DETECTION OF

COVENANTS, CONDITIONS AND RESTRICTIONS

FOR

THE STABLES AT COYOTE RUN
THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR THE STABLES AT COYOTE RUN (“Declaration”) is made this 12th day of August, 2010 by Coyote Creek Group, LLC, an Oregon limited liability company, as the Declarant.

RECITALS

A. WHEREAS, the Declarant is the owner, or controls, of all that certain property and improvements thereon located in Yamhill County, State of Oregon, referred to as the Plat of THE STABLES AT COYOTE RUN, recorded August 12th, 2010, as Document No. 2010-__________, consisting of Lots 1 through 16 and certain easements noted on the Plat (“The Stables at Coyote Run” or the “Real Property”);

B. WHEREAS, the Declarant intends to develop The Stables at Coyote Run as a Class 1 Planned Community under ORS 94.550 through ORS 94.785, and to establish the planned development project of The Stables at Coyote Run, Declarant desires to impose these mutually beneficial covenants, conditions, restrictions, easements, assessments and liens on the Real Property under a comprehensive general plan of improvement and residential development for the benefit of all of the Owners, the Lots and Common Areas within The Stables at Coyote Run;

C. WHEREAS, the Declarant has deemed it desirable for the preservation of the values and amenities in The Stables at Coyote Run to create a Homeowners Association, which shall be a non-profit Oregon corporation, to which will be delegated and assigned the powers and authority to own, maintain, and administer the Homeowners Association and the Common Area and facilities, and administer and enforce the covenants, conditions, and restrictions of this Declaration, and collect and disburse the assessments and charges hereinafter created;

D. NOW, THEREFORE, the Declarant declares that the Real Property shall be held, transferred, sold, conveyed, and occupied subject to the following covenants, conditions, restrictions, easements, charges, and liens, or as noted herein, which shall run with the land and shall be binding upon all parties having or acquiring any right, title, or interest in the Real Property or any part thereof and shall inure to the benefit of the Homeowners Association and of each Lot Owner. The Declarant is not committing itself to take any action other than as expressly provided herein by adoption of the covenants, conditions, and restrictions set forth in this Declaration. Anyone acquiring one or more Lots will have the advantage of any further development, but shall not have any legal right to insist that there be development except as expressly provided herein.

NOW, THEREFORE, the Declarant subjects the Real Property, together with any and all real property and improvements which may be added to the Real Property pursuant to the provisions of this Declaration, to the covenants, conditions, and restrictions set forth below.
COVENANTS CONDITIONS AND RESTRICTIONS

SECTION 1. INTRODUCTION

1.1 General Declaration. The covenants, conditions, and restrictions set forth in this Declaration shall run with and bind the Real Property, each Lot, and other division, if any, of the Real Property, the Owners, the Occupants, the Homeowners Association, and all other Persons acquiring any interest in the Real Property or any portion thereof, and the heirs, successors, and assigns of the Owners, the Occupants, the Homeowners Association, and such other Persons. These conditions, covenants, and restrictions shall inure to the benefit of and be burdens upon Declarant and upon all Owners, Occupants, future Owners, the Homeowners Association, and future Occupants.

SECTION 2. DEFINED TERMS

Throughout this Declaration, the following terms, when capitalized, shall have the following meanings:

2.1 "Architectural Review Committee" or "ARC" shall mean the Declarant until Turnover and thereafter the Board of Directors or the committee formed pursuant to Section 6 to review and approve or disapprove plans and specifications for the design and construction of Improvements within The Stables at Coyote Run and to undertake such other functions tasks as are specified in Section 6 of this Declaration.

2.2 "Articles" shall mean the Articles of Incorporation for the non-profit corporation, The Stables at Coyote Run Homeowners’ Association, or such similar name approved by and filed with the Oregon Corporation Commissioner.

2.3 "Assessments" shall have the meaning ascribed in Section 5.1 herein.

2.4 "Association" shall mean the The Stables at Coyote Run Homeowners' Association, its successors and assigns, formed pursuant to Section 4.1.

2.5 "Board" shall mean the Board of Directors of the Association, formed pursuant to Section 4.7.

2.6 "Building Structure" shall mean any building constructed on a Lot, including without limitation, a Home or an Improvement, whether attached to or detached from another Building Structure.

2.7 "Bylaws" shall mean and refer to the Bylaws of the Association, which shall be properly adopted and recorded in the County of Yamhill, Oregon.
2.8 "Common Area(s)" shall mean and refer to any areas of land shown on the recorded plat of the Real Property, commonly designated as "Easements", including any improvements thereon, which are intended to be devoted to the common use and enjoyment of the members of the Association, and areas outlined herein as the maintenance responsibility of the Association, unless provided otherwise in this Declaration. The Easements so designated as Common Areas include the roadway "Coyote Loop" dedicated to the public and the landscape ovals contained within "Coyote Loop," the 20-foot wide easement for the benefit of Lots 1 through 16, the eight-foot wide utility easement over all Lots along all street and road frontages, and the storm drain easement over Lot 15 for the benefit of Lots 1 through 16.

2.9 Intentionally deleted.

2.10 "Declarant" shall mean Coyote Creek Group, LLC, its successors and assigns, and any Person succeeding to the responsibility of Declarant pursuant to a designation by Coyote Creek Group, LLC or by any successor Declarant of such Person as a successor Declarant in a supplemental declaration recorded in the Yamhill County Records. Declarant shall not refer to any other subsequent purchaser of a Lot or Home.

2.11 "Declaration" or "Declarations" shall mean this Declaration of Covenants, Conditions, and Restrictions for The Stables at Coyote Run, as it may be further amended from time to time.

2.12 "Developer" shall mean any Person engaged in the development of any Lot for the purpose of selling or leasing the Improvements ultimately constructed on such Lot.

2.13 "Director" shall mean a member of the Board, selected or elected in accordance with Section 4.

