10.4.2.

10.2.1 Funds Held in Trust. The assessments collected by the Association shall be held by the Association for and on behalf of each Owner and shall be used solely as set forth in Article 10.1. On the sale or transfer of any Lot, the Owner's interest in such funds shall be deemed automatically transferred to the successor in interest to such Owner.

10.2.2 Offsets. No offsets against any assessment shall be permitted for any reason, including, without limitation, any claim that the Association is not properly discharging its duties.

10.2.3 Right to Profits. Association profits, if any, shall be the Property of the Association and shall be contributed to the Current Operating Account.
10.3 Basis of Assessment; Commencement of Assessments. Declant shall pay all common expenses of the Association until the Lots are assessed for common expenses. The amount and date of commencement of the initial annual assessment to Owners other than Declant shall be determined by Declant. In the sole and unfettered discretion of Declant, Declant may defer payment of reserves for a Lot until the Lot is conveyed to a third party. However, Declant may not defer payment of accrued reserves beyond the date of the Turnover Meeting.

10.4 Annual Assessments. Annual assessments for each fiscal year shall be established when the Board approves the budget for that fiscal year. The initial annual assessment shall be determined by Declant and shall be prorated on a monthly basis at the time of the closing of the first sale from Declant. For proration purposes, any portion of a month shall count as a full month. Annual assessments shall be payable on a periodic bases, not more frequently than monthly, as determined by the Board. The fiscal year shall be the calendar year unless another year is adopted by vote of the Association Members.

10.4.1 Budgeting. Each year the Board shall prepare, approve, and make available to each Member a pro forma operating statement (budget) containing (a) estimated revenue and expenses on an accrual basis; (b) the amount of the total cash reserves of the Association currently available for replacement or major repair of the Common Area and Commonly Maintained Property and for contingencies; (c) an itemized estimate for the remaining life of, and the methods of funding to defray repair, replacement, or additions to major components of such Improvements as provided in Article 10.6.2; and (d) a general statement setting forth the procedures used by the Board in the calculation and establishment of reserves to defray the costs of repair, replacement, or additions to major components of the Common Area and the Commonly Maintained Property. Notwithstanding that budgeting shall be done on an accrual basis, the Association’s books shall be kept on a cash basis and the Association shall be a cash basis taxpayer, unless applicable governmental regulations require otherwise. For the first fiscal year, the budget shall be approved by the Board no later than the date on which annual assessments are scheduled to commence. Thereafter, the Board shall annually prepare and approve the budget and distribute a copy or summary thereof to each Member, together with written notice of the amount of the annual assessments to be levied against the Owner’s Lot, within 30 days after adoption of such budget.

10.4.2 Allocation of Assessments. The total amount in the budget shall be charged against all Lots as annual assessments as follows:

<table>
<thead>
<tr>
<th>Lot</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>74 - 81</td>
<td>12.5% per Lot</td>
</tr>
</tbody>
</table>

The annual assessment percentage charged to each Lot will be adjusted should additional Lots be annexed.

10.4.3 Nonwaiver of Assessments. If before the expiration of any fiscal year the Association fails to fix annual assessments for the next fiscal year, the annual assessments established for the preceding year shall continue until a new annual assessment is fixed.
10.5 Special Assessments. The Board and/or the Owners shall have the power to levy special assessments against an Owner or all Owners in the following manner for the following purposes:

10.5.1 Correct Deficit. To correct a deficit in the operating budget, by vote of a majority of the Board;

10.5.2 Special Obligations of an Owner. To collect amounts due to the Association from an Owner for breach of the Owner’s obligations under this Declaration, the Bylaws, or the Rules and Regulations, by vote of a majority of the Board;

10.5.3 Repairs. To collect additional amounts necessary to make repairs or renovations to the Common Area or Commonly Maintained Property if sufficient funds are not available from the operating budget or replacement reserve accounts, by vote of a majority of the Board; or

10.5.4 Capital Improvements. To make capital acquisitions, additions or Improvements, by vote of at least 80% of all votes allocated to the Lots.

