CONDITIONS, COVENANTS AND RESTRICTIONS

FOR

Red Hills Estates

DECLARATION OF PROTECTIVE COVENANTS AND RESTRICTIONS

FOR Red Hills Estates, YAMHILL COUNTY, OREGON.

THIS DECLARATION OF PROTECTIVE COVENANTS AND RESTRICTIONS FOR RED HILLS ESTATES, YAMHILL COUNTY, OREGON (the "Declaration") is hereby made and executed this 26th day of October, 1997, by Dundee Hills Limited Partnership (the "Developer" or "Declarant").

WITNESSETH:

WHEREAS, Developer is the owner of all that certain real property located in Yamhill County, Oregon and legally described as Lots 1 through 15, Red Hills Estates and Tract "A", Red Hills Estates as has been platted and designated as Red Hills Estates according to the map and plat thereof on file with and in the official records of Yamhill County, Oregon.

WHEREAS, Developer desires to subject lots 1 through 15, Red Hills Estates, but not Tract "A", to the conditions, covenants and restrictions contained herein for the benefit of all of the lots in Red Hills Estates and their present and subsequent Owners.

NOW, THEREFORE, Developer hereby declares lots 1 through 15, Red Hills Estates are and shall be held upon and conveyed subject to the covenants, conditions, restrictions, reservations and charges hereinafter set forth.
SECTION 1 - DEFINITIONS.

The following words and terms, when used in this Declaration, and supplemental Declarations or any changes, amendments or modifications hereto, shall have the following meanings:

1.1 "Lot" shall mean and refer to any of the numbered parcels shown on any recorded subdivision map or plat of Red Hills Estates; or any additional property adjacent to Red Hills Estates which Developer makes subject to the terms hereof.

1.2 "Owner" shall mean and refer to the Owner of record, whether one or more persons or entities, of an interest in and to any Lot which is part of Red Hills Estates, including contract sellers, but excluding those having such interest merely to secure performance of an obligation (Collectively "Owners").

1.3 "Street" shall mean and refer to any street, public way, highway, cul-de-sac or other thoroughfare providing a means of access and shown on any recorded subdivision map or plat of Red Hills Estates.

1.4 "Design Review Committee" shall mean and refer to the Developer, its agents, employees and appointees, until the earlier of all of the Lots in Red Hills Estates are conveyed to Owners or January 1, 2000, at which time the Design Review Committee shall mean the Homeowner's Association.

1.5 "House" shall mean and refer to a detached dwelling, intended for use and occupancy by not more than one family, having complete living facilities and constituting one dwelling unit. This term shall also include and refer to a garage and any accessory buildings or portions of the principal building used for the parking or storage of vehicles.

1.6 "Homeowners' Association" shall mean the Red Hills Estates Homeowners' Association, an Oregon non-profit corporation, or any successor thereto.

1.7 "Common Improvements" shall mean Alder Street, Alder Crest Court, the water system, entry wall and fencing, and storm drainage system.

1.8 "Water System" shall mean the well, pumps, pump house, water mains, piping and all other components of the water system, but not including the connections from the water mains to each House, which will be the property of each Owner.

1.9 "Storm Drainage System" shall mean all pipes, ditches, detention basins and related easements which comprise the storm drainage system for Red Hills Estates.
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SECTION 2 - HOMEOWNERS ASSOCIATION PROVISIONS

2.1 The Association is intended to be a de minimus planned community as established by ORS 94.570(2)(b) which states a de minimus planned community is one:

"(b) For which the estimated total annual assessment against all Lots in the planned community for maintenance and for the reserves required under ORS 94.595 does not exceed the greater of two percent of the estimated value of all Lots against which the assessment will be levied or the product of $360 multiplied by the total number of Lots in the planned community. For purposes of this paragraph, the estimated value includes the Common Improvements but not any other structures. The assessment estimate under this paragraph:

(A) Shall include current costs for any services which the declarant will be providing at less than cost during the period the declarant is marketing the Lots and which the Association will have to provide at cost after the declarant no longer performs these services. Current costs shall be based on competitive current rates for alternative professional services for such items as landscape and pool maintenance.

(B) Shall include maintenance and reserve account estimates based on figures obtained from the department of the city, county or district which would normally perform or contract for services which instead are provided by the planned community.

(C) Shall be conclusively presumed to have been made in good faith if one year after the declarant no longer provides any services at less than cost, the total assessment for maintenance and reserves does not exceed three percent of the current assessed value of these Lots not including structures on the Lots."

2.2 The method of determining voting rights, the liability of each Lot and the right of each Lot to any common profits of the Association shall be as follows:
2.2.1 The allocation of votes to Lots shall be one (1) vote per Lot, except for Lots owned by declarant which shall have four (4) votes per Lot.

2.2.2 All owners and contract purchasers of Lots in Red Hills Estates shall be members of the Association.

2.2.3 Any Lot owner failing to pay his or her proportionate share of costs assessed by the Association within thirty (30) days after it becomes due shall be liable for interest at the rate of the prime rate at Wells Fargo Bank plus four (4) percentage points. The prime rate will be measured as of the date the assessment is delinquent. Costs of collection of such assessment, including attorney fees, and all such unpaid amounts and interest shall become a lien on the Lot or Lots to which such amounts are attributable. No assessment will be levied against Lots while owned by Declarant.

2.2.4 All common profits of the Association shall be allocated equally to each Owner.

2.3 There shall be no restrictions on the alienation of Lots. A Lot may not be divided but may be combined with other Lots, with the approval of the Association and only in compliance with all applicable laws and ordinances.

2.4 Except as stated herein, the intended use of each Lot is residential. No commercial activity shall be carried out, including, but not limited to vehicle repairs. Owners may engage in repairs of their own automobiles as long as such activities are limited to minor repairs or are carried out in areas not visible from the street. Inoperable vehicles may not remain on any Lot more than 3 days unless housed completely inside a garage and not visible from the street.

2.5 The Association shall be established when 100% of Lots 1 through 15 have been sold by Declarant to third parties. Declarant shall call a meeting for the purpose of turning over administrative responsibility for the planned community to the Association. The declarant shall give notice of the meeting to each Owner. Upon activation of the Association the bylaws to the Association shall take effect and govern the Association's activities. At said meeting the owners shall elect a board of directors in accordance with the bylaws of the Association.

At the turnover meeting the declarant shall turnover to the Association the responsibility for the administration of the Association and said Association shall accept the administrative responsibility. The declarant shall deliver:

2.5.1 the original or a photocopy of the recorded declaration and copies of the bylaws of the planned community and any supplements and amendments to the bylaws;

2.5.2 the minute books, including all minutes, and other books and records of the Association and the board of directors;
2.5.3 all rules and regulations adopted by the declarant;

2.5.4 all funds if any of the Association and control of all such funds;

2.5.5 all tangible personal property that is or is intended to be property of the Association, and an inventory of the property, if any;

2.5.6 copies of any income tax returns filed by the declarant in the name of the Association, and supporting records for the returns, if any;

2.5.7 all bank signature cards, if any;

2.5.8 an operating budget for the portion of the planned community turned over to Association administration;

2.5.9 a copy of "as-built" architectural, structural, engineering, mechanical, electrical and plumbing plans, if available;

2.5.10 the plans for underground site service, site grading, drainage and landscaping together with cable television drawings;

2.5.11 any additional plans and information relevant to future repair or maintenance of Red Hills Estates; and

2.5.12 insurance policies;

2.5.13 any permits issued by governmental bodies applicable to the planned community in force or issued within one year before the date on which the Owners assume administrative responsibility of the Association;

2.5.14 a roster of Owners and their addresses and telephone numbers, if known, as shown on the records of the Declarant;

2.5.15 employment or service contracts in which the Association is one of the contracting parties or service contracts in which the Association or the Owners have an obligation or responsibility, directly or indirectly, to pay some or all of the fee or charge of the person performing the service; and

2.5.16 any other contracts to which the Association is a party.

2.5.17 In order to facilitate an orderly transition during the three month period following the turnover meeting, the Declarant or an informed representative shall be available to meet with the board of directors on at least three mutually acceptable dates to review the documents covered above.
SECTION 3 - COMMON SCHEME RESTRICTIONS.

The following restrictions are hereby imposed as a common scheme upon each Lot of Red Hills Estates for the benefit of every other Lot in Red Hills Estates and may be enforced by any Owner in or the Developer of Red Hills Estates:

3.1 No Lot shall be used for any purpose other than for the construction and occupancy of a House thereon and for residential purposes thereof.

3.2 No animals, livestock, poultry or fowls of any kind shall be raised, kept or permitted upon any Lot or in any part of Red Hills Estates except:

3.2.1 Domestic dogs, cats and caged pet birds provided such are not a nuisance to any resident within Red Hills Estates. Caged pet birds shall be kept within a House.

3.2.2 No permitted animal shall be allowed to become a nuisance to any resident within Red Hills Estates.

3.2.3 All dogs, cats and birds are not to be kept, bred or raised for commercial purposes or be in unreasonable numbers.

3.3 No Lot or any area in or part of Red Hills Estates shall be used for the purpose of exploring for, taking therefrom or production therefrom, gas, oil or any other hydrocarbon or mineral substance.

3.4 No noxious or offensive activity shall be permitted upon any Lot or in any area or part of Red Hills Estates, nor shall anything be done or maintained thereon that may be or become an annoyance or nuisance to any Owner or detract from the value of Red Hills Estates as a high-class residential neighborhood.

3.5 No House or any building or structure shall be occupied in any manner while under the course of original construction or until it complies with all governmental standards for occupancy and use as a residential structure. All construction activity of any type or kind within Red Hills Estates and upon any Lot or any area in or part therein shall be prosecuted diligently and continuously from the time of commencement until full completion. All exterior and visible portions of all Houses, buildings, fences, walls or other structures placed on any Lot, in any area in or part of Red Hills Estates shall be constructed of new and high-grade materials, unless the use of materials that are not new or other than high-grade have been specifically approved by the Design Review Committee. No Houses, buildings or structures constructed elsewhere shall be moved onto or placed upon any Lot, any area or part of Red Hills Estates without the express written approval of the Design Review Committee. This provision shall not prohibit or restrict the erection, installation, movement and use of temporary trailers or structures provided such are exclusively incidental to the sale of Lots and construction and sales of Houses upon any Lot, any
area in or part of Red Hills Estates provided such have been specifically approved by the Developer.

3.6 No trucks rated in excess of one (1) ton, heavy or light equipment (excluding typical non-commercial landscaping maintenance equipment) or any commercial vehicles shall be used, placed, erected, constructed or maintained for any purpose on any Lot or in any part of Red Hills Estates, including the streets or access ways unless completely enclosed. This restriction shall not prohibit commercial vehicles from making pickups or deliveries within Red Hills Estates nor prohibit or restrict trucks or commercial vehicles that are necessary for the construction of Houses, other buildings or future development by the Developer to include but not limited to road construction, land clearing, tree removal, etc., or the maintenance thereof within Red Hills Estates. Activity or usage in connection with construction projects shall be limited to later than 7:00 a.m. and prior to 6:00 p.m. of Monday through Saturday 8:00 a.m. to 5:00 p.m. Sundays of any week.

3.7 No personal property such as a trailer, recreational vehicle, boat, camper unit or tent shall be placed, stored or parked on any Lot, or in any part of Red Hills Estates for any period of time in excess of fourteen (14) days in any calendar year except such personal property owned by a Lot owner may be parked or stored in an area of the Lot that does not lie between the front or side of any House and the public street and in such a manner that is not a nuisance to any Owner or will detract from the value of Red Hills Estates. No boat, bus, recreational vehicle or inoperable automobile shall be placed, stored or parked on any Lot, or in any part of Red Hills Estates at any time unless enclosed or screened from public view.

3.8 Each Lot will have adequate room for the parking of private vehicles. No private vehicle parking shall be allowed on any Street, except as may be necessary in connection with construction activities or as may be required to perform other obligations required hereunder.

3.9 No motorcycle, All Terrain Vehicle or any other motorized recreational vehicle shall be operated on any Lot, or in any part of Red Hills Estates except on Streets and then only as a means of transportation and does not become an annoyance to any other Owner of any other Lot in Red Hills Estates.

3.10 Television, radio aerials or antennas shall not be permitted upon any Lot, House or any part of or area in Red Hills Estates. Satellite receivers and dishes shall be permitted upon any Lot, House or any part of or area in Red Hills Estates only if such are screened from view of any Street. All utilities shall be installed underground.

3.11 No Lot, or area in or part of Red Hills Estates shall be used or maintained as a dumping site or depository for rubbish, refuse, trash, garbage or any other form or type of waste. Any such waste may be temporarily stored in a location visible from any Street within Red Hills Estates for not more than twenty-four (24) hours in a suitable and sanitary container until such waste is picked up or removed. Any containers or other equipment for the storage or disposal of such waste shall be maintained and operated in a safe and sanitary manner and not cause or be
any form of nuisance to any resident in Red Hills Estates. Trimmings, cuttings and like debris may be composted on any Lot provided they are maintained in a singular enclosed location not visible from any Street and so as not to become an annoyance or nuisance to any other resident in Red Hills Estates.

3.12 No Lot, or areas in part of Red Hills Estates shall have a clothesline or other such similar device or structure located as to be visible from any Street in Red Hills Estates. Street address and name signs shall conform to and comply with a common design, color and materials plan and scheme selected by the Developer. No changes or alterations to such scheme are permitted without the prior consent of the Design Review Committee.

SECTION 4- SPECIFIC BUILDING RESTRICTIONS.

4.1 No House, garage, fence, wall or other structure or building upon any Lot, or in any area or part of Red Hills Estates shall be erected or constructed unless and until a complete set of plans and specifications therefor has been submitted to, reviewed and approved in writing by the Design Review Committee. Said plans and specifications shall include, but not necessarily be limited to, the exterior color scheme, exterior materials, landscaping of the House, building or structure to be erected or constructed that is visible from any Street and be in sufficient detail so as to permit a reasonable determination of the nature, style and finish of the complete structure. Plans should also include all areas of the Lot that are to remain in their native state.

4.2 No construction or other work on, alterations to, or activity related to such construction or other work for or to any House, building or structure on, or to be erected or constructed on any Lot, or any area in or part of Red Hills Estates shall be undertaken unless and until the Design Review Committee has specifically approved such work and authorized its commencement in writing. The Owner, its contractor, subcontractors, agents, employees, guests and invitees, shall comply with any and all governmental regulations, codes and ordinances concerning such work and hereby indemnify and agree to hold the Design Review Committee harmless from any claim, loss or liability, including reasonable attorneys' fees arising from or relating to such work.

4.3 In the event the Design Review Committee or its designees and agents fail to approve or disapprove any submission made in accordance with the provisions of this Section within thirty (30) days after such submission, approval will not be required and the provisions of this Section will be deemed to have been fully complied with.

4.4 Any agent, officer, employee, or designee of the Design Review Committee may, after reasonable notice and during normal business hours or at any other reasonable time, enter into and inspect any and all construction activity or maintenance work to determine compliance with this Section and this Declaration. Persons conducting such inspection shall not be deemed to be guilty of trespass in the course of performing such duties or other activities related thereto.
4.5 The Design Review Committee may cause any construction or maintenance work or activity not specifically authorized by this Section or not being performed in strict compliance with the terms or conditions or prior authorization or approval to be terminated immediately, or changes or corrections made as to make such construction or maintenance work comply with the terms conditions of such prior authorization or approval. All Owners, their contractors, subcontractors, agents and employees do hereby acknowledge the right of the Design Review Committee to terminate such construction or maintenance work, to direct Owner to order changes or modifications thereto and Owner agrees to respond promptly to requests for changes or corrections to comply with objections of the Design Review Committee.

4.6 The following standards shall apply to and be enforced for any House, building or structure erected, constructed or maintained in Red Hills Estates:

4.6.1 Roof Materials. The exterior surfaces of the roofs of all Houses shall be cedar shake or tile materials. The Design Review Committee may, in its sole discretion, approve the use of Architectural Composition as a roof material.

4.6.2 Exterior Siding Materials, Trim and Other Features. The principal exterior surfaces, except roofs and windows, of all Houses in Red Hills Estates shall be comprised or constructed of cedar, fir, brick, L-P Inner-Seal or equivalents thereof. In no event shall any exterior siding material that is principally comprised or constructed of plywood be applied to the exterior surface of any House, accessory building or other structure in Red Hills Estates. Upon approval of the Design Review Committee limited amounts of stucco shall be allowed. Exterior trim, doors, millings, decks eaves, gutters and exterior finish of garages and other accessory buildings shall be designed, built and maintained so as to be compatible and in harmony with the structure they adjoin.

4.6.3 Windows. The frame materials used for windows in all Houses shall be composed of and constructed with materials and finished in such a manner so as to be compatible and in harmony with the House in which such windows are installed. In no event may any window frame or divider materials be unfinished or not painted or anodized in a manner and color unacceptable to the Design Review Committee.

4.6.4 Nature of Construction. All Houses erected or constructed in Red Hills Estates shall be of "double-wall" construction and utilize construction materials and procedures consistent therewith.

4.6.5 Landscaping. Not more than six (6) months after the substantial completion of any House erected or constructed in Red Hills Estates, the yards of the Lot upon which said House has been erected or constructed that are visible from any Street, shall be fully and completely landscaped in accordance with the plan for such landscaping submitted to and approved by the Design Review Committee according to the provisions of this Section. Owner's are strongly encouraged to use sod for the plantings of lawns. Not more than twelve (12) months after the substantial completion of any House erected or constructed in Red Hills Estates the
yards of said lots upon which a House has been erected or constructed that are not visible from any Street shall be fully and completely landscaped. At all times after substantial completion of the construction of a House on a Lot in Red Hills Estates and before the installation of landscaping, all Yards shall be maintained so as not to be offensive in appearance nor cause or present any sort or form of hazardous or dangerous condition. In the event of undue hardship caused by weather conditions, reasonable extensions of the time required to comply with these provisions regarding the installation of landscaping may be granted upon written approval of the Design Review Committee. All landscaping installed in and on any Lot in Red Hills Estates shall have, as some portion thereof and not necessarily limited to, a grass lawn together with trees, shrubs and other plantings as appropriate. In addition, the landscaping plan and the elements thereof for any Lot in Red Hills Estates shall be in harmony and be consistent with the landscaping previously installed in and on other Lots in Red Hills Estates. Additional clearing and tree removal is not to be restricted by this Section.

4.6.6 Minimum Area of Houses. The total square footage of any House excluding open porches, decks, and garage shall not be less than 2,500 square feet for a single story and 2,750 for a two story. The minimum square footage of the main floor of any multiple story House shall not be less than 1,250 square feet.

4.6.7 Garages. All Houses shall include a car garage with room for at least two cars. No carports shall be allowed. The entrances to all garages shall be on a side not facing the Street, unless the design of the garage entrances is approved for Street exposure by the Design Review Committee.

4.6.8 Setbacks from Property Lines. Minimum setbacks on all Lots in Red Hills Estates shall be equal to applicable county set back requirements.

4.6.9 Height and View Restrictions. Standard County height restrictions apply to all Lots. The Design Review Committee must approve the location of all structures on each Lot to insure that new structures do not unreasonably interfere with the view available from other Lots.

4.6.10 Multiple Lot Owners. Any Owner who owns two or more contiguous Lots shall, unless a lot line adjustment is granted by all applicable governmental agencies: build only one House per Lot; build any House only on one Lot, complying with all setback requirements; and landscape all Lots owned by the Owner within the times required under paragraph 4.6.5.

4.6.11 Front Yard Fencing. No fencing shall be allowed in the front yard of any Lot without the approval of the Design Review Committee.

4.6.12 Driveways to be Paved. All driveways from the Street to the House shall be paved. No dirt or gravel driveways shall be permitted except temporarily during construction of the House.
4.6.13 Design and Style of Houses, Out Buildings and Other Structures. Houses, out buildings, detached garages, barns and all other structures and improvements or alterations thereto shall be constructed and maintained utilizing high-quality materials and workmanship and be of such character, style and design as to be in harmony with surrounding Houses, structures and the general area. All Houses, out buildings, detached garages, barns or any other structures erected, constructed or maintained in Red Hills Estates shall comply in all respects with the provisions of this Declaration and all building codes, ordinances and regulations including, but not necessarily limited to, the Uniform Building Code and the applicable codes and ordinances of Yamhill County and the State of Oregon.

4.6.14 Guidelines and Discretion. The Design Review Committee shall have the authority to promulgate and issue and thereafter amend from time to time, design guidelines which shall be binding upon all Owners of Lots as set forth herein. The Design Review Committee, in its sole discretion, may withhold approval of any proposed improvements or other matter under their jurisdiction if such proposed improvement would be inconsistent with the provisions contained herein or would be incompatible or not in harmony with the design standards of and for Red Hills Estates. Considerations such as siting, shape, size, color, design, height, impairment of view and other effects on the enjoyment of other Owners of Lots, as well as any other factors which the Design Review Committee believes to be relevant, may be taken into account by the Design Review Committee in determining whether or not to approve any proposed improvement or other matter under their jurisdiction.

4.6.15 Non-waiver. Approval or disapproval by the Design Review Committee of any matter proposed to them or within their jurisdiction shall not constitute a precedent or waiver or impair in any manner whatsoever the right of the Developer or the Design Review Committee to grant or withhold approval as to any similar matter thereafter proposed or constructed.

4.6.16 No liability. The Design Review Committee, nor any member thereof, shall be liable to any Owner, occupant, or other person or entity for any damage or loss suffered or claimed as a result of any action or failure to act on the part of the Design Review Committee.

SECTION 5- EASEMENTS.

Developer hereby grants and reserves unto itself, the Association, and their successors and assigns, and any and all others that will or may conduct or perform public or quasi-public utility services or functions, all those easements indicated upon the official map and plat of Red Hills Estates recorded in the records of Yamhill County, Oregon, for the purposes noted thereon and as follows:

Ingress, egress, installation, repair and maintenance of all utilities, including, but not limited to, wells, water, storm and sanitary sewer, gas, telephone, electricity, and a master or cable television system.
SECTION 6: SIGNAGE.

6.1 No sign or other advertising device shall be erected or constructed upon or placed within or on any Lot, House, building, structure or in any area or part of Red Hills Estates except one (1) sign not larger than eighteen (18) inches by twenty-four (24) inches advertising such House for sale.

6.2 Section 1 of this Section shall not prohibit, limit or restrict Developer in any way from erecting or constructing or authorizing the erection and construction of any sizes or types of signs indicating the name, features or availability of Lots or Houses within Red Hills Estates as being for sale, lease or rent.

SECTION 7: MAINTENANCE AND ASSESSMENTS

7.1 Red Hills Estates has or will have Common Improvements, as defined in section 1.7. In addition, Declarant may dedicate common areas to the Association for the use of all Owners. All of the common areas and improvements are collectively called "Common Improvements". In the event the water system or other Common Improvements are dedicated and accepted by the public, and the cost of maintenance is assumed by the public, such items shall cease to be Common Improvements.

7.2 After the Turnover Meeting, the Association shall be responsible for maintaining and repairing the Common Improvements on an "as needed" basis. Maintenance shall include all testing required of the water system. Each calendar year the Association shall budget the amount needed for normal anticipated maintenance and repair work for the coming year, and any reasonable replacement reserves.

7.3 The budget of the anticipated costs shall be completed prior to the end of December of the preceding year. The Association shall notify each Owner of their proportionate share of such costs by sending to each Owner a "Notice of Assessment." Each Owner shall pay the amount specified in the Notice of Assessment to the Association within thirty (30) days of the date of the Notice of Assessment. All sums collected shall be deposited into an escrow account established by the Association. Such funds shall be used only for the maintenance, repairs and any replacements required by this Section. The Association may not accumulate excess funds from year to year unless specifically budgeted for an anticipated "major" maintenance, repair or replacement item which will occur in a future year.

7.4 If any unanticipated maintenance, repairs or replacements to the Common Improvements are required, the Association shall send a special Notice of Assessment notifying all Owners of the anticipated or actual cost of such maintenance, repairs and/or replacement. The Owners shall pay their share of such costs as provided in paragraph 7.3.
7.5 Any amounts assessed to an Owner under this Section 7 shall be the personal
obligation of each Owner and shall automatically become a lien upon the Lot as of the date of the
Notice of Assessment. The Association may record the Notice of Assessment to perfect the lien.
If any Owner fails to pay his or her share of the assessment within 30 days after the Notice of
Assessment, the Association may foreclose its lien as provided in ORS Chapter 88. The
Association shall be entitled to recover its reasonable attorney fees, title search fees and all other
cost associated with such foreclosure. All such costs shall also be secured by the lien.

SECTION 8- MAINTENANCE.

8.1 Each Owner of any Lot in Red Hills Estates shall maintain the condition of said
Lot and any and all improvements thereon including, without limitation, any House, building,
structure, landscaping, driveways, trees, shrubs or other vegetation thereon in a reasonably clean,
neat, attractive and visually pleasing manner so as to not detract from Red Hills Estates being a
high-class residential neighborhood. All planted shrubs, trees or other vegetation shall be
maintained so as not to restrict or impede the views of any Owner of any other Lot in Red Hills
Estates.

8.2 The duty of every Owner of any Lot in Red Hills Estates as to maintenance shall
extend and include the area between the property line of any Lot and the nearest curb or
improved Street, including utility easements.

8.3 The Owners of all Lots in Red Hills Estates shall have the right to, upon the
giving of thirty (30) days written notice and having received no response from the Owner of any
Lot who fails to comply with the standards and provisions for maintenance and having
knowledge that said Owner has in fact received such notice, enter into said Lot and accomplish
such maintenance to landscaping, fencing and pillars, such as mowing unsightly areas or pruning
of planted trees or bushes that impede views, painting or repairing fencing and such other work
as is reasonably necessary to effectuate compliance with standards for landscaping and fencing
maintenance. Costs incurred for such repairs or work shall be paid immediately by the non-
complying Owner after presentation of a billing. Any billing which remains unpaid for thirty
(30) days after presentation, may be recorded and will, upon recording, become a lien on such
Lot. Such lien may be enforced and foreclosed as provided in paragraph 7.5. Non-compliance
with standards and provisions in connection with a residential structure are to be reported to the
Red Hills Estates Design Review Committee which will have the responsibility of effecting
compliance.

SECTION 9- AMENDMENTS OR MODIFICATIONS

9.1 This Declaration may be amended or modified by an instrument signed only by
the Developer at any time prior to seventy-five percent (75%) of the Lots in Red Hills Estates
being conveyed to Owners by the Developer. This Declaration may be amended or modified by
an instrument signed by not less than seventy-five percent (75%) of the Owners of Lots in Red

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Hills Estates after seventy-five percent (75%) of the Lots in Red Hills Estates have been conveyed to Owners by the Developer.

9.2 Any and all amendments or modifications to this Declaration must be in writing and shall be recorded as an amendment or modification to this Declaration in the official and public records of Yamhill County, Oregon.

SECTION 10- PHASING OF DEVELOPMENT.

If the Developer elects to develop additional or other phases of Red Hills Estates, such development may be in any number of phases containing any number of Lots and in such manner as Developer may so elect. For the purpose of interpreting and applying the provisions of this Declaration, the number of Lots in Red Hills Estates shall not be any particular phase or combination of phases, but shall be the entire number of Lots undertaken by Developer.

SECTION 11- EXTENSION OF ROAD OR WATER SYSTEM

In the event any neighboring property owner obtains permission to extend the roads, Water System or Storm Drainage System in Red Hills Estates to service other property, any compensation paid by such owners for such privilege shall be paid to Developer, or its successors or assigns.

SECTION 12- DURATION.