2.14 "General Common Expenses" shall mean those expenditures made or liabilities incurred by the Association, including reserves. Such definition should also apply to the words, "Common Expenses" as used in this Declaration.

2.15 "General Plan of Development" shall mean the Declarant's general plan of development for the Real Property as approved by appropriate governmental agencies, as may be amended from time to time, including the Real Property and all phases thereof.

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

2.17 "Improvement" shall mean any improvement now or hereafter placed or constructed in, under, or upon the Real Property, including without limitation any building, barn, shed, small agricultural outbuilding, swimming pool, spa, road, driveway, parking area, fence, screening wall or barrier, retaining wall, stairs, deck, landscaping, and sign. An Improvement shall not be a Home.
2.18 "Lot" or "Parcel" means any of the sixteen (16) parcels of land designated on the Plat as a lot for residential use or any parcel of land designated as a lot for residential use on any replat of the Real Project.

2.19 "Lot Easement Area" shall mean and refer to those portions of any Lot subject to any easement benefiting the Association. The term "Lot Easement Area" shall not refer to any portions of any Lot encumbered by an easement to any other party, including without limitation, any governmental agency.

2.20 "Members" shall mean and refer to the Owners of Lots in The Stables at Coyote Run and who are members of the The Stables at Coyote Run Homeowners’ Association.

2.21 "Mortgagee" shall mean the holder of a mortgage on any portion of the Real Property and shall also have the meaning set forth in ORS 86.010 et. seq., and shall include beneficiaries of deeds of trusts and vendors under land sale contracts.

2.22 "Occupant" shall mean and refer to occupant of a Home, who shall be the Owner, lessee or any other person authorized by the Owner to occupy the premises.

2.23 "Owner" shall mean and refer to the Owner of record, including Declarant, whether or not more persons or entities, of the fee simple title to any Lot or a purchaser in possession of any Lot under a land sale contract. The foregoing does not include persons or entities that hold an interest in any Lot merely as security for the performance of an obligation.

2.24 "Other Common Areas" means those other parcels, if any, included within the Property which are, from time to time, designated by Declarant (prior to the Turnover Date) or by the Board (after the Turnover Date) as common areas of The Stables at Coyote Run, such as entry monuments and structures and median strips. Such areas may be conveyed to the Association, dedicated to the public, or owned by Persons other than Declarant or the Association and subject to easements in favor of the Association.

2.25 "Parcel" or "Lot" means any of the sixteen (16) parcels of land designated on the Plat as a lot for residential use or any parcel of land designated as a lot for residential use on any replat of the Real Project.

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

2.27 "Plat" means the final plat of the Real Property as recorded in the Yamhill County Records and any amendments thereto.
2.28 "President" means the President of the Association, selected in accordance with Section 4.17.

2.29 "Real Property" means the real property in Yamhill County, Oregon legally described on the Plat as The Stables at Coyote Run.

2.30 "Declaration" or "Declarations" shall mean this Declaration of Covenants, Conditions, and Restrictions for The Stables at Coyote Run, as it may be further amended from time to time.

2.31 "Rules and Regulations" shall mean and refer to the documents containing rules and regulations and policies adopted by the Board of the Association or the Architectural Review Committee ("ARC"), and as may be from time to time amended by the Board and/or ARC.

2.32 "Secretary" means the Secretary of the Association, selected in accordance with Section 4.17.

2.33 "Turnover Date" means the earlier of (i) the date on which Declarant has substantially developed the Real Property with Homes and has sold Lots representing seventy-five (75%) percent of the votes in the Association, 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, or (iii) the date that is the sixth anniversary of the date of this Declaration.

2.34 "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 Section 4.10.1.

SECTION 3. OWNERSHIP AND EASEMENTS

3.1 Non-Severability. The intent of each Owner in the use and benefit of the Common Area shall be appurtenant to the Lot owned by the Owner. No Lot shall be conveyed by the Owner separately from the interest in the Common Area, subject to the provisions of Section 3.3. Any conveyance of any Lot shall automatically transfer the right to use the Common Area without the necessity of express reference in the instrument of conveyance. There shall be no judicial partition of the Common Area. Each Owner, whether by deed, gift, devise or operation of law, for his/her own benefit and for the benefit of all other Owners, specifically waives and abandons all rights, interests and causes of action for judicial partition of any interest in the Common Area and does further agree that no action for judicial partition shall be instituted, prosecuted or reduced to judgment. The ownership interest in the Common Area and Lots described in this Article are subject to the easements granted and reserved in this Declaration or the Plat for drainage, needed maintenance support and maintenance of the exterior appearance of the Building Structures. Each of the easements reserved or granted herein shall be deemed to be
established upon the recordation of this Declaration and the Plat, and shall forever be deemed to be covenants running with the land for the use and benefit of the Owners and their Lots and shall be superior to all other encumbrances applied against or in favor of any portion of The Stables at Coyote Run.

3.2 Common Areas. The Stables at Coyote Run has or shall have certain improvements which are for the benefit of all Lots. The improvements include: fencing to be installed on the perimeter of the Real Property, sign monuments to be installed on Lot 15 and Lot 16, and landscaping installed and located in the right-of-way between Sunnycrest Road and the fencing. In addition, the street and rights-of-way, and any landscaping located therein, while dedicated to the public, shall be maintained by the Association. All of the common improvements and street and right-of-way maintenance are collectively called the “Common Areas.”

3.3 Ownership of Lots. Title to each Lot in The Stables at Coyote Run shall be conveyed in fee to an Owner. If more than one person and/or entity owns an undivided interest in the same Lot, such person and/or entities shall constitute one Owner.