10.5.5 Reimbursement Assessments. The Association shall levy a reimbursement assessment against any Owner and such Owner’s Lot if a failure to comply with this Declaration, Bylaws, Architectural Standards, or any Rules and Regulations has (a) necessitated an expenditure of monies by the Association to enforce compliance or (b) resulted in the imposition of a fine or penalty against such Owner or such Owner’s Lot (a “Reimbursement Assessment”). A Reimbursement Assessment shall be due and payable to the Association when levied. A Reimbursement Assessment shall not be levied by the Association except on at least 10 days’ written notice to the Owner being assessed. If, within said 10-day period, the Owner makes a written request to the Board for a hearing, a hearing shall be held. On request for a hearing, the Board shall conduct it not less than 10 nor more than 30 days after the request by the Owner, and shall make its decision within not more than 30 days after the hearing is held. If a notice has been previously given, and the hearing has already been held or waived (in writing or by the Owner’s failure to appear) for the violation resulting in the Reimbursement Assessment, no additional notice and hearing is required before levying the Reimbursement Assessment.

10.6 Accounts.

10.6.1 Types of Accounts. Assessments collected by the Association shall be deposited into at least two separate accounts with a bank, which accounts shall be clearly designated as (a) the Current Operating Account and (b) the Reserve Account. The Board shall deposit those portions of the assessments collected for current maintenance and operation into the Current Operating Account and shall deposit those portions of the assessments collected as reserves for replacement and deferred maintenance of capital Improvements into the Reserve Account. Withdrawal of funds for the Association’s Reserve Account shall require the signatures of either two Directors or one Director and an officer of the Association who is not a Director. In its books and records, the Association shall account separately for operating expenses relating to the Common Area/Commonly Maintained Property and operating expenses relating to all other matters, as well as for necessary reserves relating to the Common Area/Commonly Maintained Property and necessary reserves relating to all other matters.
10.6.2 Reserve Account. Declarant shall establish a Reserve Account, in the name of the Association, which shall be kept separate from all other funds held by the Association. The Association shall pay out of the Reserve Account only those costs that are attributable to the maintenance, repair, or replacement of Common Area Property and Commonly Maintained Property that normally requires replacement, in whole or in part, within three to 30 years and not for regular or periodic maintenance and expenses. No funds collected for the Reserve Account may be used for ordinary current maintenance and operation purposes.

10.6.2.1 Calculation of Reserve Assessment; Reserve Study. The Board of Directors of the Association shall annually conduct a reserve study, or review and update an existing study, of the Common Area and Commonly Maintained Property to determine the reserve account requirements. A reserve account shall be established for those items of the Common Area and Commonly Maintained Property all or part of which will normally require replacement in more than three and less than 30 years, for exterior painting, and for the maintenance, repair, or replacement of other items as may be required under the Declaration or Bylaws or that the Board of Directors, in its discretion, may deem appropriate. The reserve account need not include items that could reasonably be funded from operating assessments. The reserve study shall include:

(a) identification of all items for which reserves are required to be established;

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

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

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

The reserve account assessment shall be allocated pursuant to Article 10.4.2.

10.6.2.2 Loan from Reserve Account. After the Turnover Meeting described in Article 8.2, the Board may borrow funds from the Reserve Account to meet high seasonal demands on the Association’s regular operating fund or to meet unexpected increases in expenses. Funds borrowed must be repaid later from assessments if the Board has adopted a resolution, which may be an annual continuing resolution, authorizing the borrowing of funds. Not later than the adoption of the budget for the following year, the Board shall adopt by resolution a written payment plan providing for repayment within a reasonable period.

10.6.2.3 Increase or Reduction, or Elimination of Reserve Account Assessment. At any time after the second year after the Turnover Meeting, future assessment for the Reserve Account may be increased or reduced by the vote of Owners of Lots representing 75% of the votes computed in accordance with Article 7.3.

10.6.2.4 Investment of Reserve Account. Nothing in this Article 10.6 prohibits the prudent investment of Reserve Account funds, subject to any constraints imposed by the Board, the Bylaws, or the Rules and Regulations.
10.6.2.5 **Refunds of Assessments.** Assessments paid into the Reserve Account are the Property of the Association and are not refundable to sellers or Owners of Lots. Sellers or Owners of Lots may treat their outstanding share of the Reserve Account’s balance as a separate item in the sales contract providing for the conveyance of their Lot.