The covenants, conditions and restrictions of this Declaration and any and all amendments and modifications hereto shall run with and bind the land and inure to the benefit of any and all Owners of Lots in Red Hills Estates, their legal representatives, heirs, successors and assigns for a term of thirty (30) years from the date this Declaration is recorded in the official and public records of Yamhill County, Oregon. After such date, this Declaration and any and all amendments and modifications hereto shall be automatically extended and renewed for successive periods of ten (10) years unless and until an instrument terminating this Declaration signed by the then Owners of seventy-five percent (75%) of the Lots has been executed and recorded in the official records of Yamhill County, Oregon prior to the commencement of any ten (10) year period.

SECTION 13- OTHER PROVISIONS.

13.1 In constructing this Declaration, or any part hereof, stipulations that are necessary to make this Declaration or any of its terms or provisions reasonable are hereby implied. Invalidation of any of the provisions of this Declaration shall in no way affect the validity of any of the other provisions hereof which shall remain in full force and effect.

13.2 The provisions of this Declaration shall bind and inure to the benefit of and be enforceable by the Developer, the Design Review Committee and the Owner or Owners of any
Lot or Lots, their legal representatives, successors, heirs and assigns. Failure by the Developer, the Design Review Committee or any Owner or Owners of any Lot or Lots, their legal representatives, successors, heirs or assigns to enforce any condition, charge or restriction of this Declaration shall in no event be deemed a waiver of the right to do so.

13.3 Any or all of the rights, powers and reservations of Developer contained herein may be assigned by Developer without any diminution of such rights, powers and reservations and without the prior consent of any Owner or Owners of any Lot or Lots in Red Hills Estates.

13.4 By the recording of this Declaration, each Owner shall be deemed to have consented and agreed to every term, condition, covenant and restriction contained herein.

13.5 Neither Developer nor any successor, assign, employee, agent or other representative of Developer shall be liable to any Owner or to any other person for its enforcement or failure to enforce any provisions of this Declaration. Each Owner, by acquiring such Owners' interest in a Lot, agrees to not bring any action or suit against Developer nor any successor, assign, employee, agent or other representative of Developer, and not to seek to recover any such damages or to seek any other relief, including, without limitation, equitable relief, by reason of any enforcement or failure to enforce any provision of this Declaration. Each Owner shall and does, by taking title to or occupying any portion of any Lot, agree to defend, indemnify and hold Developer and Developers' successors, assigns, employees, agents and other representatives harmless from any claim, loss, damage, cost or expense, including, without limitation, reasonable attorneys' fees arising out to the use, operation, ownership, occupancy or condition or state of repair of any Lot owned by such Owner.

13.6 Mortgage Protection.

13.6.1 Notice. Upon written request to the Design Review Committee identifying the name and address of the Mortgagor and the legal description of the Lot, any Mortgagor shall be entitled to receive written notice of all decisions of the Design Review Committee that effect that Lot.

13.6.2 Consent Required. Except upon the approval of Mortgagors holding Mortgages of Lots which have at least seventy-five percent (75%) of the votes of Lots which are subject to Mortgages, no amendments may be made to this Declaration which add to or amend any material provision of the Declaration which establish, provide for, govern or regulate any of the following:

13.6.2.1 Voting;
13.6.2.2 Assessment, assessment liens, or subordination of liens;
13.6.2.3 Responsibility for maintenance and repair of the several portions of the Property;
13.6.2.4 Imposition of any right of first refusal or similar restriction of the right of any Owners to sell, transfer or otherwise convey such Owners' Lot; and

13.6.2.5 Any provisions which are for the express benefit of Mortgages.

13.6.3 Termination. The approval of the holders of Mortgages holding Mortgages on Lots which have at least seventy-five percent (75%) of the votes of Lots which are subject to Mortgages shall be required for any termination of this Declaration. Any such Termination of this Declaration shall be carried out by the Owners pursuant to the provisions of the Declaration, and only after a vote of the Owners as required herein.

13.6.4 Limitation. The provisions of paragraph 13.6.2 are intended only to be a limitation on the right of the Owners to amend the Declaration, and any such amendments to the Declaration shall be made only upon full compliance with the provisions of such relating to the procedure and percentage of votes required for such amendment in addition to Section 9.

13.6.5 Deemed Approval by Mortgages. Any Mortgagee who receives a written request to approve an amendment to the Declaration or any other action to be taken by the Board, Design Review Committee or Owners shall be deemed to have given such approval unless such Mortgagees written objection to such action is delivered to the Design Review Committee within thirty (30) days after the date of the written request.

SECTION 14- TRACT "A".

14.1 Tract "A" has been platted for the sole purpose of providing an access point between the private roads in Red Hills Estates and future roads constructed in neighboring property. No structures shall be constructed upon Tract "A" except roads and utilities. If the owner(s) of the neighboring property purchase the right to connect to a road constructed on Tract "A" such connection right shall include the right to drain run-off from the roads on the neighboring property onto the roads in Red Hills Estates. The owner(s) of the neighboring property shall be responsible for any costs necessary to upgrade or expand the Storm Drainage System to accommodate any such additional run-off.

[Remainder of Page Blank]
14.2 Nothing contained in this section 14 shall give any rights to the owner(s) of any neighboring property. The owner(s) shall be required to pay compensation, in an amount determined by the owner of Tract "A", for the right to connect any road to Tract "A". All such compensation shall be paid to the owner of Tract "A" and not to any owners of Lots in Red Hills Estates.

IN WITNESS WHEREOF, Developer has caused this Declaration to be executed as of the date first written above.

Developer: Dundee Hills Limited Partnership

By: TCH Development Corporation, general partner

By: [Signature] David Scott
President

STATE OF OREGON
COUNTY OF Multnomah

Personally appeared before me on the 20th day of October, 1997, the above-named David Scott who did say he was President of TCH Development Corporation, general partner of Dundee Hills Limited Partnership and that this instrument was signed in behalf of said partnership by authority of its partnership agreement and acknowledged that he executed the foregoing as its voluntary act and deed.

[Seal]

NOTARY PUBLIC for Oregon,
My Commission expires: July 23, 2004

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June 15, 1997
CONDITIONS, COVENANTS AND RESTRICTIONS
FOR
Red Hills Estates

DECLARATION OF PROTECTIVE COVENANTS AND RESTRICTIONS FOR Red Hills Estates, Yamhill COUNTY, OREGON.

THIS DECLARATION OF PROTECTIVE COVENANTS AND RESTRICTIONS FOR RED HILLS ESTATES, YAMHILL COUNTY, OREGON (THE "Declaration") is hereby made and executed this day of December 8, 2004, by Red Hills Estates Homeowners Association (the "Declarant").

WITNESSETH:

WHEREAS, the Red Hills Estate Homeowners Association, representing the property owners of all real property located in Yamhill County, Oregon and legally described as Lots 1 through 15, Red Hills Estates as has been platted and designated as Red Hills Estates according to the map and plat thereof on file with and in the official records of Yamhill County, Oregon,

WHEREAS, the Declarant desires to subject lots 1 through 15, Red Hills Estates, to the conditions, covenants and restrictions contained herein for the benefit of all of the lots in Red Hills Estates and their present and subsequent Owners.

NOW, THEREFORE, the Declarant hereby declares lots 1 through 15, Red Hills Estates are and shall be held upon and conveyed subject to the covenants, conditions, restrictions, reservations and charges hereinafter set forth.

SECTION 1 - DEFINITIONS

The following words and terms, when used in this Declaration, and supplemental Declarations or any changes, amendments or modifications hereto, shall have the following meanings:

1.1 "Lot" shall mean and refer to any of the numbered parcels shown of any recorded Subdivision map or plat of Red Hills Estates subject to the terms hereof.

1.2 "Owner" shall mean and refer to the Owner of record, whether one or more persons or entities, of an interest in and to any Lot which is part of
Red Hills Estates, including contract sellers, but excluding those having such interest merely to secure performance of an obligation (Collectively "Owners")

1.3 "Street" shall mean and refer to any street, public way, highway, cul-de-sac or other thoroughfare providing a means of access and shown on any recorded subdivision map or plat of Red Hills Estates.

1.4 "Design Review Committee" shall mean and refer to the Red Hills Homeowners Association's Board of Directors.

1.5 "House" shall mean and refer to a detached dwelling, intended for use and occupancy by not more than one family, having complete living facilities and constituting one dwelling unit. This term shall also include and refer to a garage and any accessory buildings or portions of the principal building used for the parking or storage of vehicles.

1.6 "Homeowners' Association" shall mean the Red Hills Estates Homeowners' Association, an Oregon non-profit corporation, or any successor thereto.

1.7 "Common Improvements" shall mean Alder Street, Alder Crest Court, the common area tree located on Alder Crest Court, the water system, entry wall and fencing, and storm drainage system.

1.8 "Water System" shall mean the well, pumps, pump house, water mains, piping and all other components of the water system, but not including the connections from the water mains to each House, which will be the property of each Owner.

1.9 "Storm Drainage System" shall mean all pipes, ditches, detention basins and related easements which comprise the storm drainage system for Red Hills Estates.

SECTION 2 - HOMEOWNERS ASSOCIATION PROVISIONS

2.1 The Association is intended to be a de minimus planned community as established by ORS 94.570(2)(b) which states a de minimus planned community is one:

"(b) For which the estimated total annual assessment against all Lots in the planned community for maintenance and for the reserves required under ORS 94.595 does not exceed the greater of two percent of the estimated value of all Lots against which the assessment will be levied or the product of $360 multiplied by the total number of Lots in the planned community. For purposes of this paragraph, the estimated value includes the Common Improvements but not any other structures. The assessment estimate under this paragraph:

(A) Shall include current costs for any services which the Homeowners Association will have to provide at cost. Current costs shall be based on competitive current rates for alternative professional services for items such as, but not limited to, landscape maintenance in common areas, quarterly water quality testing, well/water system maintenance and repair, construction and maintenance of well housing, landscaping or fencing to screen well structures/equipment, construction and maintenance of well head access roads, cement pads at well heads, repair of fencing along Viewmont, and road repair.

(B) Shall include maintenance and reserve account estimates based on figures obtained from the department of the city, county or district which would normally perform or contract for services which instead are provided by the planned community.
(C) shall be conclusively presumed to have been made in good faith if one year after the Declarant no longer provides any services at less than cost, the total assessment for maintenance and reserves do not exceed three percent of the current assessed value of these Lots not including structures on the Lots."

2.2 The method of determining voting rights, the liability of each Lot and the right of each Lot to any common profits of the Association shall be as follows:

2.2.1 The allocation of votes to Lots shall be one (1) vote per Lot.

2.2.2 All owners and contract purchasers of Lots in Red Hills Estates shall be members of the Association,

2.2.3 Any Lot owner failing to pay his or her proportionate share of costs assessed by the Association within thirty (30) days after it becomes due shall be liable for interest at the rate of the prime rate at Wells Fargo Bank plus four (4) percentage points. The prime rate will be measured as of the date the assessment is delinquent. Costs of collection of such assessment, including attorney fees, and all such unpaid amounts and interest shall become a lien on the Lot or Lots to which such amounts are attributable.

2.2.4 All common profits of the Association shall be allocated equally to each owner.

2.3 There shall be no restrictions on the alienation of Lots. A Lot may not be divided but may be combined with other Lots, with the approval of the Association and only in compliance with all applicable laws and ordinances.

2.4 Except as stated herein, the intended use of each Lot is residential. No business or commercial activities of any kind shall be conducted in any residence, garage, outbuilding, or on any portion of any lot without prior written approval. Any homeowner wishing to use their property for business or commercial purposes shall submit a full and accurate description of the intended activity to include its impact on Red Hills Estates in terms of increased traffic, frequency of non-resident visits, etc., as appropriated to the Board of Directors. The Board of Directors will conduct a special poll/election to obtain approval of 75% of the homeowners. Businesses conducted within the home that do not impact the quality of life in the Subdivision, in any significant way, such as increased traffic or on-the-street parking, are exempt.

2.4.1 No more than 2 garage sales per year, per lot will be allowed.

SECTION 3- COMMON SCHEME restrictions.

The following restrictions are hereby imposed as a common scheme upon each Lot of Red Hills Estates for the benefit of every other Lot in Red Hills Estates.

3.1 No Lot shall be used for any purpose other than for the construction and occupancy of a House thereon and for residential purposes thereof.

3.2 No animals, livestock, poultry or fowls of any kind shall be raised, kept or permitted upon any Lot or in any part of Red Hills Estates except:

3.2.1 Domestic dogs, cats and caged pet birds provided such are not a nuisance to any resident within Red Hills Estates. Caged pet birds shall be kept within a House.

3.2.2 No permitted pets, as defined in 3.2.1, shall be allowed to become a nuisance to any resident within Red Hills Estates.
3.2.3 All dogs, cats and birds are not to be kept, bred or raised for commercial purposes or be in unreasonable numbers.

3.3 No Lot or any area in or part of Red Hills Estates shall be used for the purpose of exploring for, taking there from or production of, gas, oil or any other hydrocarbon or mineral substance.

3.4 No noxious or offensive activity shall be permitted upon any Lot or in any area or Part of Red Hills Estates, nor shall anything be done or maintained thereon that may be or become an annoyance or nuisance to any Owner or detract from the value of Red Hills Estates as a high-class residential neighborhood.

3.5 No house or any building or structure shall be occupied in any manner while under the course of original construction or until it complies with all governmental standards for occupancy and use as a residential structure. All construction activity of any type or kind within Red Hills Estates and upon any Lot or any area in or part therein shall be prosecuted diligently and continuously from the time of commencement until full completion. All exterior and visible portions of all Houses, buildings, fences, walls or other structures placed on any Lot, in any area in or part of Red Hills Estates shall be constructed of new and high-grade materials, unless the use of Materials that are not new or other than high-grade have been specifically approved by the Design Review Committee. No Houses, buildings or structures constructed elsewhere shall be moved onto or placed upon any Lot, any area or part of Red Hills Estates without the express written approval of the Design Review Committee. The permanent placement of portable carports, canopies or any similar structures shall not be permitted. Temporary placement shall not exceed 7 days.

3.6 No trucks rated in excess of one (1) ton, heavy or light equipment (excluding typical non-commercial landscaping maintenance equipment) or any commercial vehicles shall be used, placed, erected, constructed or maintained for any purpose on any Lot or in any part of Red Hills Estates, including the streets or access ways unless completely enclosed. This restriction shall not prohibit commercial vehicles from making pickups or deliveries within Red Hills Estates nor prohibit or restrict trucks or commercial vehicles that are necessary for approved activities. These activities include but are not restricted to, construction of houses, other buildings, road construction, land clearing, tree removal, etc, or the maintenance thereof within Red Hills Estates. Activity or usage in connection with construction projects shall be restricted to the hours of 7:00 am to 6:00 pm on Monday through Friday and the hours of Saturday 8:00 am to 5:00 pm on Saturday and Sundays of any week.

3.7 No personal property such as a trailer, recreational vehicle, boat, camper unit or tent shall be placed, stored or parked on any Lot, or in any part of Red Hills Estates for any period of time in excess of seven consecutive days or a total of fourteen (14) days in any calendar year.

3.7.1 Such personal property owned by a lot owner may not be parked or stored, beyond the guidelines as stated in 3.7, in areas visible from any other lot or street. No boat, bus, recreational vehicle or inoperable automobile shall be placed, stored or parked on any lot or in any part of Red Hills Estates at any time unless placed in a fully enclosed permanent structure.

3.7.2 Owners may engage in repairs of their own automobiles as long as such activities are limited to minor repairs or are carried out in areas not visible from the street. Inoperable vehicles may not remain on any lot more than 3 days unless housed completely inside a garage and not visible from the street.

3.8 Each Lot will have adequate room for the parking of private vehicles. No private vehicle parking shall be allowed on any Street for more than 4 consecutive days. Vehicles that may be necessary in connection with
construction activities or as may be required to perform other obligations required hereunder may not be left on the street exceeding the guidelines stated in 3.6.

3.9 No motorcycle, All Terrain Vehicle or any other motorized recreational vehicle may be operated on any Lot, or in any part of Red Hills Estates except on Streets and then only as a means of transportation and does not become an annoyance to any other Owner of any other Lot in Red Hills Estates.

3.10 Television, radio aerials or antennas shall not be permitted upon any Lot, House or any part of or area in Red Hills Estates. Satellite receivers and dishes, of 18 inches or less, shall be permitted upon any Lot, House or any part of or area in Red Hills Estates if they are mounted to be minimally obtrusive. All utilities shall be installed underground.

3.11 No Lot, or area in or part of Red Hills Estates shall be used or maintained as a dumping site or depository for rubbish, refuse, trash, garbage or any other form or type of waste. Any such waste may be temporarily stored in a location visible from any Street within Red Hills Estates for not more than twenty-four (24) hours in a suitable and sanitary container until such waste is picked up or removed. Any containers or other equipment for the storage or disposal of such waste shall be maintained and operated in a safe and sanitary manner and not cause or be any form of nuisance to any resident in Red Hills Estates. Trimmings, cuttings and like debris may be composted on any Lot provided they are maintained in a singular enclosed location not visible from any Street and so as not to become an annoyance or nuisance to any other resident in Red Hills Estates. All construction debris shall be removed from each lot prior to occupancy or shall be stored where it is not visible from any road or other lot. If debris has been left on a lot or in a common area, after the building or landscaping of a home, the property owner will be responsible for the removal of the debris within one week.

3.12 No Lot, or areas of Red Hills Estates shall have a clothesline or other such similar device or structure located as to be visible from any Street in Red Hills Estates.

3.13 Street Address and name signs shall be acceptable to the Design Review Committee/Board of Directors.

3.14 Above ground pools will not be permitted on a year round basis unless incorporated into a landscaped design approved by the Design Review Committee/Board of Directors. Temporary use of children’s wading pools shall be permitted during the summer months.

SECTION 4 SPECIFIC BUILDING RESTRICTIONS

4.1 No House, garage, fence, wall, pool or other structure or building upon any Lot, or in any area or part of Red Hills Estates shall be erected or constructed unless and until a complete set of plans and specifications therefore has been submitted to, reviewed and approved in writing by the Design Review Committee. Said plans and specifications shall include, but not necessarily be limited to, the exterior color scheme, exterior materials, landscaping of the House, building or structure to be erected or constructed that is visible from any Street and be in sufficient detail so as to permit a reasonable determination of the nature, style and finish of the complete structure. Plans should also include all areas of the Lot that are to remain in their native state.

4.2 No construction or other work on, alterations to, or activity related to such construction or other work for or to any House, building or structure on, or to be erected or constructed on any Lot, or any area in or part of Red Hills Estates shall be undertaken unless and until the Design
Review Committee has specifically approved such work and authorized its
commencement in writing. The Owner, its contractor, subcontractors, agents,
employees, guests and invitees, shall comply with any and all governmental
regulations, codes and ordinances concerning such work and hereby indemnify
and agree to hold the Design Review Committee harmless from any claim, loss or
liability, including reasonable attorneys' fees arising from or relating to
such work.

4.3 In the event the Design Review Committee or its designees and agents
fail to approve or disapprove any submission made in accordance with the
provisions of this Section within thirty (30) days after such submission,
approval will not be required and the provisions of this Section will be
deemed to have been fully complied with.

4.4 Any agent, officer, employee, or designee of the Design Review
Committee may, with reasonable notice and during normal business hours or at
any other reasonable time, enter into and inspect any and all construction
activity or maintenance work to determine compliance with this Section and
this Declaration. Persons conducting such inspection shall not be deemed to
be guilty of trespass in the course of performing such duties or other
activities related thereto.

4.5 The Design Review Committee may cause any construction or
maintenance work or activity not specifically authorized by this Section or
not being performed in strict compliance with the terms or conditions or prior
authorization or approval to be terminated immediately, or changes or
corrections made as to make such construction or maintenance work comply with
the terms, conditions of such prior authorization or approval. All Owners,
their contractors, subcontractors, agents and employees do hereby acknowledge
the right of the Design Review Committee to terminate such construction or
maintenance work, to direct Owner to order changes or more clarifications
thereto and Owner agrees to respond within 7 days to requests for changes or
corrections to comply with objections of the Design Review Committee.

4.6 The following standards shall apply to and be enforced for any
house, building or structure erected, constructed or maintained in Red Hills
Estates:

4.6.1 Roof Materials. The exterior surfaces of the roofs of all Houses
shall be cedar shake or tile materials. The Design Review Committee may, in
its sole discretion, approve the use of Architectural Composition as a roof
material.

4.6.2 Exterior Siding Materials, Trim and Other Features. The principal
exterior surfaces, except roofs and windows, of all Houses in Red Hills
Estates shall be comprised or constructed of cedar, fir, brick, L-P inner-seal
or equivalents thereof. In no event shall any exterior siding material that
is principally comprised or constructed of plywood be applied to the exterior
surface of any House, accessory building or other structure in Red Hills
Estates. Upon approval of the Design Review Committee limited amounts of
stucco shall be allowed. Exterior trim, doors, railings, decks, eaves,
gutters and exterior finish of garages and other accessory buildings shall be
designed, built and maintained so as to be compatible and in harmony with the
structure they adjoin.

4.6.3 Windows. The frame materials used for windows in all Houses shall
be composed of and constructed with materials and finished in such a manner so
as to be compatible and in harmony, with the House in which such windows are
installed. In no event may any window frame or divider materials be unfinished
or not painted or anodized in a manner and color unacceptable to the Design
Review Committee.
4.6.4 Nature of Construction. All Houses erected or constructed in Red Hills Estates shall be of "double-wall" construction and utilize construction materials and procedures consistent therewith.

4.6.5 Landscaping. Not more than six (6) months after the substantial completion of any House erected or constructed in Red Hills Estates, the yards of the Lot upon which said House has been erected or constructed that are visible from any Street, will be fully and completely landscaped. Not more than twelve (12) months after the substantial completion of any House erected or constructed in Red Hills Estates the yards of said Lots, that are not visible from any Street shall be fully and completely landscaped. At all times after substantial completion of the construction of a House on a Lot in Red Hills Estates and before the installation of landscaping, all yards shall be maintained so as not to be offensive in appearance or present any sort or form of hazardous or dangerous condition. In the event of undue hardship caused by weather conditions, reasonable extensions of the time required to comply with these provisions regarding the installation of landscaping may be granted upon written approval of the Design Review Committee. All landscaping installed in and on any Lot in Red Hills Estates shall have, as some portion thereof and not necessarily limited to, a grass lawn together with trees, shrubs and other plantings as appropriate. In addition, the landscaping plan and the elements thereof for any Lot in Red Hills Estates shall be in harmony and be consistent with the landscaping previously installed in and on other Lots in Red Hills Estates. Additional clearing and tree removal is not to be restricted by this Section.

4.6.6 Minimum Area of Houses. The total square footage of any House excluding open porches, decks, and garage shall not be less than 2,500 square feet for a single story and 2,750 for a two story. The minimum square footage of the main floor of any multiple story house shall not be less than 1,250 square feet.

4.6.7 Garages. All Houses shall include a car garage with room for at least two cars. No carports shall be allowed. The entrance to all garages shall be on a side not facing the street, unless the design of the garage entrance is approved for street exposure by the Design review Committee/Board of Directors.

4.6.8 Setbacks from Property Lines. Minimum setbacks on all Lots in Red Hills Estates shall be equal to applicable county set back requirements.

4.6.9 Height and View Restrictions. Standard County height restrictions apply to all Lots. The Design Review Committee must approve the location of all structures on each Lot to insure that new structures do not Unreasonably interfere with the view available from other Lots.

4.6.10 Multiple Lot Owners. Any Owner who owns two or more contiguous Lots shall, unless a lot line adjustment is granted by all applicable governmental agencies: build only one House per Lot; build any House only on one Lot complying with all setback requirements; and landscape all Lots owned by the Owner within the times required under paragraph 4.6.5.

4.6.11 Front Yard Fencing. No fencing shall be allowed in the front or back yard of any Lot without the approval of the Design Review Committee.

4.6.12 Driveways to be Paved. All driveways from the Street to the House shall be paved. No dirt or gravel driveways shall be permitted except temporarily during construction of the House. When a driveway has not been paved prior to occupancy, the homeowner shall petition the design committee within thirty (30) days for an extension.

4.6.13 Design and Style of Houses, Out Buildings and Other Structures. Houses, out buildings, detached garages, barns and all other structures and improvements or alterations thereto shall be constructed and maintained
utilizing high-quality materials and workmanship and be of such character, style and design as to be in harmony with surrounding Houses, structures and the general area. All Houses, out buildings, detached garages, barns or any other structures erected, constructed or maintained in Red Hills Estates shall comply in all respects with the provisions of this Declaration and all building codes, ordinances and regulations including, but not necessarily limited to, the Uniform Building Code and the applicable codes and ordinances of Yamhill County and the State of Oregon.

4.6.14 Guidelines and Discretion. The Design Review Committee shall have the Authority to promulgate and issue and thereafter amend from time to time, design guidelines which shall be binding upon all Owners of Lots as set forth herein. The Design Review Committee, in its sole discretion, may withhold approval of any proposed improvements or other matters under their jurisdiction if such proposed improvement would be inconsistent with the provisions contained herein or would be incompatible or not in harmony with the design standards of and for Red Hills Estates. Considerations such as setting, shape, size, color, design, height, impairment of view and other effects on the enjoyment of other Owners of Lots, as well as any other factors which the Design Review Committee believes to be relevant, may be taken into account by the Design Review Committee in determining whether or not to approve any proposed improvement or other matter under their jurisdiction.

4.6.15 Non-waiver. Approval or disapproval by the Design Review Committee of any matter proposed to them or within their jurisdiction shall not constitute a precedent or Waiver or impair in any manner whatsoever the right of the Design Review Committee to grant or withhold approval as to any similar matter thereafter proposed or constructed.

4.6.16 No liability. The Design Review Committee, nor any member thereof, shall be liable to any Owner, occupant, or other person or entity for any damage or loss suffered or claimed as a result of any action or failure to act on the part of the Design Review Committee.

SECTION 5- EASEMENTS

The Association hereby grants and reserves unto itself, and any and all others that will or may conduct or perform public or quasi-public utility services or functions, all those easements indicated upon the official map and plat of Red Hills Estates recorded in the records of Yamhill County, Oregon, for the purposes voted thereon and as follows: Ingress, egress, installation, repair and maintenance of all utilities, including, but not limited to, wells, water, storm and sanitary sewer, gas, telephone, electricity, and a master or cable television system.

SECTION 6- SIGNAGE

No sign or other advertising device shall be erected or constructed upon or placed on any Lot, House, building, structure or in any area or part of Red Hills Estates except one (1) sign not larger than eighteen (18) inches by twenty-four (24) inches advertising such House for sale. A sign, not exceeding the previously stated dimensions, can be displayed for the purposes of advertising a garage sale. However, the sign must be removed immediately after the end of the sale. Signs not exceeding the previously stated dimensions can be used to designate a driveway as a private road.

SECTION 7- MAINTENANCE AND ASSESSMENTS

7.1 Red Hills Estates has or will have Common Improvements, as defined in section 1.7. All of the common areas and improvements are collectively
called "Common Improvements". In the event the water system or other Common Improvements are dedicated and accepted by the public, and the cost of maintenance is assumed by the public, such items shall cease to be Common Improvements.

7.2 The Homeowners Association shall be responsible for maintaining and repairing the Common Improvements on an "as needed" basis. Maintenance shall include all testing required of the water system. This includes, but is not limited to quarterly water quality testing as required by law, as well as, recording meter and static water levels as required by the well permit. Each calendar year the Association shall budget the amount needed for normal anticipated maintenance and repair work for the coming year, and any Reasonable replacement reserves.

