AFTER RECORDING RETURN TO:

Valerie Athena Tomasi, Esq.
Farleigh Witt
121 SW Morrison St., Suite 600
Portland, Oregon 97204

OFFICIAL YAMHILL COUNTY RECORDS
JAN COLEMAN, COUNTY CLERK

FIRST AMENDMENT TO DECLARATION OF PLANNED
COMMUNITY AND COVENANTS, CONDITIONS, AND
RESTRICTIONS FOR SILVERADO RANCH – PHASE II

THIS FIRST AMENDMENT TO DECLARATION OF PLANNED
COMMUNITY AND COVENANTS, CONDITIONS, AND RESTRICTIONS FOR
SILVERADO RANCH – PHASE II ("First Amendment") is made this 30th day of
March, 2006, by Old Elk Mountain Tree Farm, LLC, an Oregon limited liability
company ("Declarant").

RECITALS

A. Declarant is the fee owner of that certain real property located in Yamhill
County, Oregon, that is legally described as follows (the "Property"):

Lots 4, 5, 6, 7, 8, 9, 10, and 11 of Silverado Ranch - Phase II, in
Yamhill County, Oregon.

B. The Property has been subdivided by that certain plat of Silverado Ranch -
Phase I, recorded on November 10, 2005, as Document Number 200525191, Official Yamhill
County Records.

C. On December 27, 2005, Declarant recorded a Declaration of Planned
Community and Covenants, Conditions, and Restrictions for Silverado Ranch – Phase II (the
"Original Declaration") as Document No. 200529007, Official Yamhill County Records.

D. Declarant represents that the Turnover Date as set forth in Section 2.22 of
the Original Declaration has not yet occurred and that Declarant currently owns at least 75% of
the Property.

E. Declarant desires to amend the Original Declaration in the manner set
forth in this First Amendment.

NOW, THEREFORE, Declarant hereby amends the Original Declaration as set
forth below:
1. Article 5.1 of the Original Declaration is revised to add at the end thereof:

“Notwithstanding anything to the contrary set forth in this Article 5, Improvements on Lot 4 of the Property shall be exempted from AC review provided that all such Improvements shall be constructed and altered in compliance with all applicable governmental laws, ordinances, rules, and regulations.”

3. The first sentence of Article 5.2.1 of the Original Declaration is amended to read: “No Improvement of any kind shall be commenced, erected, placed, or altered on any portion of the Property unless such Improvement is in conformance with this Article 5.2. No Improvement consisting of a dwelling shall be commenced, erected, placed, or altered on any portion of the Property until plans and specifications showing the nature, kind, shape, height, material, color, and location of such dwelling are submitted to and approved by the AC pursuant to the provisions of Article 5.3.”

4. Article 5.2.4 of the Original Declaration is amended to delete the phrase “shall be subject to the approval or disapproval of the AC and” from the first sentence and the phrase “and approved by the AC” from the second sentence.

5. Article 5.2.5 of the Original Declaration is amended to delete the phrase “and approved by the AC prior to installation” from the first sentence.

6. Article 5.3 of the Original Declaration is amended to add the phrase “consisting of a dwelling” after each reference to “Improvement” in such article.

7. The second sentence of Article 6.1 of the Original Declaration is amended to read:

“The provisions of this Article 6.1 shall not be construed to prohibit construction of any Improvement accessory to such residence and not comprising such residence (an “Accessory Improvement”), such as a private greenhouse, storage unit, private swimming pool, or structure for the storage of a boat, camping trailer, and/or recreational vehicles, so long as the construction, maintenance, and use and purpose of any such Accessory Improvement conforms with this Declaration and such Accessory Improvement is constructed and maintained in compliance with applicable governmental laws, ordinances, rules, and regulations, including but not limited to building and zoning laws, ordinances, rules, and regulations.”

8. Article 6.3 of the Original Declaration is amended to add at the end thereof:

“Notwithstanding anything to the contrary in this Article 6.3, Lot 4 of the Property shall be exempted from the limitations set forth in Article 6.3, provided the Improvements on Lot 4 and the uses of
and activities on Lot 4 shall at all times comply with all applicable governmental laws, ordinances, rules, and regulations.”

9. Article 6.4.2 of the Original Declaration is amended to read:

6.4.2 **Animals.** No animals of any kind shall be raised, kept, or permitted within Silverado Ranch - Phase II; provided, however, that each Owner and Occupant may keep a reasonable number of household pets which are not kept, bred, or raised for commercial purposes and which are reasonably controlled so as not to be a nuisance and provided further that each Owner and Occupant may keep any animals permitted by zoning and other regulations applicable to Silverado Ranch – Phase II.

10. Article 6.4.3 of the Original Declaration is amended to read:

6.4.3 **Parking.** Each Owner shall be allowed to park on each Owner’s respective Property one of each of the following, provided they are used solely for recreational purposes: boats, trailers, recreational vehicles, trucks, and campers.

11. An additional Article 6.4.9 to the Original Declaration is added which states:

6.4.9 **Exemption for Lot 4.** Notwithstanding anything to the contrary in this Article 6.4, Lot 4 of the Property shall be exempted from the limitations set forth in Article 6.4, provided the Improvements on Lot 4 and the uses of and activities on Lot 4 shall at all times comply with all applicable governmental laws, ordinances, rules, and regulations.

12. Except as amended above, all other terms of the Original Declaration remain unchanged, in full force and effect, and shall run with the land and bind the Property and shall inure to the benefit of and be burdens upon Declarant and upon all Owners, Occupants, future Owners, and future Occupants.

13. Unless otherwise specified herein, capitalized terms used herein and are not otherwise defined herein shall have the meanings ascribed to them in the Original Declaration.
IN WITNESS WHEREOF, the Declarant has executed this First Amendment on this ___ day of ____________, 2006.

OLD ELK MOUNTAIN TREE FARM, LLC

By: __________________________

Jay Hinrichs, Manager

STATE OF OREGON       )
County of ____________ ) ss

This instrument was acknowledged before me on the ___ day of __________, 2006, by Jay Hinrichs, Manager of Old Elk Mountain Tree Farm, LLC, an Oregon limited liability company, on behalf of said limited liability company.

________________________
Notary Public for Oregon
My commission expires: __________

OFFICIAL SEAL

SANDRA G C BALADA
NOTARY PUBLIC - OREGON
COMMISSION NO. 392789
MY COMMISSION EXPIRES JUNE 14, 2009
After Recording, Return to:

Valerie Tomasi Auerbach
Farleigh Witt
121 SW Morrison St., Suite 600
Portland, OR 97204

DECLARATION OF PLANNED COMMUNITY
AND COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR SILVERADO RANCH - PHASE II

THIS DECLARATION is made this 1st day of December, 2005, by Old Elk Mountain Tree Farm, LLC, an Oregon limited liability company ("Declarant").

RECITALS:

A. Declarant is the fee owner of that certain real property located in Yamhill County, Oregon, that is legally described as follows (the "Property"):

Lots 4, 5, 6, 7, 8, 9, 10, and 11 of Silverado Ranch - Phase II, in Yamhill County, Oregon.

B. The Property has been subdivided by that certain plat of Silverado Ranch - Phase II, recorded on November 10, 2005, as Document Number 200525191, Yamhill County Records.

C. Declarant hereby intends to create and impose these covenants, conditions, and restrictions for the ownership, operation, and maintenance of the Property.

NOW, THEREFORE, Declarant subjects the Property, together with any and all property which may be added to the Property pursuant to the provisions of this Declaration, to the covenants, conditions, and restrictions set forth below.
ARTICLE 1
INTRODUCTION

1.1 Planned Community. The Property is a Class II planned community named Silverado Ranch - Phase II. Silverado Ranch - Phase II is subject to the Oregon Planned Community Act, located at ORS 94.550 to 94.783, the provisions of which shall apply to this Declaration.

1.2 General Declaration. The covenants, conditions, and restrictions set forth in this Declaration shall run with and bind the Property, each Tract, Lot, and other division, if any, of the Property, Owners, Occupants, all other Persons, and the heirs, successors, and assigns of the Owners, Occupants, and such other Persons. These covenants, conditions, and restrictions shall run with the land and shall inure to the benefit of and be burdens upon Declarant and upon all Owners, Occupants, future Owners, and future Occupants.

1.3 Annexation of Other Property. At any time and from time to time prior to or after the Turnover Date, Declarant may annex all or a portion of any real property adjacent to the Property by recording a supplemental declaration identifying any such adjacent property in the Yamhill County Records. Upon such annexation, all provisions of this Declaration shall apply to the annexed property and it shall be a part of the Property. Property may be annexed for the purpose of providing additional Lots, additional Common Areas, or both. Annexed property intended for additional Lots that has not been platted prior to annexation shall be considered a single Lot for the purpose of these Declarations until it has been platted.

ARTICLE 2
DEFINITIONS

2.1 "Architectural Committee" means the committee formed pursuant to Article 5.

2.2 "Association" means the Silverado Ranch - Phase II Homeowners Association, formed pursuant to Article 3.1 hereof.

2.3 "Board" means the Board of Directors of the Association, elected pursuant to Article 3.4 hereof.

2.4 "Builder" means any Person engaged in the construction of a residential dwelling on any Lot for the purpose of selling or leasing the Improvements ultimately constructed on such Lot.

2.5 "Bylaws" means the Bylaws of the Association that must be adopted and recorded in accordance with ORS 94.625.
2.6 "Common Areas" means any property or interest therein (including easements) which is designated in any Plat as a common area or property that is intended to ultimately be transferred to the Association.

2.7 "Completed Lot" means a Lot upon which a house has been built and sold, rented, or occupied as a residence.

2.8 "Declarant" means Old Elk Mountain Tree Farm, LLC, an Oregon limited liability company, and any Person succeeding to the responsibility of Declarant pursuant to a designation by Old Elk Mountain Tree Farm, LLC or by any successor Declarant in a supplemental declaration recorded in the Yamhill County Records.

2.9 "Declaration" means this Declaration of Planned Community and Covenants, Conditions, and Restrictions for Silverado Ranch - Phase II, as it may be further amended from time to time.