3.4 Ownership of Common Areas. Title to the Common Areas, if any, shall be conveyed to the Association by Declarant not later than the Turnover Date, subject to all limitations and conditions of approval imposed on such space by Yamhill County. The Board of Directors may convey title to any present or future Common Area Tracts, if any, to a City, County or other Government agency. The Association, with the approval of sixty percent (60%) of the Association membership, may sell, convey or mortgage the Common Area.

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

(a) Easements on Plat. The Common Area and Lots are subject to the easements and rights-of-way shown, or noted, on the plat of The Stables at Coyote Run. These may include easements for public equestrian, pedestrian and/or bicycle access, sanitary sewer easements, storm drainage, access and public utility easements. The ingress/egress, utility and drainage easements are set forth on the Plat of The Stables at Coyote Run.

(b) Easements for Common Area. Every Owner shall have a non-exclusive right and easement of use and enjoyment in and to the Common Area, which shall be appurtenant to and shall pass with the title to every Lot.

(c) Easements Reserved by Declarant. So long as Declarant, or Declarant’s specified assigns, owns any Lot, Declarant, or Declarant’s specified assigns, reserves an easement over, under and across the Common Area in order to carry out sales activity necessary for convenient for the sale of Lots. In addition, Declarant hereby reserves to itself, and for its successors and assigns, a perpetual easement and right-of-way for access over, upon and across the Common Areas for construction, utilities, communications lines, drainage, and ingress and egress.
for the benefit of the Lots or other property owned by Declarant. Declarant, for itself and its successors and assigns, hereby retains a right and easement of ingress and egress over, in, upon, under and across the Common Area and the right to store materials thereon and to make such other use thereof as may be reasonably or incident to the construction of the improvements on the Real Property or other real property owned by Declarant in such a way as to not unreasonably interfere with the occupancy, use, enjoyment or access to an Owner's Lot by that Owner or his/her family, tenants, guests or invitees.

(d) Additional Easement. Notwithstanding anything expressed or implied to the contrary, this Declaration shall be subject to all easements granted by Declarant for the installation and maintenance of landscaping, utilities and drainage facilities necessary for the development of The Stables at Coyote Run. No structure, planting or other material shall be placed or permitted to remain within any easement area which may damage or interfere with the installation or maintenance of utilities, or which may change the direction of flow of drainage channels in the easements, or which may obstruct or retard the flow of water through drainage channels in the easements. The easement area of each Lot and all improvements thereon shall be maintained continuously by the Owner of the Lot, except for those improvements for which a public authority, utility company or the Association is responsible. In addition, an easement is specifically reserved to the Owners of the Lot, and the Association, as their interests may exist, for access to, and right of repair or service to utility and/or drainage lines and facilities which exist on each Lot for common use of Owners in said structure.

(e) Association's Easements. There are hereby reserved to the Association and its duly authorized agents and representatives such easements as are necessary to perform the duties and obligations of the Association set forth in this Declaration, the Bylaws and Articles for the maintenance of the landscaping, drainage, roadway and utilities as described in this Declaration.

(f) Easement to Governmental Entities. There is hereby reserved and granted a non-exclusive easement over the Common Area to all governmental and quasi-governmental entities, agencies, utilities, and their agents for the purposes of performing their duties within The Stables at Coyote Run. However, where applicable, the Association may be subject to compensation for the taking or use of such easement rights.

(g) Drainage Lines. Each Owner shall maintain the drainage lines for gutters and downspouts on the Owner's Lot from the Homes to the point of intersection with the publicly owned storm drain facility. The Association hereby reserves a maintenance easement for said drainage lines pursuant to sections 3.4(e) and 3.4(j) as set forth in this Declaration.

(h) Equestrian Easement. The Association shall maintain the 20-foot wide equestrian easement around the perimeter of the Real Property, and such equestrian easement is reserved in favor of the Association and the Owners and Owner's guests and invitees only for equestrian uses and riding. An Owner of a Lot must be present at all times that the equestrian easement is used for equestrian purposes and uses.
(i) **Maintenance Easement.** An easement is hereby reserved in favor of the Association and its successors and assigns, contractors, agents and employees over, across, and under each Lot, the exterior portions of the dwelling units on each Lot, the Common Areas, the landscaped areas, the planter strips and any other areas of the Real Property necessary or appropriate for the purposes of accomplishing the maintenance, repair, and replacement of Improvements and Common Areas.

(j) **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 Real Property.

(k) **Maintenance Obligations/Owner Restrictions.** Except as specifically noted in this Declaration, the Owner, at his/her expense, shall maintain, repair and replace the improvements and utility installations in any Lot Easement Area and shall hold the Association harmless from any such costs.

**SECTION 4. THE STABLES AT COYOTE RUN HOMEOWNERS' ASSOCIATION**

4.1 **Formation and Authority.** The Association will be formed by Declarant as an Oregon nonprofit corporation no later than that date which is one hundred eighty (180) days after the date this Declaration and the Plat are recorded, and shall be known as the The Stables at Coyote Run Homeowners' Association.

4.2 **Membership.** Each Owner, by virtue of being an Owner and so long as such Owner continues in that capacity, shall be a member of the Association. Each membership in the Association shall be appurtenant to the Lot or other portion of the Real Property owned by an Owner and shall not be transferred in any manner whatsoever except upon a transfer of title to such Lot or other portion of the Real Property and then only to the transferee of such title.

4.3 **Proxy.** Each Owner may cast his/her vote in person, pursuant to a proxy executed by the Owner, or by written ballot, as provided by ORS 94.647. An Owner may not revoke a proxy given pursuant to this section except by actual notice or revocation to the person presiding over a meeting of the Association. A proxy shall not be valid if it is undated or purports to be revocable without notice. A proxy shall terminate one (1) year after its date, unless the proxy specifies a shorter term.

4.4 **Procedure.** All meetings of the Association, the Board of Directors, the ARC, and Association committees shall be conducted with such rules of order as may from time to time be adopted by the Board of Directors. If the Board of Directors does not adopt any rules, then Roberts' Rules of Order shall be the applicable rules of order. Notwithstanding which rule of order
is adopted, the chairman shall be entitled to vote on all matters, not merely to break a tie vote. A tie vote does not constitute a majority or approval of any motion or resolution.