7.3 The budget of the anticipated costs shall be completed prior to the end of December of the preceding year. The Association shall notify each Owner of their proportionate share of such costs by sending to each Owner a Notice of Assessment. Each Owner shall pay the amount specified, in the Notice of Assessment, to the Association within (30) days of the date on the notification. All sums collected shall be deposited into an escrow account Established by the association. Such funds shall be used only for the maintenance, repairs and any replacements required by this Section. The Association may not accumulate excess funds from year to year unless specifically budgeted for an anticipated "major" maintenance, repair or replacement item which will occur in a future year.

7.4 If any unanticipated maintenance, repairs or replacements to the Common Improvements are required, the Association shall send a special Notice of Assessment notifying all Owners of the anticipated or actual cost of such maintenance, repairs and/or replacement. Such items may include, but are not limited to, the well/water system, the fence along Viewmont and repairs to the roads of the development. The Owners shall pay their share of such costs as provided in paragraph 7.3.

7.5 Any amounts assessed to an Owner under this Section 7 shall be the personal obligation of each Owner and shall become a lien upon the Lot as of the date of the Notice of Assessment to perfect the lien. If any Owner fails to pay his or her share of the assessment within 30 days after the Notice of Assessment, the Association may foreclose its lien as provided in ORS Chapter 88. The Association shall be entitled to recover its reasonable attorney fees, title search fees and all other cost associated with such foreclosure. All such costs shall also be secured by the lien.

SECTION 8- MAINTENANCE

8.1 Each Owner of any Lot in Red Hills Estates shall maintain the condition of said lot and any and all improvements thereon including, but not limited to, any House, building, structure, landscaping, driveways, trees, shrubs or other vegetation thereon in a reasonably clean, neat, attractive and visually pleasing manner so as to not detract from Red Hills Estates being a high-class residential neighborhood. All planted shrubs, trees or other vegetation shall be maintained so as not to restrict or impede the views of any Owner of any other Lot in Red Hills Estates.

8.2 The duty of every Owner of any Lot in Red Hills Estates as to maintenance shall extend and include the area between the property line of any Lot and the nearest curb or improved Street, including utility easements.

8.3 The owners of all the lots in Red Hills Estates share a common water system. There will be an irrigation schedule to insure all homeowners have adequate irrigating time without overtaxing well capacity. Changes to the
schedule will have to be coordinated through the Homeowners Association's Board of Directors before being implemented.

SECTION 9-AMENDMENTS OR MODIFICATIONS

9.1 This Declaration may be amended or modified by an instrument signed by not less than seventy-five percent (75%) of the Owners of Lots in Red Hills Estates.

9.2 Any and all amendments or modifications to this Declaration must be in writing and shall be recorded as an amendment or modification to this Declaration in the official and public records of Yamhill County, Oregon.

SECTION 10- EXTENSION OF ROAD

In the event any neighboring property owner obtains permission to extend the roads or Storm Drainage System in Red Hills Estates to service other property, any compensation paid by such owners for such privilege shall be paid to Red Hills Estates Homeowners Association.

SECTION 11- DURATION

The covenants, conditions and restrictions of this Declaration and any and all amendments and modifications hereto shall run with and bind the land and inure to the benefit of any and all Owners of Lots in Red Hills Estates, their legal representatives, heirs, successors and assigns for a term of thirty (30) years from the date this Declaration is recorded in the official and public records of Yamhill County, Oregon. After such date, this Declaration and any and all amendments and modifications hereto shall be automatically extended and renewed for successive periods of ten (10) years unless and until an instrument terminating this Declaration signed by the then Owners of seventy-five percent (75%) of the Lots has been executed and recorded in the official records of Yamhill County, Oregon prior to the commencement of any ten (10) year period.

SECTION 12- OTHER PROVISIONS

12.1 In constructing this Declaration, or any part hereof stipulations that are necessary to make this Declaration or any of its terms or provisions reasonable are hereby implied. Invalidation of any of the provisions of this Declaration shall in no way affect the validity of any of the other provisions hereof which shall remain in full force and effect.

12.2 The provisions of this Declaration shall bind and inure to the benefit of and be enforceable by the Homeowners Association, the Design Review Committee and the Owner or Owners of any Lot or Lots, their legal representatives, successors, heirs and assigns. Failure by the Homeowners Association, the Design Review Committee or any Owner or Owners of any Lot or Lots, their legal representatives, successors, heirs or assigns to enforce any condition, charge or restriction of this Declaration shall in no event be deemed a waiver of the right to do so.

12.3 By the recording of this Declaration, each Owner shall be deemed to have consented and agreed to every term, condition, covenant and restriction contained herein.

12.3.1 If a homeowner believes that there is a violation of the standards stated in this declaration, they are encouraged to discuss these issues with their fellow homeowners and resolve them. If they cannot be resolved, any homeowner can in writing, allege a violation of the standards
stated in this Declaration to the Design Review Committee/Board of Directors which will have the responsibility of effecting compliance. Within 14 days of receipt of any alleged CCR violation, the Design Review Committee/Board of Directors will respond in writing to the homeowner who has made the allegation. The written response will state that the complaint has been received and include the Design Review Committee/Board of Directors evaluation of the allegations. Within 30 days of their evaluation, the Design Review Committee/Board of Directors shall give notice to the homeowner found to be in violation of any standards. The owner of any lot found to be in violation shall respond to the Design Review Committee/Board of Directors within 30 days. If within 30 days there is no response, form the owner of any lot who fails to comply with the standards and provisions of this Declaration, the lots may be entered so that actions can be taken to bring the property into compliance with the standards of this Declaration. Costs incurred for such repairs or work shall be paid immediately by the non-complying owner after presentation of a billing. Any billing which remains unpaid for thirty (30) days after its presentation may be recorded and will, upon recording, become a lien on such a lot. Such lien may be enforced and foreclosed as provided for in paragraph 7.5.

12.4 The Homeowners Association will not be liable to any Owner or to any other person for its enforcement or failure to enforce any provisions of this Declaration. Each Owner, by acquiring such Owners' interest in a Lot agrees to not bring any action or suit against the Homeowners Association, and not to seek to recover any such damages or to seek any other relief, including, without limitation, equitable relief by reason of any enforcement or failure to enforce any provision of this Declaration. Each Owner shall and does, by taking title to or occupying any portion of any Lot, agree to defend, indemnify and hold the Homeowners Association, assigns, and other representatives harmless from any claim, loss, damage, cost or expense, including, without limitation, reasonable attorneys' fees arising out of the use, operation, ownership, occupancy or condition or state of repair of any Lot owned by such Owner.

12.5 Mortgage Protection

12.5.1 Notice. Upon written request to the Design Review Committee identifying the name and address of the Mortgagee and the legal description of the Lot, any Mortgagee shall be entitled to receive written notice of all decisions of the Design Review Committee that affect that Lot.

12.5.2 Consent Required. Except upon the approval of Mortgagees holding Mortgages of Lots which have at least seventy-five percent (75%) of the votes of Lots which are Subject to Mortgages, no amendments may be made to this Declaration which add to or amend any material provision of the Declaration which establish, provide for, govern or regulate any of

12.5.2.1 Voting;
12.5.2.2 Assessment, assessment liens or subordination of liens;
12.5.2.3 Responsibility for maintenance and repair of the several portions of the Property;
12.5.2.4 Imposition of any right of refusal or similar rejection of the right of any Owners to Sell, transfer or otherwise convey such Owners' Lot; and
12.5.2.5 Any provisions which are for the express benefit of Mortgagees.

12.5.3 Termination. The approval of the holders of Mortgagees holding Mortgages on Lots which have at least seventy-five percent (75%) of the votes of Lots which are Subject to Mortgages shall be required for any termination of this Declaration. Any such Termination of this Declaration shall be
carried out by the Owners pursuant to the provisions of the Declaration, and only after a vote of the Owners as required herein.

12.5.4 Limitation. The provisions of paragraph 12.5.2 are intended only to be a limitation on the right of the Owners to amend the Declaration, and any such amendments to the Declaration shall be made only upon full compliance with the provisions of such relating to the procedure and percentage of votes required for such amendment in addition to Section 9,

12.5.5 Deemed Approval by Mortgagees. Any Mortgagee who receives a written request to approve an amendment to the Declaration or any other action to be taken by the Board, Design Review Committee or Owners shall be deemed to have given such approval unless such Mortgagees written objection to such action is delivered to the Design Review Committee within (30) days after the date of the written request.

SECTION 13- TRACT "A".

13.1 Tract "A" has been platted for the sole purpose of providing an access point between the private roads in Red Hills Estates and the roads constructed in neighboring property. No structures shall be constructed upon Tract "A" except roads and utilities. If the owner(s) of the neighboring property purchase the right to connect to a road conducted on Tract "A" such connection right shall include the right to drain run-off from the roads on the neighboring property onto the roads in Red Hills Estates. The owner(s) of the neighboring property shall be responsible for any costs necessary to upgrade or expand the Storm Drainage System to accommodate any such additional runoff.

13.2 Nothing contained in this section 13 shall give any rights to the owner(s) of any neighboring property. The owner(s) shall be required to pay compensation, in an amount determined by the owner of Tract "A", for the right to connect any road to Tract "A". All such compensation shall be paid to the owner of Tract "A" and not to any owners of Lots in Red Hills Estates.

IN WITNESS WHEREOF, the Red Hills Estates Homeowners Association has caused this Declaration to be executed as of the date first written above.

By: _______________________

Darryl Ice, President
Red Hills Estates Homeowners Association

Personally appeared before me on the 31st day of January, the above-named Darryl Ice who did say that he was the President of the Red Hills Estates Homeowners Association and that this instrument was signed in behalf of said Homeowners Association by its members and acknowledged that he/she executed the foregoing as his/her voluntary act and deed.

Notary Public in and for the state of Oregon,
My appointment expires 1-10-07
Print name: Patrick J. Maginnis
CONDITIONS, COVENANTS AND RESTRICTIONS

FOR

Red Hills Estates

DECLARATION OF PROTECTIVE COVENANTS AND RESTRICTIONS FOR Red Hills Estates, Yamhill COUNTY, OREGON.

THIS DECLARATION OF PROTECTIVE COVENANTS AND RESTRICTIONS FOR RED HILLS ESTATES, YAMHILL COUNTY, OREGON (THE "Declaration") is hereby made and executed this day of December 8, 2004, by Red Hills Estates Homeowners Association (the "Declarant").

WITNESSETH:

WHEREAS, the Red Hills Estate Homeowners Association, representing the property owners of all real property located in Yamhill County, Oregon and legally described as Lots 1 through 15, Red Hills Estates as has been platted and designated as Red Hills Estates according to the map and plat thereof on file with and in the official records of Yamhill County, Oregon,

WHEREAS, the Declarant desires to subject lots 1 through 15, Red Hills Estates, to the conditions, covenants and restrictions contained herein for the benefit of all of the lots in Red Hills Estates and their present and subsequent Owners.

NOW, THEREFORE, the Declarant hereby declares lots 1 through 15, Red Hills Estates are and shall be held upon and conveyed subject to the covenants, conditions, reservations and charges hereinafter set forth.

SECTION 1 - DEFINITIONS

The following words and terms, when used in this Declaration, and supplemental Declarations or any changes, amendments or modifications hereto, shall have the following meanings:

1.1 "Lot" shall mean and refer to any of the numbered parcels shown of any recorded Subdivision map or plat of Red Hills Estates subject to the terms hereof.

1.2 "Owner" shall mean and refer to the Owner of record, whether one or more persons or entities, of an interest in and to any Lot which is part of
Red Hills Estates, including contract sellers, but excluding those having such interest merely to secure performance of an obligation (Collectively "Owners")

1.3 "Street" shall mean and refer to any street, public way, highway, cul-de-sac or other thoroughfare providing a means of access and shown on any recorded subdivision map or plat of Red Hills Estates.

1.4 "Design Review Committee" shall mean and refer to the Red Hills Homeowners Association’s Board of Directors.

1.5 "House" shall mean and refer to a detached dwelling, intended for use and occupancy by not more than one family, having complete living facilities and constituting one dwelling unit. This term shall also include and refer to a garage and any accessory buildings or portions of the principal building used for the parking or storage of vehicles.

1.6 "Homeowners' Association" shall mean the Red Hills Estates Homeowners' Association, an Oregon non-profit corporation, or any successor thereto.

1.7 "Common Improvements" shall mean Alder Street, Alder Crest Court, the common area tree located on Alder Crest Court, the water system, entry wall and fencing, and storm drainage system.

1.8 "Water System" shall mean the well, pumps, pump house, water mains, piping and all other components of the water system, but not including the connections from the water mains to each House, which will be the property of each Owner.

1.9 "Storm Drainage System" shall mean all pipes, ditches, detention basins and related easements which comprise the storm drainage system for Red Hills Estates.

SECTION 2 - HOMEOWNERS ASSOCIATION PROVISIONS

2.1 The Association is intended to be a de minimus planned community as established by ORS 94.570(2)(b) which states a de minimus planned community is one:

"(b) For which the estimated total annual assessment against all Lots in the planned community for maintenance and for the reserves required under ORS 94.595 does not exceed the greater of two percent of the estimated value of all Lots against which the assessment will be levied or the product of $360 multiplied by the total number of Lots in the planned community. For purposes of this paragraph, the estimated value includes the Common Improvements but not any other structures. The assessment estimate under this paragraph:

(A) Shall include current costs for any services which the Homeowners Association will have to provide at cost. Current costs shall be based on competitive current rates for alternative professional services for items such as, but not limited to, landscape maintenance in common areas, quarterly water quality testing, well/water system maintenance and repair, construction and maintenance of well housing, landscaping or fencing to screen well structures/equipment, construction and maintenance of well head access roads, cement pads at well heads, repair of fencing along Viewmont, and road repair.

(B) Shall include maintenance and reserve account estimates based on figures obtained from the department of the city, county or district which would normally perform or contract for services which instead are provided by the planned community.
(C) shall be conclusively presumed to have been made in good faith if one year after the Declarant no longer provides any services at less than cost, the total assessment for maintenance and reserves do not exceed three percent of the current assessed value of these Lots not including structures on the Lots."

2.2 The method of determining voting rights, the liability of each Lot and the right of each Lot to any common profits of the Association shall be as follows:

2.2.1 The allocation of votes to Lots shall be one (1) vote per Lot.

2.2.2 All owners and contract purchasers of Lots in Red Hills Estates shall be members of the Association.

2.2.3 Any Lot owner failing to pay his or her proportionate share of costs assessed by the Association within thirty (30) days after it becomes due shall be liable for interest at the rate of the prime rate at Wells Fargo Bank plus four (4) percentage points. The prime rate will be measured as of the date the assessment is delinquent. Costs of collection of such assessment, including attorney fees, and all such unpaid amounts and interest shall become a lien on the Lot or Lots to which such amounts are attributable.

2.2.4 All common profits of the Association shall be allocated equally to each owner.

2.3 There shall be no restrictions on the alienation of Lots. A Lot may not be divided but may be combined with other Lots, with the approval of the Association and only in compliance with all applicable laws and ordinances.

2.4 Except as stated herein, the intended use of each Lot is residential. No business or commercial activities of any kind shall be conducted in any residence, garage, outbuilding, or on any portion of any lot without prior written approval. Any homeowner wishing to use their property for business or commercial purposes shall submit a full and accurate description of the intended activity to include its impact on Red Hills Estates in terms of increased traffic, frequency of non-resident visits, etc., as appropriated to the Board of Directors. The Board of Directors will conduct a special poll/election to obtain approval of 11 (eleven) of the homeowners. Businesses conducted within the home that do not impact the quality of life in the subdivision, in any significant way, such as increased traffic or on-the-street parking, are exempt.

2.4.1 No more than 2 garage sales per year, per lot will be allowed.

SECTION 3- COMMON SCHEME RESTRICTIONS.

The following restrictions are hereby imposed as a common scheme upon each Lot of Red Hills Estates for the benefit of every other Lot in Red Hills Estates.

3.1 No Lot shall be used for any purpose other than for the construction and occupancy of a House thereon and for residential purposes thereof.

3.2 No animals, livestock, poultry or fowls of any kind shall be raised, kept or permitted upon any Lot or in any part of Red Hills Estates except:

3.2.1 Domestic dogs, cats and caged pet birds provided such are not a nuisance to any resident within Red Hills Estates. Caged pet birds shall be kept within a House.

3.2.2 No permitted pets, as defined in 3.2.1, shall be allowed to become a nuisance to any resident within Red Hills Estates.
3.2.3 All dogs, cats and birds are not to be kept, bred or raised for commercial purposes or be in unreasonable numbers.

3.3 No lot or any area in or part of Red Hills Estates shall be used for the purpose of exploring for, taking there from or production of, gas, oil or any other hydrocarbon or mineral substance.

3.4 No noxious or offensive activity shall be permitted upon any lot or in any area or part of Red Hills Estates, nor shall anything be done or maintained thereon that may be or become an annoyance or nuisance to any owner or detract from the value of Red Hills Estates as a high-class residential neighborhood.

3.5 No house or any building or structure shall be occupied in any manner while under the course of original construction or until it complies with all governmental standards for occupancy and use as a residential structure. All construction activity of any type or kind within Red Hills Estates and upon any lot or any area in or part therein shall be prosecuted diligently and continuously from the time of commencement until full completion. All exterior and visible portions of all houses, buildings, fences, walls or other structures placed on any lot, in any area in or part of Red Hills Estates shall be constructed of new and high-grade materials, unless the use of Materials that are not new or other than high-grade have been specifically approved by the Design Review Committee. Red Hills Estates, buildings or structures constructed elsewhere shall be removed from or placed upon any lot, any area or part of Red Hills Estates without the express written approval of the Design Review Committee. The permanent placement of portable carports, canopies or any similar structures shall not be permitted. Temporary placement shall not exceed 7 days.

3.6 No trucks rated in excess of one (1) ton, heavy or light equipment (excluding typical non-commercial landscaping maintenance equipment) or any commercial vehicles shall be used, placed, erected, constructed or maintained for any purpose on any lot or in any part of Red Hills Estates, including the streets or access ways unless completely enclosed. This restriction shall not prohibit commercial vehicles from making pickups or deliveries within Red Hills Estates nor prohibit or restrict trucks or commercial vehicles that are necessary for approved activities. These activities include but are not restricted to, construction of houses, other buildings, road construction, land clearing, tree removal, etc., or the maintenance thereof within Red Hills Estates. Activity or usage in connection with construction projects shall be restricted to the hours of 7:00 am to 6:00 pm on Monday through Friday and the hours of Saturday 8:00 am to 5:00 pm on Saturday and Sundays of any week.

3.7 No personal property such as a trailer, recreational vehicle, boat, camper unit or tent shall be placed, stored or parked on any lot, or in any part of Red Hills Estates for any period of time in excess of seven consecutive days or a total of fourteen (14) days in any calendar year.

3.7.1 Such personal property owned by a lot owner may not be parked or stored, beyond the guidelines as stated in 3.7, in areas visible from any other lot or street. No boat, bus, recreational vehicle or inoperable automobile shall be placed, stored or parked on any lot or in any part of Red Hills Estates at any time unless placed in a fully enclosed permanent structure.

3.7.2 Owners may engage in repairs of their own automobiles as long as such activities are limited to minor repairs or are carried out in areas not visible from the street. Inoperable vehicles may not remain on any lot more than 3 days unless housed completely inside a garage and not visible from the street.

3.8 Each lot will have adequate room for the parking of private vehicles. No private vehicle parking shall be allowed on any street for more than 4 consecutive days. Vehicles that may be necessary in connection with
construction activities or as may be required to perform other obligations required hereunder may not be left on the street exceeding the guidelines stated in 3.6.

3.9 No motorcycle, All Terrain Vehicle or any other motorized recreational vehicle may be operated on any Lot, or in any part of Red Hills Estates except on Streets and then only as a means of transportation and does not become an annoyance to any other Owner of any other Lot in Red Hills Estates.

3.10 Television, radio aerials or antennas shall not be permitted upon any Lot, House or any part of or area in Red Hills Estates. Satellite receivers and dishes, of 18 inches or less, shall be permitted upon any Lot, House or any part of or area in Red Hills Estates if they are mounted to be minimally obtrusive. All utilities shall be installed underground.

3.11 No Lot, or area in or part of Red Hills Estates shall be used or maintained as a dumping site or depository for rubbish, refuse, trash, garbage or any other form or type of waste. Any such waste may be temporarily stored in a location visible from any Street within Red Hills Estates for not more than twenty-four (24) hours in a suitable and sanitary container until such waste is picked up or removed. Any containers or other equipment for the storage or disposal of such waste shall be maintained and operated in a safe and sanitary manner and not cause or be any form of nuisance to any resident in Red Hills Estates. Trimmings, cuttings and like debris may be composted on any Lot provided they are maintained in a singular enclosed location not visible from any Street and so as not to become an annoyance or nuisance to any other resident in Red Hills Estates. All construction debris shall be removed from each lot prior to occupancy or shall be stored where it is not visible from any road or other lot. If debris has been left on a lot or in a common area, after the building or landscaping of a home, the property owner will be responsible for the removal of the debris within one week.

3.12 No Lot, or areas of Red Hills Estates shall have a clothesline or other such similar device or structure located as to be visible from any Street in Red Hills Estates.

3.13 Street Address and name signs shall be acceptable to the Design Review Committee/Board of Directors.

3.14 Above ground pools will not be permitted on a year round basis unless incorporated into a landscaped design approved by the Design Review Committee/Board of Directors. Temporary use of children’s wading pools shall be permitted during the summer months.

SECTION 4 SPECIFIC BUILDING RESTRICTIONS

4.1 No House, garage, fence, wall, pool or other structure or building upon any Lot, or in any area or part of Red Hills Estates shall be erected or constructed unless and until a complete set of plans and specifications therefore has been submitted to, reviewed and approved in writing by the Design Review Committee. Said plans and specifications shall include, but not necessarily be limited to, the exterior color scheme, exterior materials, landscaping of the House, building or structure to be erected or constructed that is visible from any Street and be in sufficient detail so as to permit a reasonable determination of the nature, style and finish of the complete structure. Plans should also include all areas of the Lot that are to remain in their native state.

4.2 No construction or other work on, alterations to, or activity related to such Construction or other work for or to any House, building or structure on, or to be erected or constructed on any Lot, or any area in or part of Red Hills Estates shall be undertaken unless and until the Design
Review Committee has specifically approved such work and authorized its commencement in writing. The Owner, its contractor, subcontractors, agents, employees, guests and invitees, shall comply with any and all governmental regulations, codes and ordinances concerning such work and hereby indemnify and agree to hold the Design Review Committee harmless from any claim, loss or liability, including reasonable attorneys' fees arising from or relating to such work.

4.3 In the event the Design Review Committee or its designees and agents fail to approve or disapprove any submission made in accordance with the provisions of this Section within thirty (30) days after such submission, approval will not be required and the provisions of this Section will be deemed to have been fully complied with.

4.4 Any agent, officer, employee, or designee of the Design Review Committee may, with reasonable notice and during normal business hours or at any other reasonable time, enter into and inspect any and all construction activity or maintenance work to determine compliance with this Section and this Declaration. Persons conducting such inspection shall not be deemed to be guilty of trespass in the course of performing such duties or other activities related thereto.

4.5 The Design Review Committee may cause any construction or maintenance work or activity not specifically authorized by this Section or not being performed in strict compliance with the terms or conditions or prior authorization or approval to be terminated immediately, or changes or corrections made as to make such construction or maintenance work comply with the terms, conditions of such prior authorization or approval. All Owners, their contractors, subcontractors, agents and employees do hereby acknowledge the right of the Design Review Committee to terminate such construction or maintenance work, to direct Owner to order changes or more clarifications thereto and Owner agrees to respond within 7 days to requests for changes or corrections to comply with objections of the Design Review Committee.

4.6 The following standards shall apply to and be enforced for any house, building or structure erected, constructed or maintained in Red Hills Estates:

4.6.1 Roof Materials. The exterior surfaces of the roofs of all Houses shall be cedar shake or tile materials. The Design Review Committee may, in its sole discretion, approve the use of Architectural Composition as a roof material.

4.6.2 Exterior Siding Materials, Trim and Other Features. The principal exterior surfaces, except roofs and windows, of all Houses in Red Hills Estates shall be comprised or constructed of cedar, fir, brick, L-P inner-Seal or equivalents thereof. In no event shall any exterior siding material that is principally comprised or constructed of plywood be applied to the exterior surface of any House, accessory building or other structure in Red Hills Estates. Upon approval of the Design Review Committee limited amounts of stucco shall be allowed. Exterior trim, doors, railings, decks, eaves, gutters and exterior finish of garages and other accessory buildings shall be designed, built and maintained so as to be compatible and in harmony with the structure they adjoin.

4.6.3 Windows. The frame materials used for windows in all Houses shall be composed of and constructed with materials and finished in such a manner so as to be compatible and in harmony, with the House in which such windows are installed. In no event may any window frame or divider materials be unfinished or not painted or anodized in a manner and color unacceptable to the Design Review Committee.
4.6.4 Nature of Construction. All Houses erected or constructed in Red Hills Estates shall be of "double-wall" construction and utilize construction materials and procedures consistent therewith.

4.6.5 Landscaping. Not more than six (6) months after the substantial completion of any House erected or constructed in Red Hills Estates, the yards of the Lot upon which said House has been erected or constructed that are visible from any Street, will be fully and completely landscaped. Not more than twelve (12) months after the substantial completion of any House erected or constructed in Red Hills Estates the yards of said lots, that are not visible from any Street shall be fully and completely landscaped. At all times after substantial completion of the construction of a House on a Lot in Red Hills Estates and before the installation of landscaping, all Yards shall be maintained so as not to be offensive in appearance or present any sort or form of hazardous or dangerous condition. In the event of undue hardship caused by weather conditions, reasonable extensions of the time required to comply with these provisions regarding the installation of landscaping may be granted upon written approval of the Design Review Committee. All landscaping installed in and on any Lot in Red Hills Estates shall have, as some portion thereof and not necessarily limited to, a grass lawn together with trees, shrubs and other plantings as appropriate. In addition, the landscaping plan and the elements thereof for any Lot in Red Hills Estates shall be in harmony and be consistent with the landscaping previously installed in and on other Lots in Red Hills Estates. Additional clearing and tree removal is not to be restricted by this Section.

4.6.6 Minimum Area of Houses. The total square footage of any House excluding open porches, decks, and garage shall not be less than 2,500 square feet for a single story and 2,750 for a two story. The minimum square footage of the main floor of any multiple story house shall not be less than 1,250 square feet.

4.6.7 Garages. All Houses shall include a car garage with room for at least two cars. No carports shall be allowed. The entrance to all garages shall be on a side not facing the street, unless the design of the garage entrance is approved for street exposure by the Design Review Committee/Board of Directors.

4.6.8 Setbacks from Property Lines. Minimum setbacks on all Lots in Red Hills Estates shall be equal to applicable county set back requirements.

4.6.9 Height and View Restrictions. Standard County height restrictions apply to all Lots. The Design Review Committee must approve the location of all structures on each Lot to insure that new structures do not Unreasonably interfere with the view available from other Lots.

4.6.10 Multiple Lot Owners. Any Owner who owns two or more contiguous Lots shall, unless a lot line adjustment is granted by all applicable governmental agencies: build only one House per Lot; build any House only on one Lot complying with all setback requirements; and landscape all Lots owned by the Owner within the times required under paragraph 4.6.5.

4.6.11 Front Yard Fencing. No fencing shall be allowed in the front or back yard of any Lot without the approval of the Design Review Committee.

4.6.12 Driveways to be Paved. All driveways from the Street to the House shall be paved. No dirt or gravel driveways shall be permitted except temporarily during construction of the House. When a driveway has not been paved prior to occupancy, the homeowner shall petition the design committee within thirty (30) days for an extension.