2.10 "Director" means a member of the Board.

2.11 "Improvements" means any improvement now or hereafter placed or constructed in, under, or upon the Property, including without limitation any building, road, driveway, parking area, fence, screening wall or barrier, retaining wall, stairs, deck, landscaping, and sign.

2.12 "Lot" means any parcel of land designated on the Plat as a Lot.

2.13 "Occupant" means the Person in lawful possession of all or any portion of a Lot.

2.14 "Owner" means the record owner of fee simple title to any Lot, unless such Lot is being sold pursuant to a land sale contract, in which case "Owner" means the contract vendee of such Lot. If more than one person is the record owner, all such persons shall be considered a single Owner, and each of them shall be referred to as a co-Owner.

2.15 "Silverado Ranch - Phase II" means the Property as developed substantially in accordance with the Plat, as the same may be modified from time to time, and property annexed thereto in accordance with Article 1.2.

2.16 "Person" means any individual, association, corporation, partnership, or other legal entity.

2.17 "Plat" means the final plat or plats of the Property (or portions thereof) as recorded in the Yamhill County Records, and any amendments thereto.

2.18 "President" means the President of the Association.
2.19 "Property" means the real property identified in Recital A, and any property annexed to the Property pursuant to Article 1.2.

2.20 "Secretary" means the Secretary of the Association.

2.21 "Tract" means any parcel of land designated on the Plat as a Tract.

2.22 "Turnover Date" means the earlier of: (i) the date on which Declarant holds title to no Lots within the Property; or (ii) the date on which Declarant elects, in its sole discretion, to relinquish control of the Association, as evidenced by a supplemental declaration recorded in the Yamhill County Records.

2.23 "Turnover Meeting" means the meeting of Declarant and the Board called for the purpose of passing control of the Association from Declarant to the Owners, which meeting shall be held pursuant to Article 3.6.

ARTICLE 3
SILVERADO RANCH - PHASE II HOMEOWNERS ASSOCIATION

3.1 Formation and Authority. If not already formed, the Association shall be formed by Declarant as a mutual benefit corporation under ORS Chapter 65 no later than the date the first Lot is conveyed and shall be known as the Silverado Ranch - Phase II Homeowners Association. Nothing in this Declaration shall be construed to prohibit or restrict the formation of sub-associations within Silverado Ranch - Phase II.

3.2 Membership. Each Owner, by virtue of being an Owner and so long as such Owner continues in that capacity, shall automatically be a member of the Association. Each membership in the Association shall be appurtenant to the Lot owned by an Owner. Upon transfer of an Owner’s interest, membership in the Association shall automatically transfer to the new Owner.

3.3 Duties and Powers of the Association. The Association shall have all requisite power, duty, and authority to perform its obligations under this Declaration, including without limitation the power, duty, and authority to enforce the provisions of this Declaration and to acquire and pay for, out of the common fund provided by assessments pursuant to Article 4, all goods and services necessary or appropriate for the proper functioning of the Association in accordance with this Declaration. Without limiting the generality of the foregoing or the other provisions of this Declaration, the Association shall have the power, duty, and authority, subject to the other provisions of this Declaration, to undertake the following actions:

3.3.1 Determine the amounts necessary or appropriate for the performance by the Association of its powers and duties under this Declaration.

3.3.2 Impose and collect annual and special assessments from the Owners.
3.3.3 Maintain bank accounts on behalf of the Association and designate the signatories for those accounts.

3.3.4 File all required income tax returns.

3.3.5 Enforce by legal means the provisions of this Declaration.

3.3.6 Own, maintain, and repair the Common Areas and the Improvements thereon, build Improvements on the Common Areas, and establish one or more reserve funds for such purposes.

3.3.7 Promulgate, modify, and rescind rules and regulations governing the use of the Common Areas, and all Improvements on the foregoing, as well as the Property generally.

3.3.8 Obtain such policies of insurance as the Board may from time to time deem appropriate for the protection of the Association, the Common Areas, and the Improvements thereon. Such policies shall be written, maintained, and administered as follows:

(a) A policy or policies of fire insurance with the extended coverage and special form endorsements, for the full insurable replacement value, if available, of any structures on Common Areas.

(b) A policy or policies insuring the Association, its Board, and the Owners individually, against any liability to the public or the Owners and their invitees or tenants, incident to the ownership, supervision, control, or use of the Common Areas. Limits of liability under such insurance shall be not less than $1,000,000.00 per occurrence for bodily injuries and property damage liability. Such limit and coverage shall be reviewed at least annually by the Board which may increase the limit of and/or coverage, in its discretion. Such policy or policies shall be issued on a comprehensive liability basis and shall provide cross liability endorsements wherein the rights of named insured under the policy or policies shall not be prejudiced as respects his, her, or their action against another named insured.

(c) The Board may obtain and maintain a fidelity bond naming such persons as may be designated by the Board as principals and the Association and the Owners as obligees, for the amount determined by the Board, and may require that all officers and employees of the Association handling or responsible for Association funds obtain adequate fidelity bonds. The premiums on such bonds shall be paid by the Association.

The Association shall not be responsible for any loss or damage to real or personal property of any Owner, whether stored in the Common Areas or on the Owner's Lot or living unit, nor shall the Association maintain any insurance coverage for such loss.
3.3.9 Compensate the President, the Secretary, and the members of the Architectural Committee, as determined by the Board.

3.3.10 Contract for such services (including without limitation legal and accounting services) as may be necessary or appropriate to manage the affairs of Silverado Ranch - Phase II and the Association properly and in accordance with this Declaration, whether the personnel performing such services are employed directly by the Association or by a manager or management firm or agent retained by the Association.

3.3.11 Appoint such committees as the Board may determine from time to time to be appropriate to assist in the conduct of the affairs of the Association and delegate to any such committee such authority as the Board may deem appropriate, subject in all cases to the provisions of the Declaration and the Bylaws. Notwithstanding the foregoing provisions of this Article 3.3.11, the Architectural Committee shall in all events be formed as provided herein and shall have the authority granted by Article 5 and other applicable provisions of this Declaration.

3.3.12 At its discretion, enter into agreements with others for any purpose in furtherance of the purposes of the Association, including, without limitation, the joint use and maintenance of any of the Common Areas.

3.3.13 Sell, convey, or subject to a security interest any portion of the Common Areas if seventy-five percent (75%) of the votes in the Association are cast in favor of that action.

3.4 Board of Directors. The Association shall act through a Board of Directors. Prior to the Turnover Meeting, Declarant shall select all Directors. During the period when Declarant is selecting the Directors, Declarant also may determine the number of Directors, which may be different than the number set forth in the Bylaws. From and after the Turnover Meeting, the number of Directors shall be as set forth in the Bylaws. From and after the Turnover Meeting, a person must be an Owner of a Lot, or an officer, director, or agent of a corporation or partnership that is the Owner of a Lot, to serve as a director. A director whose qualification is subsequently lost shall be deemed to have resigned as of the date that qualification is lost.

3.5 Terms of Initial Directors. Subject to the provisions of Article 3.6, Directors selected by Declarant pursuant to Article 3.4 shall serve at the pleasure of Declarant.

3.6 Turnover Meeting. The Turnover Meeting shall be called by Declarant and held within ninety (90) days after the Turnover Date. Declarant shall give written notice of the time and place of the Turnover Meeting to each Owner at the mailing address of each Owner's Lot. Declarant's notice shall be given at least thirty (30) but not more than sixty (60) days prior to the date of the Turnover Meeting. At the Turnover Meeting, the following shall occur:
(a) The Directors selected by Declarant, the President, and the Secretary shall each resign.

(b) The Owners shall elect a new Board;

(c) The new Board shall elect a President and a Secretary; and

(c) Declarant shall deliver to the new Board all of the Association's property in Declarant's possession, including without limitation all books and records, funds, tangible personal property, insurance policies, and contracts to which the Association is a party.

3.7 Officers of the Association. The officers of the Association shall be the President and the Secretary, both of whom shall be elected by the Board. The same person shall not concurrently hold the offices of the President and Secretary. The Board may designate such additional officers as it deems appropriate. The election, duties, compensation, and removal of the officers shall be set forth in the Bylaws.

3.8 Limitation of Liability. The civil liability of a "qualified director" (as hereinafter defined) for the performance or nonperformance of his or her duties shall be limited to gross negligence or intentional misconduct. For purposes of the preceding sentence, a "qualified director" is an individual who serves without compensation (for his or her personal services) as an officer, director, or executive board member of the Association for the purpose of setting policy and controlling or otherwise overseeing the activities or functional responsibilities of the Association. Receipt of payment for actual expenses incurred in attending meetings or performing duties shall not be considered compensation for personal services.

3.9 Indemnification of Directors, Officers, Employees, and Agents. The Association shall indemnify any Director, officer, employee, or agent who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative (other than an action by the Association), by reason of the fact that he or she is or was a Director, officer, employee, or agent of the Association or is or was serving at the request of the Association as a Director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise. This indemnification shall cover expenses (including attorney fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by such person in connection with such suit, action, proceeding, or appeal therefrom, if he or she acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interest of the Association, and, with respect to any criminal action or proceedings, had no reasonable cause to believe that the person's conduct was unlawful. The termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or with a plea of nolo contendere or its equivalent, shall not of itself create a presumption that a person did not meet the standard of conduct described above. Payment under this clause may be made during the pendency of such claim, action, suit, or proceeding as and when incurred, subject only to the right of the Association to seek reimbursement of any such payment, should it be proven at a later time that such person had no right to such payments. All persons who are ultimately held liable for their
actions on behalf of the Association as a Director, officer, employee, or agent shall have a right of contribution over and against all other Directors, officers, employees, or agents and members of the Association who participated in or benefitted from the acts which created such liability. Notwithstanding any other provision of this Article 3.16, the Association shall not indemnify any Director, officer, employee, or agent (i) who, in a proceeding by or in the right of the Association, is adjudged liable to the Association; or (ii) who, in any other proceeding alleging receipt of improper benefits, is adjudged liable on the basis that personal benefits were improperly received by him or her.