4.5 **Contracts Entered Into by Declarant or Before Turnover Meeting.** Notwithstanding any other provisions of this Declaration, any management contracts, service contracts or employment contracts entered into by Declarant or the Board of Directors on behalf of the Association before the Turnover Meeting shall have a term of not more than three (3) years. In addition, any such contract shall provide that it may be terminated without cause or penalty by the Association or Board of Directors upon not less than thirty (30) days' notice to the other party given not later than sixty (60) days after the Turnover Meeting.

4.6 **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 Section 5, 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:

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

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

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

4.6.4 File all required income tax returns.

4.6.5 Enforce by legal means the provisions of this Declaration.

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

4.6.7 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.

4.6.8 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, and as may be authorized pursuant to Section 4.13.
4.6.9 Compensate the President, the Secretary, and members of the Architectural Review Committee, if any compensation is established pursuant to Section 4.17.7 or 6.1.

4.6.10 Contract for such services (including without limitation legal and accounting services) as may be necessary or appropriate to manage the affairs of The Stables at Coyote Run 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.

4.6.11 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. Notwithstanding the foregoing provisions of this Section 4.6.11, the Architectural Review Committee shall in all events be formed as provided in and shall have the authority granted by Section 6 and other applicable provisions of this Declaration.

4.7 Board of Directors

4.7.1 Generally. The Association shall act through the Board. 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 Section 4.7.2. From and after the Turnover Meeting, the number of Directors shall be as set forth in Section 4.7.2, and the Owners shall select or elect the Directors in the manner provided in Section 4.7.3.

4.7.2 Number and Classification of Directors. From and after the Turnover Meeting, the Board shall be comprised of three Directors.

4.7.3 Election of Directors. Each Director shall be elected by majority vote of the Owners, with each such Owner having one vote for each Lot owned. If there is more than one Owner of any Lot, such Owners shall together be considered a single Owner with respect to such Lot for purposes of this Section 4.7.3. The election of Directors pursuant to this Section 4.7.3 shall take place at a meeting of the Owners of the Lots conducted pursuant to Section 4.7.4.

4.7.4 Meetings of Owners. Any meeting of Owners for the purpose of electing Directors pursuant to this Section 4.7 shall be conducted in accordance with the following procedures:

(a) The first such meeting shall be held at least thirty (30) days prior to the Turnover Meeting, on a date selected by the Secretary. Subsequent meetings shall be held at least thirty (30) days prior to the expiration of the term of any Director or, in the case of a vacancy pursuant to Section 4.9, within thirty (30) days after such vacancy occurs.
(b) Any such meeting shall be held at a place within Yamhill County, Oregon designated by the Secretary. The Secretary shall give written notice of any such meeting to each Owner entitled to vote at the meeting at least ten but not more than thirty (30) days prior to the date of the meeting. The notice shall state the purpose, time, and place of the meeting. The Secretary shall be required to notify an owner of a meeting only if such Owner has previously given written notice to the Secretary setting forth such Owner's name and address. Notice of any meeting may be waived by any Owner at any time. No Owner who is present at a meeting may object to the adequacy or timeliness of the notice given.

(c) The presence, in person or by proxy, of Owners representing not less than forty percent (40%) of the votes in the Association shall constitute a quorum for voting at any meeting of Owners. 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 Secretary. A proxy shall expire on the earlier of (i) eleven months after the date of the proxy; or (ii) the date of sale of the Owner's Lot by its Owner.

(d) A special meeting of Owners may be called by the President of the Board, a majority of the Board, or Owners representing not less than fifty percent (50%) of the votes in the Association.

4.8 Terms of Directors

4.8.1 Initial Terms. Subject to the provisions of Section 4.10.1, Directors selected by Declarant pursuant to Section 4.7.1 shall serve at the pleasure of Declarant. As determined by random means, one of the three Directors initially elected by the Owners pursuant to Section 4.7.3 shall serve a three-year term, one shall serve a two-year term, and one shall serve a one-year term.

4.8.2 Subsequent Terms. Except as provided in Sections 4.8.1 and 4.9, all Directors shall serve three-year terms. Any Director may serve more than one term.

4.9 Vacancies: Removal. 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 Owner(s). Any Director so selected or elected shall serve the remainder of the replaced Director's term. The Owners may remove any member of the Board, other than members appointed by Declarant or persons who are ex officio directors, with or without cause, by a majority vote of all Owners present and entitled to vote at any meeting of the Owners at which a quorum is present. No removal of a Director shall be effective unless the matter of removal is an item on the agenda and stated in the notice for the meeting required under ORS 94.650, as amended.

4.10 Meetings of the Board

4.10.1 Turnover Meeting. The Turnover Meeting shall be called by Declarant and held within one hundred twenty (120) days after the Turnover Date. Declarant shall give
written notice of the time and place of the Turnover Meeting to each Owner who has previously given Declarant written notice setting forth such Owner's name and address. Declarant's notice shall be given at least forty-five (45) but not more than sixty (60) days prior to the date of the Turnover Meeting. In the event that Declarant does not call the Turnover Meeting as set forth above, any Owner may call such meeting and give notice as required herein. At the Turnover Meeting, the following shall occur:

(a) The Directors selected by Declarant, the President, the Secretary and the Treasurer shall each resign. The Directors selected or elected by the Owners pursuant to Section 4.7 shall conduct their first meeting as the Board;

(b) The new Board shall elect a President, a Secretary and a Treasurer; and

(c) Declarant shall deliver to the new Board all of the Association's property in Declarant's possession, including without limitation, all items required to be delivered to the Association pursuant to Oregon Revised Statutes 94.616, as amended.