4.6.13 Design and Style of Houses, Out Buildings and Other Structures. Houses, out buildings, detached garages, barns and all other structures and improvements or alterations thereto shall be constructed and maintained
utilizing high-quality materials and workmanship and be of such character, style and design as to be in harmony with surrounding Houses, structures and the general area. All Houses, out buildings, detached garages, barns or any other structures erected, constructed or maintained in Red Hills Estates shall comply in all respects with the provisions of this Declaration and all building codes, ordinances and regulations including, but not necessarily limited to, the Uniform Building Code and the applicable codes and ordinances of Yamhill County and the State of Oregon.

4.6.14 Guidelines and Discretion. The Design Review Committee shall have the Authority to promulgate and issue and thereafter amend from time to time, design guidelines which shall be binding upon all Owners of Lots as set forth herein. The Design Review Committee, in its sole discretion, may withhold approval of any proposed improvements or other matters under their jurisdiction if such proposed improvement would be inconsistent with the provisions contained herein or would be incompatible or not in harmony with the design standards of and for Red Hills Estates. Considerations such as setting, shape, size, color, design, height, impairment of view and other effects on the enjoyment of other Owners of Lots, as well as any other factors which the Design Review Committee believes to be relevant, may be taken into account by the Design Review Committee in determining whether or not to approve any proposed improvement or other matter under their jurisdiction.

4.6.15 Non-waiver. Approval or disapproval by the Design Review Committee of any matter proposed to them or within their jurisdiction shall not constitute a precedent or Waiver or impair in any manner whatsoever the right of the Design Review Committee to grant or withhold approval as to any similar matter thereafter proposed or constructed.

4.6.16 No liability. The Design Review Committee, nor any member thereof, shall be liable to any Owner, occupant, or other person or entity for any damage or loss suffered or claimed as a result of any action or failure to act on the part of the Design Review Committee.

SECTION 5- EASEMENTS

The Association hereby grants and reserves onto itself, and any and all others that will or may conduct or perform public or quasi-public utility services or functions, all those easements indicated upon the official map and plat of Red Hills Estates recorded in the records of Yamhill County, Oregon, for the purposes voted thereon and as follows: Ingress, egress, installation, repair and maintenance of all utilities, including, but not limited to, wells, water, storm and sanitary sewer, gas, telephone, electricity, and a master or cable television system.

SECTION 6- SIGNAGE

No sign or other advertising device shall be erected or constructed upon or placed on any Lot, House, building, structure or in any area or part of Red Hills Estates except one (1) sign not larger than eighteen (18) inches by twenty-four (24) inches advertising such House for sale. A sign, not exceeding the previously stated dimensions, can be displayed for the purposes of advertising a garage sale. However, the sign must be removed immediately after the end of the sale. Signs not exceeding the previously stated dimensions can be used to designate a driveway as a private road.

SECTION 7- MAINTENANCE AND ASSESSMENTS

7.1 Red Hills Estates has or will have Common Improvements, as defined in section 1.7. All of the common areas and improvements are collectively
called "Common Improvements". In the event the water system or other Common Improvements are dedicated and accepted by the public, and the cost of maintenance is assumed by the public, such items shall cease to be Common Improvements.

7.2 The Homeowners Association shall be responsible for maintaining and repairing the Common Improvements on an "as needed" basis. Maintenance shall include all testing required of the water system. This includes, but is not limited to quarterly water quality testing as required by law, as well as, recording meter and static water levels as required by the well permit. Each calendar year the Association shall budget the amount needed for normal anticipated maintenance and repair work for the coming year, and any reasonable replacement reserves.

7.3 The budget of the anticipated costs shall be completed prior to the end of March of the current fiscal year. The fiscal year is defined as the period April 1st through March 31st. The Association shall notify each Owner of their proportionate share of such costs by sending to each Owner a "Notice of Assessment." Each Owner shall pay the amount specified, in the Notice of Assessment, to the Association within (30) days of the date on the notification. All sums collected shall be deposited into an escrow account established by the association. Such funds shall be used only for the maintenance, repairs and any replacements required by this Section. The Association may not accumulate excess funds from year to year unless specifically budgeted for an anticipated "major" maintenance, repair or replacement item which will occur in a future year.

7.4 If any unanticipated maintenance, repairs or replacements to the Common Improvements are required, the Association shall send a special Notice of Assessment notifying all Owners of the anticipated or actual cost of such maintenance, repairs and/or replacement. Such items may include, but are not limited to, the well/water system, the fence along Viewmont and repairs to the roads of the development. The Owners shall pay their share of such costs as provided in paragraph 7.3.

7.5 Any amounts assessed to an Owner under this Section 7 shall be the personal obligation of each Owner and shall become a lien upon the Lot as of the date of the Notice of Assessment to perfect the lien. If any Owner fails to pay his or her share of the assessment within 30 days after the Notice of Assessment, the Association may foreclose its lien as provided in ORS Chapter 88. The Association shall be entitled to recover its reasonable attorney fees, title search fees and all other cost associated with such foreclosure. All such costs shall also be secured by the lien.

SECTION 8- MAINTENANCE

8.1 Each Owner of any Lot in Red Hills Estates shall maintain the condition of said lot and any and all improvements thereon including, but not limited to, any House, building, structure, landscaping, driveways, trees, shrubs or other vegetation thereon in a reasonably clean, neat, attractive and visually pleasing manner so as not to detract from Red Hills Estates being a high-class residential neighborhood. All planted shrubs, trees or other vegetation shall be maintained so as not to restrict or impede the views of any Owner of any other Lot in Red Hills Estates.

8.2 The duty of every Owner of any Lot in Red Hills Estates as to maintenance shall extend and include the area between the property line of any Lot and the nearest curb or improved street, including utility easements.

8.3 The owners of all the Lots in Red Hills Estates share a common water system. There will be an irrigation schedule to insure all homeowners have adequate irrigating time without overtaxing well capacity. Changes to the
schedule will have to be coordinated through the Homeowners Association's Board of Directors before being implemented.

SECTION 9- AMENDMENTS OR MODIFICATIONS

9.1 This Declaration may be amended or modified by an instrument signed by not less than 11 (eleven) of the Owners of Lots in Red Hills Estates.

9.2 Any and all amendments or modifications to this Declaration must be in writing and shall be recorded as an amendment or modification to this Declaration in the official and public records of Yamhill County, Oregon.

SECTION 10- EXTENSION OF ROAD

In the event any neighboring property owner obtains permission to extend the roads or Storm Drainage System in Red Hills Estates to service other property, any compensation paid by such owners for such privilege shall be paid to Red Hills Estates Homeowners Association.

SECTION 11- DURATION

The covenants, conditions and restrictions of this Declaration and any and all amendments and modifications hereto shall run with and bind the land and inure to the benefit of any and all Owners of Lots in Red Hills Estates, their legal representatives, heirs, successors and assigns for a term of thirty (30) years from the date this Declaration is recorded in the official and public records of Yamhill County, Oregon. After such date, this Declaration and any and all amendments and modifications hereto shall be automatically extended and renewed for successive periods of ten (10) years unless and until an instrument terminating this Declaration signed by the then Owners of 11 (eleven) of the Lots has been executed and recorded in the official records of Yamhill County, Oregon prior to the commencement of any ten (10) year period.

SECTION 12- OTHER PROVISIONS

12.1 In constructing this Declaration, or any part hereof stipulations that are necessary to make this Declaration or any of its terms or provisions reasonable are hereby implied. Invalidation of any of the provisions of this Declaration shall in no way affect the validity of any of the other provisions hereof which shall remain in full force and effect.

12.2 The provisions of this Declaration shall bind and inure to the benefit of and be enforceable by the Homeowners Association, the Design Review Committee and the Owner or Owners of any Lot or Lots, their legal representatives, successors, heirs and assigns. Failure by the Homeowners Association, the Design Review Committee or any Owner or Owners of any Lot or Lots, their legal representatives, successors, heirs or assigns to enforce any condition, charge or restriction of this Declaration shall in no event be deemed a waiver of the right to do so.

12.3 By the recording of this Declaration, each Owner shall be deemed to have consented and agreed to every term, condition, covenant and restriction contained herein.

12.3.1 If a homeowner believes that there is a violation of the standards stated in this declaration, they are encouraged to discuss these issues with their fellow homeowners and resolve them. If they cannot be resolved, any homeowner can in writing, allege a violation of the standards stated in this Declaration to the Design Review Committee/Board of Directors.
which will have the responsibility of effecting compliance. Within 14 days of receipt of any alleged CCR violation, the Design Review Committee/Board of Directors will respond in writing to the homeowner who has made the allegation. The written response will state that the complaint has been received and include the Design Review Committee/Board of Directors evaluation of the allegations. Within 30 days of their evaluation, the Design Review Committee/Board of Directors shall give notice to the homeowner found to be in violation of any standards. The owner of any lot found to be in violation shall respond to the Design Review Committee/Board of Directors within 30 days. If within 30 days there is no response, from the owner of any lot who fails to comply with the standards and provisions of this Declaration, the lot may be entered so that actions can be taken to bring the property into compliance with the standards of this Declaration. Costs incurred for such repairs or work shall be paid immediately by the non-complying owner after presentation of a billing. Any billing which remains unpaid for thirty (30) days after its presentation may be recorded and will, upon recording, become a lien on such a lot. Such lien may be enforced and foreclosed as provided for in paragraph 7.5.

12.4 The Homeowners Association will not be liable to any Owner or to any other person for its enforcement or failure to enforce any provisions of this Declaration. Each Owner, by acquiring such Owners' interest in a Lot agrees to not bring any action or suit against the Homeowners Association, and not to seek to recover any such damages or to seek any other relief, including, without limitation, equitable relief by reason of any enforcement or failure to enforce any provision of this Declaration. Each Owner shall and does, by taking title to or occupying any portion of any Lot, agree to defend, indemnify and hold the Homeowners Association, assigns, and other representatives harmless from any claim, loss, damage, cost or expense, including, without limitation, reasonable attorneys' fees arising out of the use, operation, ownership, occupancy or condition or state of repair of any Lot owned by such Owner.

12.5 Mortgage Protection

12.5.1 Notice. Upon written request to the Design Review Committee identifying the name and address of the Mortgagor and the legal description of the Lot, any Mortgagee shall be entitled to receive written notice of all decisions of the Design Review Committee that effect that Lot.

12.5.2 Consent Required. Except upon the approval of Mortgagees holding Mortgages of Lots which have at least 11 (eleven) of the votes of Lots which are subject to Mortgages, no amendments may be made to this Declaration which add to or amend any material provision of the Declaration which establish, provide for, govern or regulate any of

12.5.2.1 Voting;
12.5.2.2 Assessment, assessment liens or subordination of liens;
12.5.2.3 Responsibility for maintenance and repair of the several portions of the Property;
12.5.2.4 Imposition of any right of refusal or similar rejection of the right of any Owners to Sell, transfer or otherwise convey such Owners' Lot; and
12.5.2.5 Any provisions which are for the express benefit of Mortgagees.

12.5.3 Termination. The approval of the holders of Mortgagees holding Mortgages on Lots which have at least 11 (eleven) of the votes of Lots which are subject to Mortgages shall be required for any termination of this Declaration. Any such Termination of this Declaration shall be carried out by the Owners pursuant to the provisions of the Declaration, and only after a vote of the Owners as required herein.
12.5.4 Limitation. The provisions of paragraph 12.5.2 are intended only to be a limitation on the right of the Owners to amend the Declaration, and any such amendments to the Declaration shall be made only upon full compliance with the provisions of such relating to the procedure and number of votes required for such amendment in addition to Section 9.

12.5.5 Deemed Approval by Mortgagees. Any Mortgagee who receives a written request to approve an amendment to the Declaration or any other action to be taken by the Board, Design Review Committee or Owners shall be deemed to have given such approval unless such Mortgagees written objection to such action is delivered to the Design Review Committee within (30) days after the date of the written request.

SECTION 13- TRACT "A".

13.1 Tract "A" has been platted for the sole purpose of providing an access point between the private roads in Red Hills Estates and the roads constructed in neighboring property. No structures shall be constructed upon Tract "A" except roads and utilities. If the owner(s) of the neighboring property purchase the right to connect to a road conducted on Tract "A" such connection right shall include the right to drain run-off from the roads on the neighboring property onto the roads in Red Hills Estates. The owner(s) of the neighboring property shall be responsible for any costs necessary to upgrade or expand the Storm Drainage System to accommodate any such additional runoff.

13.2 Nothing contained in this section 13 shall give any rights to the owner(s) of any neighboring property. The owner(s) shall be required to pay compensation, in an amount determined by the owner of Tract "A", for the right to connect any road to Tract "A". All such compensation shall be paid to the owner of Tract "A" and not to any owners of Lots in Red Hills Estates.

IN WITNESS WHEREOF, the Red Hills Estates Homeowners Association has caused this Declaration to be executed as of the date first written above.

By: [Signature]

Dave Vance, President
Red Hills Estates Homeowners Association

Personally appeared before me on the 2nd day of June, 2008, the above-named [Signature] who did say that he was the President of the Red Hills Estates Homeowners Association and that this instrument was signed in behalf of said Homeowners Association by its members and acknowledged that he/she executed the foregoing as his/her voluntary act and deed.

Notary Public in and for the State of Oregon,
My appointment expires Nov 14, 2010
Print Name: Frederick Vogel
BYLAWS OF RED HILLS ESTATES HOMEOWNERS' ASSOCIATION

a Non-Profit Oregon Corporation

ARTICLE I
PLAN OF OWNERSHIP

1. Name and Location. These are the Bylaws of Red Hills Estates Homeowners' Association, a non-profit Oregon corporation ("Association"). The Red Hills Estates subdivision ("Development") is located in Yamhill County, Oregon.

2. Definitions. All capitalized terms, if not defined herein, shall have the meaning provided in the Condition, Covenants and Restrictions for Red Hills Estates ("Declaration"), recorded December 8, 1997 as instrument number 199720364, Deed Records of Yamhill County, Oregon.

3. Mailing address. The mailing address for the Red Hills Homeowners Association will be:

   PO Box 534    Dundee, OR  97115.

4. Purposes. This Association is formed to serve as the means through which the members may take action with regard to administration, management and operation of the Development.

5. Applicability of Bylaws. The Association, all Members and all persons using the Properties shall be subject to these Bylaws and to all rules and regulations which may be promulgated hereunder.

6. Membership. Every person or entity who is a record owner of a fee or undivided fee interest in any Lot shall be a proprietary member of the Association. The foregoing is not intended to include persons or entities that hold an interest merely as security for the performance of an obligation. Membership may not be separated from ownership of any Lot which is subject to assessment by the Association. Ownership of such Lot shall be the sole qualification for membership.
Each lessee, renter or other occupant of a Lot not eligible for proprietary membership, but who satisfies the conditions of these Bylaws and of the Declaration shall be an associate member. Such status shall continue in effect during such period as the associate member shall be an authorized non-proprietary tenant of a Lot. Associate membership shall carry all of the rights and privileges and shall be subject to all obligations and responsibilities of proprietary membership, except the right to vote. Associate membership alone shall not be deemed to constitute ownership of a Lot for purposes of liability for assessments. At any time an associate member shall cease to be a resident of the Properties, or shall become a proprietary member, his rights and privileges as an associate member shall thereupon terminate.

7. **Voting Rights.** The Association shall have one class of members which shall be entitled to one (1) vote for each Lot in which they hold the interest required for membership by Article III. When a Lot is owned by two or more persons jointly, according to the records of the Association: a) except as provided in this paragraph, the vote or proxy of the Lot may be exercised by a co-owner in the absence of protest by another co-owner. If the co-owners cannot agree upon the vote, the vote of the Lot shall be disregarded completely in determining the proportion of votes given with respect to such matter; b) a valid court order may establish the right of a co-owners' authority to vote.

**ARTICLE II**  
**MEETINGS**

1. **Place of Meetings.** The Association shall hold meetings at such suitable place convenient to the Members as may be designated by the Board of Directors.

2. **First Organizational Meeting.** Within 120 days after Declarant has turned over control of the Association to the Members, there shall be held the initial meeting of the Association. Notice thereof shall be given to each Member as provided in these Bylaws.

3. **Turnover Meeting.** Upon Declarant transferring 100% of the Lots, Declarant will call a meeting of the Association for the purpose of turning over management of the Association to the homeowners. At such meeting the developer will turn over all books and records of the Association and the Owners will elect a Board of Directors as provided in section 1 of Article III.

4. **Annual Meetings.** The annual meetings of the Association shall be held in the months of May or June at such hour and on such date as the president may designate. If the president should fail to designate such date by the first day of May, then the annual meeting will be held on the last Tuesday in June. The annual meetings shall be for the purpose of electing directors and for the transaction of such other business as may properly come before the meeting.

5. **Special Meeting.** Special meetings of the Association may be called by the president or secretary or by a majority of the Board of Directors, and must be called by such officers upon receipt of a written request from at least thirty percent (30%) of the HOA Members stating the purpose of the meeting. Business transacted at a special meeting shall be confined to the purposes stated in the notice.
6. **Notice of Meetings.** Notice of all meetings of the Association stating the time and place and the objects for which the meeting is being called shall be given by the president or secretary. Such notice shall be in writing and mailed to each Member at his address as it appears on the books of the association and to any first mortgagee requesting such notice not less than fifteen (15) days nor more than fifty (50) days prior to the date of the meeting. Proof of such mailing shall be given by the affidavit of the person giving the notice. Notice of meetings can also be delivered personally or by email with acknowledgement of receipt. When a meeting is adjourned for less than 30 days, no notice of the adjourned meeting need be given other than be announcement at the meeting at which such adjournment takes place.

7. **Proxies.** A vote may be cast in person or by proxy. A proxy given by a Member to any person who represents such Member at meetings of the Association shall be in writing and signed by such Member, and shall be filed with the secretary. No proxy shall be valid after the meeting for which it was solicited, unless otherwise expressly stated in the proxy, and every proxy shall automatically cease upon sale of the Lot by its Owner. A Member may pledge or assign his voting rights to a mortgagee. In such a case, the mortgagee or its designated representative shall be entitled to receive all notices to which the Member is entitled hereunder and to exercise the Member's voting rights from and after the time that the mortgagee shall give written notice of such pledge or assignment to the Board of Directors. Any first mortgagee may designate a representative to attend all or any meetings of the Association.

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

9. **Quorum of Members.** Except as specifically provided to the contrary in the Declaration, at any meeting of the Association fifty percent (50%) or more of the Members, present in person or by proxy, shall constitute a quorum. The subsequent joinder of a Member in the action taken at a meeting by signing and concurring in the minutes thereof shall constitute the presence of such person for the purpose of determining a quorum. When a quorum is once present to organize a meeting, it cannot be broken by the subsequent withdrawal of a Member. If any meeting of Members cannot be organized because of a lack of a quorum, the Members who are present, either in person or by proxy, may adjourn the meeting from time to time until a quorum is present.

10. **Majority Vote.** Except as otherwise specifically provided to the contrary in the Declaration, the vote of more than fifty percent (50%) of the Members, present in person or by proxy, at a meeting at which a quorum is constituted shall be binding upon all Members for all purposes except where a higher percentage vote is required by law, by the Declaration or by these Bylaws.

11. **Order of Business.** The order of business at annual meetings of the Association shall be:
   
   (a) Calling of the roll and certifying of proxies;
   
   (b) Proof of notice of meeting or waiver of notice;
   
   (c) Reading of minutes of preceding meeting.
(d) Reports of officers;
(e) Reports of committees, if any;
(f) Election of directors;
(g) Unfinished business,
(h) New business: and
(i) Adjournment.

12. Conduct of Meetings. Except as otherwise provided herein, meetings shall be conducted in accordance with latest edition of Roberts Rules of Order.

ARTICLE III
BOARD OF DIRECTORS

1. Number Election and Tenure. In order to be in compliance with Article I section 7 of this document, there will be only one person from any one Lot serving as a member of the Board of Directors at any given time. At the turnover meeting as stated in Section 3 of Article II, the Members of the corporation shall elect three replacement members to the Board of Directors. These members will serve until the first annual HOA meeting. All terms for members of the Board of Directors will be three (3) years except for the first annual meeting where one (1) director shall be elected for a two (2) year term, and one (1) director for a one (1) year term. At each subsequent annual meeting, directors shall be elected to replace those whose terms have expired. These members shall be elected for a three (3) year term. Directors shall serve during their respective terms and until their respective successors have been elected and qualified. Any vacancy in the Board of Directors as a result of a vacancy among the Members elected by the membership shall be filled by appointment of the remaining directors. During the existence of any vacancy, the remaining directors shall possess and may exercise all powers vested in the Board. Good standing requirement is a prerequisite for nomination and election to the board. Good standing is defined as a member who is current in the payment of assessments. The rationale is; if a member is not current in the payment of assessments, he/she should not be entitled to serve in an elective position with authority to manage and expend funds derived for the assessments contributed by other members.

2. Removal of Directors. At any regular or special meeting of the Association duly called, any one or more of the directors may be removed with or without cause by a majority vote of the Members present in person or by proxy, and a successor shall be elected at that meeting to fill the vacancy thus created. The notice of any such meeting shall state that such removal is to be considered, and any director whose removal has been proposed shall be given an opportunity to be heard at the meeting.

3. Powers and Duties. The Board of Directors shall have all of the powers and duties necessary for the administration of the affairs of the Association, except such powers and duties as by law or by the Declaration or by these Bylaws may not be delegated to the Board of Directors by the Members. The powers and duties to be exercised by the Board of Directors shall include, but shall not be limited to the following:
(a) Operation, care, upkeep, maintenance and repair of Common Improvements in accordance with law, these Bylaws and the CCRs.

(b) Assessment and collection of assessments as provided in the Declaration and the making of related expenditures set forth in the CCRs.

(c) Employment and dismissal of such personnel as necessary for the efficient maintenance, upkeep and repair of the Common Improvements.

(d) Employment of legal, accounting or other personnel for reasonable compensation to perform such services as may be required for the proper administration of the Association.

(e) Opening of bank accounts on behalf of the Association and designating the signatories required therefor.

(f) Obtaining insurance or bonds pursuant to the provisions of these Bylaws, the CCRs or law.

(g) Adoption in accordance with these Bylaws of reasonable administrative rules and regulations for use of the Common Improvements.

(h) Enforcement by legal means of the provisions of applicable law, the CCRs, these Bylaws and any rules and regulations adopted hereunder.

4. Managing Agent or Manager. On behalf of the Association, the Board of Directors may employ or contract for a managing agent or a manager at a compensation to be established by the Board of Directors. The Board of Directors may delegate to the managing agent or manager such duties and powers as the Board of Directors may authorize. In the absence of such appointment, the Board of Directors shall act as manager.

5. Organizational Meeting. Within fourteen (14) days following the annual meeting of the Association or following any meeting at which an election of directors has been held, the Board of Directors shall hold an organizational meeting at such place and time as shall have been fixed by the directors at the meeting at which the election was held.

6. Regular and Special Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the directors. Special meetings of the Board of Directors may be called by the president and must be called by the secretary at the written request of at least two directors. Notice of any special meeting other than an emergency meeting, for which notice need not be given, shall be given to each director, personally or by mail, telephone or email (with acknowledgement of receipt) at least seven (7) days prior to the day named for such meeting. The notice shall in all cases state the time, place and purpose of such meeting. All meetings of the Board of Directors shall be open to Members.

7. Waiver of Notice. Any director may, at any time, waive notice of any meeting of the board of directors in writing, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director at any meeting of the Board shall constitute a waiver by him of notice of the time and place thereof except where a director attends the meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. If all of the directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.
8. **Quorum of Board of Director.** At all meetings of the board of Directors, a majority of the directors shall constitute a quorum for the transaction of business, and the votes of a majority of the directors present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors. If at any meeting of the Board of Directors less than a quorum should be present, a majority of those present may adjourn the meeting from time to time. At any such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

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

10. **Liability and Indemnification of Directors, Officers, Manager or Managing Agent.** The directors and officers shall not be liable to the Association or the Members for any mistake of judgment, negligence, or otherwise except for their own willful misconduct or bad faith. The Association shall indemnify and hold harmless each director and officer and the manager or managing agent, if any, against all contractual liability to others arising out of contract made by the Board of Directors, officers, manager or managing agent on behalf of the Association unless any such contract shall have been made in bad faith or contrary to the provisions of the Declaration or of these Bylaws. Each director and officer and the manager or managing agent, if any shall be indemnified by the Association against all expenses and liabilities, including attorneys' fees, reasonably incurred or imposed upon them in connection with any proceeding to which they may be a party, or in which they may become involved, by reason of being or having been a director, officer, manager or managing agent and shall be indemnified upon any reasonable settlement thereof, provided, however, there shall be no indemnity if the director, officer manager or managing agent is adjudged guilty of willful nonfeasance, misfeasance or malfeasance, in the performance of his duties.

11. **Fidelity Bonds.** The board of Directors shall require that any person, entity, including, but not limited to, employees of any professional manager, who handles or is responsible for Association funds shall furnish such fidelity bond as the Board deems adequate. The premiums on such bonds shall be paid by the Association.

12. **Insurance.** The Association shall at all times cause to be in force:

   (a) Broad form fire and extended insurance coverage for all insurable improvements in the Property owned by the Association to the full replacement value thereof if the insurance is available at reasonable cost; and

   (b) Liability insurance with single combined limits of not less than $1,000,000 per occurrence, with the Association and its Members named as joint insureds.

Premiums for insurance obtained under these subsections (a) and (b) shall be a common expense of the Association. The policy may contain a reasonable deductible and the amount thereof shall be added to the face amount of the policy in determining whether the insurance equals at least the full replacement cost.

The insurance described in these subsections (a) and (b) shall, if reasonably possible, provide: for a waiver of subrogation by the insurer as to any claims against the Board of Directors of the Association and any Owner or any guest of an owner: for a waiver by the insurer of its right to repair and reconstruct instead of paying cash: that no policy may be canceled, invalidated or suspended because of...
any action of a Member; that no policy may be canceled, invalidated or suspended because of the conduct of any director, officer or employee of the Association unless the insurer gives the Association a prior written demand that the Association correct the defect and allows that any "other insurance" clause in any policy shall exclude from its coverage all Members' policies.

(c) Each Member shall keep liability insurance in appropriate amounts and shall keep the buildings on his Lot insured against loss or damage by fire and such other hazards as are customary for the full value thereof. There is not any insurance a Member is prohibited by these Bylaws from obtaining. The insurance coverage afforded by the Board of Directors may not be brought into contribution with contribution with insurance bought by members or their mortgagees.

ARTICLE IV
OFFICERS

1. Election of Officers. The officers of the corporation shall be elected by the Board of Directors at its first meeting and thereafter at each regular annual meeting. All officers except the Secretary shall be members of the Board of Directors, and the Secretary may be a Director. In the event of the failure to hold any annual meeting as herein provided, officers may be elected at any time thereafter at a special meeting of the Board of Directors called for that purpose. Each officer shall hold office for the term of one year and until his successor shall be elected and qualified. Each officer and agent shall be subject to removal at any time by a vote of the majority of the entire Board of Directors whenever in the judgment of the Board of Directors the best interest of the corporation will be served by such removal.

2. Vacancies. A vacancy in any office shall be filled by the Board of Directors at any regular meeting or a special meeting called for that purpose.

3. Employees and Agents. The Board of Directors shall be empowered to employ such employees and agents and to execute such contracts as it may deem necessary to properly carry out its objects and purposes as stated in the Articles of Incorporation in these Bylaws and in the Declaration.

4. President. The President shall be the chief executive officer and have general and active charge of the management of the corporation, subject to control by the Board of Directors. The President shall have power to appoint and discharge agents and employees, subject to the approval of the Board of Directors.