10.6.3 **Current Operating Account.** All costs other than those to be paid from the Reserve Account pursuant to Article 10.6.2 may be paid from the Current Operating Account.

10.7 **Default in Payment of Assessments, Enforcement of Liens.**

10.7.1 **Personal Obligation.** All assessments properly imposed under this Declaration or the Bylaws shall be the joint and several personal obligation of all Owners of the Lot to which such assessment pertains. In a voluntary conveyance (i.e., one other than through foreclosure or a deed in lieu of foreclosure), the grantees shall be jointly and severally liable with the grantors for all Association assessments imposed through the recording date of the instrument effecting the conveyance. A suit for a money judgment may be initiated by the Association to recover such assessments without either waiving or foreclosing the Association’s lien.

10.7.2 **Association Lien.** The Association shall have a lien against each Lot for any assessment (of any type provided for by this Declaration or the Bylaws) or installment thereof that is delinquent. Such lien shall accumulate all future assessments or installments, interest, late fees, penalties, fines, attorney fees (whether or not suit or action is instituted), actual administrative costs, and other appropriate costs properly chargeable to an Owner by the Association, until such amounts are fully paid. Recording of the Declaration constitutes record notice and perfection of the lien. Said lien may be foreclosed at any time pursuant to the Planned Community Act. The Association shall record a notice of a claim of lien for assessments and other charges in the deed records of Yamhill County, Oregon, before any suit to foreclose may be filed. The lien of the Association shall be superior to all other liens and encumbrances except Property taxes and assessments, any first mortgage, deed of trust or land sale contract recorded before the Association’s notice of lien, and any mortgage or deed of trust granted to an institutional lender that is recorded before the Association’s notice of lien.

10.7.3 **Interest; Fines; Late Fees; Penalties.** The Board, in its reasonable discretion, may from time to time adopt resolutions to set the rate of interest and to impose late fees, fines, and penalties on delinquent assessments or for violations of the provisions of this Declaration, the Bylaws, Architectural Standards, and the Rules and Regulations adopted by the Board or the ARC. The adoption of such impositions shall be communicated to all Owners in writing not less than 30 days before the effective date by a notice mailed to the assessment billing address of such Owners. Such impositions shall be considered assessments that are lienable and collectible in the same manner as any other assessments; provided, however, that fines or penalties for violation of this Declaration, the Bylaws, or any rule and regulation, other than late fees, fines, or interest arising from an Owner’s failure to pay regular, special, or reimbursement assessments may not be imposed against an Owner or such Owner’s Lot until such Owner is given an opportunity for a hearing as elsewhere provided herein.

10.7.4 **Acceleration of Assessments.** If an Owner is delinquent in payment of any assessment or installment on any assessment, the Association, on not less than 10 days’ written notice to the Owner, may accelerate the due date of the full annual assessment for that fiscal year.

*Page 21 - Declaration of Covenants, Conditions and Restrictions for Park Meadows Third Addition*
and all future installments of any special assessments.

10.7.5 Association’s Right to Rents; Receiver. In any foreclosure suit by the Association with respect to such lien, the Association shall be entitled to collect reasonable rent from the defaulting Owner for the use of such Owner’s Lot or shall be entitled to the appointment of a receiver.

ARTICLE 11
GENERAL PROVISIONS

11.1 Records. The Board shall preserve and maintain minutes of the meetings of the Association, the Board and any committees. The Board also shall keep detailed and accurate financial records, including individual assessment accounts of Owners, the balance sheet, and income and expense statements. Individual assessment accounts shall designate the name and address of the Owner or Owners of the Lot, the amount of each assessment as it becomes due, the amounts paid on the account, and the balance due on the assessments. The minutes of the Association, the Board and Board committees, and the Association’s financial records shall be maintained in the State of Oregon and reasonably available for review and copying by the Owners. A reasonable charge may be imposed by the Association for providing copies.

11.2 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, whether 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 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 benefitted from the acts that created said liability.