4.10.2 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.

4.10.3 Special Meetings. Special meetings may be called at any time by two Directors. 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.

4.10.4 Place of Meetings. Meetings of the Board shall be held at such place as may be designated from time to time by the Board. All meetings of the Board shall be open to Owners.

4.10.5 Notice. The Secretary shall give written notice to each Director of each Board meeting at least ten 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. No Director who is present at a meeting may object to the adequacy or timeliness of the notice given. Except in the event of an emergency meeting, notice of each Board meeting shall also be given to the Owners by posting a notice of the meeting at a place or places on the Property.

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at least three (3) days prior to the meeting or in such other manner as is reasonably calculated to inform the Owners of such meetings.

4.11 Quorum. The presence, in person or by proxy, of a majority of the Directors shall constitute a quorum for voting at a Board meeting. When voting is by mail pursuant to Section 4.14, a quorum shall be constituted if the number of votes cast equals at least fifty-one (51%) percent of the total votes entitled to be cast. The Board shall have the power to adjourn a meeting even if less than a quorum is present.

4.12 Proxies. A Director may vote in person or by proxy. A proxy may be given to any other Director, so long as the proxy is in writing, signed by the Director giving the proxy, and filed with the Secretary. A proxy shall expire on the earlier of (i) the end of the Director's term; or (ii) eleven months after the date of the proxy.

4.13 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, whether the Directors voting are present in person or by proxy, and whether the vote takes place at a meeting or by mail, shall be a binding vote of the Board for all purposes, unless a greater percentage is required by law or this Declaration.

4.14 Voting by Mail. Voting of the Directors may be by mail. In any case in which voting by mail is necessary or desirable, the Secretary shall give written notice to all Directors, which notice shall (i) include a written resolution setting forth the proposed action, (ii) state that the Directors are entitled to vote by mail for or against such resolution, and (iii) specify a date not less than twenty-five (25) days after the effective date of such notice by which all votes must be received at the principal office of the Association. Votes received after the date specified shall not be effective.

4.15 Compensation of Directors. No Director shall receive compensation from the Association for serving on the Board.

4.16 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.

4.17 Officers of the Association

4.17.1 Designation. The officers of the Association shall be the President, the Secretary and the Treasurer, each of whom shall be elected by the Board. The same person shall not concurrently hold the offices of President and Secretary. The Board may designate such additional officers as it deems appropriate.
4.17.2 Election. The officers of the Association shall be elected annually by the Board and shall hold offices at the pleasure of the Board and until their successors are elected. If any office becomes vacant, the Board shall elect a successor to fill the unexpired term.

4.17.3 Removal. The Board may remove any officer, at any time, with or without cause.

4.17.4 President. The President shall be a Director and shall be the chief executive officer of the Association. The President shall preside at all meetings of the Board and, unless otherwise provided in this Declaration, shall have all of the general powers and duties normally incident to the office of the chief executive officer of an association.

4.17.5 Secretary. The Secretary shall not be a Director unless no other Owner has indicated his/her willingness to serve as Secretary. The Secretary shall keep the minutes of all proceedings of the Board and all other Association records and shall attend to the giving of all notices pursuant to this Declaration or required by law. The Secretary shall be responsible for the collection, deposit, and disbursement of Association funds and shall keep full and accurate financial records and books of account showing all receipts and disbursements of the Association. The Secretary shall perform all other duties incident to the office of secretary of an association or as may be directed by the Board. The Secretary shall perform all of the foregoing duties at the expense of the Association.

4.17.6 Treasurer. The Treasurer shall not be a Director unless no other Owner has indicated his/her willingness to serve as Treasurer. The Treasurer shall be responsible for Association funds and shall keep full and accurate financial records and books of accounts sufficient for proper accounting purposes showing all receipts and disbursements necessary for the preparation of all financial data and tax returns. The Treasurer shall be responsible for the deposit of all Association funds in such depositories as may from time to time be designated by the Board, and shall disburse Association funds for such purposes as may be permitted hereunder or under the Association Bylaws. The Treasurer shall perform all other duties incident to the office of Treasurer of an Association or as may be directed by the Board. The Treasurer shall perform all of such duties at the expense of the Association.

4.17.7 Compensation of Officers. Other than reimbursement for out-of-pocket expenses incurred on behalf of the Association, neither the President, the Secretary, the Treasurer, nor any other officer of the Association shall receive any compensation from the Association for acting as an officer, unless such compensation is authorized by the Board.

4.18 Execution of Instruments. All agreements, contracts, deeds, leases, and other instruments of the Association shall be executed by such individuals as may be designated from time to time by the Board.
4.19 **Indemnification.** Neither a Director nor an officer of the Association shall be liable to the Association or the Owners for any mistake of judgment, negligence, or otherwise, except for such Director's or officer's willful misconduct or bad faith. Each Director and officer shall be indemnified by the Association against all expenses and liabilities, including reasonable attorneys, fees, incurred by or imposed upon such Director or officer in such capacity; provided, however, there shall be no indemnity if such Director or officer is adjudged guilty of willful misconduct or bad faith in connection with the matter as to which indemnification is sought.

**SECTION 5. FUNDS AND ASSESSMENTS**

5.1 **Purpose of Assessments.** The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the Owners and Occupants, and for the improvement, operation and maintenance of the Common Areas, including maintenance and administrative costs, and insurance for the Association, including, but not limited to, a community high-speed internet access provider (if a “server/vendor” should be granted a contract for the entire Property). As used herein, the term “Assessments” shall include Annual Assessments, Special Assessments, Emergency Assessments and Limited Common Area Assessments as those terms are defined herein.

5.1.1 **Common Expense Designations.** Common Expenses of the nature described in Section 5.1 which are to be, or are, incurred by the Association for the benefit of all of the Owners of Lots within the Real Property shall be separately budgeted for allocation among all of such Owners and shall be designated “General Common Expenses.”