5. Vice-President. The Vice-President shall, in the absence or disability of the President, exercise the powers and perform the duties of the President. The Vice-President shall also exercise such other duties as shall be prescribed by the Board of Directors.
6. **Secretary.** The Secretary shall give such notice of meetings to the Board of Directors as required by these Bylaws and shall keep a record of the proceedings of all such meetings. The Secretary shall have custody of all books and records and papers of the corporation except those which are in the care of the Treasurer or some other person designated to have custody and possession thereof by resolution of the Board of Directors. The Secretary is authorized to sign with the President or Vice President in the name of the corporation all official documents, papers, deeds and contracts including those in any way affecting the property or interests of the corporation and shall affix the seal of the corporation thereto. The Secretary shall submit such reports to the Board as may be requested by it from time to time. An assistant secretary may, if authorized by the Board of Directors, perform the duties of the Secretary in event of the absence or inability of the Secretary.

7. **Treasurer.** The Treasurer shall account for all of the monies of the corporation received and disbursed, and shall deposit all the monies in the name of and to the credit of the corporation in such banks and depositories as the Board of Directors shall designate, subject to withdrawal in the manner determined by the Board of Directors, and shall safely keep all valuables of the corporation. The Treasurer shall from time to time make such reports to the officers and Board of Directors as may be required, and shall perform such other duties as the Board of Directors from time to time shall delegate to him. An assistant treasurer may, if authorized by the Board of Directors, perform the duties of the Treasurer in the event of the absence or inability of the Treasurer.

8. **Removal of Officers.** Upon the affirmative vote of a majority of the Directors, any officer may be removed either with or without cause, and his successor may be elected at any regular meeting of the Board of Directors, or at an special meeting of the Board of Directors called for such purpose.

9. **Execution of Instruments.** All agreements, contracts, deeds, leases and other instruments of the Association, except checks, shall be executed by such person or persons as may be designated by general or special resolution of the Board of Directors and, in the absence of any general or special resolution applicable to any such instrument, then such instrument shall be signed by the President. All checks shall be signed by the Treasurer, or in his absence of disability, by the President or any duly elected assistant treasurer.

10. **Compensation of Officers.** No officer who is a member of the Board of Directors shall receive any compensation from the Association for acting as an officer. Unless such compensation is authorized by a resolution duly adopted by the Members, an officer shall not in any case receive compensation for acting as a Director. The Board of directors may fix any compensation to be paid to any officers who are not also Directors.

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**ARTICLE V**

**BUDGET, EXPENSES AND ASSESSMENTS,**

1. The Board of Directors annually shall adopt a budget as provided in this section. Within 30 days after adopting a proposed annual budget, the Board of directors shall provide a summary of the budget to all Members. If the Board of Directors is petitioned by Members representing 20 percent of the votes of the Members, the Board shall call a meeting of the Members to consider rejection of the budget. The date of the meeting shall be not less than 14 or more than 30 days after the summary is

Red Hills Estates Home Owners' Association Bylaws
provided to the Members. At the meeting, whether or not a quorum is present, the budget shall be adopted unless a majority of the votes of the Members rejects the budget. If the proposed annual budget is rejected, the last annual budget shall continue in effect until the Members approve a subsequent budget.

2. Expenses and assessments shall be charged, assessed and collected in accordance with the CCRs.

3. If any additional Lot is to be created or annexed pursuant to the CCRs during any fiscal year, total common expenses for that fiscal year shall be reapportioned and reallocated according to a formula that will cause such additional Lot to bear its equal share thereof in proportion, however, to the number of days during such fiscal year after such additional Lot was so created or annexed and will relieve all other Residential Lots in equal amount.

**ARTICLE VI**

**RECORDS AND AUDITS**

1. **General Records.** The Board of Directors and the managing agent or manager, if any, shall keep detailed records of the actions of the Board of Directors and the managing agent or manager, minutes of the meetings of the Board of Directors and minutes of the meetings of the Association. The Board of Directors shall maintain a list of Members entitled to vote at meetings of the Association and a list of all mortgagees of Lots.

2. **Records of Receipts and Expenditures.** The Board of Directors or its designee shall keep detailed, accurate records, in chronological order, of the receipts and expenditures affecting the Common Improvements, itemizing the maintenance and repair expenses of the Common Improvements and any other expenses incurred. Such records and the vouchers authorizing the payments shall be available for examination by the Members and their mortgagees at convenient hours of weekdays.

3. **Assessment Roll.** An assessment roll for assessments to Members shall be maintained 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 dates and amounts on which the assessment comes due, the amounts paid upon the account and the balance due on the assessments.

4. **Reports and Audits.** An annual report of the receipts and expenditures of the Association shall be rendered by the Board of Directors to all Members and to all mortgagees of Lots who have requested the same within 90 days after the end of the fiscal year. From time to time the Board of Directors, at the expense of the Association, may obtain an audit of the books and records pertaining to the Association and furnish copies thereof to the owners and such mortgagees At any time any Member or mortgagee may, at his own expense, cause an audit or inspection to be made of the books and records of the Association.

5. **Notice of Sale. Mortgage, Rental or Lease.** Immediately upon the sale, mortgage, rental or lease of any Lot the Member shall promptly inform the secretary or manager of the name and address of said vendee, mortgagee, lessee or tenant.
ARTICLE VII
AMENDMENTS TO BYLAWS

1. How Proposed. Amendments to the Bylaws shall be proposed by either a majority of the Board of Directors or by thirty percent (30%) of the Members. The proposed amendment must be presented in writing and shall be included in the notice of any meeting at which action is to be taken thereon.

2. Adoption. A resolution adopting a proposed amendment may be proposed by either the Board of Directors or by the Members and may be approved by the directors at a meeting called for this purpose. Members not present at the meeting considering such amendment may express their approval in writing or by proxy. Any resolution must be approved by seventy-five percent (75%) of the Members.

3. Execution and Recording. An amendment shall not be effective until certified by the President and Secretary of the Association.

ARTICLE VIII
MISCELLANEOUS

1. Notices. All notices to the Association or to the Board of Directors shall be sent care of the managing agent, or if there is no managing agent, to the principal office of the Association or to such other address as the Board of Directors may hereafter designate from time to time. All notices to any members shall be sent to such address as may have been designated by him from time to time, in writing, to the Board of Directors, or if no address has been designated by him, then to the Member's lot.

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 which may occur.

3. Invalidity Number; Captions. The invalidity of any part of these Bylaws shall not impair of affect in any manner the validity, enforceability or effect of the balance of these Bylaws. As used herein, the singular shall include the plural, and the plural the singular. The masculine and neuter, as the context requires. Defined terms used herein and in the Declaration shall have the meaning given therein whether or not they or any of them are spelled in the lower or upper case. All captions used herein are intended solely for convenience of reference and shall in no way limit any of the provisions of these Bylaws.

4. Action Without a Meeting. Any action which the law, the Declaration or the Bylaws require or permit the Members or Directors to take at a meeting may be taken without a meeting if consent in writing setting forth the action so taken is signed by all of the members or directors, shall be filed in the records of minutes of the Association.
5. **Use of Written Ballot.** The use of a written ballot for approving or rejecting matters subject to meeting of association members; procedures.

(a) Unless prohibited or limited by the declaration or bylaws, any action that may be taken at any annual, regular or special meeting of the homeowners association may be taken without a meeting if the association delivers a written ballot to every association member that is entitled to vote on the matter.

(b) A written ballot shall set forth each proposed action and provide an opportunity to vote for or against each proposed action. The board of directors must provide owners with at least 10 days’ notice before written ballots are scheduled to be mailed or otherwise delivered. If, at least three days before written ballots are scheduled to be mailed or otherwise distributed, at least 10 percent of the owners petition the board of directors requesting secrecy procedures, a written ballot must be accompanied by a secrecy envelope, a return identification envelope to be signed by the owner and instructions for marking and returning the ballot. Notwithstanding the applicable provisions of subsection (c) or (d) of this section written ballots that are returned in secrecy envelopes may not be examined or counted before the deadline for returning ballots has passed.

(c) Matters that may be voted on by written ballot shall be deemed approved or rejected as follows:

1. If approval of a proposed action otherwise would require a meeting at which a certain quorum must be present and at which a certain percentage of total votes cast is required to authorize the action, the proposal shall be deemed to be approved when the date for the return of ballots has passed, a quorum of owners has voted and the required percentage of approving votes has been received. Otherwise, the proposal shall be deemed to be rejected; or

2. If approval of a proposed action otherwise would require a meeting at which a specified percentage of owners must authorize the action, the proposal shall be deemed to be approved when the percentage of total votes cast in favor of the proposal equals or exceeds such required percentage. The proposal shall be deemed to be rejected when the number of votes cast in opposition renders approval impossible or when both the date for return of ballots has passed and such required percentage has not been met.

(d) All solicitations for votes by written ballot shall state the following:

1. If approval of a proposal by written ballot requires that the total number of votes cast equal or exceed a certain quorum requirement, the number of responses needed to met such quorum requirement; and

2. If approval of a proposal by written ballot requires that a certain percentage of total votes cast approve the proposal, the required percentage of total votes needed for approval.

(e) All solicitations for votes by written ballot shall specify the period during which the association shall accept written ballots for counting, which period shall end, in all cases, the date certain on which all ballots must be returned to be counted.
(f) Except as otherwise provided in the declaration or bylaws, a written ballot may not be revoked.

6. Conflicts. These Bylaws are intended to comply with Oregon law, and the Declaration. In case of any irreconcilable conflict, such statute and document shall control over these Bylaws or any rules and regulations adopted hereunder.

We certify that these Bylaws were approved by greater than 75% of the homeowners of Red Hills Estates on February 23, 2004.

Red Hills Estates Home Owners’ Association

[Signature]
President Darryl Ice

[Signature]
Secretary Regina T. Price

STATE OF OREGON
COUNTY OF YAMHILL

Personally appeared before me on the 21st day of October, 2008, the above-named Darryl Ice who did say he was the President of Red Hills Estates Homeowners Association and Regina Price who did say that she is the Secretary of the of Red Hills Estates Homeowners Association and that this instrument was signed in behalf of said Association by authority of its Homeowners Association agreement and acknowledged that he executed the foregoing as its voluntary act and deed.

NOTARY PUBLIC for Oregon,
My Commission expires: 1/14/10

Red Hills Estates Home Owners' Association Bylaws
BYLAWS OF RED HILLS ESTATES HOMEOWNERS' ASSOCIATION

a Non-Profit Oregon Corporation

Being recorded to add paragraph 4 to Article IV in instrument #200421839 recorded on 10/26/2004

ARTICLE I

PLAN OF OWNERSHIP

1. Name and Location. These are the Bylaws of Red Hills Estates Homeowners' Association, a non-profit Oregon corporation ("Association"). The Red Hills Estates subdivision ("Development") is located in Yamhill County, Oregon.

2. Definitions. All capitalized terms, if not defined herein, shall have the meaning provided in the Condition, Covenants and Restrictions for Red Hills Estates ("Declaration"), recorded December 8, 1997 as instrument number 199720364, Deed Records of Yamhill County, Oregon.

3. Mailing address. The mailing address for the Red Hills Homeowners Association will be:

   PO Box 534   Dundee, OR  97115.

4. Purposes. This Association is formed to serve as the means through which the members may take action with regard to administration, management and operation of the Development.

5. Applicability of Bylaws. The Association, all Members and all persons using the Properties shall be subject to these Bylaws and to all rules and regulations which may be promulgated hereunder.

6. Membership. Every person or entity who is a record owner of a fee or undivided fee interest in any Lot shall be a proprietary member of the Association. The foregoing is not intended to include persons or entities that hold an interest merely as security for the performance of an obligation. Membership may not be separated from ownership of any Lot which is subject to assessment by the Association. Ownership of such Lot shall be the sole qualification for membership.
Each lessee, tenant, or other occupant of a Lot not eligible for proprietary membership, but who satisfies the conditions of these Bylaws and of the Declaration shall be an associate member. Such status shall continue in effect during such period as the associate member shall be an authorized non-proprietary tenant of a Lot. Associate membership shall carry all of the rights and privileges and shall be subject to all obligations and responsibilities of proprietary membership, except the right to vote. Associate membership alone shall not be deemed to constitute ownership of a Lot for purposes of liability for assessments. At any time an associate member shall cease to be a resident of the Properties, or shall become a proprietary member, his rights and privileges as an associate member shall thereupon terminate.

7. **Voting Rights.** The Association shall have one class of members which shall be entitled to one (1) vote for each Lot in which they hold the interest required for membership by Article III. When a Lot is owned by two or more persons jointly, according to the records of the Association: a) except as provided in this paragraph, the vote or proxy of the Lot may be exercised by a co-owner in the absence of protest by another co-owner. If the co-owners cannot agree upon the vote, the vote of the Lot shall be disregarded completely in determining the proportion of votes given with respect to such matter; b) a valid court order may establish the right of a co-owners' authority to vote.

**ARTICLE II MEETINGS**

1. **Place of Meetings.** The Association shall hold meetings at such suitable place convenient to the Members as may be designated by the Board of Directors.

2. **First Organizational Meeting.** Within 120 days after Declarant has turned over control of the Association to the Members, there shall be held the initial meeting of the Association. Notice thereof shall be given to each Member as provided in these Bylaws.

3. **Turnover Meeting.** Upon Declarant transferring 100% of the Lots, Declarant will call a meeting of the Association for the purpose of turning over management of the Association to the homeowners. At such meeting the developer will turn over all books and records of the Association and the Owners will elect a Board of Directors as provided in section 1 of Article III.

4. **Annual Meetings.** The annual meetings of the Association shall be held in the months of May or June at such hour and on such date as the president may designate. If the president should fail to designate such date by the first day of May, then the annual meeting will be held on the last Tuesday in June. The annual meetings shall be for the purpose of electing directors and for the transaction of such other business as may properly come before the meeting.

5. **Special Meeting.** Special meetings of the Association may be called by the president or secretary or by a majority of the Board of Directors, and must be called by such officers upon receipt of a written request from at least thirty percent (30%) of the HOA Members stating the purpose of the meeting. Business transacted at a special meeting shall be confined to the purposes stated in the notice.
6. **Notice of Meetings.** Notice of all meetings of the Association stating the time and place and the objects for which the meeting is being called shall be given by the president or secretary. Such notice shall be in writing and mailed to each Member at his address as it appears on the books of the association and to any first mortgagee requesting such notice not less than fifteen (15) days nor more than fifty (50) days prior to the date of the meeting. Proof of such mailing shall be given by the affidavit of the person giving the notice. Notice of meetings can also be delivered personally or by email with acknowledgement of receipt. When a meeting is adjourned for less than 30 days, no notice of the adjourned meeting need be given other than by announcement at the meeting at which such adjournment takes place.

7. **Proxies.** A vote may be cast in person or by proxy. A proxy given by a Member to any person who represents such Member at meetings of the Association shall be in writing and signed by such Member, and shall be filed with the secretary. No proxy shall be valid after the meeting for which it was solicited, unless otherwise expressly stated in the proxy, and every proxy shall automatically cease upon sale of the Lot by its Owner. A Member may pledge or assign his voting rights to a mortgagee. In such a case, the mortgagee or its designated representative shall be entitled to receive all notices to which the Member is entitled hereunder and to exercise the Member's voting rights from and after the time that the mortgagee shall give written notice of such pledge or assignment to the Board of Directors. Any first mortgagee may designate a representative to attend all or any meetings of the Association.

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

9. **Quorum of Members.** Except as specifically provided to the contrary in the Declaration, at any meeting of the Association fifty percent (50%) or more of the Members, present in person or by proxy, shall constitute a quorum. The subsequent joinder of a Member in the action taken at a meeting by signing and concurring in the minutes thereof shall constitute the presence of such person for the purpose of determining a quorum. When a quorum is once present to organize a meeting, it cannot be broken by the subsequent withdrawal of a Member. If any meeting of Members cannot be organized because of a lack of a quorum, the Members who are present, either in person or by proxy, may adjourn the meeting from time to time until a quorum is present.

10. **Majority Vote.** Except as otherwise specifically provided to the contrary in the Declaration, the vote of more than fifty percent (50%) of the Members, present in person or by proxy, at a meeting at which a quorum is constituted shall be binding upon all Members for all purposes except where a higher percentage vote is required by law, by the Declaration or by these Bylaws.

11. **Order of Business.** The order of business at annual meetings of the Association shall be:
   
   (a) Calling of the roll and certifying of proxies;
   
   (b) Proof of notice of meeting or waiver of notice;
   
   (c) Reading of minutes of preceding meeting
(d) Reports of officers;
(e) Reports of committees, if any;
(f) Election of directors;
(g) Unfinished business,
(h) New business; and
(i) Adjournment.

12. **Conduct of Meetings.** Except as otherwise provided herein, meetings shall be conducted in accordance with latest edition of Roberts Rules of Order.

**ARTICLE III**

**BOARD OF DIRECTORS**

1. **Number Election and Tenure.** In order to be in compliance with Article I section 7 of this document, there will be only one person from any one Lot serving as a member of the Board of Directors at any given time. At the turnover meeting as stated in Section 3 of Article II, the Members of the corporation shall elect three replacement members to the Board of Directors. These members will serve until the first annual HOA meeting. All terms for members of the Board of Directors will be three (3) years except for the first annual meeting where one (1) director shall be elected for a two (2) year term, and one (1) director for a one (1) year term. At each subsequent annual meeting, directors shall be elected to replace those whose terms have expired. These members shall be elected for a three (3) year term. Directors shall serve during their respective terms and until their respective successors have been elected and qualified. Any vacancy in the Board of Directors as a result of a vacancy among the Members elected by the membership shall be filled by appointment of the remaining directors. During the existence of any vacancy, the remaining directors shall possess and may exercise all powers vested in the Board. Good standing requirement is a prerequisite for nomination and election to the board. Good standing is defined as a member who is current in the payment of assessments. The rationale is; if a member is not current in the payment of assessments, he/she should not be entitled to serve in an elective position with authority to manage and expend funds derived from the assessments contributed by other members.

2. **Removal of Directors.** At any regular or special meeting of the Association duly called, any one or more of the directors may be removed with or without cause by a majority vote of the Members present in person or by proxy, and a successor shall be elected at that meeting to fill the vacancy thus created. The notice of any such meeting shall state that such removal is to be considered, and any director whose removal has been proposed shall be given an opportunity to be heard at the meeting.

3. **Powers and Duties.** The Board of Directors shall have all of the powers and duties necessary for the administration of the affairs of the Association, except such powers and duties as by law or by the Declaration or by these Bylaws may not be delegated to the Board of Directors by the Members. The powers and duties to be exercised by the Board of Directors shall include, but shall not be limited to the following:

Red Hills Estates Home Owners' Association Bylaws
(a) Operation, care, upkeep, maintenance and repair of Common Improvements in accordance with law, these Bylaws and the CCRs.

(b) Assessment and collection of assessments as provided in the Declaration and the making of related expenditures set forth in the CCRs.

(c) Employment and dismissal of such personnel as necessary for the efficient maintenance, upkeep and repair of the Common Improvements.

(d) Employment of legal, accounting or other personnel for reasonable compensation to perform such services as may be required for the proper administration of the Association.

(e) Opening of bank accounts on behalf of the Association and designating the signatories required therefor.

(f) Obtaining insurance or bonds pursuant to the provisions of these Bylaws, the CCRs or law.

(g) Adoption in accordance with these Bylaws of reasonable administrative rules and regulations for use of the Common Improvements.

(h) Enforcement by legal means of the provisions of applicable law, the CCRs, these Bylaws and any rules and regulations adopted hereunder.

4. Managing Agent or Manager. On behalf of the Association, the Board of Directors may employ or contract for a managing agent or a manager at a compensation to be established by the Board of Directors. The Board of Directors may delegate to the managing agent or manager such duties and powers as the Board of Directors may authorize. In the absence of such appointment, the Board of Directors shall act as manager.

5. Organizational Meeting. Within fourteen (14) days following the annual meeting of the Association or following any meeting at which an election of directors has been held, the Board of Directors shall hold an organizational meeting at such place and time as shall have been fixed by the directors at the meeting at which the election was held.

6. Regular and Special Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the directors. Special meetings of the Board of Directors may be called by the president and must be called by the secretary at the written request of at least two directors. Notice of any special meeting other than an emergency meeting, for which notice need not be given, shall be given to each director, personally or by mail, telephone or email (with acknowledgement of receipt) at least seven (7) days prior to the day named for such meeting. The notice shall in all cases state the time, place and purpose of such meeting. All meetings of the Board of Directors shall be open to Members.

7. Waiver of Notice. Any director may, at any time, waive notice of any meeting of the board of directors in writing, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director at any meeting of the Board shall constitute a waiver by him of notice of the time and place thereof except where a director attends the meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. If all of the directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.
8. **Quorum of Board of Director.** At all meetings of the board of Directors, a majority of the directors shall constitute a quorum for the transaction of business, and the votes of a majority of the directors present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors. If at any meeting of the Board of Directors less than a quorum should be present, a majority of those present may adjourn the meeting from time to time. At any such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

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

10. **Liability and Indemnification of Directors, Officers, Manager or Managing Agent.** The directors and officers shall not be liable to the Association or the Members for any mistake of judgment, negligence, or otherwise except for their own willful misconduct or bad faith. The Association shall indemnify and hold harmless each director and officer and the manager or managing agent, if any, against all contractual liability to others arising out of contract made by the Board of Directors, officers, manager or managing agent on behalf of the Association unless any such contract shall have been made in bad faith or contrary to the provisions of the Declaration or of these Bylaws. Each director and officer and the manager or managing agent, if any shall be indemnified by the Association against all expenses and liabilities, including attorneys' fees, reasonably incurred or imposed upon them in connection with any proceeding to which they may be a party, or in which they may become involved, by reason of being or having been a director, officer, manager or managing agent and shall be indemnified upon any reasonable settlement thereof, provided, however, there shall be no indemnity if the director, officer manager or managing agent is adjudged guilty of willful nonfeasance, misfeasance or malfeasance, in the performance of his duties.

11. **Fidelity Bonds.** The board of Directors shall require that any person, entity, including, but not limited to, employees of any professional manager, who handles or is responsible for Association funds shall furnish such fidelity bond as the Board deems adequate. The premiums on such bonds shall be paid by the Association.

12. **Insurance.** The Association shall at all times cause to be in force:

   (a) Broad form fire and extended insurance coverage for all insurable improvements in the Property owned by the Association to the full replacement value thereof if the insurance is available at reasonable cost; and

   (b) Liability insurance with single combined limits of not less than $1,000,000 per occurrence, with the Association and its Members named as joint insureds.

Premiums for insurance obtained under these subsections (a) and (b) shall be a common expense of the Association. The policy may contain a reasonable deductible and the amount thereof shall be added to the face amount of the policy in determining whether the insurance equals at least the full replacement cost.

The insurance described in these subsections (a) and (b) shall, if reasonably possible, provide: for a waiver of subrogation by the insurer as to any claims against the Board of Directors of the Association
and any Owner or any guest of an owner: for a waiver by the insurer of its right to repair and
reconstruct instead of paying cash: that no policy may be canceled, invalidated or suspended because of
any action of a Member; that no policy may be canceled, invalidated or suspended because of the
conduct of any director, officer or employee of the Association unless the insurer gives the Association
a prior written demand that the Association correct the defect and allows that any "other insurance"
clause in any policy shall exclude from its coverage all Members' policies.

(c) Each Member shall keep liability insurance in appropriate amounts and shall keep the
buildings on his Lot insured against loss or damage by fire and such other hazards as are
customary for the full value thereof. There is not any insurance a Member is prohibited by these
Bylaws from obtaining. The insurance coverage afforded by the Board of Directors may not be
brought into contribution with contribution with insurance bought by members or their
mortgagees.

ARTICLE IV
OFFICERS

1. Election of Officers. The officers of the corporation shall be elected by the Board of Directors
at its first meeting and thereafter at each regular annual meeting. All officers except the Secretary shall
be members of the Board of Directors, and the Secretary may be a Director. In the event of the failure
to hold any annual meeting as herein provided, officers may be elected at any time thereafter at a
special meeting of the Board of Directors called for that purpose. Each officer shall hold office for the
term of one year and until his successor shall be elected and qualified. Each officer and agent shall be
subject to removal at any time by a vote of the majority of the entire Board of Directors whenever in
the judgment of the Board of Directors the best interest of the corporation will be served by such
removal.

2. Vacancies. A vacancy in any office shall be filled by the Board of Directors at any regular
meeting or a special meeting called for that purpose.

3. Employees and Agents. The Board of Directors shall be empowered to employ such employees
and agents to execute such contracts as it may deem necessary to properly carry out its objects and
purposes as stated in the Articles of Incorporation in these Bylaws and in the Declaration.

4. President. The President shall be the chief executive officer and have general and active charge
of the management of the corporation, subject to control by the Board of Directors. The President shall
have power to appoint and discharge agents and employees, subject to the approval of the Board of
Directors.

5. Vice-President. The Vice-President shall, in the absence or disability of the President, exercise
the powers and perform the duties of the President. The Vice-President shall also exercise such other
duties as shall be prescribed by the Board of Directors.
6. **Secretary.** The Secretary shall give such notice of meetings to the Board of Directors as required by these Bylaws and shall keep a record of the proceedings of all such meetings. The Secretary shall have custody of all books and records and papers of the corporation except those which are in the care of the Treasurer or some other person designated to have custody and possession thereof by resolution of the Board of Directors. The Secretary is authorized to sign with the President or Vice President in the name of the corporation all official documents, papers, deeds and contracts including those in any way affecting the property or interests of the corporation and shall affix the seal of the corporation thereto. The Secretary shall submit such reports to the Board as may be requested by it from time to time. An assistant secretary may, if authorized by the Board of Directors, perform the duties of the Secretary in event of the absence or inability of the Secretary.

7. **Treasurer.** The Treasurer shall account for all of the monies of the corporation received and disbursed, and shall deposit all the monies in the name of and to the credit of the corporation in such banks and depositories as the Board of Directors shall designate, subject to withdrawal in the manner determined by the Board of Directors, and shall safely keep all valuables of the corporation. The Treasurer shall from time to time make such reports to the officers and Board of Directors as may be required, and shall perform such other duties as the Board of Directors from time to time shall delegate to him. An assistant treasurer may, if authorized by the Board of Directors, perform the duties of the Treasurer in the event of the absence or inability of the Treasurer.

8. **Removal of Officers.** Upon the affirmative vote of a majority of the Directors, any officer may be removed either with or without cause, and his successor may be elected at any regular meeting of the Board of Directors, or at a special meeting of the Board of Directors called for such purpose.

9. **Execution of Instruments.** All agreements, contracts, deeds, leases and other instruments of the Association, except checks, shall be executed by such person or persons as may be designated by general or special resolution of the Board of Directors and, in the absence of any general or special resolution applicable to any such instrument, then such instrument shall be signed by the President. All checks shall be signed by the Treasurer, or in his absence or disability, by the President or any duly elected assistant treasurer.

10. **Compensation of Officers.** No officer who is a member of the Board of Directors shall receive any compensation from the Association for acting as an officer. Unless such compensation is authorized by a resolution duly adopted by the Members, an officer shall not in any case receive compensation for acting as a Director. The Board of directors may fix any compensation to be paid to any officers who are not also Directors.

**ARTICLE V**

**BUDGET, EXPENSES AND ASSESSMENTS,**

1. The Board of Directors annually shall adopt a budget as provided in this section. Within 30 days after adopting a proposed annual budget, the Board of directors shall provide a summary of the budget to all Members. If the Board of Directors is petitioned by Members representing 20 percent of the votes of the Members, the Board shall call a meeting of the Members to consider rejection of the budget. The date of the meeting shall be not less than 14 or more than 30 days after the summary is
provided to the Members. At the meeting, whether or not a quorum is present, the budget shall be adopted unless a majority of the votes of the Members rejects the budget. If the proposed annual budget is rejected, the last annual budget shall continue in effect until the Members approve a subsequent budget.