ARTICLE 4
ASSESSMENTS

4.1 Annual Assessments. Subject to the requirements set forth in this Article 4, the Association shall have the authority to levy annual assessments to pay all expenses associated with the Association's powers, duties, and responsibilities under this Declaration, as well as to pay all property taxes, lighting, insurance, maintenance, and other expenses incurred with respect to the Common Areas and the Improvements thereon. The Association shall bill each Owner for such Lot's share of the annual assessments (determined in accordance with this Article 4) on an annual, quarterly, or monthly basis, as the Board may determine. Each Owner shall pay any such assessment within 30 days after the date of billing. The amount of the annual assessments may be based upon estimates of the expenses to be incurred, including the establishment and maintenance of reasonable reserves.

4.2 Special Assessments. In addition to annual assessments pursuant to Article 4.1, the Association may levy special assessments to pay the cost of any construction, reconstruction, repair, or replacement of any Improvements in or to the Common Areas or for any other purpose deemed appropriate by the Board. Special assessments shall be billed to the Owners at such time as the Board may determine.

4.3 Allocation of Assessments. Generally, assessments shall be allocated at a uniform rate per Lot assessed, as follows:

4.3.1 Allocation to Completed Lots. Except as provided below, and subject to Article 4.3.3, each annual or special assessment shall be divided by the number of Completed Lots on the date of the assessment, and the quotient shall be the assessment allocated and assessed to each Completed Lot.

4.3.2 Changes in Number of Completed Lots. If a change in the number of Completed Lots occurs after assessments have been made but during the time period to which the assessments relate, the Board may, in its discretion, make a special assessment upon the Lots that have become Completed Lots for their prorated portion of the assessment and credit the other Completed Lots accordingly. For purposes of this Declaration, a Lot shall be considered to become a Completed Lot on the first day of the first month after the month in which the events occur which cause it to become a Completed Lot.
4.3.3 Individual Assessments. The Association may assess an Owner individually for common expenses incurred through such Owner's fault, direction, or failure to perform the obligations imposed on Owners by this Declaration, the Bylaws, or any other rules and regulations of the Association. Further, an Owner shall be assessed individually for fines, charges, and expenses, including attorney fees, incurred by the Association in the process of collection of assessments or enforcement of this Declaration, or the Bylaws, or rules and regulations of the Association.

4.4 Excess Accumulations. If the Board determines that the Association has accumulated funds in excess of its needs, the Association may, at the discretion of the Board, use the excess to reduce subsequent assessments or distribute such excess to the Owners. If the Board elects to distribute the excess, the amount of the excess to be distributed shall be divided by the number of Lots on the date of the determination, and the quotient shall be distributed to the Owner of each Lot.

4.5 Records of Assessments. The Association shall maintain records of assessments, of any other income received by the Association, and of all disbursements made. The Board may at any time and from time to time require that an audit of the Association's records be performed at the expense of the Association. The results of any such audit may be presented at any meeting of the Board. Any Director may, at the Association's expense and at any reasonable time, copy any Association records reasonably necessary to the performance of such Director's duties. Any Owner shall have the right to inspect Association records at any reasonable time, after reasonable notice to the Secretary. Any Owner may copy Association records at such Owner's expense.

4.6 Enforcement. In the event that any assessment, or any expense due pursuant to Article 6 or 9, is not paid within thirty (30) days after the date of billing, the unpaid amount shall thereafter bear interest from the date first due until paid in full at the rate of twelve percent (12%) per annum. In addition to all other rights and remedies available by law or provided herein, the Association also shall be entitled to impose a late charge with respect to any such unpaid amount equal to $25.00 to reimburse the Association for its administrative and other expenses incurred as a result of the Owner's failure to pay the assessment or expense when due. The Association shall have a lien against such Owner's Lot in the amount of all assessments levied against the Lot, all collection costs (including reasonable attorney fees) incurred by the Association, and interest and late charges provided for in this Article 4.6, and any additional amounts due from the Owner of the Lot in question. Subject to the provisions of Article 4.8, any such lien shall bind and run with the Lot in question until paid in full. The Association shall follow the provisions regarding the filing of notice of claim of lien established in ORS 87.366 to 87.372, except that the 120 day time limitation is extended to one year and the Association shall follow the provisions regarding the foreclosure of liens under ORS Chapter 88. A lien for an unpaid assessment shall continue in force, and the suit to foreclose need not be commenced for a period of three years from the date of the particular unpaid assessment became due. In any such foreclosure suit, the Owner shall be required to pay reasonable rental for the Lot. The plaintiff in such foreclosure suit shall be entitled to the appointment of a receiver to collect the rent. The Board, acting on behalf of the Association, shall have the power to bid on the Lot at the
foreclosure sale and to acquire and hold, lease, mortgage, and convey the same, on behalf of the Association. In any action to foreclose any such lien, any judgment rendered against the Owner of the Lot in question and in favor of the Association shall include such amount as the court may adjudge reasonable as attorney fees and costs and expenses reasonably incurred in the preparation for the prosecution of such action, at trial, and on any appeal, in addition to all other amounts provided by law. In addition, the association shall have the right to bring an action to obtain a money judgment against the Owner or Occupant. Owners who fail to pay assessments when due shall be obligated to pay reasonable fees and costs including, but not limited to, attorney fees incurred in connection with the Board’s efforts to collect the delinquent or unpaid assessments, whether or not suit or action is commenced. In the event the Board commences suit or action for the collection of any amounts due or to seek damages or enforcement of any provision of the Declaration, Bylaws, or rules and regulations adopted pursuant thereto, the defendants, jointly and severally, will be liable for the costs of such suit or action, including reasonable attorney fees to be fixed by the court or courts, both at trial and on appeal, in addition to all other sums or obligations.

4.7 Personal Obligation. Each assessment or charge levied pursuant to the provisions of this Declaration shall be a separate and personal obligation of the Owner of the Lot against which the assessment or charge is levied. The sale, transfer, or conveyance of a Lot shall neither release nor discharge the Owner thereof from such personal liability, nor shall such a sale, transfer, or conveyance extinguish any lien placed on such Lot.

4.8 Subordination. Notwithstanding any other provision of this Declaration, any lien imposed on a Lot under this Article 4 shall be and remain at all times inferior, junior, and subordinate to the lien of any first mortgage or deed of trust given to an institutional lender encumbering such Lot. Without limiting the generality of the foregoing, the sale or transfer of any Lot under a decree of foreclosure pursuant to any such first mortgage or deed of trust, or proceeding in lieu of foreclosure, shall extinguish any lien imposed on such Lot hereunder prior the date of sale or transfer. Upon twenty (20) days prior written request, the Association shall execute and deliver such reasonable documentation as any Lot Owner may request to confirm or evidence the provisions of this Article 4.8.

ARTICLE 5
ARCHITECTURAL AND DESIGN CONTROL

5.1 Establishment of the Architectural Committee. On or prior to the Turnover Date, the Architectural Committee ("AC") shall be established to review and approve or disapprove plans, specifications, and design of all construction and landscaping for new homes within Silverado Ranch - Phase II, including all changes, additions, or modifications thereto, pursuant to Articles 5.2 and 5.3. Following the Turnover Date, the AC shall consist of at least two members (as determined by the Board from time to time) appointed, removed, and replaced by the Board. The members of the AC shall be compensated by the Association in such amount, if any, as may be determined from time to time by the Board. Until the Turnover Date, Declarant shall have full power and authority to act as the AC in accordance with the provisions of this Article 5.
5.2 Architectural and Design Review.

5.2.1 Generally. No Improvement of any kind shall be commenced, erected, placed, or altered on any portion of the Property unless such Improvement is in conformance with this Article 5.2 and until plans and specifications showing the nature, kind, shape, height, material, color, and location of such Improvement are submitted to and approved by the AC pursuant to the provisions of Article 5.3. All such Improvements shall be erected and altered in conformance with all applicable governmental laws, ordinances, rules, and regulations, and with the requirements set forth in this Article 5.2. To the extent applicable governmental laws, ordinances, rules, and regulations are in conflict with such requirements, the more restrictive standards shall control.

5.2.2 Design Guidelines. The AC shall have the authority to promulgate and issue, and thereafter to amend from time to time, design guidelines that supplement and interpret, but are consistent with those set forth in this Article 5.2. Such guidelines shall be supplied in writing to all Owners, shall be fully binding upon all Owners as if set forth in this Declaration, and shall be applied by the AC in reviewing and approving or denying proposed Improvements. Without limiting the generality of the foregoing, the AC shall have the authority to include in any such guidelines, among such other provisions as the AC may deem appropriate, height restrictions with respect to Improvements to be constructed on the Property or any portion thereof, requirements and restrictions with respect to exterior lighting in addition to those set forth in this Declaration, requirements regarding parking and landscaping in addition to those set forth in this Declaration, signage restrictions, and requirements to be met in connection with construction activities on the Property or any portion thereof. Any requirements or restrictions set forth in the design guidelines need not relate to all components of Silverado Ranch - Phase II if the AC determines that only certain portions of the Property should be affected.

5.2.3 Dwelling Size. The dwelling constructed on a Lot shall not exceed two (2) stories in height above the basement or crawlspace and must contain a private enclosed garage for not less than two (2) automobiles. The ground floor area of a one-story dwelling, exclusive of open porches and garages, shall be equal to 1,400 square feet. In the case of a two-story dwelling, the ground floor and second floor living levels shall be equal to 1,700 square feet in the aggregate. The dwelling size requirements set forth above may be adjusted by ten percent (10%) if approved by the AC in its sole discretion.

5.2.4 Exterior Finish. The exterior of the Improvements on all Lots, including, without limitation, the roof, materials, and the color thereof, shall be subject to the approval or disapproval of the AC and shall be designed, built, and maintained so as to be compatible with the natural surroundings, existing structures, and landscaping within Silverado Ranch - Phase II. Roofing material shall be cedar shingle, shake, tile, or composition staggered shake shingle of high density with at least a 25-year guarantee, the color of which shall be earth tone or natural wood finish and approved by the AC. Exterior trim, doors, railings, decks, eaves, and gutters, and the exterior finish of garages and other accessory buildings, including, without
limitation, storage sheds, gazebos, and playhouses, shall be designed, built, and maintained so as to be compatible with the exterior of the structure they are part of or adjoin.