11.3 Enforcement; Attorney Fees. The Association and the Owners and any mortgagee holding an interest on a Lot shall have the right to enforce all of the covenants, conditions, restrictions, reservations, easements, liens, and charges now or hereinafter imposed by any of
the provisions of this Declaration as may appertain specifically to such parties or Owners by any proceeding at law or in equity. Failure by either the Association or by any Owner or mortgagee to enforce any covenant, condition, or restriction herein contained shall in no event be deemed a waiver of their right to do so thereafter. In the event suit or action is commenced to enforce the terms and provisions of this Declaration (including without limitations, for the collection of assessments), the prevailing party shall be entitled to its actual administrative costs incurred because of a matter or event that is the subject of the suit or action, attorney fees and costs in such suit or action to be fixed by the trial court, and in the event of an appeal, the cost of the appeal, together with reasonable attorney fees, to be set by the appellate court. In addition thereto, the Association shall be entitled to its reasonable attorney fees and costs incurred in any enforcement activity or to collect delinquent assessments, together with the Association's actual administrative costs, whether or not suit or action is filed.

11.4 Severability. Invalidation of any one of these covenants, conditions, or restrictions by judgment or court order shall not affect the other provisions hereof and the same shall remain in full force and effect.

11.5 Duration. The covenants, conditions, and restrictions of this Declaration shall run with and bind the land for a term of 35 years from the date of this Declaration being recorded, after which time they shall be automatically extended for successive periods of 10 years, unless rescinded by a vote of at least 90% of the Owners and 90% of the first mortgagees; provided, however, that amendments that do not constitute rescission of the planned community may be adopted as provided in Article 11.6 and that if any of the provisions of this Declaration 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 Alan A. Ruden.

11.6 Amendment. Except as otherwise provided in Article 11.5 or ORS 94.590, and the restrictions set forth elsewhere herein, this Declaration may be amended at any time by an instrument approved by not less than 75% 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, that no amendment of this Declaration shall effect an amendment of the Bylaws or Articles without compliance with the provisions of such documents, and the Oregon Nonprofit Corporation Act and that no amendment affecting the general plan of development or any other right of Declarant herein contained may be effected without the express written consent of Declarant or its successors and assigns, including, without limitation, amendment of this Article 11.6., provided no amendment may be made with respect to the Conservation Easement Area without the written approval of the Oregon Department of State Lands.

11.7 Release of Right of Control. Declarant may give up its right of control in writing at any time by notice to the Association.

11.8 Unilateral Amendment by Declarant. In addition to all other special rights of Declarant provided in this Declaration, Declarant may amend this Declaration in order to comply with the requirements of the Federal Housing Administration of the United States, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Home Mortgage Loan Corporation, any department, bureau, board, commission, or agency of the
United States or the State of Oregon, or any other state in which the Lots are marketed and sold, or any corporation wholly owned, directly or indirectly, by the United States or the State of Oregon, or such other state, the approval of which entity is required in order for it to insure, guarantee, or provide financing in connection with development of the Property and sale of Lots. Before the Turnover Meeting, no such amendment shall require notice to or approval by any Class A member.

11.9 Resolution of Document Conflicts. In the event of a conflict among any of the provisions in the documents governing Park Meadows Third Addition, such conflict shall be resolved by looking to the following documents in the order shown below:

1. Declaration;
2. Articles;
3. Bylaws;
4. Rules and Regulations.

IN WITNESS WHEREOF, Declarant has executed this instrument this 9 day of MARCH, 2006.

Alan Ruden Construction, Inc.,
An Oregon Corporation

By: Alan A. Ruden, President

STATE OF OREGON )
) ss.
County of Yamhill )

This instrument was acknowledged before me on March 9, 2006, by Alan A. Ruden as President of Alan Ruden Construction, Inc., and he acknowledged to me that he executed the same freely and voluntarily.

[Signature]
Notary Public for Oregon
My commission expires: July 7, 2008
AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS OF PARK MEADOWS THIRD ADDITION AND ANNEXATION OF PARK MEADOWS FOURTH AND FIFTH ADDITIONS

THIS Amendment to the Declaration of Covenants, Conditions, and Restrictions of Park Meadow Third Addition ("Amendment"), and annexation to Park Meadows Third Addition (to annex Park Meadow Fourth and Fifth Additions) is made this 16th day of August, 2006, by Alan Ruden, Inc., an Oregon Corporation ("Declarant").