5.1.2 **Insurance By the Association.** The Board shall obtain, and maintain in effect, from reputable insurance companies authorized to do business in the State of Oregon, public liability insurance with respect to all of the Common Area in such amounts and in such forms as the Board deems advisable to provide adequate protection for bodily injury, including deaths of persons, and property damage, whether caused by the negligence of the Association or otherwise; provided, however, that such policy(ies) shall not be for an amount less than $1,000,000.00 per person, per occurrence, and that such policy(ies) shall provide the coverage there under cannot be canceled or substantially modified without at least 10 days written notice to the Association. All Owners are solely responsible for obtaining fire and casualty insurance for their Building Structures. The Association may obtain such other and further policies of insurance as it deems advisable. The named insured on the policy may read The Stables at Coyote Run Homeowners’ Association. The casualty insurance to be obtained by the Association pursuant to this paragraph 5.1(b) shall include the following terms, if the Board determines that they are reasonably available:

(i) A waiver of subrogation by the insurer as to any claims against the Board, any Owner, or any guest of an Owner;

(ii) A waiver by the insurer of its rights to repair and reconstruct instead of paying cash;

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(iii) A provision that no policy may be canceled, invalidated, or suspended because of the action of an Owner;

(iv) A provision that policy that may be canceled, invalidated, or suspended because of the conduct of any director, officer, or employee of the Association unless the insurer gives the Association a prior written demand the Association correct the defect and allows the Association a reasonable time to make the correction; and

(v) A provision that any "other insurance" clause in any policy shall exclude from its coverage all owners' policies.

At the discretion of the Board, the Association may purchase and maintain insurance on behalf of any person who is or was a Director, Officer, employee or agent of the Association, against any liability asserted against him or her and incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not the Association would have the power to indemnify him or her against such liability under the Articles of Incorporation of the Association.

5.1.3 Insurance by the Owners. The insurance described in paragraph 5.1(b) above does not provide personal liability coverage for the Owners, nor fire or extended coverage casualty insurance for the Owners' personal property, the inside surfaces of the Building Structure, and all other improvements including, but not limited to, appliances, heaters and air conditioners, cabinets, flooring, wall and window coverings, light fixtures and personal property nor the Lot or land on which the Building Structure resides. Further, no insurance coverage for fire extended casualty insurance of the Building Structures is provided by the Association. The responsibility for obtaining insurance that covers at least these items rests solely with the individual Owners, except as otherwise noted herein.

5.2 Basis of Assessments and Commencement of Assessments. Except as otherwise provided herein, Assessments are to be levied against all Lots, except those owned by Declarant, whether or not such Lots have been improved with a substantially completed Home. Provided, however, that no Assessment shall be levied against any Lot until such time as it is first sold to a purchaser other than Declarant or Declarant's assignee. Assessments for all Lots conveyed by the Declarant to purchaser/Owner, either by deed or land sales contract, shall begin on the day of the recording of the deed or land sale contract conveying or contracting to convey the Lot of the new Owner. In accordance with ORS 94.704 (1), Declarant shall pay all common expenses of the Association that exceed the operating expenses received from non-Declarant Owners, exclusive or the reserve assessments. As of the first of the month following the date of the Turnover Meeting, all Declarant-owned Lots will pay operating and reserve assessments under the payment provisions contained in this Declaration.

5.3 Annual Assessments. Subject to the requirements set forth in this Section 5, the Association shall have the authority to levy annual assessments to pay all expenses associated with the Association's performance of its 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 Owner’s share of the assessments (determined in accordance with this Section 5) on an annual, quarterly, or monthly basis, as the Board may determine. Each Owner shall pay any such assessment within thirty (30) days after the date of billing.

5.3.1 Budget. Regardless of the number of Members of the amount of assets of the Association, each year the Board shall prepare, approve and make available to each Member a pro forma operating statement (budget) containing: (i) estimated revenue and expenses on an accrual basis; (ii) the amount of the total cash reserves of the Association currently available for replacement or major repair of the Common Area and contingencies; (iii) an itemized estimate for the remaining life of, and the methods of funding to defray repair, replacement or additions to major components of the Common Area; and (iv) a general statement setting forth the procedures used by the Board in the calculation and establishment of reserves to defray the costs and repair, replacement or additions to major components of the Common Area. For the first fiscal year, the budget shall be approved by the Board no later than the date on which annual assessments are scheduled to commence. Thereafter, the Board shall annually prepare and approve the budget and distribute a copy thereof to each Member, together with written notice of the amount of the annual assessments to be levied against the Owner’s Lot, not less than thirty (30) days and not more than ninety (90) days prior to the beginning of the fiscal year. The assessments in the budget are to be collected at intervals as determined by the Board of Directors, and may include both operating and maintenance costs and the reserve assessments, all as defined in the Association documents.

5.4 Special Assessments. In addition to the Annual Assessments, the Board may also levy during any fiscal year a Special Assessment ("Special Assessment"), applicable to that fiscal year only, for the purpose of deferring all or any part of the cost of any construction or reconstruction, unexpected repair, or acquisition or replacement of a described capital improvement, or for any other one-time expenditure not to be paid out of Annual Assessments. Special Assessments for acquisition or construction of new capital improvements or additions which in the aggregate in any fiscal year exceed an amount equal to fifteen percent (15%) of the budgeted gross expenses for the Association for the affected fiscal year may be levied only if approved by a majority of the Owners with voting rights voting on such matter. Prior to the Turnover Meeting, any Special Assessment for acquisition or construction of new capital improvements or additions must be approved by not less than fifty percent of the Owners with voting rights together with the written consent of the Declarant and any Related Entity owning a Lot or Home. Special Assessments shall be apportioned as provided in Section 5.6 below and may be payable in a lump sum payment or in installments, without or without interest or discount, as determined by the Board of Directors.