5.2.5 Exterior Lighting. Any exterior lighting which is visible from any Lot or street, or any part of the Common Area, shall be compatible with its surroundings and approved by the AC prior to installation. No lighting shall produce excessive glare or excessive illumination or unreasonably interfere with the use of any other portion of the Property. No flashing or blinking lighting shall be permitted, other than lighting put in place during the holiday season.

5.2.6 Fences. All fences and all fence finishes shall be approved by the AC prior to installation. All approved fences shall be well-constructed of suitable fencing materials, shall be finished on both sides by the Person constructing the fence, shall not exceed six (6) feet in height, shall not detract from the appearance of any nearby building, and shall not extend on the side lot lines beyond the building line with the greatest setback on the Lot or the adjoining Lot nor be closer than five (5) feet from the edge of a sidewalk.

5.2.7 Hedges, Etc. No hedges or other plantings along the boundaries of any Lot shall be permitted without the prior approval of the AC.

5.2.8 Tree Removal. No trees may be removed from any Lot without the prior approval of the AC. Each Owner shall supply to the AC, together with the plans and specifications for any proposed Improvements, a drawing showing the intended location of such Improvement on such Owner's Lot and of all trees thereon, so that necessary tree removal can be readily determined.

5.2.9 Service Facilities. Clotheslines, waste facilities, storage facilities, and other service facilities shall be screened so as not to be visible from the street, adjacent property, or any Common Area.

5.2.10 Antennae. No exterior radio, television, or telecommunication towers, antennae, satellite dishes, or other exterior transmission or receiving devices shall be allowed without the prior approval of the AC.

5.2.11 Utilities and Equipment. All utility lines shall be underground. Pad-mounted transformers, switch-gears, and similar equipment which must be installed above ground and all service equipment such as meters, generators, mechanical duct work, piping, and HVAC equipment shall be screened with suitable landscaping or walls of design and material compatible with those of the adjacent buildings.

5.2.12 Excessive Ornamentation. No excessive ornamentation in landscaping will be allowed in areas visible from the street or adjacent properties. Excessive ornamentation may include driftwood, statues, animal skulls, wagon wheels, windmills, and other items as determined by the AC.
5.3 Design Review Procedure.

5.3.1 Submission of Plans. Prior to the commencement, erection, placement, or alteration of any Improvement on any Lot, the Owner shall submit plans and specifications to the AC in accordance with such procedures as the AC may establish from time to time. All plans and specifications shall conform to any specific requirements set forth in the design guidelines promulgated pursuant to Article 5.2.2 and shall provide sufficient detail to enable the AC to determine whether the proposed Improvement is in conformance with the applicable requirements set forth in this Article 5 and in such design guidelines. Such plans and specifications shall be accompanied by the Owner's payment of such reasonable fee as may be fixed by the Board from time to time to cover costs of the design review process. The Owner shall also supply any additional information reasonably requested by any member of the AC. The AC shall review the information and plans submitted and shall, within 30 days after submission of all information requested by any member of the AC, notify the Owner in writing of its approval or disapproval of the proposed Improvement. If the AC fails to give notice of its decision within such 30-day review period, the proposed Improvement shall be conclusively presumed to be approved as submitted.

5.3.2 Approval. The AC may approve a proposed Improvement as submitted or may impose specific conditions which must be met before approval will be granted. A decision by a majority of the members of the AC shall constitute a decision of the AC.

5.3.3 Commencement of Work. As soon as practicable after the receipt of approval by the AC, if the Owner elects to proceed with the Improvement, the Owner shall satisfy any and all conditions of such approval, shall secure all necessary governmental permits and approvals, and shall commence construction of the approved Improvement. The AC's approval of any proposed Improvement shall automatically be deemed revoked 180 days after issuance unless construction of the Improvement has commenced or the Owner has applied for and received an extension of time from the AC.

5.3.4 Completion of Work. Any approved Improvement shall be completed within 360 days after the date of commencement of construction; provided, however, that if the construction of any approved Improvement is delayed by causes beyond the reasonable control of the Person constructing such Improvement, the period within which construction must be completed shall be extended by the number of days construction is so delayed. In all cases, landscaping shall be completed within thirty (30) days after substantial completion of associated Improvements. Promptly after completion of any Improvement, the Owner shall give written notice of completion to the AC. Within thirty (30) days after the effective date of such notice or at any time that the AC has reason to believe that an Improvement has been completed, the AC shall inspect the completed Improvement and give written notice to the Owner of any respects in which the completed Improvement fails to conform to the plans therefor as approved by the AC. The AC shall specify in any such notice a reasonable period, which shall be not less than thirty (30) days, during which the Owner may remedy the nonconformance. If the AC fails to give a notice of nonconformance within thirty (30) days after the effective date of a notice of completion, the Improvement shall be conclusively presumed to be approved as completed.
5.3.5 **AC Discretion.** The AC, in its sole discretion, may withhold approval of any proposed Improvement if the AC finds that the proposed Improvement would be inconsistent with the provisions of Article 6 or would be incompatible with the design standards for Silverado Ranch - Phase II, as set forth in this Article 5 and in the design guidelines promulgated pursuant to Article 5.2.2. Considerations such as siding, shape, size, color, design, height, impairment of the view from other parts of the Property, solar access, and other effects on the enjoyment of other parts of the Property, including without limitation the Common Areas, as well as any other factors which the AC believes to be relevant, may be taken into account by the AC in determining whether or not to approve any proposed Improvement. The AC, in its sole discretion, may, upon application, waive any provision of the Article 5 if it finds that the application of such provision results in unnecessary hardship to the affected Owner and that strict application is not necessary for the furtherance of the objective to create an attractive development.

5.3.6 **No Liability.** Neither the AC, nor any member thereof, nor the Association shall be liable to any Owner, Occupant, Builder, or other Person for any damage or loss suffered or claimed as a result of any action or failure to act on the part of the AC or any member thereof, so long as the AC or such member has acted in good faith based on actual knowledge.

5.3.7 **Non-waiver.** Approval or disapproval by the AC of any matter proposed to it or within its jurisdiction shall not constitute a precedent or waiver or impair in any manner whatsoever the right of the AC to grant or withhold approval as to any similar matter thereafter proposed or submitted to it for approval.

5.3.8 **Estoppel Certificate.** Within twenty (20) days after receipt of a written request from any Owner, and the payment by such Owner of such reasonable fee as may be fixed by the Board from time to time to cover costs, the AC shall provide such Owner with an estoppel certificate executed by a member thereof, certifying with respect to the Lot(s) owned by such Owner that, as of the date of the certificate, either (i) all Improvements on such Lot(s) comply with this Declaration; or (ii) such Improvements do not so comply, in which event the certificate shall also identify the noncomplying Improvements and state with reasonable particularity the nature of such noncompliance. Any purchaser from an Owner, and any mortgagee or other encumbrancer, shall be entitled to rely upon any such certificate as to the matters set forth therein, such matters being conclusive among Declarant, the AC, the Association, all Owners, and such purchaser, mortgagee, or other encumbrancer.

**ARTICLE 6
PROPERTY USE AND RESTRICTIONS**

6.1 **Improvements Permitted.** No Improvement shall be erected or permitted to remain on any Lot except Improvements consisting of or containing one residence and Improvements normally accessory thereto. The provisions of this Article 6.1. shall not be construed to prohibit construction of a private greenhouse, storage unit, private swimming pool,
or structure for the storage of a boat, camping trailer, and/or recreational vehicle, so long as any such Improvement has been approved by the AC and is otherwise in conformance with this Declaration and applicable governmental requirements.

6.2 Manufactured Homes Prohibited. At no time shall manufactured homes be permitted on any part of the Property or any other property annexed thereafter pursuant to Section 1.3 of this Declaration.

6.3 Residential Use. Except as provided in this Article 6.3, Lots shall be used solely for residential purposes. Without limiting the generality of the foregoing, no trade, craft, business, profession, commercial, or similar activity of any kind shall be conducted on any Lot, nor shall any goods, equipment, vehicles, materials, or supplies used in connection with any trade, service, or business be kept or stored on any such Lot, other than with the prior approval of the Board. Nothing in this Article 6.3 shall be deemed to prohibit or limit (i) activities relating to the sale or rental of residential units; (ii) the right of Declarant or any Builder to construct residential units on any Lot, to store construction materials and equipment on any such Lot in the normal course of construction, or to use a residence as a sales office or model home for purposes of sales in Silverado Ranch - Phase II; or (iii) the right of any Owner to maintain an office, provided that the same complies with all applicable local or state rules concerning such use and does not involve excessive noise, waste, vehicle traffic, or parking of commercial vehicles, as determined by the Board, and complies with all other requirements set forth herein. The Board shall not approve any activity otherwise prohibited by this Article 6.3 unless the Board determines that only normal residential activities would be observable outside the residential unit in question and that the activity would not violate applicable law.

6.4 Limitations on Use.

6.4.1 Offensive Activities. No noxious or offensive activity shall be carried on in Silverado Ranch - Phase II, nor shall anything be done or placed upon any Lot or Tract which interfaces with or jeopardizes enjoyment of other Lots or the Common Areas.

6.4.2 Animals. No animals of any kind shall be raised, kept, or permitted within Silverado Ranch - Phase II; provided, however, that each Owner and Occupant may keep a reasonable number of household pets which are not kept, bred, or raised for commercial purposes and which are reasonably controlled so as not to be a nuisance.

6.4.3 Parking. Parking of boats, trailers, recreational vehicles, trucks, campers, motorcycles, and similar equipment in excess of three-quarters of a ton in weight shall not be allowed on any Lot, or any street adjacent thereto, except within an enclosed garage or screened behind a six (6) foot fence which prevents the vehicle or equipment therein from being seen from any other Lot, any Common Area, or any street within the Property, and the construction of which has been reviewed and approved by the AC pursuant to Article 5.