RECITALS

A. Declarant is the Declarant under the Declaration of Covenants, Conditions and Restrictions for Park Meadow Third Addition recorded in the Records of Yamhill County, Oregon as Document No. 200605093 on March 4, 2006, (the "Declaration").

B. Declarant has recorded the Plat of Park Meadow Third Addition as Document No. 200605092 on March 9, 2006, in Yamhill County.

C. Pursuant to Article 11.6 of the Declaration, Declarant wishes to amend the above referenced Declaration.

D. Pursuant to Article 2 of the Declaration, Declarant wishes to annex Park Meadow Fourth Addition and Park Meadows Fifth Addition to Park Meadows Third Addition and subject the same to the Declaration and this Amendment.

NOW, THEREFORE, Declarant hereby declares as follows:

1. Amendments to Declaration.

1.1 Table of Contents, restated as follows:
TABLE OF CONTENTS

ARTICLE 1 DEFINITIONS ......................................................... 1-3

ARTICLE 2 PROPERTY SUBJECT TO THIS DECLARATION ....................... 3-4

ARTICLE 3 OWNERSHIP AND EASEMENTS .................................... 4-7

ARTICLE 4 USE OF PROPERTY AND DESIGN STANDARDS ....................... 7-10

ARTICLE 5 COMMON AREA AND COMMONLY MAINTAINED PROPERTY ............. 10-12

ARTICLE 6 ARCHITECTURAL REVIEW COMMITTEE ............................. 12-15

ARTICLE 7 MEMBERSHIP IN THE ASSOCIATION ................................ 15-16

ARTICLE 8 DECLARANT CONTROL .............................................. 16

ARTICLE 9 DECLARANT'S SPECIAL RIGHTS .................................. 17

ARTICLE 10 FUNDS AND ASSESSMENTS ........................................ 17-22

ARTICLE 11 GENERAL PROVISIONS ............................................. 22-24

1.2 Recitals. replace fifth line of fourth paragraph: “Area” with “Property”.

1.3 Article 1.7, insert in second line after Park Meadows Third Addition: “Park Meadows Fourth Addition, and Park Meadows Fifth Addition” and delete last sentence.

1.4 Article 1.13, insert in first line after Lots 74-81: “Lots 82-98 and Lots 99-114”.

1.5 Article 1.14, insert in second line after Park Meadows Third Addition: “Park Meadows Fourth Addition, and Park Meadows Fifth Addition”.

1.6 Article 1.17, add at end of first sentence: “Park Meadows Fourth Addition shall mean Lots 82-98 of the Property and as designated on the Plat of Park Meadows Fourth Addition. Park Meadows Fifth Addition shall mean Lots 99-114 of the Property and as designated on the Plat of Park Meadows Fifth Addition.”

1.7 Article 1.18, restate as follows: “Plat shall mean and refer to the Plat of Park Meadows Third Addition recorded as instrument 200605092 on March 9, 2006, the Plat of Park Meadows Fourth Addition recorded as instrument 200618871 on August 11, 2006, and the Plat of Park Meadows Fifth Addition recorded as instrument _____________ on _____________, 2006.”

Page 2 - Amendment to Park Meadows Third Addition and Annexation of Park Meadows Fourth and Fifth Additions
1.8 Article 1.19, replace second line: “in” with “of”, and insert in second line “Tracts,” after the word “including”.

1.9 Article 1.21, replace second line “in” with “and”.

1.10 Article 1.22, delete the second sentence.

1.11 Article 2.1, insert in first line after Park Meadows Third Addition: “Park Meadows Fourth Addition, and Park Meadows Fifth Addition”.

1.12 Article 2.2.1.3, insert in first line of second paragraph after Article: “in”.

1.13 Article 3.1, insert in last line after Park Meadows Third Addition: “Park Meadows Fourth Addition, and Park Meadows Fifth Addition”.

1.14 Article 3.2, insert in first line after Park Meadows Third Addition: “Park Meadows Fourth Addition, and Park Meadows Fifth Addition”.

1.15 Article 3.4.4, insert in fourth line after Park Meadows Third Addition: “Park Meadows Fourth Addition, and Park Meadows Fifth Addition”.