2. Expenses and assessments shall be charged, assessed and collected in accordance with the CCRs.

3. If any additional Lot is to be created or annexed pursuant to the CCRs during any fiscal year, total common expenses for that fiscal year shall be reapportioned and reallocated according to a formula that will cause such additional Lot to bear its equal share thereof in proportion, however, to the number of days during such fiscal year after such additional Lot was so created or annexed and will relieve all other Residential Lots in equal amount.

ARTICLE VI
RECORDS AND AUDITS

1. General Records. The Board of Directors and the managing agent or manager, if any, shall keep detailed records of the actions of the Board of Directors and the managing agent or manager, minutes of the meetings of the Board of Directors and minutes of the meetings of the Association. The Board of Directors shall maintain a list of Members entitled to vote at meetings of the Association and a list of all mortgagees of Lots.

2. Records of Receipts and Expenditures. The Board of Directors or its designee shall keep detailed, accurate records, in chronological order, of the receipts and expenditures affecting the Common Improvements, itemizing the maintenance and repair expenses of the Common Improvements and any other expenses incurred. Such records and the vouchers authorizing the payments shall be available for examination by the Members and their mortgagees at convenient hours of weekdays.

3. Assessment Roll. An assessment roll for assessments to Members shall be maintained 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 dates and amounts on which the assessment comes due, the amounts paid upon the account and the balance due on the assessments.

4. Payment of Vouchers. The Treasurer shall pay all vouchers up to $1,000 signed by the President, managing agent, manager or other person authorized by the Board of Directors. Any voucher in excess of $1,000 shall require the signature of the President.

5. Reports and Audits. An annual report of the receipts and expenditures of the Association shall be rendered by the Board of Directors to all Members and to all mortgagees of Lots who have requested the same within 90 days after the end of the fiscal year. From time to time the Board of Directors, at the expense of the Association, may obtain an audit of the books and records pertaining to the Association and furnish copies thereof to the owners and such mortgagees. At any time any Member or mortgagee may, at his own expense, cause an audit or inspection to be made of the books and records of the Association.
6. **Notice of Sale.** Mortgage, Rental or Lease. Immediately upon the sale, mortgage, rental or lease of any Lot the Member shall promptly inform the secretary or manager of the name and address of said vendee, mortgagee, lessee or tenant.

**ARTICLE VII**

**AMENDMENTS TO BYLAWS**

1. **How Proposed.** Amendments to the Bylaws shall be proposed by either a majority of the Board of Directors or by thirty percent (30%) of the Members. The proposed amendment must be presented in writing and shall be included in the notice of any meeting at which action is to be taken thereon.

2. **Adoption.** A resolution adopting a proposed amendment may be proposed by either the Board of Directors or by the Members and may be approved by the directors at a meeting called for this purpose. Members not present at the meeting considering such amendment may express their approval in writing or by proxy. Any resolution must be approved by seventy-five percent (75%) of the Members.

3. **Execution and Recording.** An amendment shall not be effective until certified by the President and Secretary of the Association.

**ARTICLE VIII**

**MISCELLANEOUS**

1. **Notices.** All notices to the Association or to the Board of Directors shall be sent care of the managing agent, or if there is no managing agent, to the principal office of the Association or to such other address as the Board of Directors may hereafter designate from time to time. All notices to any members shall be sent to such address as may have been designated by him from time to time, in writing, to the Board of Directors, or if no address has been designated by him, then to the Member’s lot.

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 which may occur.

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. As used herein, the singular shall include the plural, and the plural the singular, the masculine and neuter, as the context requires. Defined terms used herein and in the Declaration shall have the meaning given therein whether or not they or any of them are spelled in the lower or upper case. All captions used herein are intended solely for convenience of reference and shall in no way limit any of the provisions of these Bylaws.
4. **Action Without a Meeting.** Any action which the law, the Declaration or the Bylaws require or permit the Members or Directors to take at a meeting may be taken without a meeting if consent in writing setting forth the action so taken is signed by all of the members or directors, shall be filed in the records of minutes of the Association.

5. **Use of Written Ballot.** The use of a written ballot for approving or rejecting matters subject to meeting of association members; procedures.

(a) Unless prohibited or limited by the declaration or bylaws, any action that may be taken at any annual, regular or special meeting of the homeowners association may be taken without a meeting if the association delivers a written ballot to every association member that is entitled to vote on the matter.

(b) A written ballot shall set forth each proposed action and provide an opportunity to vote for or against each proposed action. The board of directors must provide owners with at least 10 days’ notice before written ballots are scheduled to be mailed or otherwise delivered. If, at least three days before written ballots are scheduled to be mailed or otherwise distributed, at least 10 percent of the owners petition the board of directors requesting secrecy procedures, a written ballot must be accompanied by a secrecy envelope, a return identification envelope to be signed by the owner and instructions for marking and returning the ballot. Notwithstanding the applicable provisions of subsection (c) or (d) of this section written ballots that are returned in secrecy envelopes may not be examined or counted before the deadline for returning ballots has passed.

(c) Matters that may be voted on by written ballot shall be deemed approved or rejected as follows:

(1) If approval of a proposed action otherwise would require a meeting at which a certain quorum must be present and at which a certain percentage of total votes cast is required to authorize the action, the proposal shall be deemed to be approved when the date for the return of ballots has passed, a quorum of owners has voted and the required percentage of approving votes has been received. Otherwise, the proposal shall be deemed to be rejected; or

(2) If approval of a proposed action otherwise would require a meeting at which a specified percentage of owners must authorize the action, the proposal shall be deemed to be approved when the percentage of total votes cast in favor of the proposal equals or exceeds such required percentage. The proposal shall be deemed to be rejected when the number of votes cast in opposition renders approval impossible or when both the date for return of ballots has passed and such required percentage has not been met.

(d) All solicitations for votes by written ballot shall state the following:

(1) If approval of a proposal by written ballot requires that the total number of votes cast equal or exceed a certain quorum requirement, the number of responses needed to met such quorum requirement; and

(2) If approval of a proposal by written ballot requires that a certain percentage of total votes cast approve the proposal, the required percentage of total votes needed for approval.
(e) All solicitations for votes by written ballot shall specify the period during which the association shall accept written ballots for counting, which period shall end, in all cases, the date certain on which all ballots must be returned to be counted.

(f) Except as otherwise provided in the declaration or bylaws, a written ballot may not be revoked.

6. Conflicts. These Bylaws are intended to comply with Oregon law, and the Declaration. In case of any irreconcilable conflict, such statute and document shall control over these Bylaws or any rules and regulations adopted hereunder.

We certify that these Bylaws were approved by the homeowners of Red Hills Estates on February 23, 2004.

Red Hills Homeowners' Association

[Signature]
Vice-President

[Signature]
Secretary

STATE OF OREGON
COUNTY OF YAMHILL

Personally appeared before me on the 26 day of May, 2003, the above-named Michael B. Price who did say he was the Vice-President of Red Hills Estates Homeowners Association and Regina Price who did say that she is the Secretary of the Red Hills Estates Homeowners Association and that this instrument was signed in behalf of said Association by authority of its Homeowners Association agreement and acknowledged that he executed the foregoing as its voluntary act and deed.

[Signature]
NOTARY PUBLIC for Oregon,
My Commission expires: Nov. 21, 2009

Red Hills Estates Home Owners' Association Bylaws
BYLAWS OF RED HILLS ESTATES HOMEOWNERS' ASSOCIATION

a Non-Profit Oregon Corporation

ARTICLE I
PLAN OF OWNERSHIP

1. **Name and Location.** These are the Bylaws of Red Hills Estates Homeowners' Association, a non-profit Oregon corporation ("Association"). The Red Hills Estates subdivision ("Development") is located in Yamhill County, Oregon.

2. **Definitions.** All capitalized terms, if not defined herein, shall have the meaning provided in the Condition, Covenants and Restrictions for Red Hills Estates ("Declaration"), recorded December 8, 1997 as instrument number 199720364, Deed Records of Yamhill County, Oregon.

3. **Mailing address.** The mailing address for the Red Hills Homeowners Association will be:

   PO Box 534  Dundee, OR 97115.

4. **Purpose.** This Association is formed to serve as the means through which the members may take action with regard to administration, management and operation of the Development.

5. **Applicability of Bylaws.** The Association, all Members and all persons using the Properties shall be subject to these Bylaws and to all rules and regulations which may be promulgated hereunder.

6. **Membership.** Every person or entity who is a record owner of a fee or undivided fee interest in any Lot shall be a proprietary member of the Association. The foregoing is not intended to include persons or entities that hold an interest merely as security for the performance of an obligation. Membership may not be separated from ownership of any Lot which is subject to assessment by the Association. Ownership of such Lot shall be the sole qualification for membership.
Each lessee, renter or other occupant of a Lot not eligible for proprietary membership, but who satisfies the conditions of these Bylaws and of the Declaration shall be an associate member. Such status shall continue in effect during such period as the associate member shall be an authorized non-proprietary tenant of a Lot. Associate membership shall carry all of the rights and privileges and shall be subject to all obligations and responsibilities of proprietary membership, except the right to vote. Associate membership alone shall not be deemed to constitute ownership of a Lot for purposes of liability for assessments. At any time an associate member shall cease to be a resident of the Properties, or shall become a proprietary member, his rights and privileges as an associate member shall thereupon terminate.

7. **Voting Rights.** The Association shall have one class of members which shall be entitled to one (1) vote for each Lot in which they hold the interest required for membership by Article III. When a Lot is owned by two or more persons jointly, according to the records of the Association: a) except as provided in this paragraph, the vote or proxy of the Lot may be exercised by a co-owner in the absence of protest by another co-owner. If the co-owners cannot agree upon the vote, the vote of the Lot shall be disregarded completely in determining the proportion of votes given with respect to such matter; b) a valid court order may establish the right of a co-owners' authority to vote.

**ARTICLE II**
**MEETINGS**

1. **Place of Meetings.** The Association shall hold meetings at such suitable place convenient to the Members as may be designated by the Board of Directors.

2. **First Organizational Meeting.** Within 120 days after Declarant has turned over control of the Association to the Members, there shall be held the initial meeting of the Association. Notice thereof shall be given to each Member as provided in these Bylaws.

3. **Turnover Meeting.** Upon Declarant transferring 100% of the Lots, Declarant will call a meeting of the Association for the purpose of turning over management of the Association to the homeowners. At such meeting the developer will turn over all books and records of the Association and the Owners will elect a Board of Directors as provided in section 1 of Article III.

4. **Annual Meetings.** The annual meetings of the Association shall be held in the months of May or June at such hour and on such date as the president may designate. If the president should fail to designate such date by the first day of May, then the annual meeting will be held on the last Tuesday in June. The annual meetings shall be for the purpose of electing directors and for the transaction of such other business as may properly come before the meeting.

5. **Special Meeting.** Special meetings of the Association may be called by the president or secretary or by a majority of the Board of Directors, and must be called by such officers upon receipt of a written request from at least thirty percent (30%) of the HOA Members stating the purpose of the meeting. Business transacted at a special meeting shall be confined to the purposes stated in the notice.
6. Notice of Meetings. Notice of all meetings of the Association stating the time and place and the objects for which the meeting is being called shall be given by the president or secretary. Such notice shall be in writing and mailed to each Member at his address as it appears on the books of the association and to any first mortgagee requesting such notice not less than fifteen (15) days nor more than fifty (50) days prior to the date of the meeting. Proof of such mailing shall be given by the affidavit of the person giving the notice. Notice of meetings can also be delivered personally or by email with acknowledgement of receipt. When a meeting is adjourned for less than 30 days, no notice of the adjourned meeting need be given other than by announcement at the meeting at which such adjournment takes place.

7. Proxies. A vote may be cast in person or by proxy. A proxy given by a Member to any person who represents such Member at meetings of the Association shall be in writing and signed by such Member, and shall be filed with the secretary. No proxy shall be valid after the meeting for which it was solicited, unless otherwise expressly stated in the proxy, and every proxy shall automatically cease upon sale of the Lot by its Owner. A Member may pledge or assign his voting rights to a mortgagee. In such a case, the mortgagee or its designated representative shall be entitled to receive all notices to which the Member is entitled hereunder and to exercise the Member's voting rights from and after the time that the mortgagee shall give written notice of such pledge or assignment to the Board of Directors. Any first mortgagee may designate a representative to attend all or any meetings of the Association.

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

9. Quorum of Members. Except as specifically provided to the contrary in the Declaration, at any meeting of the Association fifty percent (50%) or more of the Members, present in person or by proxy, shall constitute a quorum. The subsequent joinder of a Member in the action taken at a meeting by signing and concurring in the minutes thereof shall constitute the presence of such person for the purpose of determining a quorum. When a quorum is once present to organize a meeting, it cannot be broken by the subsequent withdrawal of a Member. If any meeting of Members cannot be organized because of a lack of a quorum, the Members who are present, either in person or by proxy, may adjourn the meeting from time to time until a quorum is present.

10. Majority Vote. Except as otherwise specifically provided to the contrary in the Declaration, the vote of more than fifty percent (50%) of the Members, present in person or by proxy, at a meeting at which a quorum is constituted shall be binding upon all Members for all purposes except where a higher percentage vote is required by law, by the Declaration or by these Bylaws.

11. Order of Business. The order of business at annual meetings of the Association shall be:
   (a) Calling of the roll and certifying of proxies;
   (b) Proof of notice of meeting or waiver of notice;
   (c) Reading of minutes of preceding meeting
(d) Reports of officers;
(e) Reports of committees, if any;
(f) Election of directors;
(g) Unfinished business,
(h) New business: and
(i) Adjournment.

12. Conduct of Meetings. Except as otherwise provided herein, meetings shall be conducted in accordance with latest edition of Roberts Rules of Order.

ARTICLE III
BOARD OF DIRECTORS

1. Number Election and Tenure. In order to be in compliance with Article I section 7 of this document, there will be only one person from any one Lot serving as a member of the Board of Directors at any given time. At the turnover meeting as stated in Section 3 of Article II, the Members of the corporation shall elect three replacement members to the Board of Directors. These members will serve until the first annual HOA meeting. Thereafter, there will be a total of five (5) members of the Board of Directors. All terms for members of the Board of Directors will be three (3) years. The tenure of the Board members shall be staggered to ensure continuity on the Board. Directors shall serve during their respective terms and until their respective successors have been elected and qualified. Any vacancy in the Board of Directors as a result of a vacancy among the Members elected by the membership shall be filled by appointment of the remaining directors. During the existence of any vacancy, the remaining directors shall possess and may exercise all powers vested in the Board. Good standing requirement is a prerequisite for nomination and election to the board. Good standing is defined as a member who is current in the payment of assessments. The rationale is; if a member is not current in the payment of assessments, he/she should not be entitled to serve in an elective position with authority to manage and expend funds derived from the assessments contributed by other members.

2. Removal of Directors. At any regular or special meeting of the Association duly called, any one or more of the directors may be removed with or without cause by a majority vote of the Members present in person or by proxy, and a successor shall be elected at that meeting to fill the vacancy thus created. The notice of any such meeting shall state that such removal is to be considered, and any director whose removal has been proposed shall be given an opportunity to be heard at the meeting.

3. Powers and Duties. The Board of Directors shall have all of the powers and duties necessary for the administration of the affairs of the Association, except such powers and duties as by law or by the Declaration or by these Bylaws may not be delegated to the Board of Directors by the Members. The powers and duties to be exercised by the Board of Directors shall include, but shall not be limited to the following:
(a) Operation, care, upkeep, maintenance and repair of Common Improvements in accordance with law, these Bylaws and the CCRs.

(b) Assessment and collection of assessments as provided in the Declaration and the making of related expenditures set forth in the CCRs.

(c) Employment and dismissal of such personnel as necessary for the efficient maintenance, upkeep and repair of the Common Improvements.

(d) Employment of legal, accounting or other personnel for reasonable compensation to perform such services as may be required for the proper administration of the Association.

(e) Opening of bank accounts on behalf of the Association and designating the signatories required therefor.

(f) Obtaining insurance or bonds pursuant to the provisions of these Bylaws, the CCRs or law.

(g) Adoption in accordance with these Bylaws of reasonable administrative rules and regulations for use of the Common Improvements.

(h) Enforcement by legal means of the provisions of applicable law, the CCRs, these Bylaws and any rules and regulations adopted hereunder.

4. Managing Agent or Manager. On behalf of the Association, the Board of Directors may employ or contract for a managing agent or a manager at a compensation to be established by the Board of Directors. The Board of Directors may delegate to the managing agent or manager such duties and powers as the Board of Directors may authorize. In the absence of such appointment, the Board of Directors shall act as manager.

5. Organizational Meeting. Within fourteen (14) days following the annual meeting of the Association or following any meeting at which an election of directors has been held, the Board of Directors shall hold an organizational meeting at such place and time as shall have been fixed by the directors at the meeting at which the election was held.

6. Regular and Special Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the directors. Special meetings of the Board of Directors may be called by the president and must be called by the secretary at the written request of at least two directors. Notice of any special meeting other than an emergency meeting, for which notice need not be given, shall be given to each director, personally or by mail, telephone or email (with acknowledgement of receipt) at least seven (7) days prior to the day named for such meeting. The notice shall in all cases state the time, place and purpose of such meeting. All meetings of the Board of Directors shall be open to Members.

7. Waiver of Notice. Any director may, at any time, waive notice of any meeting of the board of directors in writing, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director at any meeting of the Board shall constitute a waiver by him of notice of the time and place thereof except where a director attends the meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. If all of the directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.
8. **Quorum of Board of Director.** At all meetings of the board of Directors, a majority of the directors shall constitute a quorum for the transaction of business, and the votes of a majority of the directors present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors. If at any meeting of the Board of Directors less than a quorum should be present, a majority of those present may adjourn the meeting from time to time. At any such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

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

10. **Liability and Indemnification of Directors, Officers, Manager or Managing Agent.** The directors and officers shall not be liable to the Association or the Members for any mistake of judgment, negligence, or otherwise except for their own willful misconduct or bad faith. The Association shall indemnify and hold harmless each director and officer and the manager or managing agent, if any, against all contractual liability to others arising out of contract made by the Board of Directors, officers, manager or managing agent on behalf of the Association unless any such contract shall have been made in bad faith or contrary to the provisions of the Declaration or of these Bylaws. Each director and officer and the manager or managing agent, if any shall be indemnified by the Association against all expenses and liabilities, including attorneys' fees, reasonably incurred or imposed upon them in connection with any proceeding to which they may be a party, or in which they may become involved, by reason of being or having been a director, officer, manager or managing agent and shall be indemnified upon any reasonable settlement thereof, provided, however, there shall be no indemnity if the director, officer manager or managing agent is adjudged guilty of willful nonfeasance, misfeasance or malfeasance, in the performance of his duties.

11. **Fidelity Bonds.** The board of Directors shall require that any person, entity, including, but not limited to, employees of any professional manager, who handles or is responsible for Association funds shall furnish such fidelity bond as the Board deems adequate. The premiums on such bonds shall be paid by the Association.

12. **Insurance.** The Association shall at all times cause to be in force:

(a) Broad form fire and extended insurance coverage for all insurable improvements in the Property owned by the Association to the full replacement value thereof if the insurance is available at reasonable cost; and

(b) Liability insurance with single combined limits of not less than $1,000,000 per occurrence, with the Association and its Members named as joint insureds.

Premiums for insurance obtained under these subsections (a) and (b) shall be a common expense of the Association. The policy may contain a reasonable deductible and the amount thereof shall be added to the face amount of the policy in determining whether the insurance equals at least the full replacement cost.

The insurance described in these subsections (a) and (b) shall, if reasonably possible, provide: for a waiver of subrogation by the insurer as to any claims against the Board of Directors of the Association and any Owner or any guest of an owner: for a waiver by the insurer of its right to repair and
reconstruct instead of paying cash: that no policy may be canceled, invalidated or suspended because of any action of a Member; that no policy may be canceled, invalidated or suspended because of the conduct of any director, officer or employee of the Association unless the insurer gives the Association a prior written demand that the Association correct the defect and allows that any "other insurance" clause in any policy shall exclude from its coverage all Members' policies.

(c) Each Member shall keep liability insurance in appropriate amounts and shall keep the buildings on his Lot insured against loss or damage by fire and such other hazards as are customary for the full value thereof. There is not any insurance a Member is prohibited by these Bylaws from obtaining. The insurance coverage afforded by the Board of Directors may not be brought into contribution with contribution with insurance bought by members or their mortgagees.

**ARTICLE IV**

**OFFICERS**

1. **Election of Officers.** The officers of the corporation shall be elected by the Board of Directors at its first meeting and thereafter at each regular annual meeting. All officers except the Secretary shall be members of the Board of Directors, and the Secretary may be a Director. In the event of the failure to hold any annual meeting as herein provided, officers may be elected at any time thereafter at a special meeting of the Board of Directors called for that purpose. Each officer shall hold office for the term of one year and until his successor shall be elected and qualified. Each officer and agent shall be subject to removal at any time by a vote of the majority of the entire Board of Directors whenever in the judgment of the Board of Directors the best interest of the corporation will be served by such removal.

2. **Vacancies.** A vacancy in any office shall be filled by the Board of Directors at any regular meeting or a special meeting called for that purpose.

3. **Employees and Agents.** The Board of Directors shall be empowered to employ such employees and agents and to execute such contracts as it may deem necessary to properly carry out its objects and purposes as stated in the Articles of Incorporation in these Bylaws and in the Declaration.

4. **President.** The President shall be the chief executive officer and have general and active charge of the management of the corporation, subject to control by the Board of Directors. The President shall have power to appoint and discharge agents and employees, subject to the approval of the Board of Directors.

5. **Vice-President.** The Vice-President shall, in the absence or disability of the President, exercise the powers and perform the duties of the President. The Vice-President shall also exercise such other duties as shall be prescribed by the Board of Directors.
6. **Secretary.** The Secretary shall give such notice of meetings to the Board of Directors as required by these Bylaws and shall keep a record of the proceedings of all such meetings. The Secretary shall have custody of all books and records and papers of the corporation except those which are in the care of the Treasurer or some other person designated to have custody and possession thereof by resolution of the Board of Directors. The Secretary is authorized to sign with the President or Vice President in the name of the corporation all official documents, papers, deeds and contracts including those in any way affecting the property or interests of the corporation and shall affix the seal of the corporation thereto. The Secretary shall submit such reports to the Board as may be requested by it from time to time. An assistant secretary may, if authorized by the Board of Directors, perform the duties of the Secretary in event of the absence or inability of the Secretary.

7. **Treasurer.** The Treasurer shall account for all of the monies of the corporation received and disbursed, and shall deposit all the monies in the names of and to the credit of the corporation in such banks and depositories as the Board of Directors shall designate, subject to withdrawal in the manner determined by the Board of Directors, and shall safely keep all valuables of the corporation. The Treasurer shall from time to time make such reports to the officers and Board of Directors as may be required, and shall perform such other duties as the Board of Directors from time to time shall delegate to him. An assistant treasurer may, if authorized by the Board of Directors, perform the duties of the Treasurer in the event of the absence or inability of the Treasurer.

8. **Removal of Officers.** Upon the affirmative vote of a majority of the Directors, any officer may be removed either with or without cause, and his successor may be elected at any regular meeting of the Board of Directors, or at an special meeting of the Board of Directors called for such purpose.

9. **Execution of Instruments.** All agreements, contracts, deeds, leases and other instruments of the Association, except checks, shall be executed by such person or persons as may be designated by general or special resolution of the Board of Directors and, in the absence of any general or special resolution applicable to any such instrument, then such instrument shall be signed by the President. All checks shall be signed by the Treasurer, or in his absence or disability, by the President or any duly elected assistant treasurer.

10. **Compensation of Officers.** No officer who is a member of the Board of Directors shall receive any compensation from the Association for acting as an officer. Unless such compensation is authorized by a resolution duly adopted by the Members, an officer shall not in any case receive compensation for acting as a Director. The Board of directors may fix any compensation to be paid to any officers who are not also Directors.

**ARTICLE V**

**BUDGET, EXPENSES AND ASSESSMENTS,**

1. The Board of Directors annually shall adopt a budget as provided in this section. Within 30 days after adopting a proposed annual budget, the Board of directors shall provide a summary of the budget to all Members. If the Board of Directors is petitioned by Members representing 20 percent of the votes of the Members, the Board shall call a meeting of the Members to consider rejection of the budget. The date of the meeting shall be not less than 14 or more than 30 days after the summary is

Red Hills Estates Home Owners' Association Bylaws Page 8 of 12
provided to the Members. At the meeting, whether or not a quorum is present, the budget shall be adopted unless a majority of the votes of the Members rejects the budget. If the proposed annual budget is rejected, the last annual budget shall continue in effect until the Members approve a subsequent budget.

2. Expenses and assessments shall be charged, assessed and collected in accordance with the CCRs.

3. If any additional Lot is to be created or annexed pursuant to the CCRs during any fiscal year, total common expenses for that fiscal year shall be reapportioned and reallocated according to a formula that will cause such additional Lot to bear its equal share thereof in proportion, however, to the number of days during such fiscal year after such additional Lot was so created or annexed and will relieve all other Residential Lots in equal amount.

ARTICLE VI
RECORDS AND AUDITS

1. General Records. The Board of Directors and the managing agent or manager, if any, shall keep detailed records of the actions of the Board of Directors and the managing agent or manager, minutes of the meetings of the Board of Directors and minutes of the meetings of the Association. The Board of Directors shall maintain a list of Members entitled to vote at meetings of the Association and a list of all mortgagees of Lots.

2. Records of Receipts and Expenditures. The Board of Directors or its designee shall keep detailed, accurate records, in chronological order, of the receipts and expenditures affecting the Common Improvements, itemizing the maintenance and repair expenses of the Common Improvements and any other expenses incurred. Such records and the vouchers authorizing the payments shall be available for examination by the Members and their mortgagees at convenient hours of weekdays.

3. Assessment Roll. An assessment roll for assessments to Members shall be maintained 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 dates and amounts on which the assessment comes due, the amounts paid upon the account and the balance due on the assessments.

4. Payment of Vouchers. The Treasurer shall pay all vouchers up to $1,000 signed by the President, managing agent, manager or other person authorized by the Board of Directors. Any voucher in excess of $1,000 shall require the signature of the President.

5. Reports and Audits. An annual report of the receipts and expenditures of the Association shall be rendered by the Board of Directors to all Members and to all mortgagees of Lots who have requested the same within 90 days after the end of the fiscal year. From time to time the Board of Directors, at the expense of the Association, may obtain an audit of the books and records pertaining to the Association and furnish copies thereof to the owners and such mortgagees. At any time any Member or mortgagee may, at his own expense, cause an audit or inspection to be made of the books and records of the Association.
6. **Notice of Sale.** Mortgage, Rental or Lease. Immediately upon the sale, mortgage, rental or lease of any Lot the Member shall promptly inform the secretary or manager of the name and address of said vendee, mortgagee, lessee or tenant.

**ARTICLE VII**

**AMENDMENTS TO BYLAWS**

1. **How Proposed.** Amendments to the Bylaws shall be proposed by either a majority of the Board of Directors or by thirty percent (30%) of the Members. The proposed amendment must be presented in writing and shall be included in the notice of any meeting at which action is to be taken thereon.

2. **Adoption.** A resolution adopting a proposed amendment may be proposed by either the Board of Directors or by the Members and may be approved by the directors at a meeting called for this purpose. Members not present at the meeting considering such amendment may express their approval in writing or by proxy. Any resolution must be approved by seventy-five percent (75%) of the Members.