6.4.4 Vehicles in Disrepair. No Owner or Occupant shall permit any vehicle which is in an extreme state of disrepair (as reasonably determined by the Board) or
which is under repair to be abandoned or to remain parked on any Lot for a period in excess of 48 hours. If an Owner or Occupant fails to remove such a vehicle within 5 days after notice from the Association, the Association may have the vehicle removed from the Property and charge the expense of such removal to the Owner of the Lot as provided in Article 9.

6.4.5 Rubbish and Trash. No Lot nor any part of the Common Areas shall be used as a dump for trash or rubbish of any kind. All garbage and other waste shall be kept in appropriate sanitary containers for proper disposal and out of public view. Yard rakings, dirt, and other material resulting from landscaping work shall not be dumped onto streets or the Common Areas. In the event an Owner or Occupant fails to remove any trash, rubbish, garbage, yard rakings, or other waste material from such Owner's or Occupant's Lot (or from any street or the Common Areas if deposited thereon by such Owner or Occupant) within 5 days after notice from the Association, the Association may have such waste removed and charge the expense of such removal to the Owner of the Lot as provided in Article 9.

6.4.6 Temporary Structures. No structure of a temporary character, trailer, tent, shack, garage, barn, or other outbuilding shall be permitted or used in Silverado Ranch - Phase II at any time as a residence either temporarily or permanently without the written consent of the Board.

6.4.7 Improvements in the Common Areas. No Improvement of any type shall be erected or maintained by any Owner or Occupant so as to trespass or encroach upon the Common Areas.

6.4.8 Signs. No signs of any kind shall be displayed to the public view on any Lot or in the Common Areas except for the temporary placement of "political" signs or signs advertising that Lot for sale or rent, provided that such signs do not exceed four (4) square feet, or signs used by Declarant or a Builder to market the Lots.

6.5 Landscaping and Maintenance. Each Owner and Occupant shall maintain such Owner's or Occupant's Lot, and the Improvements thereon, in good maintenance and repair, at such Owner's or Occupant's expense. Required maintenance and repair shall include, without limitation, (i) maintenance of all parking areas, private drives, curbs, and walkways in a clean and safe condition, including cleaning and repairing as often as is necessary; (ii) maintenance of landscaping in an attractive, neat, orderly, trimmed, and cut condition at all times, free of brush, weeds, and debris; (iii) cleaning, maintenance, and revamping of any external lighting fixtures; and (iv) maintenance of building exteriors in an attractive and neat condition at all times. In addition, each Owner and Occupant shall maintain in good condition and repair the sidewalks, street trees, and grass and other landscaping. If the Board determines that maintenance and repairs are not conducted as required pursuant to this Declaration, the Association may conduct the necessary repairs or maintenance as provided in Article 9.

6.6 Correction of Violations. If any Owner or Lot is in violation of any of the provisions of this Article 6, the Board may give notice thereof to the Owner, specifying in
reasonable detail the nature of the violations. If the violation is not corrected within 30 days, the Board may cause the violation to be corrected and charge the cost thereof to the Owner.

ARTICLE 7
COMMON AREAS AND EASEMENTS

7.1 Common Areas. The Common Areas shall be conveyed to the Association by Declarant not later than the Turnover Date. Every Owner and Occupant, and all invitees and guests of all Owners and Occupants, shall have a nonexclusive right and easement to use and enjoy the Common Areas, which right and easement shall be appurtenant to and shall run with the Property and all Lots therein. Such right and easement shall be subject to the Association's right to promulgate rules and regulations governing the use of the Common Areas. The Association shall maintain and repair the Common Areas, subject to the Owner's obligations to pay their allocable shares of the cost of such maintenance and repair in accordance with Article 4.

7.2 Utility Easements. The Association shall have the right to grant nonexclusive easements and rights of way over the Common Areas for the purpose of installing, maintaining, repairing, and replacing public utility lines, services, and facilities reasonably necessary to serve any of the Property. Easements for installation and maintenance of utilities, drainage facilities, or other improvements are identified or reserved as shown on the recorded Plat, and the Lots affected by such easements shall be subject to all the terms and conditions thereof in the recorded documents creating the same or as set forth on the Plat. Within these easements, no structure shall be placed or permitted to remain which may cause damage to or interfere with the installation or maintenance of utilities, or which may change the direction or flow of drainage channels in the easements or which may obstruct or retard the flow of water through drainage channels in the easements. The Owner of the Lot encumbered by such an easement shall maintain the easement area at his own expense, except for improvements for which a public authority or utility is responsible; provided, however, that this requirement shall not operate to prevent the Owner from requiring any other person to maintain the easement area, if such other person is otherwise required to do so.

7.3 Future Improvements. The Association shall have the right to make further Improvements in or of the Common Areas and to expand or replace any Improvements in the Common Areas.

7.4 Maintenance of Common Areas. The Association shall at all times maintain the Common Areas and all Improvements now or hereafter placed thereon in good condition and repair, except for such maintenance obligations that are the responsibility of or that have been assumed by any public authority or utility.
ARTICLE 8
RESERVATION OF RIGHTS

Notwithstanding anything herein to the contrary, Declarant hereby expressly reserves all of the following rights:

8.1  **Change in Lots.** To change, by amendment of the Plat or otherwise, the boundaries or configuration of any of the Lots then owned by Declarant, or any restrictions affecting the same.

8.2  **Change in Common Areas.** Until the Common Areas have been conveyed to the Association as provided herein, to make any change, by amendment of the Plat or otherwise, to the boundaries of any of the Common Areas, to convert any of the Common Areas to additional Lots, or to remove any portion of the Common Areas from Silverado Ranch - Phase II and retain ownership thereof for its own purposes, or to change the design layout or features of any of the Common Areas or the Improvements to be constructed thereon.

8.3  **Improvements.** To construct Improvements on any of the Common Areas for the use of the Association. However, Declarant does not agree to construct any improvements on the Common Areas.

8.4  **Platting.** To subdivide, by recording a plat thereof, any property hereafter annexed to the Property.

8.5  **Model Homes and Sales Offices.** To use any Lot or Improvements thereon owned by Declarant for purposes of the development of Silverado Ranch - Phase II and the sale of Lots therein, including, but not limited to, the maintenance of model homes, sales offices, and administrative offices, together with the right to place signs on such Lots or in the Common Areas advertising Lots and Improvements for sale in Silverado Ranch - Phase II.

ARTICLE 9
RIGHT OF ENTRY

Declarant, the Association, the AC, and any representative of any of the foregoing shall have the right to enter upon any Lot (i) to clean or maintain landscaping, parking areas, driveways, exterior lighting fixtures, and buildings; (ii) to inspect any Lot prior to, during, or upon the completion of construction of Improvements thereon; (iii) to remove, demolish, replace, alter, repair or otherwise correct any Improvement which is placed on any Lot without the prior approval of the AC pursuant to Article 5 or which is constructed or installed in a manner inconsistent with the terms of the AC's approval therefor pursuant to Article 5; (iv) to enforce the provisions of this Declaration, including the investigation of reported violations; or (v) for any other purpose permitted under this Declaration. No entry on any Lot pursuant to this Article 9 shall be deemed a trespass or otherwise create any right of action in the Owner or Occupant of such Lot.
ARTICLE 10
GENERAL PROVISIONS

10.1 Duration. These covenants, conditions, and restrictions shall run with the land and bind, benefit, and burden in perpetuity the Property, all Owners and Occupants, and the lessees, invitees, and guests of all Owners and Occupants.

10.2 Severability. In the event any provision of this Declaration is determined to be invalid or unenforceable, that determination shall not affect the validity or enforceability of any other provision or of the same provision to a different situation.

10.3 Amendment. The Declarant may amend this Declaration or the Bylaws of the Association in order to comply with the requirements of the Federal Housing Administration, the United States Department of Veterans' Affairs, the Farmers Home Administration of the United States, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Home Mortgage Corporation, any department, bureau, board, commission or agency of the United States or the State of Oregon, any lender that is financing any portion of the Declarant's development of Silverado Ranch - Phase II, or any title insurance company which is insuring the title of Silverado Ranch - Phase II or any of the Lots. However, if the Declarant desires to make such amendment after the Turnover Date, the amendment must first be approved by the Board. In addition, this Declaration may be amended at any time and from time to time by the affirmative vote of seventy-five percent (75%) or more of the Owners.

10.4 Enforcement. The Association and each Owner shall have the right to enforce all of the covenants, conditions, restrictions, reservations, easements, liens, and charges now or hereinafter imposed pursuant to any provision of this Declaration by any appropriate proceeding at law or in equity. Any remedies specifically provided herein are nonexclusive and cumulative and are in addition to all other remedies available to the Association and the Owners at law or in equity. In such proceedings, the prevailing party shall be entitled to recover its reasonable attorney fees as set by the court or courts at trial and on any appeal.

10.5 Non-Waiver. Any failure of the Declarant, the Association, or any Owner to enforce a covenant, condition, or restriction contained in this Declaration shall not be deemed to constitute a waiver of the Association's or any Owner's right to enforce that or any other covenant, condition, or restriction contained in this Declaration.

10.6 Declarant Not Liable. Neither Declarant nor Declarant's successors or assigns shall be liable to any Owner, Occupant, or to any other Person for its enforcement or failure to enforce any provision of this Declaration. Each Owner and Occupant, by acquiring any interest in or occupying any portion of a Lot, agrees not to bring any action or suit against Declarant or any successor or assign of Declarant to recover any such damages or to seek any other relief (including, without limitation, equitable relief) by reason of any such enforcement or failure to enforce any provision of this Declaration, and agrees to defend, indemnify, and hold harmless Declarant and Declarant's successors and assigns from any claim, loss, damage, cost, or expense (including, without limitation, reasonable attorney fees) arising out of the use, operation,
ownership, occupancy, or condition or state of repair of any portion of a Lot or the Property owned by such Owner or occupied by such Occupant, including the Common Areas.