5.5 Emergency Assessments. If the Annual Assessments levied at any time are or will become inadequate to meet all expenses incurred under this Declaration for any reason, including nonpayment of Owner’s Assessments on a current basis, the Board of Directors shall immediately determine the approximate amount of such inadequacy and issue a supplemental
5.6 **Apportionment of Assessment.** Lots shall not be subject to Annual Assessments, Special Assessments or Emergency Assessments until the sale of a Lot to an Owner other than the Declarant. At such time that a Lot is sold to an Owner other than the Declarant, each Lot shall become subject to Annual Assessments, Special Assessments or Emergency Assessments. All Lots subject to an Assessment shall pay an equal, pro-rata share of the Annual Assessments, Special Assessments or Emergency Assessments. Declarant or any Related Entity may elect to delay the collection of Annual Assessments against all Lots, but in such case the Declarant may be responsible for the payment of any Association costs in excess of those funds collected by the Association. No Owner may claim exemption from liability for contribution towards common expenses and Assessments by the Owner’s waiver of use or enjoyment of the Common Areas or by the Owner’s abandonment of the Owner’s Lot. An Owner may not claim an offset against an Assessment for failure of the Association to perform its obligations, and no Owner may offset amounts owing or claimed to be owing by the Association or Declarant to the Owner. Declarant, however, may defer that portion of the Annual Assessment attributable to the accrued reserve assessment from the time a Lot becomes subject to assessment until the date the Lot is conveyed, but not beyond the date of the Turnover Meeting, or, if no Turnover Meeting is held, the Declarant transfers administrative control of the Association to the Owners. At such time, the books and records of the Association shall reflect the amount owing from the Declarant for accrued, unpaid reserve Assessments. Lots may be excluded from monthly Assessments until a Home or Improvement upon the Lot is deemed substantially complete.

5.7 **Allocation to Lots.** The annual assessment levied pursuant to Section 5.3 with respect to any calendar year shall be allocated to the Lots and shall be allocated among such Lots pro rata based on the total number of Lots; provided, however, that Declarant shall not be liable and no unsold Lots owned by Declarant shall be subject to any lien for assessments until conveyance of such Lot(s) by Declarant to a third person.

5.8 **Creation of Reserve Account.** The Association may, at its own election, choose to establish a reserve account for replacement of all items of common property. If the Association elects to establish a reserve account, the items of common property that require would the creation of the reserve account are all items of common property of the Association, as determined by the Board, that will normally require replacement in more than three (3) and less than thirty (30) years. Such reserve account shall be funded by assessments against the individual Lots assessed for maintenance of the items for which such reserve account is being established. The assessment against each Lot for this reserve account shall accrue from the date that the Association elects to establish a reserve account, only if the Association elects to establish a reserve account. The Declarant is not required to establish or maintain a reserve account, prepare a reserve study or a maintenance plan pursuant to ORS 94.570(2).
5.9 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.

5.10 Enforcement. In the event that any assessment, or any expense due pursuant hereto 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 a rate per annum equal to three (3) percentage points in excess of the announced prime rate of U.S. National Bank of Oregon (or, if such bank ceases to exist or announce a prime rate, Wells Fargo Bank of Oregon) in effect on the date payment was first due. In addition to all other rights and remedies available by law or provided herein, the Association shall also be entitled (i) to impose a late charge with respect to any such unpaid amount equal to ten (10%) percent thereof, 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; and (ii) upon fifteen (15) days prior written notice to the Owner owing such assessment or expense, to impose a lien against such Owner's Lot in the amount of the assessment or expense, plus collection costs (including reasonable attorneys' fees), plus interest and late charges as provided in this Section 5.12. Any such lien shall also secure any additional amounts thereafter coming due from the Owner of the Lot in question. Subject to the provisions of Section 5.14, any such lien shall bind and run with the Lot in question until paid in full. The Association may initiate an action to foreclose any such lien in any manner provided by law. 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 attorneys, fees and costs and expenses reasonably incurred in the preparation for and the prosecution of such action, at trial and on any appeal, in addition to all other amounts provided by law.

5.11 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.

5.12 Subordination. Notwithstanding any other provision of this Declaration, any lien imposed on a Lot under this Section 5 shall be and remain at all times inferior, junior, and subordinate to the lien of any first mortgage or deed of trust 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 to 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 Section 5.10.

SECTION 6. ARCHITECTURAL AND DESIGN CONTROL

6.1 Establishment of the Architectural Review Committee. On or prior to the Turnover Date, the Architectural Review Committee ("ARC") shall be established to review and approve or disapprove plans, specifications, design, construction, and alterations of all Improvements built within The Stables at Coyote Run. Prior to the Turnover Date, the ARC shall consist solely of the Declarant. After the Turnover Date, the ARC shall consist of no fewer than three (3) Members and no more than five (5) Members. The Members of the ARC need not be Owners, shall serve one-year terms (subject to being reappointed by the Board), unless such term shall be lengthened by the Board at the time of appointment or unless the Board served as the ARC, in which event the terms of the ARC Members shall be the same as their terms as Board members. ARC Members shall be compensated by the Association in such amount, if any, as may be determined from time to time by the Board. Until such time as the ARC is established, Declarant shall have full power and authority to act as the ARC in accordance with the provisions of this Section 6.

6.1.1 Power to Act. Except as otherwise provided in this Declaration, a majority of the Members of the ARC shall have the power and authority to act on behalf of the full ARC, without the necessity of a meeting and without the necessity of consulting the remaining Members of the ARC. The ARC shall render its decisions on all matters brought before it only by written instrument setting forth the decision(s) and action(s) taken by the Members consenting thereto.