1.16 Article 3.4.4, add new sentence after insertion of 1.15: “Lots 107 and 108, Park Meadows Fifth Addition, are subject to a public pedestrian access easement as shown on the Plat for said Addition.”

1.17 Article 3.4.9, replace in second line “Plat” with “Plats”, and delete in second line after Plat: “and more particularly described in Exhibit “___” attached to this Declaration”.

1.18 Article 3.4.9.6, restate Article 3.4.9.6 as follows: “Any Owner having some portion of the Owner’s Lot within the Area shall have the primary responsibility for compliance with the terms of this easement applicable to such Area. Park Meadows Third Addition, Lots 80 and 81, Park Meadows Fourth Addition, Lots 92-98 and Park Meadows Fifth Addition, Lot 99 are so affected. The Association shall have the authority to enforce such terms as to the Area within a Lot, including, but not limited to, the right to enter upon such Area to obtain compliance and to assess the cost thereof to the Lot Owner. The Association shall have the primary responsibility for compliance as to the Area within any Tract or Common Area. Tracts “A” of Park Meadows Fourth and Fifth Additions are so affected.”

1.19 New Article 3.4.10, add new Article 3.4.10 to state as follows:

3.4.10 Flag Lots Access and Utility Easement. Lots 109, 110 and 111, of Park Meadows Fifth Addition shall each benefit by and be subject to a 12-foot access easement flanked on each side by a 5-foot utility easement as shown on the plat for Park Meadows Fifth Addition. The Owners of Lots 109, 110, and 111 shall be entitled to access their respective Lots from said access easement. The access easement shall be a paved driveway surface 12 feet
wide. No gravel shoulder shall be installed along said driveway. The utility easements shall be planted in lawn or landscaped with appropriate bushes, shrubs and trees. A buried sprinkler system shall be provided on the sides of the driveway with sufficient numbers of sprinklers to adequately water the unpaved portions. The owners of Lots 109, 110, and 111 shall be responsible for the installation and maintenance of landscaping and irrigation as provided in this Article and Article 4.11.1 for the portion of the utility easement within their respective lots. The owners of all lots utilizing access from said access easement shall share equally in the maintenance of said easement except that the owner of any lot who damages the pavement during construction on said lot shall be solely responsible for repairing said damages."

1.20 New Article 3.4.11, add new Article 3.4.11 to state as follows:

**3.4.11 "Monument Area Easement."** Declarant grants to the Association and its duly authorized agents and representatives an easement for a suitable monument area consisting of an island of approximately 10 feet by 30 feet in Northwest Meadows Drive at the southern boundary of Park Meadows Third Addition for erection of a monument sign and installation of landscaping, lights, irrigation and associated infrastructure, initial construction and installation of which will be by Declarant."

1.21 New Article 3.4.12, add new Article 3.4.12 to state as follows:

**3.4.12 “B.P.A. Easement.”** Tract "G" in Park Meadows Third Addition and Tract "B" in Park Meadows Fourth Addition, described as a 60-foot wide B.P.A. Easement are to be owned by the City and maintained by the City for park use."

1.22 Article 4.2.1, replace in fifth line "Park Meadows and Park Meadows First Addition" with: "Park Meadows Third Addition, Fourth Addition and Fifth Addition".

1.23 Article 4.5, insert in sixth line after Park Meadows Third Addition: “Park Meadows Fourth Addition, and Park Meadows Fifth Addition".

1.24 Article 4.11.2, insert at end of first line after 81: “and Lots 95-100, and Lots 104-106”.

1.25 Article 5.1, delete the last sentence.

1.26 Article 5.9.1, restate as follows: “The boundary line fence constructed by Declarant running along the back of property lines of Lots 106-110 of Park Meadows Fifth Addition and Lots 15-19, 36 and 37 of Cottonwood Subdivision together with the planter strip and all associated landscaping, grass swales, trees, shrubs and irrigation and storm water infrastructure located between the fence and Hill Road. The Association will not have responsibility, however, for maintenance of the exterior finish of the Lot side of the boundary line fence. The upkeep and maintenance of the boundary line fence and planter strip area as set forth herein within Cottonwood Subdivision is deemed to be of benefit to the Owners of Lots in Park Meadows Third, Fourth and Fifth Additions.
1.27 Article 5.9.2, restate as follows: "The pedestrian access easement between Lots 107 and 108, Park Meadows Fifth Addition, consisting of a 10-foot paved area flanked on each side by a 71/2-foot planter strip and associated landscaping, trees shrubs and irrigation infrastructure, initial construction and installation of which will be by Declarant."