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

10.8 Joint and Several Liability. If an Owner consists of more than one Person, each such Person shall be jointly and severally liable for any assessment or charge and for the performance of any other obligation imposed pursuant to this Declaration.

10.9 Captions. The captions and headings of articles herein are for convenience only and are not intended in any way to define, limit, or describe the scope or intent of any article of this Declaration.

10.10 Notices. All notices given under this Declaration shall be in writing. Any such notice shall be deemed effective on the earlier of the date of delivery or, if mailed, three business days following the date of mailing, if addressed to the addressee at the address, if any, designated in the Association's records.

IN WITNESS WHEREOF, the Declarant has executed this Declaration on this 12th day of December, 2005.

OLD ELK MOUNTAIN TREE FARM, LLC

By: __________________________
    Jay Hinrichs, Manager

STATE OF OREGON
  Washington ss
County of Multnomah

JAY HINRICHES acknowledged this instrument before me on the 12th day of December, 2005, as Manager of Old Elk Mountain Tree Farm, LLC, an Oregon limited liability company, on behalf of the company.

Notary Public for Oregon
My commission expires: 6/14/09
**SILVERADO RANCH – Phase II**

SE 1/4 Section 24 & NE 1/4 Section 25, T. 5 S., R. 7 W., WM.,
A Portion of the Charles Lundell Donation Land Claim #39
Yamhill County, OR

Date: 20 Aug 2005

**Legend**

- ● = monument found, flush to 0.2” down, in good condition unless otherwise stated. Origin stated if known.
- ○ = set 5/8” iron rod with yellow plastic cap marked “Dundee PLS 1942”
- × = existing fence line
- (____) = date of record
- — = easement
- P.U.E. = Public Utilities Easement
- (____-____) = date of record per PT 96-21
- (____-____) = date of record per CS 10487
- (____-____) = date of record per PT 97-13

**Sheet Index**

- Sheet 1 = Boundary Resolution, Lot Dimensions, Legend, Narrative
- Sheet 2 = Curve Table, Dimensions along Silverado Drive
- Sheet 3 = Approvals, Declaration & Acknowledgement, Notes, Surveyor’s Certificate

This is an exact copy of the original plat of SILVERADO RANCH – Phase II

By: Matt Dunckel & Assoc.
3785 Riverside Drive
Molalla, Oregon 97038
Phone: 503-472-7904
Fax: 503-472-0387
Email: dunckel@comlink.com

**Narrative**

The purpose of this survey is to subdivide a portion of that tract of land described in deed from R.L. Praeger to Old Elk Mountain Tree Farm LLC and recorded in Instrument No. 2990814772, Yamhill County Deed Records. The west line is the center line of Willamina Creek. The north line is the south line of the J. Allen Donation Land Claim. The westerly portion of the south line is the north line of BENNETT as described in Instrument No. 199416290. I have held the monuments of CS-10487 for the north line of Instrument No. 199416290. The westerly portion of the south line is a line drawn West from the southeast corner of Section 24. This is not on property line. It is the planning zone line between ET-80 and AF-10. The southerly portion of the east line is set along the east line of the Dunckel DLC which also is not an existing property line but is the planning zone line between ET-80 and AF-10. The northerly portion of the east line is set along a line drawn from the southeast corner of Section 24 to the southwest corner of S.F. Likens DLC and then northerly along the east line of the Likens DLC.
SILVERADO RANCH – Phase II

SE 1/4 Section 24 & NE 1/4 Section 25, T. 5 S., R. 7 W., WM.,
A Portion of the Charles Felland Donation Land Claim #39
Yamhill County, OR
Date: 20 Aug. 2005

Notes

1) All lots have legal access to the county roads.

2) This subdivision does not guarantee the issuance of a residential building permit for any lot. Prior to issuance of residential development permits for any lot, the applicable provisions of the Yamhill County Zoning Ordinance must be satisfied.

3) No city owned or privately owned sewage disposal system, alternate treatment facility or approved septic site will be provided to the purchaser of any lot unless otherwise noted.

4) No municipal, public utility, community water supply or private well system will be provided to the purchaser of any lot unless otherwise noted.

APPROVALS

Yamhill County Planning Director
Docket No.
10/4/05

Yamhill County Engineer
11/1/05

Yamhill County Tax Assessor
11/8/05

Yamhill County Tax Collector
Wally Swenson
10-8-05

Yamhill County Sanitarian
Wis 5-11

Pursuant to ORS 92.005,
Taxes have been paid or bond posted to this date: 6-30-2006

Yamhill County Commissioner
11-7-05

Yamhill County Recorder
11-7-05

SURVEYOR’S CERTIFICATE

L. Matt Dunckel, do hereby certify that I have correctly surveyed and marked with proper monuments the land herein described as SILVERADO RANCH – Phase II, the boundary of which is described as follows:

DECEPTION

KNOW ALL MEN BY THESE PRESENTS that OLD ELK MOUNTAIN TREE FARM, LLC is the owner the lands represented on the attached map and more particularly described in the Surveys Certificate, and has caused said lands to be subdivided into lots and easements as shown on the attached plat, and does hereby dedicate Silverado Drive and Wilmot Creek Road to the public for all purposes forever.

JAY HINCHS
OLD ELK MOUNTAIN TREE FARM, LLC

Acknowledgement

STATE OF OREGON )
COUNTY OF YAMHILL )

On this 20th day of AUGUST 2005 did personally appear JAY HINCHS in the capacity shown in the above Declaration, who being duly sworn, did say that he is the identical person named in the forgoing instrument and that he executed said instrument freely and voluntarily.

Notary Public Signature
MATT DUNCKEL
Notary Public – Oregon (print name)
Commission Number: 331452

This is an exact copy of the original plat of SILVERADO RANCH – Phase II

Sheet 3 of 3 4438
After recording, return to:
Valerie Athena Tomasi
Farleigh Witt
121 SW Morrison, Suite 600
Portland, OR 97204

OFFICIAL YAMHILL COUNTY RECORDS
JAN COLEMAN, COUNTY CLERK

BYLAWS
OF
SILVERADO RANCH - PHASE II HOMEOWNERS ASSOCIATION,
an Oregon nonprofit corporation

These are the bylaws of Silverado Ranch - Phase II Homeowners Association, an Oregon nonprofit corporation (the "Association"). The Association was formed pursuant to Article 3 of the Declaration of Planned Community and Covenants, Conditions, and Restrictions for Silverado Ranch - Phase II recorded December 27, 2005 (the "Declaration"), by Old Elk Mountain Tree Farm, LLC, an Oregon limited liability company ("Declarant").

ARTICLE 1
PURPOSE

The purpose of the Association is to undertake the administration and management of the planned community known as Silverado Ranch - Phase II in Yamhill County, Oregon (as legally described in Exhibit A to the Declaration), and any adjacent property annexed thereto pursuant to Article 1.2 of the Declaration (collectively, "Silverado Ranch - Phase II").

ARTICLE 2
DEFINITIONS; INCORPORATION BY REFERENCE

Except as otherwise provided herein, the terms that are defined in Article 2 of the Declaration are used in these Bylaws as therein defined.

ARTICLE 3
ORGANIZATION

The Association was organized as a mutual benefit corporation under the Oregon Nonprofit Corporation Act (the "Act") on December 12, 2005.

ARTICLE 4
OFFICES

4.1 Principal Office. The principal office of the Association shall be either within or without the State of Oregon as the Board may designate or as the business of the Association may require from time to time.

4.2 Registered Office. The registered office of the Association required by the Act to be maintained in the State of Oregon may be changed from time to time by the Board.
ARTICLE 5
POWERS

The powers of the Association shall include all powers of a homeowners association under the provisions of the Oregon Planned Community Act (presently ORS 94.550 et seq., as may be amended from time to time). Without limiting the generality of the foregoing, and in accordance with the terms of Article 3.3 of the Declaration but subject to the other provisions of the Declaration, the Association has all requisite power, duty, and authority to undertake the following actions:

5.1 Perform its obligations under the Declaration, enforce the provisions of the Declaration, and acquire and pay for out of the common fund provided by the assessments (pursuant to Article 4 of the Declaration), all goods and services necessary or appropriate for the proper functioning of the Association in accordance with the Declaration.

5.2 Determine the amounts necessary or appropriate for the performance by the Association of its powers and duties under the Declaration.

5.3 Impose and collect annual and special assessments from the Owners.

5.4 Maintain bank accounts on behalf of the Association and designate the signatories for those accounts.

5.5 File all required income tax returns.

5.6 Enforce by legal means the provisions of the Declaration.

5.7 Maintain and repair the Common Areas and the Improvements thereon, build Improvements on the Common Areas, and establish one or more reserve funds for such purposes.

5.8 Promulgate, modify, and rescind rules and regulations governing the use of the Common Areas and all Improvements on the foregoing, as well as Silverado Ranch - Phase II generally.

5.9 Obtain such policies of insurance as the Board may from time to time deem appropriate for the protection of the Association, Common Areas, and the Improvements thereon, and as may be authorized pursuant to Article 3.3.8 of the Declaration. Such, policies shall be written, maintained and administered as follows:

a. A policy or policies of fire insurance with the extended coverage and special form endorsements, for the full insurable replacement value, if available, of any structures on Common Areas.

b. A policy or policies insuring the Association, its Board, and the Owners individually against any liability to the public or the Owners and their invitees or
tenants, incident to the ownership, supervision, control, or use of the Common Areas. Limits of liability under such insurance shall be not less than $1,000,000.00 per occurrence for bodily injuries and property damage liability. Such limit and coverage shall be reviewed at least annually by the Board which may increase the limit of coverage, in its discretion. Such policy or policies shall be issued on a comprehensive liability basis and shall provide cross liability endorsements wherein the rights of named insured under the policy or policies shall not be prejudiced as respects his, her, or their action against another named insured.

c. The Board may obtain and maintain a fidelity bond naming such persons as may be designated by the Board as principals and the Association and the Owners as obligees, for the amount determined by the Board, and may require that all officers and employees of the Association handling or responsible for Association funds obtain adequate fidelity bonds. The premiums on such bonds shall be paid by the Association.