3. **Execution and Recording.** An amendment shall not be effective until certified by the President and Secretary of the Association.

**ARTICLE VIII**

**MISCELLANEOUS**

1. **Notices.** All notices to the Association or to the Board of Directors shall be sent care of the managing agent, or if there is no managing agent, to the principal office of the Association or to such other address as the Board of Directors may hereafter designate from time to time. All notices to any members shall be sent to such address as may have been designated by him from time to time, in writing, to the Board of Directors, or if no address has been designated by him, then to the Member's lot.

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 which may occur.

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. As used herein, the singular shall include the plural, and the plural the singular, the masculine and neuter, as the context requires. Defined terms used herein and in the Declaration shall have the meaning given therein whether or not they or any of them are spelled in the lower or upper case. All captions used herein are intended solely for convenience of reference and shall in no way limit any of the provisions of these Bylaws.
4. **Action Without a Meeting.** Any action which the law, the Declaration or the Bylaws require or permit the Members or Directors to take at a meeting may be taken without a meeting if consent in writing setting forth the action so taken is signed by all of the members or directors, shall be filed in the records of minutes of the Association.

5. **Use of Written Ballot.** The use of a written ballot for approving or rejecting matters subject to meeting of association members; procedures.

   (a) Unless prohibited or limited by the declaration or bylaws, any action that may be taken at any annual, regular or special meeting of the homeowners association may be taken without a meeting if the association delivers a written ballot to every association member that is entitled to vote on the matter.

   (b) A written ballot shall set forth each proposed action and provide an opportunity to vote for or against each proposed action. The board of directors must provide owners with at least 10 days’ notice before written ballots are scheduled to be mailed or otherwise delivered. If, at least three days before written ballots are scheduled to be mailed or otherwise distributed, at least 10 percent of the owners petition the board of directors requesting secrecy procedures, a written ballot must be accompanied by a secrecy envelope, a return identification envelope to be signed by the owner and instructions for marking and returning the ballot. Notwithstanding the applicable provisions of subsection (c) or (d) of this section written ballots that are returned in secrecy envelopes may not be examined or counted before the deadline for returning ballots has passed.

   (c) Matters that may be voted on by written ballot shall be deemed approved or rejected as follows:

   1. If approval of a proposed action otherwise would require a meeting at which a certain quorum must be present and at which a certain percentage of total votes cast is required to authorize the action, the proposal shall be deemed to be approved when the date for the return of ballots has passed, a quorum of owners has voted and the required percentage of approving votes has been received. Otherwise, the proposal shall be deemed to be rejected; or

   2. If approval of a proposed action otherwise would require a meeting at which a specified percentage of owners must authorize the action, the proposal shall be deemed to be approved when the percentage of total votes cast in favor of the proposal equals or exceeds such required percentage. The proposal shall be deemed to be rejected when the number of votes cast in opposition renders approval impossible or when both the date for return of ballots has passed and such required percentage has not been met.

   (d) All solicitations for votes by written ballot shall state the following:

   1. If approval of a proposal by written ballot requires that the total number of votes cast equal or exceed a certain quorum requirement, the number of responses needed to met such quorum requirement; and

   2. If approval of a proposal by written ballot requires that a certain percentage of total votes cast approve the proposal, the required percentage of total votes needed for approval.
(e) All solicitations for votes by written ballot shall specify the period during which the association shall accept written ballots for counting, which period shall end, in all cases, the date certain on which all ballots must be returned to be counted.

(f) Except as otherwise provided in the declaration or bylaws, a written ballot may not be revoked.

6. Conflicts. These Bylaws are intended to comply with Oregon law, and the Declaration. In case of any irreconcilable conflict, such statute and document shall control over these Bylaws or any rules and regulations adopted hereunder.

We certify that these Bylaws were approved by the homeowners of Red Hills Estates on August 15, 2007.

Red Hills Homeowners Association

[Signature]
President

[Signature]
Secretary

STATE OF OREGON
COUNTY OF YAMHILL

Personally appeared before me on the 25th day of September, 2007, the above-named Michael B. Price who did say he was the President of Red Hills Estates Homeowners Association and Becky Crone who did say that she is the Secretary of the of Red Hills Estates Homeowners Association and that this instrument was signed in behalf of said Association by authority of its Homeowners Association agreement and acknowledged that he executed the foregoing as its voluntary act and deed.

Rhonda Coen
NOTARY PUBLIC for Oregon,
My Commission expires: 10.31.2010
BYLAWS OF RED HILLS ESTATES HOMEOWNERS' ASSOCIATION

a Non-Profit Oregon Corporation

ARTICLE I
PLAN OF OWNERSHIP

1. Name and Location. These are the Bylaws of Red Hills Estates Homeowners' Association, a non-profit Oregon corporation ("Association"). The Red Hills Estates subdivision ("Development") is located in Yamhill County, Oregon.

2. Definitions. All capitalized terms, if not defined herein, shall have the meaning provided in the Condition, Covenants and Restrictions for Red Hills Estates ("Declaration"), recorded December 8, 1997 as instrument number 199720364, Deed Records of Yamhill County, Oregon.

3. Mailing address. The mailing address for the Red Hills Homeowners Association will be:
   PO Box 534  Dundee, OR 97115.

4. Purposes. This Association is formed to serve as the means through which the members may take action with regard to administration, management and operation of the Development.

5. Applicability of Bylaws. The Association, all Members and all persons using the Properties shall be subject to these Bylaws and to all rules and regulations which may be promulgated hereunder.

6. Membership. Every person or entity who is a record owner of a fee or undivided fee interest in any Lot shall be a proprietary member of the Association. The foregoing is not intended to include persons or entities that hold an interest merely as security for the performance of an obligation. Membership may not be separated from ownership of any Lot which is subject to assessment by the Association. Ownership of such Lot shall be the sole qualification for membership.
Each lessee, renter or other occupant of a Lot not eligible for proprietary membership, but who satisfies the conditions of these Bylaws and of the Declaration shall be an associate member. Such status shall continue in effect during such period as the associate member shall be an authorized non-proprietary tenant of a Lot. Associate membership shall carry all of the rights and privileges and shall be subject to all obligations and responsibilities of proprietary membership, except the right to vote. Associate membership alone shall not be deemed to constitute ownership of a Lot for purposes of liability for assessments. At any time an associate member shall cease to be a resident of the Properties, or shall become a proprietary member, his rights and privileges as an associate member shall thereupon terminate.

7. Voting Rights. The Association shall have one class of members which shall be entitled to one (1) vote for each Lot in which they hold the interest required for membership by Article III. When a Lot is owned by two or more persons jointly, according to the records of the Association: a) except as provided in this paragraph, the vote or proxy of the Lot may be exercised by a co-owner in the absence of protest by another co-owner. If the co-owners cannot agree upon the vote, the vote of the Lot shall be disregarded completely in determining the proportion of votes given with respect to such matter; b) a valid court order may establish the right of a co-owners' authority to vote.

ARTICLE II
MEETINGS

1. Place of Meetings. The Association shall hold meetings at such suitable place convenient to the Members as may be designated by the Board of Directors.

2. First Organizational Meeting. Within 120 days after Declarant has turned over control of the Association to the Members, there shall be held the initial meeting of the Association. Notice thereof shall be given to each Member as provided in these Bylaws.

3. Turnover Meeting. Upon Declarant transferring 100% of the Lots, Declarant will call a meeting of the Association for the purpose of turning over management of the Association to the homeowners. At such meeting the developer will turn over all books and records of the Association and the Owners will elect a Board of Directors as provided in section 1 of Article III.

4. Annual Meetings. The annual meetings of the Association shall be held in the months of February or March at such hour and on such date as the president may designate. If the president should fail to designate such date by the first day of February, then the annual meeting will be held on the last Tuesday in March. The annual meetings shall be for the purpose of electing directors and for the transaction of such other business as may properly come before the meeting.

5. Special Meeting. Special meetings of the Association may be called by the president or secretary or by a majority of the Board of Directors, and must be called by such officers upon receipt of a written request from at least thirty percent (30%) of the HOA Members stating the purpose of the meeting. Business transacted at a special meeting shall be confined to the purposes stated in the notice.
6. **Notice of Meetings.** Notice of all meetings of the Association stating the time and place and the objects for which the meeting is being called shall be given by the president or secretary. Such notice shall be in writing and mailed to each Member at his address as it appears on the books of the association and to any first mortgagee requesting such notice not less than fifteen (15) days nor more than fifty (50) days prior to the date of the meeting. Proof of such mailing shall be given by the affidavit of the person giving the notice. Notice of meetings can also be delivered personally or by email with acknowledgement of receipt. When a meeting is adjourned for less than 30 days, no notice of the adjourned meeting need be given other than by announcement at the meeting at which such adjournment takes place.

7. **Proxies.** A vote may be cast in person or by proxy. A proxy given by a Member to any person who represents such Member at meetings of the Association shall be in writing and signed by such Member, and shall be filed with the secretary. No proxy shall be valid after the meeting for which it was solicited, unless otherwise expressly stated in the proxy, and every proxy shall automatically cease upon sale of the Lot by its Owner. A Member may pledge or assign his voting rights to a mortgagee. In such a case, the mortgagee or its designated representative shall be entitled to receive all notices to which the Member is entitled hereunder and to exercise the Member’s voting rights from and after the time that the mortgagee shall give written notice of such pledge or assignment to the Board of Directors. Any first mortgagee may designate a representative to attend all or any meetings of the Association.

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

9. **Quorum of Members.** Except as specifically provided to the contrary in the Declaration, at any meeting of the Association fifty percent (50%) or more of the Members, present in person or by proxy, shall constitute a quorum. The subsequent joinder of a Member in the action taken at a meeting by signing and concurring in the minutes thereof shall constitute the presence of such person for the purpose of determining a quorum. When a quorum is once present to organize a meeting, it cannot be broken by the subsequent withdrawal of a Member. If any meeting of Members cannot be organized because of a lack of a quorum, the Members who are present, either in person or by proxy, may adjourn the meeting from time to time until a quorum is present.

10. **Majority Vote.** Except as otherwise specifically provided to the contrary in the Declaration, the vote of more than fifty percent (50%) of the Members, present in person or by proxy, at a meeting at which a quorum is constituted shall be binding upon all Members for all purposes except where a higher percentage vote is required by law, by the Declaration or by these Bylaws.

11. **Order of Business.** The order of business at annual meetings of the Association shall be:

   (a) Calling of the roll and certifying of proxies;

   (b) Proof of notice of meeting or waiver of notice;

   (c) Reading of minutes of preceding meeting
(d) Reports of officers;
(e) Reports of committees, if any;
(f) Election of directors;
(g) Unfinished business,
(h) New business: and
(i) Adjournment.

12. Conduct of Meetings. Except as otherwise provided herein, meetings shall be conducted in accordance with latest edition of Roberts Rules of Order.

ARTICLE III
BOARD OF DIRECTORS

1. Number Election and Tenure. In order to be in compliance with Article I section 7 of this document, there will be only one person from any one Lot serving as a member of the Board of Directors at any given time. At the turnover meeting as stated in Section 3 of Article II, the Members of the corporation shall elect three replacement members to the Board of Directors. These members will serve until the first annual HOA meeting. Thereafter, there will be a total of five (5) members of the Board of Directors. All terms for members of the Board of Directors will be three (3) years. The tenure of the Board members shall be staggered to ensure continuity on the Board. Directors shall serve during their respective terms and until their respective successors have been elected and qualified. Any vacancy in the Board of Directors as a result of a vacancy among the Members elected by the membership shall be filled by appointment of the remaining directors. During the existence of any vacancy, the remaining directors shall possess and may exercise all powers vested in the Board. Good standing requirement is a prerequisite for nomination and election to the board. Good standing is defined as a member who is current in the payment of assessments. The rationale is; if a member is not current in the payment of assessments, he/she should not be entitled to serve in an elective position with authority to manage and expend funds derived from the assessments contributed by other members.

2. Removal of Directors. At any regular or special meeting of the Association duly called, any one or more of the directors may be removed with or without cause by a majority vote of the Members present in person or by proxy, and a successor shall be elected at that meeting to fill the vacancy thus created. The notice of any such meeting shall state that such removal is to be considered, and any director whose removal has been proposed shall be given an opportunity to be heard at the meeting.

3. Powers and Duties. The Board of Directors shall have all of the powers and duties necessary for the administration of the affairs of the Association, except such powers and duties as by law or by the Declaration or by these Bylaws may not be delegated to the Board of Directors by the Members. The powers and duties to be exercised by the Board of Directors shall include, but shall not be limited to the following:

Red Hills Estates Home Owners' Association Bylaws
(a) Operation, care, upkeep, maintenance and repair of Common Improvements in accordance with law, these Bylaws and the CCRs.

(b) Assessment and collection of assessments as provided in the Declaration and the making of related expenditures set forth in the CCRs.

(c) Employment and dismissal of such personnel as necessary for the efficient maintenance, upkeep and repair of the Common Improvements.

(d) Employment of legal, accounting or other personnel for reasonable compensation to perform such services as may be required for the proper administration of the Association.

(e) Opening of bank accounts on behalf of the Association and designating the signatories required therefor.

(f) Obtaining insurance or bonds pursuant to the provisions of these Bylaws, the CCRs or law.

(g) Adoption in accordance with these Bylaws of reasonable administrative rules and regulations for use of the Common Improvements.

(h) Enforcement by legal means of the provisions of applicable law, the CCRs, these Bylaws and any rules and regulations adopted hereunder.

4. **Managing Agent or Manager.** On behalf of the Association, the Board of Directors may employ or contract for a managing agent or a manager at a compensation to be established by the Board of Directors. The Board of Directors may delegate to the managing agent or manager such duties and powers as the Board of Directors may authorize. In the absence of such appointment, the Board of Directors shall act as manager.

5. **Organizational Meeting.** Within fourteen (14) days following the annual meeting of the Association or following any meeting at which an election of directors has been held, the Board of Directors shall hold an organizational meeting at such place and time as shall have been fixed by the directors at the meeting at which the election was held.

6. **Regular and Special Meetings.** Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the directors. Special meetings of the Board of Directors may be called by the president and must be called by the secretary at the written request of at least two directors. Notice of any special meeting other than an emergency meeting, for which notice need not be given, shall be given to each director, personally or by mail, telephone or email (with acknowledgement of receipt) at least seven (7) days prior to the day named for such meeting. The notice shall in all cases state the time, place and purpose of such meeting. All meetings of the Board of Directors shall be open to Members.

7. **Waiver of Notice.** Any director may, at any time, waive notice of any meeting of the board of directors in writing, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director at any meeting of the Board shall constitute a waiver by him of notice of the time and place thereof except where a director attends the meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. If all of the directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.
8. **Quorum of Board of Director.** At all meetings of the board of Directors, a majority of the directors shall constitute a quorum for the transaction of business, and the votes of a majority of the directors present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors. If at any meeting of the Board of Directors less than a quorum should be present, a majority of those present may adjourn the meeting from time to time. At any such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

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

10. **Liability and Indemnification of Directors, Officers, Manager or Managing Agent.** The directors and officers shall not be liable to the Association or the Members for any mistake of judgment, negligence, or otherwise except for their own willful misconduct or bad faith. The Association shall indemnify and hold harmless each director and officer and the manager or managing agent, if any, against all contractual liability to others arising out of contract made by the Board of Directors, officers, manager or managing agent on behalf of the Association unless any such contract shall have been made in bad faith or contrary to the provisions of the Declaration or of these Bylaws. Each director and officer and the manager or managing agent, if any shall be indemnified by the Association against all expenses and liabilities, including attorneys' fees, reasonably incurred or imposed upon them in connection with any proceeding to which they may be a party, or in which they may become involved, by reason of being or having been a director, officer, manager or managing agent and shall be indemnified upon any reasonable settlement thereof, provided, however, there shall be no indemnity if the director, officer manager or managing agent is adjudged guilty of willful nonfeasance, misfeasance or malfeasance, in the performance of his duties.

11. **Fidelity Bonds.** The board of Directors shall require that any person, entity, including, but not limited to, employees of any professional manager, who handles or is responsible for Association funds shall furnish such fidelity bond as the Board deems adequate. The premiums on such bonds shall be paid by the Association.

12. **Insurance.** The Association shall at all times cause to be in force:

   (a) Broad form fire and extended insurance coverage for all insurable improvements in the Property owned by the Association to the full replacement value thereof if the insurance is available at reasonable cost; and

   (b) Liability insurance with single combined limits of not less than $1,000,000 per occurrence, with the Association and its Members named as joint insureds.

Premiums for insurance obtained under these subsections (a) and (b) shall be a common expense of the Association. The policy may contain a reasonable deductible and the amount thereof shall be added to the face amount of the policy in determining whether the insurance equals at least the full replacement cost.

The insurance described in these subsections (a) and (b) shall, if reasonably possible, provide: for a waiver of subrogation by the insurer as to any claims against the Board of Directors of the Association and any Owner or any guest of an owner; for a waiver by the insurer of its right to repair and
reconstruct instead of paying cash: that no policy may be canceled, invalidated or suspended because of any action of a Member; that no policy may be canceled, invalidated or suspended because of the conduct of any director, officer or employee of the Association unless the insurer gives the Association a prior written demand that the Association correct the defect and allows that any "other insurance" clause in any policy shall exclude from its coverage all Members' policies.

(c) Each Member shall keep liability insurance in appropriate amounts and shall keep the buildings on his Lot insured against loss or damage by fire and such other hazards as are customary for the full value thereof. There is not any insurance a Member is prohibited by these Bylaws from obtaining. The insurance coverage afforded by the Board of Directors may not be brought into contribution with contribution with insurance bought by members or their mortgagees.

**ARTICLE IV**

**OFFICERS**

1. **Election of Officers.** The officers of the corporation shall be elected by the Board of Directors at its first meeting and thereafter at each regular annual meeting. All officers except the Secretary shall be members of the Board of Directors, and the Secretary may be a Director. In the event of the failure to hold any annual meeting as herein provided, officers may be elected at any time thereafter at a special meeting of the Board of Directors called for that purpose. Each officer shall hold office for the term of one year and until his successor shall be elected and qualified. Each officer and agent shall be subject to removal at any time by a vote of the majority of the entire Board of Directors whenever in the judgment of the Board of Directors the best interest of the corporation will be served by such removal.

2. **Vacancies.** A vacancy in any office shall be filled by the Board of Directors at any regular meeting or a special meeting called for that purpose.

3. **Employees and Agents.** The Board of Directors shall be empowered to employ such employees and agents and to execute such contracts as it may deem necessary to properly carry out its objects and purposes as stated in the Articles of Incorporation in these Bylaws and in the Declaration.

4. **President.** The President shall be the chief executive officer and have general and active charge of the management of the corporation, subject to control by the Board of Directors. The President shall have power to appoint and discharge agents and employees, subject to the approval of the Board of Directors.

5. **Vice-President.** The Vice-President shall, in the absence or disability of the President, exercise the powers and perform the duties of the President. The Vice-President shall also exercise such other duties as shall be prescribed by the Board of Directors.
6. Secretary. The Secretary shall give such notice of meetings to the Board of Directors as required by these Bylaws and shall keep a record of the proceedings of all such meetings. The Secretary shall have custody of all books and records and papers of the corporation except those which are in the care of the Treasurer or some other person designated to have custody and possession thereof by resolution of the Board of Directors. The Secretary is authorized to sign with the President or Vice President in the name of the corporation all official documents, papers, deeds and contracts including those in any way affecting the property or interests of the corporation and shall affix the seal of the corporation thereto. The Secretary shall submit such reports to the Board as may be requested by it from time to time. An assistant secretary may, if authorized by the Board of Directors, perform the duties of the Secretary in event of the absence or inability of the Secretary.

7. Treasurer. The Treasurer shall account for all of the monies of the corporation received and disbursed, and shall deposit all the monies in the name of and to the credit of the corporation in such banks and depositories as the Board of Directors shall designate, subject to withdrawal in the manner determined by the Board of Directors, and shall safely keep all valuables of the corporation. The Treasurer shall from time to time make such reports to the officers and Board of Directors as may be required, and shall perform such other duties as the Board of Directors from time to time shall delegate to him. An assistant treasurer may, if authorized by the Board of Directors, perform the duties of the Treasurer in the event of the absence or inability of the Treasurer.

8. Removal of Officers. Upon the affirmative vote of a majority of the Directors, any officer may be removed either with or without cause, and his successor may be elected at any regular meeting of the Board of Directors, or at a special meeting of the Board of Directors called for such purpose.

9. Execution of Instruments. All agreements, contracts, deeds, leases and other instruments of the Association, except checks, shall be executed by such person or persons as may be designated by general or special resolution of the Board of Directors and, in the absence of any general or special resolution applicable to any such instrument, then such instrument shall be signed by the President. All checks shall be signed by the Treasurer, or in his absence or disability, by the President or any duly elected assistant treasurer.

10. Compensation of Officers. No officer who is a member of the Board of Directors shall receive any compensation from the Association for acting as an officer. Unless such compensation is authorized by a resolution duly adopted by the Members, an officer shall not in any case receive compensation for acting as a Director. The Board of directors may fix any compensation to be paid to any officers who are not also Directors.

ARTICLE V
BUDGET, EXPENSES AND ASSESSMENTS,

1. The Board of Directors annually shall adopt a budget as provided in this section. Within 30 days after adopting a proposed annual budget, the Board of directors shall provide a summary of the budget to all Members. If the Board of Directors is petitioned by Members representing 20 percent of the votes of the Members, the Board shall call a meeting of the Members to consider rejection of the budget. The date of the meeting shall be not less than 14 or more than 30 days after the summary is
provided to the Members. At the meeting, whether or not a quorum is present, the budget shall be adopted unless a majority of the votes of the Members rejects the budget. If the proposed annual budget is rejected, the last annual budget shall continue in effect until the Members approve a subsequent budget.

2. Expenses and assessments shall be charged, assessed and collected in accordance with the CCRs.

3. If any additional Lot is to be created or annexed pursuant to the CCRs during any fiscal year, total common expenses for that fiscal year shall be reapportioned and reallocated according to a formula that will cause such additional Lot to bear its equal share thereof in proportion, however, to the number of days during such fiscal year after such additional Lot was so created or annexed and will relieve all other Residential Lots in equal amount.

ARTICLE VI
RECORDS AND AUDITS

1. General Records. The Board of Directors and the managing agent or manager, if any, shall keep detailed records of the actions of the Board of Directors and the managing agent or manager, minutes of the meetings of the Board of Directors and minutes of the meetings of the Association. The Board of Directors shall maintain a list of Members entitled to vote at meetings of the Association and a list of all mortgagees of Lots.

2. Records of Receipts and Expenditures. The Board of Directors or its designee shall keep detailed, accurate records, in chronological order, of the receipts and expenditures affecting the Common Improvements, itemizing the maintenance and repair expenses of the Common Improvements and any other expenses incurred. Such records and the vouchers authorizing the payments shall be available for examination by the Members and their mortgagees at convenient hours of weekdays.

3. Assessment Roll. An assessment roll for assessments to Members shall be maintained 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 dates and amounts on which the assessment comes due, the amounts paid upon the account and the balance due on the assessments.

4. Payment of Vouchers. The Treasurer shall pay all vouchers up to $1,000 signed by the President, managing agent, manager or other person authorized by the Board of Directors. Any voucher in excess of $1,000 shall require the signature of the President.

5. Reports and Audits. An annual report of the receipts and expenditures of the Association shall be rendered by the Board of Directors to all Members and to all mortgagees of Lots who have requested the same within 90 days after the end of the fiscal year. From time to time the Board of Directors, at the expense of the Association, may obtain an audit of the books and records pertaining to the Association and furnish copies thereof to the owners and such mortgagees. At any time any Member or mortgagee may, at his own expense, cause an audit or inspection to be made of the books and records of the Association.
6. **Notice of Sale.** Mortgage, Rental or Lease. Immediately upon the sale, mortgage, rental or lease of any Lot the Member shall promptly inform the secretary or manager of the name and address of said vendee, mortgagee, lessee or tenant.

**ARTICLE VII**

**AMENDMENTS TO BYLAWS**

1. **How Proposed.** Amendments to the Bylaws shall be proposed by either a majority of the Board of Directors or by thirty percent (30%) of the Members. The proposed amendment must be presented in writing and shall be included in the notice of any meeting at which action is to be taken thereon.

2. **Adoption.** A resolution adopting a proposed amendment may be proposed by either the Board of Directors or by the Members and may be approved by the directors at a meeting called for this purpose. Members not present at the meeting considering such amendment may express their approval in writing or by proxy. Any resolution must be approved by 11 (eleven) of the Members.

3. **Execution and Recording.** An amendment shall not be effective until certified by the President and Secretary of the Association.

**ARTICLE VIII**

**MISCELLANEOUS**

1. **Notices.** All notices to the Association or to the Board of Directors shall be sent care of the managing agent, or if there is no managing agent, to the principal office of the Association or to such other address as the Board of Directors may hereafter designate from time to time. All notices to any members shall be sent to such address as may have been designated by him from time to time, in writing, to the Board of Directors, or if no address has been designated by him, then to the Member's lot.

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 which may occur.

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. As used herein, the singular shall include the plural, and the plural the singular, the masculine and neuter, as the context requires. Defined terms used herein and in the Declaration shall have the meaning given therein whether or not they or any of them are spelled in the lower or upper case. All captions used herein are intended solely for convenience of reference and shall in no way limit any of the provisions of these Bylaws.
4. **Action Without a Meeting.** Any action which the law, the Declaration or the Bylaws require or permit the Members or Directors to take at a meeting may be taken without a meeting if consent in writing setting forth the action so taken is signed by all of the members or directors, shall be filed in the records of minutes of the Association.

5. **Use of Written Ballot.** The use of a written ballot for approving or rejecting matters subject to meeting association members; procedures.

(a) Unless prohibited or limited by the declaration or bylaws, any action that may be taken at any annual, regular or special meeting of the homeowners association may be taken without a meeting if the association delivers a written ballot to every association member that is entitled to vote on the matter.

(b) A written ballot shall set forth each proposed action and provide an opportunity to vote for or against each proposed action. The board of directors must provide owners with at least 10 days' notice before written ballots are scheduled to be mailed or otherwise delivered. If, at least three days before written ballots are scheduled to be mailed or otherwise distributed, at least 10 percent of the owners petition the board of directors requesting secrecy procedures, a written ballot must be accompanied by a secrecy envelope, a return identification envelope to be signed by the owner and instructions for marking and returning the ballot. Notwithstanding the applicable provisions of subsection (c) or (d) of this section written ballots that are returned in secrecy envelopes may not be examined or counted before the deadline for returning ballots has passed.

(c) Matters that may be voted on by written ballot shall be deemed approved or rejected as follows:

   (1) If approval of a proposed action otherwise would require a meeting at which a certain quorum must be present and at which a certain percentage of total votes cast is required to authorize the action, the proposal shall be deemed to be approved when the date for the return of ballots has passed, a quorum of owners has voted and the required percentage of approving votes has been received. Otherwise, the proposal shall be deemed to be rejected; or

   (2) If approval of a proposed action otherwise would require a meeting at which a specified percentage of owners must authorize the action, the proposal shall be deemed to be approved when the percentage of total votes cast in favor of the proposal equals or exceeds such required percentage. The proposal shall be deemed to be rejected when the number of votes cast in opposition renders approval impossible or when both the date for return of ballots has passed and such required percentage has not been met.

(d) All solicitations for votes by written ballot shall state the following:

   (1) If approval of a proposal by written ballot requires that the total number of votes cast equal or exceed a certain quorum requirement, the number of responses needed to met such quorum requirement; and

   (2) If approval of a proposal by written ballot requires that a certain percentage of total votes cast approve the proposal, the required percentage of total votes needed for approval.
(e) All solicitations for votes by written ballot shall specify the period during which the association shall accept written ballots for counting, which period shall end, in all cases, the date certain on which all ballots must be returned to be counted.