1.28 Article 5.9.3, restate Article 5.9.3 as follows: "The monument area to be obtained by easement consisting of an island area in the center of Northwest Meadows Drive at the southern boundary of Park Meadows Third Addition for erection of a monument sign."

1.29 Article 6.4, insert in sixth line after Park Meadows Third Addition: "Park Meadows Fourth Addition and Park Meadows Fifth Addition".

1.30 Article 6.6, insert in third line after Park Meadows Third Addition: "Park Meadows Fourth Addition and Park Meadows Fifth Addition".

1.31 Article 7.3.2(a), restate as follows: "(a) The date on which 75% of the total number of lots in Park Meadows Third Addition, Fourth Addition and Fifth Addition have been sold and conveyed to owners other than Declarant;"

1.32 Article 8.2.1, restate as follows: "Earliest Date. The date on which lots representing 75% of the total number of votes of all lots in Park Meadows Third Addition, Fourth Addition and Fifth Addition have been sold and conveyed to persons other than Declarant;"

1.33 Article 9.1, insert in second line after Park Meadows Third Addition: "Park Meadows Fourth Addition, and Park Meadows Fifth Addition".

1.34 Article 10.1, insert in third line after Park Meadows Third Addition: "Park Meadows Fourth Addition, and Park Meadows Fifth Addition".

1.35 Article 10.4.2, restate as follows: "Allocation of Assessments. The total amount in the budget shall be charged against all lots as annual assessments as follows:

<table>
<thead>
<tr>
<th>Lot</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>74-114</td>
<td>2.44% per lot</td>
</tr>
</tbody>
</table>

1.36 Article 11.9, insert in second line after Park Meadows Third Addition: "Park Meadows Fourth Addition, and Park Meadows Fifth Addition".

1.37 Declarant's signature and acknowledgment are to be shown as "Alan Ruden, Inc., an Oregon Corporation", rather than "Alan Ruden Construction, Inc., an Oregon Corporation".

2. Property Annexed. Declarant hereby declares that all of the property described below (the "Additional Property") shall be annexed to Park Meadows Third Addition and the
Declaration and that such property is held and shall be held, conveyed, hypothecated, encumbered, used, occupied and improved subject to the Declaration:

All real property within those certain Plats entitled “Park Meadows Fourth Addition” and “Park Meadows Fifth Addition” filed in the Plat Records of Yamhill County, Oregon.

3. Land Classification. All the land within the Additional Property annexed hereby is included in one or another of the following classifications:

3.1 Building Lots, which shall consist of Lots 82-114 as shown on the Plats of the Additional Property.

3.2 The Conservation Easement Area within the Common Area, shown as Tracts “A” on the Plats and the Commonly Maintained Property as set forth in the Declaration and on the Plats.

4. Applicability of Declaration Provisions. All terms contained in the original “Declaration” which are not altered by the terms of this Amendment and Annexation document (“Amendment”) shall remain in effect. If there is a conflict between the terms of this Amendment and the original Declaration, the conflict shall be resolved by looking first to the terms of this Amendment. If conflict still exists, the resolution shall be based upon the intent of Declarant herein to have the obligations contained in the original Declaration apply to all lots in Park Meadows Third Addition, Fourth Addition and Fifth Addition.

IN WITNESS WHEREOF, Declarant has executed this Declaration of Amendment and Annexation as of the date first written above.

ALAN RUDEN, INC., AN OREGON CORPORATION

By: ____________________________
Alan A. Ruden, President

STATE OF OREGON, )
County of Yamhill. ) ss.

This instrument was acknowledged before me on August 16, 2006, by Alan A. Ruden as President of Alan Ruden, Inc. and he acknowledged to me that he executed the same free and voluntarily.

Before me:

SANDRA AMSDEN
Notary Public for Oregon
My Commission Expires: 6-15-2010

Page 6 - Amendment to Park Meadows Third Addition and Annexation of Park Meadows Fourth and Fifth Additions