5.10 The Association shall not be responsible for any loss or damage to real or personal property of any Owner, whether stored in the Common Areas or on the Owner's Lot or living unit, nor shall the Association maintain any insurance coverage for such loss.

a. All policies shall be written by a company licensed to do business in Oregon and holding a "Commissioner's rating" of "A+" and a size rating of "AM," or better, by Best's Insurance Reports, or as may be otherwise acceptable to the Board.

b. All losses under policies of insurance hereafter in force shall be settled exclusively with the Board or its authorized representative. Releases and proofs of loss shall be executed by at least two directors after the Turnover Date, and the signature of no director shall be required before such date.

c. In no event shall the insurance coverage obtained and maintained by the Board hereunder be brought into contribution with insurance purchased by the individual Owners or their mortgagees.

d. The Board shall make reasonable attempts to secure insurance policies that will provide for the following:

(i) A waiver of subrogation by the insurer as to any claims against the Board, the Owners, and their respective servants, agents, and guests.

(ii) The policy cannot be cancelled, invalidated, or suspended on account of the conduct of anyone or more individual Owners.

(iii) That the policy cannot be cancelled, invalidated, or suspended on account of the conduct of any officer or employee of the Board without prior demand in writing that the Board or manager cure the defect.

(iv) That any "no other insurance" clause in the policy exclude the individual Owners' policies from consideration.
e. At least annually, the Board shall review all insurance carried by
the Association, which review shall include an appraisal of all Improvements made to
the Common Areas by a representative of the insurance carrier writing the master policy.

f. Compensate the officers of the Association and the members of the
Architectural Committee as the Board determines is appropriate.

g. Contract for such services (including without limitation legal and
accounting services) as may be necessary or appropriate to manage the affairs of Silverado
Ranch - Phase II and the Association properly and in accordance with the Declaration, whether
the personnel performing such services are employed directly by the Association or by a
manager or management firm or agent retained by the Association.

5.11 Appoint such committees as the Board may determine from time to time to
be appropriate to assist in the conducting the affairs of the Association and delegate to any such
committee such authority as the Board may deem appropriate, subject in all cases to the
provisions of the Declaration. Notwithstanding the foregoing, the Architectural Committee shall
in all events be formed as provided in and shall have the authority granted by Article 5 of the
Declaration and other applicable provisions thereof.

5.12 At its discretion, enter into agreements with others for the joint use and
maintenance of any of the Common Areas and the Improvements thereon.

ARTICLE 6
MEMBERSHIP

6.1 Members. The Association shall have members as that term is defined in
the Act. Each Owner, by virtue of being an Owner and so long as such Owner continues in that
capacity, shall automatically be a member of the Association. Membership shall be appurtenant
to and may not be separated from ownership of any Lot which is subject to assessment by the
Association. Upon transfer of an Owner's interest in a Lot, membership in the Association shall
automatically transfer to the new Owner.

6.2 Voting Rights.

a. One Vote Per Lot. One vote per Lot may be cast on any issue that
comes before the Owners. Although there may be more than one Owner of each Lot, and thus
more than one member per lot, the Owners of an individual Lot shall determine among
themselves who will cast the vote on behalf of the Lot. If the Association's officers have any
doubt as to who is entitled to cast a vote on behalf of a Lot, the chairperson of the meeting is
authorized to suspend the rights of any person to vote on behalf of that Lot absent a written
declaration, signed by all record holders of an interest in such Lot, designating one person to cast
the vote for such Lot.
b. **Proxy.** Any Owner may give a proxy to any Person so long as the proxy is in writing, signed by such Owner, and filed with the Association's Secretary. A proxy shall expire on the earlier of (i) eleven (11) months after the date of the proxy; or (ii) the date of the transfer of legal title to a Lot.

6.3 **Meetings of Owners.**

a. **Annual Meetings.** An annual meeting of the Owners shall be held each year in the months of February or March at which time the Owners shall elect one or more directors whose positions are open and to conduct such other business as shall properly come before the meeting.

b. **Special Meetings.** Special meetings of the Owners may be held from time to time. Business transacted at a special meeting shall be confined to the purposes stated in the notice.

c. **Turnover Meeting.** The Turnover Meeting shall be called by Declarant and held within ninety (90) days after the Turnover Date. Declarant shall give written notice of the time and place of the Turnover Meeting to each Owner at the mailing address of each Owner's Lot. Declarant's notice shall be given at least thirty (30) but not more than sixty (60) days prior to the date of the Turnover Meeting. If Declarant does not call a meeting within the required time, any Owner may call a meeting and give notice as required in this paragraph. At the Turnover Meeting, the following shall occur:

(i) The directors selected by Declarant and the officers of the Association shall each resign.

(ii) The Owners shall elect a new Board.

(iii) The new Board shall elect a President and a Secretary.

(iv) Declarant shall deliver to the new Board all of the Association's property in Declarant's possession, including without limitation all books and records, funds, tangible personal property, insurance policies, and contracts to which the Association is a party.

d. **Quorum: Manner of Acting.** The participation by Owners of thirty percent (30%) of the Lots, represented in person or by proxy, shall constitute a quorum at a meeting of Owners. If a quorum is present, the affirmative vote of a majority of the Lots represented at the meeting and entitled to vote on the subject matter shall be the act of the Owners, unless the vote of a greater number or voting by classes is required by statute, the Articles of Incorporation, or these Bylaws. If fewer than thirty percent (30%) of the Lots are represented at a meeting, the Owners of a majority of the Lots so represented may adjourn the meeting from time to time without further notice. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally noticed. The Owners present at a duly organized meeting
may continue to transact business until adjournment, notwithstanding the withdrawal of enough Owners to leave less than a quorum.

e. **Notice.** Any meeting of Owners may be called by the President of the Association, any two directors, or by a group of at least three (3) Owners for any purpose. Notice of any such meeting shall be given no less than ten (10) days preceding the date on which the meeting is to be held and no more than forty (40) days prior to such meeting. Notices shall be deemed given when deposited in the United States Mail, first class postage thereon prepaid, addressed to the recipient at the address, and to the Owner, then on the records of the Association. A notice shall state the time, date, location, and, if it is of a special meeting, the purpose of the meeting as well. An Owner is entitled to notice of a meeting only if such Owner has previously given written notice to the Association Secretary setting forth such Owners name and address. Notice of a meeting may be waived by an Owner at any time.

f. **Location.** All meetings of the Owners shall be held at such place within Yamhill County as the notice of such meeting shall designate.

**ARTICLE 7**
**BOARD OF DIRECTORS**

7.1 **Generally.** The Association shall act through a board of directors. Prior to the Turnover Meeting, Declarant shall select all directors. During the period when Declarant is selecting the directors, declarant may also determine the number of directors, which may be different than the number set forth in Article 7.2. From and after the Turnover Meeting, the number of directors shall be as set forth in Article 7.2, and the Owners shall select or elect the directors in the manner provided in Article 6. From and after the Turnover Meeting, a person must be an Owner of a Lot, or an officer, director, or agent of a corporation or partnership that is the Owner of a Lot, to serve as a director. A director whose qualification is subsequently lost shall be deemed to have resigned as of the date that qualification is lost.

7.2 **Number of Directors.** From and after the Turnover Meeting, the Board shall be comprised of three (3) directors.

7.3 **Election of Directors.** Vacant director positions shall be filled at the annual meeting of the Owners. In the event a director dies, resigns, or ceases to be an Owner of a Lot, the resulting vacancy on the Board shall be filled by selection or vote of the remaining directors. Any director so selected or elected shall serve the remainder of the replaced director’s term.

7.4 **Terms of Directors.**

a. **Initial Terms.** Directors selected by Declarant pursuant to Article 7.1 shall serve at the pleasure of Declarant. As determined by random means, two of the three directors initially elected pursuant to Article 7.3 shall serve two-year terms and one shall serve a one-year term.
b. **Subsequent Terms.** Except as provided in Article 6.4(a), all directors shall serve two-year terms. Any director may serve more than one term.

7.5 **Removal of Directors.** All or any number of the directors may be removed with or without cause at a meeting expressly called for that purpose by a vote of a majority of the directors then serving.

7.6 **Meetings.**

a. **Annual Meetings.** The Board shall meet annually, within ninety (90) days after the end of each calendar year. At each annual meeting, the Secretary shall present to the Board a report on the financial condition of the Association, including a report of receipts and disbursements for the preceding calendar year and the estimated receipts and expenses for the coming year.

b. **Regular Meetings.** The Board may provide by resolution the time and place, either within or without the State of Oregon, for the holding of regular meetings without other notice than such resolution.

c. **Special Meetings.** Special meetings may be called at any time by two (2) directors or by the President of the Association. Such meetings shall be scheduled by the Secretary within thirty (30) days after the Secretary's receipt of written requests signed by two or more directors; provided that if the purpose of a special meeting is to elect a successor Secretary or to consider removal of the Secretary, the meeting may be scheduled by the President or, if the meeting is also for the purpose of electing a successor President or considering the removal of the President, by any other director.

d. **Place of Meeting.** Meetings of the Board shall be held at such place as may be designated from time to time by the Board.

e. **Notice.** The Secretary shall give written notice to each director of each Board meeting at least ten (10) but not more than thirty (30) days prior to the date set for such meeting, stating the purpose, time, and place of the meeting. Notice shall be sent to the address of each director as listed on the books of the Association, or to such other address as any director may designate by written notice to the Secretary. Notice of any meeting may be waived by any director at any time.

f. **Attendance.** All meetings of the Board shall be open to the Owners.

7.7 **Quorum.** The presence of a majority of the directors shall constitute a quorum for voting at the Board meeting. The Board shall have the power to adjourn a meeting if less than a quorum is present.
7.8 Voting by the Board. Each director shall have one vote. So long as a quorum is constituted, the vote of directors together holding a majority of the total votes cast shall be the binding vote of the Board for all purposes, unless a greater percentage is required by law.