(f) Except as otherwise provided in the declaration or bylaws, a written ballot may not be revoked.

6. Conflicts. These Bylaws are intended to comply with Oregon law, and the Declaration. In case of any irreconcilable conflict, such statute and document shall control over these Bylaws or any rules and regulations adopted hereunder.

We certify that these Bylaws were approved by the homeowners of Red Hills Estates on May 8, 2008.

Red Hills Homeowners Association

[Signature]

Dave Vance, President

[Signature]

Becky Crone, Secretary

STATE OF OREGON
COUNTY OF YAMHILL

Personally appeared before me on the 2nd day of June, 2008, the above-named Dave Vance who did say he was the President of Red Hills Estates Homeowners Association, and Becky Crone who did say that she is the Secretary of the of Red Hills Estates Homeowners Association and that this instrument was signed in behalf of said Association by authority of its Homeowners Association agreement and acknowledged that he executed the foregoing as its voluntary act and deed.

[Seal]

NOTARY PUBLIC for Oregon,
BYLAWS OF RED HILLS ESTATES HOMEOWNERS' ASSOCIATION

a Non-Profit Oregon Corporation

ARTICLE I
PLAN OF OWNERSHIP

1. Name and Location. These are the Bylaws of Red Hills Estates Homeowners' Association, a non-profit Oregon corporation ("Association"). The Red Hills Estates subdivision ("Development") is located in Yamhill County, Oregon.

2. Definitions. All capitalized terms, if not defined herein, shall have the meaning provided in the Condition, Covenants and Restrictions for Red Hills Estates ("Declaration"), recorded June 3, 2008 as instrument number 200809518, Deed Records of Yamhill County, Oregon.

3. Mailing address. The mailing address for the Red Hills Homeowners Association will be:

   PO Box 534  Dundee, OR 97115.

4. Purposes. This Association is formed to serve as the means through which the members may take action with regard to administration, management and operation of the Development.

5. Applicability of Bylaws. The Association, all Members and all persons using the Properties shall be subject to these Bylaws and to all rules and regulations which may be promulgated hereunder.

6. Membership. Every person or entity who is a record owner of a fee or undivided fee interest in any Lot shall be a proprietary member of the Association. The foregoing is not intended to include persons or entities that hold an interest merely as security for the performance of an obligation. Membership may not be separated from ownership of any Lot which is subject to assessment by the Association. Ownership of such Lot shall be the sole qualification for membership.
Each lessee, renter or other occupant of a Lot not eligible for proprietary membership, but who satisfies the conditions of these Bylaws and of the Declaration shall be an associate member. Such status shall continue in effect during such period as the associate member shall be an authorized non-proprietary tenant of a Lot. Associate membership shall carry all of the rights and privileges and shall be subject to all obligations and responsibilities of proprietary membership, except the right to vote. Associate membership alone shall not be deemed to constitute ownership of a Lot for purposes of liability for assessments. At any time an associate member shall cease to be a resident of the Properties, or shall become a proprietary member, his rights and privileges as an associate member shall thereupon terminate.

7. **Voting Rights.** The Association shall have one class of members which shall be entitled to one (1) vote for each Lot in which they hold the interest required for membership by Article III. When a Lot is owned by two or more persons jointly, according to the records of the Association: a) except as provided in this paragraph, the vote or proxy of the Lot may be exercised by a co-owner in the absence of protest by another co-owner. If the co-owners cannot agree upon the vote, the vote of the Lot shall be disregarded completely in determining the proportion of votes given with respect to such matter; b) a valid court order may establish the right of a co-owners' authority to vote.

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**ARTICLE II**

**MEETINGS**

1. **Place of Meetings.** The Association shall hold meetings at such suitable place convenient to the Members as may be designated by the Board of Directors.

2. **First Organizational Meeting.** Within 120 days after Declarant has turned over control of the Association to the Members, there shall be held the initial meeting of the Association. Notice thereof shall be given to each Member as provided in these Bylaws.

3. **Turnover Meeting.** Upon Declarant transferring 100% of the Lots, Declarant will call a meeting of the Association for the purpose of turning over management of the Association to the homeowners. At such meeting the developer will turn over all books and records of the Association and the Owners will elect a Board of Directors as provided in section 1 of Article III.

4. **Annual Meetings.** The annual meetings of the Association shall be held in the months of February or March at such hour and on such date as the president may designate. If the president should fail to designate such date by the first day of February, then the annual meeting will be held on the last Tuesday in March. The annual meetings shall be for the purpose of electing directors and for the transaction of such other business as may properly come before the meeting.

5. **Special Meeting.** Special meetings of the Association may be called by the president or secretary or by a majority of the Board of Directors, and must be called by such officers upon receipt of a written request from at least thirty percent (30%) of the HOA Members stating the purpose of the meeting. Business transacted at a special meeting shall be confined to the purposes stated in the notice.

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Red Hills Estates Home Owners' Association Bylaws

Page 2 of 11
6. **Notice of Meetings.** Notice of all meetings of the Association stating the time and place and the objects for which the meeting is being called shall be given by the president or secretary. Such notice shall be in writing and mailed to each Member at his address as it appears on the books of the association and to any first mortgagee requesting such notice not less than fifteen (15) days nor more than fifty (50) days prior to the date of the meeting. Proof of such mailing shall be given by the affidavit of the person giving the notice. Notice of meetings can also be delivered personally or by email with acknowledgement of receipt. When a meeting is adjourned for less than 30 days, no notice of the adjourned meeting need be given other than by announcement at the meeting at which such adjournment takes place.

7. **Proxies.** A vote may be cast in person or by proxy. A proxy given by a Member to any person who represents such Member at meetings of the Association shall be in writing and signed by such Member, and shall be filed with the secretary. No proxy shall be valid after the meeting for which it was solicited, unless otherwise expressly stated in the proxy, and every proxy shall automatically cease upon sale of the Lot by its Owner. A Member may pledge or assign his voting rights to a mortgagee. In such a case, the mortgagee or its designated representative shall be entitled to receive all notices to which the Member is entitled hereunder and to exercise the Member's voting rights from and after the time that the mortgagee shall give written notice of such pledge or assignment to the Board of Directors. Any first mortgagee may designate a representative to attend all or any meetings of the Association.

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

9. **Quorum of Members.** Except as specifically provided to the contrary in the Declaration, at any meeting of the Association fifty percent (50%) or more of the Members, present in person or by proxy, shall constitute a quorum. The subsequent joinder of a Member in the action taken at a meeting by signing and concurring in the minutes thereof shall constitute the presence of such person for the purpose of determining a quorum. When a quorum is once present to organize a meeting, it cannot be broken by the subsequent withdrawal of a Member. If any meeting of Members cannot be organized because of a lack of a quorum, the Members who are present, either in person or by proxy, may adjourn the meeting from time to time until a quorum is present.

10. **Majority Vote.** Except as otherwise specifically provided to the contrary in the Declaration, the vote of more than fifty percent (50%) of the Members, present in person or by proxy, at a meeting at which a quorum is constituted shall be binding upon all Members for all purposes except where a higher percentage vote is required by law, by the Declaration or by these Bylaws.

11. **Order of Business.** The order of business at annual meetings of the Association shall be:
   
   (a) Calling of the roll and certifying of proxies;
   
   (b) Proof of notice of meeting or waiver of notice;
   
   (c) Reading of minutes of preceding meeting
(d) Reports of officers;
(e) Reports of committees, if any;
(f) Election of directors;
(g) Unfinished business,
(h) New business: and
(i) Adjournment.

12. Conduct of Meetings. Except as otherwise provided herein, meetings shall be conducted in accordance with latest edition of Roberts Rules of Order.

ARTICLE III
BOARD OF DIRECTORS

1. Number Election and Tenure. In order to be in compliance with Article I section 7 of this document, there will be only one person from any one Lot serving as a member of the Board of Directors at any given time. At the turnover meeting as stated in Section 3 of Article II, the Members of the corporation shall elect three replacement members to the Board of Directors. These members will serve until the first annual HOA meeting. The Board of Directors shall consist of no less than 3 members and no more than 5 members. All terms for members of the Board of Directors will be three (3) years. The tenure of the Board members shall be staggered to ensure continuity on the Board. Directors shall serve during their respective terms and until their respective successors have been elected and qualified. Any vacancy in the Board of Directors as a result of a vacancy among the Members elected by the membership shall be filled by appointment of the remaining directors. During the existence of any vacancy, the remaining directors shall possess and may exercise all powers vested in the Board. Good standing requirement is a prerequisite for nomination and election to the board. Good standing is defined as a member who is current in the payment of assessments. The rationale is; if a member is not current in the payment of assessments, he/she should not be entitled to serve in an elective position with authority to manage and expend funds derived from the assessments contributed by other members.

2. Removal of Directors. At any regular or special meeting of the Association duly called, any one or more of the directors may be removed with or without cause by a majority vote of the Members present in person or by proxy, and a successor shall be elected at that meeting to fill the vacancy thus created. The notice of any such meeting shall state that such removal is to be considered, and any director whose removal has been proposed shall be given an opportunity to be heard at the meeting.

3. Powers and Duties. The Board of Directors shall have all of the powers and duties necessary for the administration of the affairs of the Association, except such powers and duties as by law or by the Declaration or by these Bylaws may not be delegated to the Board of Directors by the Members. The powers and duties to be exercised by the Board of Directors shall include, but shall not be limited to the following:

(a) Operation, care, upkeep, maintenance and repair of Common Improvements in accordance with law, these Bylaws and the CCRs.

(b) Assessment and collection of assessments as provided in the Declaration and the making of related expenditures set forth in the CCRs.
(c) Employment and dismissal of such personnel as necessary for the efficient maintenance, upkeep and repair of the Common Improvements.

(d) Employment of legal, accounting or other personnel for reasonable compensation to perform such services as may be required for the proper administration of the Association.

(e) Opening of bank accounts on behalf of the Association and designating the signatories required therefor.

(f) Obtaining insurance or bonds pursuant to the provisions of these Bylaws, the CCRs or law.

(g) Adoption in accordance with these Bylaws of reasonable administrative rules and regulations for use of the Common Improvements.

(h) Enforcement by legal means of the provisions of applicable law, the CCRs, these Bylaws and any rules and regulations adopted hereunder.

4. Managing Agent or Manager. On behalf of the Association, the Board of Directors may employ or contract for a managing agent or a manager at a compensation to be established by the Board of Directors. The Board of Directors may delegate to the managing agent or manager such duties and powers as the Board of Directors may authorize. In the absence of such appointment, the Board of Directors shall act as manager.

5. Organizational Meeting. Within fourteen (14) days following the annual meeting of the Association or following any meeting at which an election of directors has been held, the Board of Directors shall hold an organizational meeting at such place and time as shall have been fixed by the directors at the meeting at which the election was held.

6. Regular and Special Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the directors. Special meetings of the Board of Directors may be called by the president and must be called by the secretary at the written request of at least two directors. Notice of any special meeting other than an emergency meeting, for which notice need not be given, shall be given to each director, personally or by mail, telephone or email (with acknowledgement of receipt) at least seven (7) days prior to the day named for such meeting. The notice shall in all cases state the time, place and purpose of such meeting. All meetings of the Board of Directors shall be open to Members.

7. Waiver of Notice. Any director may, at any time, waive notice of any meeting of the board of directors in writing, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director at any meeting of the Board shall constitute a waiver by him of notice of the time and place thereof except where a director attends the meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. If all of the directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

8. Quorum of Board of Director. At all meetings of the board of Directors, a majority of the directors shall constitute a quorum for the transaction of business, and the votes of a majority of the directors present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors. If at any meeting of the Board of Directors less than a quorum should be present, a majority of those present may adjourn the meeting from time to time. At any such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

9. Compensation. No director shall receive any compensation from the Association for acting as such.
10. Liability and Indemnification of Directors, Officers, Manager or Managing Agent. The directors and officers shall not be liable to the Association or the Members for any mistake of judgment, negligence, or otherwise except for their own willful misconduct or bad faith. The Association shall indemnify and hold harmless each director and officer and the manager or managing agent, if any, against all contractual liability to others arising out of contract made by the Board of Directors, officers, manager or managing agent on behalf of the Association unless any such contract shall have been made in bad faith or contrary to the provisions of the Declaration or of these Bylaws. Each director and officer and the manager or managing agent, if any shall be indemnified by the Association against all expenses and liabilities, including attorneys' fees, reasonably incurred or imposed upon them in connection with any proceeding to which they may be a party, or in which they may become involved, by reason of being or having been a director, officer, manager or managing agent and shall be indemnified upon any reasonable settlement thereof; provided, however, there shall be no indemnity if the director, officer manager or managing agent is adjudged guilty of willful nonfeasance, misfeasance or malfeasance, in the performance of his duties.

11. Fidelity Bonds. The board of Directors shall require that any person, entity, including, but not limited to, employees of any professional manager, who handles or is responsible for Association funds shall furnish such fidelity bond as the Board deems adequate. The premiums on such bonds shall be paid by the Association.

12. Insurance. The Association shall at all times cause to be in force:

(a) Broad form fire and extended insurance coverage for all insurable improvements in the Property owned by the Association to the full replacement value thereof if the insurance is available at reasonable cost; and

(b) Liability insurance with single combined limits of not less than $1,000,000 per occurrence, with the Association and its Members named as joint insureds.

Premiums for insurance obtained under these subsections (a) and (b) shall be a common expense of the Association. The policy may contain a reasonable deductible and the amount thereof shall be added to the face amount of the policy in determining whether the insurance equals at least the full replacement cost.

The insurance described in these subsections (a) and (b) shall, if reasonably possible, provide: for a waiver of subrogation by the insurer as to any claims against the Board of Directors of the Association and any Owner or any guest of an owner, for a waiver by the insurer of its right to repair and reconstruct instead of paying cash: that no policy may be canceled, invalidated or suspended because of any action of a Member; that no policy may be canceled, invalidated or suspended because of the conduct of any director, officer or employee of the Association unless the insurer gives the Association a prior written demand that the Association correct the defect and allows that any "other insurance" clause in any policy shall exclude from its coverage all Members' policies.

(c) Each Member shall keep liability insurance in appropriate amounts and shall keep the buildings on his Lot insured against loss or damage by fire and such other hazards as are customary for the full value thereof. There is not any insurance a Member is prohibited by these Bylaws from obtaining. The insurance coverage afforded by the Board of Directors may not be brought into contribution with contribution with insurance bought by members or their mortgagees.

ARTICLE IV
OFFICERS
Election of Officers. The officers of the corporation shall be elected by the Board of Directors at its first meeting and thereafter at each regular annual meeting. All officers except the Secretary shall be members of the Board of Directors, and the Secretary may be a Director. In the event of the failure to hold any annual meeting as herein provided, officers may be elected at any time thereafter at a special meeting of the Board of Directors called for that purpose. Each officer shall hold office for the term of one year and until his successor shall be elected and qualified. Each officer and agent shall be subject to removal at any time by a vote of the majority of the entire Board of Directors whenever in the judgment of the Board of Directors the best interest of the corporation will be served by such removal.

1. Vacancies. A vacancy in any office shall be filled by the Board of Directors at any regular meeting or a special meeting called for that purpose.

2. Employees and Agents. The Board of Directors shall be empowered to employ such employees and agents and to execute such contracts as it may deem necessary to properly carry out its objects and purposes as stated in the Articles of Incorporation in these Bylaws and in the Declaration.

3. President. The President shall be the chief executive officer and have general and active charge of the management of the corporation, subject to control by the Board of Directors. The President shall have power to appoint and discharge agents and employees, subject to the approval of the Board of Directors.

   Vice-President. The Vice-President shall, in the absence or disability of the President, exercise the powers and perform the duties of the President. The Vice-President shall also exercise such other duties as shall be prescribed by the Board of Directors.

4. Secretary. The Secretary shall give such notice of meetings to the Board of Directors as required by these Bylaws and shall keep a record of the proceedings of all such meetings. The Secretary shall have custody of all books and records and papers of the corporation except those which are in the care of the Treasurer or some other person designated to have custody and possession thereof by resolution of the Board of Directors. The Secretary is authorized to sign with the President or Vice President in the name of the corporation all official documents, papers, deeds and contracts including those in any way affecting the property or interests of the corporation and shall affix the seal of the corporation thereto. The Secretary shall submit such reports to the Board as may be requested by it from time to time. An assistant secretary may, if authorized by the Board of Directors, perform the duties of the Secretary in event of the absence or inability of the Secretary.

5. Treasurer. The Treasurer shall account for all of the monies of the corporation received and disbursed, and shall deposit all the monies in the name of and to the credit of the corporation in such banks and depositories as the Board of Directors shall designate, subject to withdrawal in the manner determined by the Board of Directors, and shall safely keep all valuables of the corporation. The Treasurer shall from time to time make such reports to the officers and Board of Directors as may be required, and shall perform such other duties as the Board of Directors from time to time shall delegate to him. An assistant treasurer may, if authorized by the Board of Directors, perform the duties of the Treasurer in event of the absence or inability of the Treasurer.

6. Removal of Officers. Upon the affirmative vote of a majority of the Directors, any officer may be removed either with or without cause, and his successor may be elected at any regular meeting of the Board of Directors, or at an special meeting of the Board of Directors called for such purpose.
7. **Execution of Instruments.** All agreements, contracts, deeds, leases and other instruments of the Association, except checks, shall be executed by such person or persons as may be designated by general or special resolution of the Board of Directors and, in the absence of any general or special resolution applicable to any such instrument, then such instrument shall be signed by the President. All checks shall be signed by the Treasurer, or in his absence or disability, by the President or any duly elected assistant treasurer.

8. **Compensation of Officers.** No officer who is a member of the Board of Directors shall receive any compensation from the Association for acting as an officer. Unless such compensation is authorized by a resolution duly adopted by the Members, an officer shall not in any case receive compensation for acting as a Director. The Board of directors may fix any compensation to be paid to any officers who are not also Directors.

**ARTICLE V**

**BUDGET, EXPENSES AND ASSESSMENTS,**

1. The Board of Directors annually shall adopt a budget as provided in this section. Within 30 days after adopting a proposed annual budget, the Board of directors shall provide a summary of the budget to all Members. If the Board of Directors is petitioned by Members representing 20 percent of the votes of the Members, the Board shall call a meeting of the Members to consider rejection of the budget. The date of the meeting shall be not less than 14 or more than 30 days after the summary is provided to the Members. At the meeting, whether or not a quorum is present, the budget shall be adopted unless a majority of the votes of the Members rejects the budget. If the proposed annual budget is rejected, the last annual budget shall continue in effect until the Members approve a subsequent budget.

2. Expenses and assessments shall be charged, assessed and collected in accordance with the CCRs.

3. If any additional Lot is to be created or annexed pursuant to the CCRs during any fiscal year, total common expenses for that fiscal year shall be reapportioned and reallocated according to a formula that will cause such additional Lot to bear its equal share thereof in proportion, however, to the number of days during such fiscal year after such additional Lot was so created or annexed and will relieve all other Residential Lots in equal amount.
ARTICLE VI
RECORDS AND AUDITS

General Records. The Board of Directors and the managing agent or manager, if any, shall keep detailed records of the actions of the Board of Directors and the managing agent or manager, minutes of the meetings of the Board of Directors and minutes of the meetings of the Association. The Board of Directors shall maintain a list of Members entitled to vote at meetings of the Association and a list of all mortgagees of Lots.

Records of Receipts and Expenditures. The Board of Directors or its designee shall keep detailed, accurate records, in chronological order, of the receipts and expenditures affecting the Common Improvements, itemizing the maintenance and repair expenses of the Common Improvements and any other expenses incurred. Such records and the vouchers authorizing the payments shall be available for examination by the Members and their mortgagees at convenient hours of weekdays.

Assessment Roll. An assessment roll for assessments to Members shall be maintained 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 dates and amounts on which the assessment comes due, the amounts paid upon the account and the balance due on the assessments.

Payment of Vouchers. The Treasurer shall pay all vouchers up to $1,000 signed by the President, managing agent, manager or other person authorized by the Board of Directors. Any voucher in excess of $1,000 shall require the signature of the President.

Reports and Audits. An annual report of the receipts and expenditures of the Association shall be rendered by the Board of Directors to all Members and to all mortgagees of Lots who have requested the same within 90 days after the end of the fiscal year. From time to time the Board of Directors, at the expense of the Association, may obtain an audit of the books and records pertaining to the Association and furnish copies thereof to the owners and such mortgagees. At any time any Member or mortgagee may, at his own expense, cause an audit or inspection to be made of the books and records of the Association.

Notice of Sale. Mortgage, Rental or Lease. Immediately upon the sale, mortgage, rental or lease of any Lot the Member shall promptly inform the secretary or manager of the name and address of said vendee, mortgagee, lessee or tenant.

ARTICLE VII
AMENDMENTS TO BYLAWS

How Proposed. Amendments to the Bylaws shall be proposed by either a majority of the Board of Directors or by thirty percent (30%) of the Members. The proposed amendment must be presented in writing and shall be included in the notice of any meeting at which action is to be taken thereon.

Adoption. A resolution adopting a proposed amendment may be proposed by either the Board of Directors or by the Members and may be approved by the directors at a meeting called for this purpose. Members not present at the meeting considering such amendment may express their approval in writing or by proxy. Any resolution must be approved by 11 (eleven) of the Members.

Execution and Recording. An amendment shall not be effective until certified by the President and Secretary of the Association.

Red Hills Estates Home Owners' Association Bylaws
ARTICLE VIII
MISCELLANEOUS

Notices. All notices to the Association or to the Board of Directors shall be sent care of the managing agent, or if there is no managing agent, to the principal office of the Association or to such other address as the Board of Directors may hereafter designate from time to time. All notices to any members shall be sent to such address as may have been designated by him from time to time, in writing, to the Board of Directors, or if no address has been designated by him, then to the Member’s lot.

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 which may occur.

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. As used herein, the singular shall include the plural, and the plural the singular, the masculine and neuter, as the context requires. Defined terms used herein and in the Declaration shall have the meaning given therein whether or not they or any of them are spelled in the lower or upper case. All captions used herein are intended solely for convenience of reference and shall in no way limit any of the provisions of these Bylaws.

4. Action Without a Meeting. Any action which the law, the Declaration or the Bylaws require or permit the Members or Directors to take at a meeting may be taken without a meeting if consent in writing setting forth the action so taken is signed by all of the members or directors, shall be filed in the records of minutes of the Association.

5. Use of Written Ballot. The use of a written ballot for approving or rejecting matters subject to meeting association members; procedures.

(a) Unless prohibited or limited by the declaration or bylaws, any action that may be taken at any annual, regular or special meeting of the homeowners association may be taken without a meeting if the association delivers a written ballot to every association member that is entitled to vote on the matter.

(b) A written ballot shall set forth each proposed action and provide an opportunity to vote for or against each proposed action. The board of directors must provide owners with at least 10 days’ notice before written ballots are scheduled to be mailed or otherwise delivered. If, at least three days before written ballots are scheduled to be mailed or otherwise distributed, at least 10 percent of the owners petition the board of directors requesting secrecy procedures, a written ballot must be accompanied by a secrecy envelope, a return identification envelope to be signed by the owner and instructions for marking and returning the ballot. Notwithstanding the applicable provisions of subsection (c) or (d) of this section written ballots that are returned in secrecy envelopes may not be examined or counted before the deadline for returning ballots has passed.

(c) Matters that may be voted on by written ballot shall be deemed approved or rejected as follows:

(1) If approval of a proposed action otherwise would require a meeting at which a certain quorum must be present and at which a certain percentage of total votes cast is required to authorize the action, the proposal shall be deemed to be approved when the date for the return of ballots has passed, a quorum of owners has voted and the required percentage of approving votes has been received. Otherwise, the proposal shall be deemed to be rejected; or
(2) If approval of a proposed action otherwise would require a meeting at which a specified percentage of owners must authorize the action, the proposal shall be deemed to be approved when the percentage of total votes cast in favor of the proposal equals or exceeds such required percentage. The proposal shall be deemed to be rejected when the number of votes cast in opposition renders approval impossible or when both the date for return of ballots has passed and such required percentage has not been met.

(d) All solicitations for votes by written ballot shall state the following:

(1) If approval of a proposal by written ballot requires that the total number of votes cast equal or exceed a certain quorum requirement, the number of responses needed to met such quorum requirement; and

(2) If approval of a proposal by written ballot requires that a certain percentage of total votes cast approve the proposal, the required percentage of total votes needed for approval.

(e) All solicitations for votes by written ballot shall specify the period during which the association shall accept written ballots for counting, which period shall end, in all cases, the date certain on which all ballots must be returned to be counted.

(f) Except as otherwise provided in the declaration or bylaws, a written ballot may not be revoked.

6. Conflicts. These Bylaws are intended to comply with Oregon law, and the Declaration. In case of any irreconcilable conflict, such statute and document shall control over these Bylaws or any rules and regulations adopted hereunder.

We certify that these Bylaws were approved by the homeowners of Red Hills Estates on March 29, 2011.

Red Hills Homeowners Association

Brad Conklin, President

Barbara Haines, Secretary

STATE OF OREGON
COUNTY OF YAMHILL

Personally appeared before me on the 26th day of December, 2011, the above-named Brad Conklin who did say he was the President of Red Hills Estates Homeowners Association, and Barbara Haines who did say that she is the Secretary of the of Red Hills Estates Homeowners Association and that this instrument was signed in behalf of said Association by authority of its Homeowners Association agreement and acknowledged that he executed the foregoing as its voluntary act and deed.

NOTARY PUBLIC for Oregon
My Commission expires: 8-1-17 2012.

Red Hills Estates Home Owners’ Association Bylaws
RED HILLS ESTATES

BEING A SUBDIVISION LOCATED IN THE NORTHEAST QUARTER OF SECTION 26, T3S, R3W, WILLAMETTE MERIDIAN, YAMHILL COUNTY, OREGON

AUGUST 7, 1977

RIGHTS OWNED BY RED HILLS ESTATES, LLC

CONSENT AFFIDAVIT

AN AFFIDAVIT OF CONSENT TO THE DECLARATION BY PACIFIC NORTHWEST SURVEYING, INC., A PRIVATE DEED REGISTRAR, HAS BEEN RECEIVED IN FILE VOLUME ______ AT PAGE ______ ON THE 30TH DAY OF NOVEMBER, 1997.

T. MILLER

YAMHILL COUNTY DECLERK OF RECORDER

CURVE DATA

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APPROVALS

APPROVED THIS 30TH DAY OF NOVEMBER, 1997

BY: William A. Smith
YAMHILL COUNTY ENGINEER

APPROVED THIS 30TH DAY OF NOVEMBER, 1997

BY: Michael A. Astor
YAMHILL COUNTY SURVEYOR

APPROVED THIS 30TH DAY OF NOVEMBER, 1997

BY: John D. Hockman
YAMHILL COUNTY ASSESSOR

APPROVED THIS 30TH DAY OF NOVEMBER, 1997

BY: Robert J. Brennan
YAMHILL COUNTY ASSESSOR

PURSUANT TO O.R.S. 572-205, TAXES HAVE BEEN PAID ON OR BEFORE THE DATE OF: JUNE 30, 1978

BY: John D. Hockman
YAMHILL COUNTY ASSESSOR

INTRODUCTORY MONUMENTATION

BY ACORDANCE WITH O.R.S. 920.016, THE INTERIOR CORNER MONUMENTATION HAS BEEN CORRECTLY DESIGNED AND MARKED IN CONFORMITY WITH THE STATE OF OREGON, YAMHILL COUNTY, OREGON, YAMHILL COUNTY, OREGON.