7.9 Presumption of Assent. A director of the Association who is present at a meeting of the Board at which action on any corporate matter is taken shall be presumed to have assented to the action taken, unless his dissent shall be entered in the minutes of the meeting, or unless he shall file his written dissent to such action with the person acting as the Secretary of the meeting before the adjournment thereof, or shall forward such dissent by registered mail to the Secretary of the Association immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

7.10 Informal Action by Directors. Any action required to be taken at a meeting of the Board or any other action, which may be taken at a meeting of the directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all the directors entitled to vote with respect to the subject matter thereof.

7.11 Compensation of Directors. No director shall receive compensation from the Association for serving on the Board. However, the Association shall reimburse directors for expenses incurred, pursuant to policies established from time to time by the Board.

7.12 Insurance. The Board may purchase and maintain insurance on behalf of any director against any liability incurred by such director in such capacity, if such insurance is available at a cost and on terms which the Board determines to be reasonable.

ARTICLE 8

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

8.1 Powers. The Board shall have power to:

a. Adopt and publish rules and regulations governing the use of the Common Areas and the personal conduct of the Owners and their guests thereon and to establish penalties for the infractions thereof.

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

c. Exercise for the Association all powers, duties, and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation, or the Declaration.
d. Declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors.

e. Employ a manager, an independent contractor, or such other employees as they deem necessary and to prescribe their duties, including authorizing said manager or employee to collect assessments and fees and to sign checks drawn on appropriate Association bank accounts.

8.2 **Duties.** It shall be the duty of the Board to:

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

b. Supervise all officers, agents, and employees of the Association and to see that their duties are properly performed.

c. As more fully provided in the Declaration, to:

   (i) Fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period.

   (ii) Send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period.

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

d. Issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment.

e. Procure and maintain adequate liability and hazard insurance on property owned by the Association.

f. Cause all officers or employees having fiscal responsibility to be bonded, as it may deem appropriate.

g. Cause the Common Area to be maintained.
h. Adopt an annual budget for the Association. Within thirty (30) days after adopting the annual budget for the Association, the Board shall provide a summary of the budget to all Owners. If the Board fails to adopt a budget, the last adopted annual budget shall continue in effect.

i. Adopt a program for the maintenance, upkeep, repair, and replacement of the Common Areas. Such program shall provide for the method of payment for the expenses of the program and other expenses of the Association, the method of approving payment vouchers, and the employment of personnel necessary for the administration of the Association and the maintenance of the Common Areas.

**ARTICLE 9
OFFICERS**

9.1 **Designation.** The officers of the Association shall be a President and a Secretary, each of whom shall be elected by the Board. One or more Vice Presidents (the number thereof to be determined by the Board) and a treasurer also may be elected. Such other officers and assistant officers as may be deemed necessary may be elected or appointed by the Board. One person may serve as more than one officer.

9.2 **Election and Term of Office.** The officers of the Association to be elected by the Board shall be elected at the annual meeting of the Board after the election of the new directors. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as may be convenient. Each officer shall hold office until his successor shall have been duly elected and shall qualify, until his death, or until he shall resign or shall have been removed in the manner hereinafter provided.

9.3 **Removal.** Any officer or agent elected or appointed by the Board may be removed by the Board whenever in its judgment the best interests of the Association would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed.

9.4 **Vacancies.** A vacancy in any office because of death, resignation, removal, disqualification, or otherwise may be filled by the Board for the unexpired portion of the term.

9.5 **President.** The President shall be the principal executive officer of the Association and, subject to the control of the Board, shall in general supervise and control all the business and affairs of the Association. He shall preside at all meetings of the members and of the Board. He may sign, with the Secretary or any other proper officer of the Association thereunto authorized by the Board, any deeds, mortgages, bonds, contracts, or other instruments which the Board has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board or by these Bylaws to some other officer or agent of the Association or shall be required by law to be otherwise signed or executed; and in
general he shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board from time to time.

9.6 Vice Presidents. If at least one Vice President is elected, the Vice President (or, in the event there be more than one Vice President, the Vice Presidents in the order designated at the time of their election, or, in the absence of any designation, then in the order of their election) in the absence of the President or in the event of his death, inability, or refusal to act, shall perform the duties of the President, and, when so acting, shall have all the powers of and be subject to all the restrictions upon the President. Any Vice President shall perform such other duties as from time to time may be assigned to him by the President or by the Board.

9.7 Secretary. In the absence of the President or in the event of his death, inability, or refusal to act, and if no Vice President is able to so serve, the Secretary shall perform the duties of the President, and, when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Secretary shall: (a) keep the minutes of the Owners and of the Board meetings in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (c) be custodian of the corporate records and of the seal of the Association and see that the seal of the Association is affixed to all documents the execution of which on behalf of the Association under its seal is duly authorized; (d) keep a register of the postal delivery address of each member which shall be furnished to the Secretary by such members; and (e) in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the President or by the Board. If a treasurer is not elected, then the Secretary also shall have all those duties and obligations as specified in Section 7.8, below.

9.8 Treasurer. If required by the Board, the treasurer shall give a bond for the faithful discharge of his duties in such sum and with such surety or sureties as the Board shall determine. The treasurer shall: (a) have charge and custody of and be responsible for all funds and securities of the Association; (b) receive and give receipts for moneys due and payable to the Association from any source whatsoever and deposit all such moneys in the name of the Association in such banks, trust companies, or other depositaries as shall be selected by the Board; and (c) in general perform all the duties incident to the office of treasurer and such other duties as from time to time may be assigned to him by the President or by the Board.

9.9 Assistant Secretaries and Assistant Treasurers. The assistant secretaries shall have such duties and such authority as may be given them by the Board. The assistant treasurers shall, respectively, if required by the Board, give bonds for the faithful discharge of their duties in such sums and with such sureties as the Board shall determine. The assistant secretaries and assistant treasurers, in general, shall perform such duties as shall be assigned to them by the Secretary or the treasurer, respectively, or by the President or the Board.

9.10 Delegation. In the case of absence or inability to act of any officer, the Board may from time to time delegate the powers or duties of such officer to any other officer, director, or other person whom it may select.
9.11 Compensation. The officers shall be reimbursed for their direct expenses on behalf of the Association. Upon resolution of the Owners the officers may be compensated for the performance of their duties.

9.12 Vacancies. A vacancy in any office arising from any cause may be filled by the Board at any regular or special meeting of the Board for the unexpired portion of the term.

9.13 Removal. Any officer or agent elected or appointed by the Board may be removed at any time, with or without cause, by the affirmative vote of a majority of the whole Board, but such removal shall be without prejudice to the contract rights, if any, of the person so removed.

ARTICLE 10
ASSESSMENTS

As more fully provided in the Declaration, each member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of twelve percent (12%) per annum, and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs, and reasonable attorney fees of any such action shall be added to the amount of such assessment. In addition, any assessment not paid on or before the due date shall automatically be assessed $25.00 as a late charge. No owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Areas or abandonment of his Lot. As stated in the Declaration, the lien for the assessments shall be subordinate to the lien of any first mortgage. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to mortgage foreclosure or any proceeding in lieu thereof shall extinguish the lien of such assessments as to the payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

ARTICLE 11
RECORDS AND AUDITS

11.1 General Records. The Board and the Secretary shall keep detailed records of the actions of the Board and of the minutes of the meetings of the Board and minutes of the meetings of the Association. The Board shall maintain a list of Owners entitled to vote at meetings of the Association.

11.2 Assessment Roll. An assessment roll for assessments to Owners 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 amount of each
assessment against the Owners, the dates and amounts in which the assessment comes due, the amounts paid upon the account, and the balance due on the assessments.

11.3 Reports and Audits. An annual report of the receipts and expenditures of the Association shall be rendered by the Board to each Owner within ninety (90) days after the end of each fiscal year. From time to time, the Board, 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. At any time any Owner may, at his own expense, cause an audit or inspection to be made of the books and records of the Association.

ARTICLE 12
AMENDMENTS TO BYLAWS

12.1 How Proposed. Amendments to the Bylaws shall be proposed by either a majority of the Board or by twenty percent (20%) of the Owners. A proposed amendment must be reduced to writing and shall be included in the notice of any meeting at which action is to be taken thereon.

12.2 Adoption. A resolution adopting a proposed amendment may be proposed by either the Board or by the Owners. Any resolution must be approved by thirty percent (30%) of the Owners and by Declarant so long as Declarant owns any Lot.

ARTICLE 13
INDEMNIFICATION

The Association shall indemnify each of its officers and directors to the fullest extent permissible under the Act, as the same exists or may hereafter be amended, against all expense, liability, and loss (including, without limitation, attorney fees) incurred or suffered by such person by reason of or arising from the fact that such person is or was serving as a director or officer of the Association or in another capacity with the Association or any other entity (as provided in the Act) at the request of the Association, and such indemnification shall continue for a person who has ceased to act in such capacity and shall inure to the benefit of his or her heirs, executors, and administrators. The Association may, by action of the Board, provide indemnification to employees and agents of the Association with the same scope and effect as the indemnification provided in this Article 13 to officers and directors. The indemnification provided in this Article 13 shall not be exclusive of any other rights to which any person may be entitled under any statute, bylaw, agreement, resolution of Owners or directors, contract, or otherwise.

ARTICLE 14
MISCELLANEOUS

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

14.2 Waiver. No restriction, condition, obligation, or provision contained in these Bylaws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches thereof which may occur.

14.3 Invalidity; Number; Captions. The invalidity of any part of these Bylaws shall not impair or affect in any manner the validity, enforceability or effect of the balance of these Bylaws. As used herein, the singular shall include the plural, and the plural the singular. The masculine and neuter shall include each include the feminine, 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.

These Bylaws were adopted by resolution of the Board of Directors of the Association effective as of December 27, 2005.

SILVERADO RANCH-PHASE II HOMEOWNERS ASSOCIATION

[Signature]
President and Secretary

SUBSCRIBED AND SWORN to before me this 7th day of February, 2006.
By Jay Hinrichs, President and Secretary of Silverado Ranch-Phase II Homeowners Association

[Signature]
Notary Public for Oregon
My Commission Expires: 6/14/09