6.2 Architectural and Design Review

6.2.1 Generally. No Improvement of any kind shall be commenced, erected, placed, or altered on any portion of the Real Property or on any Lot unless such Improvement is in conformance with this Restate Declaration and this Section 6.2 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 ARC pursuant to the provisions of Section 6.3. 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 Section 6.2. To the extent applicable governmental laws, ordinances, rules, and regulations are in conflict with such requirements, the more restrictive standards shall control.

6.2.2 Design Guidelines. The ARC shall have the authority to promulgate and issue, and thereafter to amend from time to time, design guidelines supplementing, interpreting, and not inconsistent with those set forth in this Section 6.2. 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 ARC in reviewing and approving or denying proposed Improvements. Without limiting the generality of the foregoing, the ARC shall have the authority to include in any such guidelines, among such other provisions as the ARC may deem appropriate, height restrictions with respect to Improvements to be constructed on the Real 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, 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 The Stables at Coyote Run, if the ARC determines that only certain portions of the Property should be affected.

6.2.3 Exterior Finish. The exterior of the Improvements and Homes on all Lots, including without limitation the roof, materials, and color thereof, shall be subject to the approval or disapproval of the ARC and shall be designed, built, and maintained so as to be compatible with the natural surroundings, existing structures, and landscaping within The Stables at Coyote Run. All roofs and roofing surfaces on all Improvements shall be cedar shake, tile materials, or Architectural Composition as approved by the ARC. The siding and siding surfaces of all Improvements shall be comprised of or constructed of cedar, fir, brick, L-P inner-seal, fiber cement or equivalents there as approved by the ARC. In no event shall T1-11 or any material that is principally comprised or constructed of plywood be permitted to be used on the exterior of any Home or Improvement. Exterior trim, doors, railings, decks, eaves, and gutters, and the exterior finish of garages and other accessory buildings shall be designed, built, and maintained so as to be compatible with the exterior of the structure they are part of or adjoin.

6.2.4 General Construction. All Homes or Improvements erected or constructed in The Stables at Coyote Run shall be of “double-wall” construction and shall utilize and compose construction materials and procedures consistent therewith.

6.2.5 Windows. The frame materials for all windows in all Homes and Improvements shall be composed of and constructed with materials and finished in such a manner so as to be compatible and in harmony with the Home or Improvement in which such window is installed. In no event shall any window frame or divider materials be unfinished or not painted or anodized in a manner and color that is not acceptable to the ARC.

6.2.6 Exterior Lights. Any exterior lighting which is visible from any Lot or street shall be compatible with its surroundings and approved by the ARC prior to installation.

6.2.7 Fences. All fences and all fence finishes shall be approved by the ARC prior to installation, and shall be installed as follows: (i) any fence installed on the street or roadway side of a Lot shall be three (3) – board horse fence with substantially similar specifications, including paint color or staining, to the existing Association fence along Sunnycrest Road; and (ii) shall be regular horse or cattle grade fencing on all other Lot boundaries. No barbed wire fence shall be allowed. All approved fences shall be well-constructed of suitable fencing materials, shall be
finished on both sides by the Owner or Person constructing the fence, shall not detract from the appearance of any nearby building, and shall not exceed six (6) feet in height from the finished Lot grade. “No kick” fences are allowable and all fence posts must be round and 4” in diameter. Cyclone fences will not be allowed other than commercially-available pet enclosures, which must be screened from view and approved by the ARC. No fence shall be installed that obstructs or prohibits other Owners from using the Common Areas as provided in this Declaration, including, but not limited to, use of the Equestrian Easement.

6.2.8 Hedges, etc. Hedges or other solid-screened plantings may be used as lot line barriers provided that they are otherwise approved by the ARC. No landscaping, hedge or other planting shall be installed that obstructs or prohibits other Owners from using the Common Areas as provided in this Declaration, including, but not limited to, use of the Equestrian Easement.

6.2.9 Tree Removal. No trees with a diameter of six inches or more, measured at a height of five (5) feet above ground level, may be removed from any Lot without the prior approval of the ARC. Each Owner shall supply to the ARC together with the plans and specifications for any proposed Improvement 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.

6.2.10 Service Facilities. Clothes lines, waste facilities, storage facilities, and other service facilities shall be screened so as not to be visible from the street or any adjacent property.

6.2.11 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.

6.3 Design Review Procedure

6.3.1 Submission of Plans. Prior to the commencement, erection, placement, or alteration of any Improvement on any Lot, the Owner desiring to commence, erect, place, or alter such Improvement shall submit plans and specifications to the ARC in accordance with such procedures as the ARC 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 Section 6.2.2 and shall provide sufficient detail to enable the ARC to determine whether the proposed Improvement is in conformance with the applicable requirements set forth in this Section 6 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, but under no circumstances shall exceed four hundred dollars ($400.00), to cover costs of the design review process. The Owner shall also supply any additional information reasonably requested by any member of the ARC. The ARC shall review the information and plans submitted and shall, within
twenty (20) days after submission of all information requested by any member of the ARC, notify
the Owner in writing of its approval or disapproval of the proposed Improvement. If the ARC fails
to give notice of its decision within sixty (60) days after submission of all information requested by
any member of the ARC, then the proposed Improvement shall be conclusively presumed to be
approved as submitted.

6.3.2 Approval. The ARC 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 ARC shall constitute a decision of the full ARC.
Approval by the ARC does not imply or constitute any necessary or requisite governmental
approval, which approval is the sole responsibility of the Owner.

6.3.3 Commencement of Work. As soon as practicable after the receipt of
approval by the ARC, 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 ARC's approval
of any proposed Improvement shall automatically be deemed revoked one hundred eighty (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 ARC.

6.3.4 Completion of Work. Any approved Improvement shall be completed
within three hundred sixty-five (365) 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 one hundred and eighty (180) days
after substantial completion of the Home or associated Improvements. Promptly after completion
of any Improvement, the Owner shall give written notice of completion to the ARC. Within thirty
(30) days after the effective date of such notice or at any time that the ARC has reason to believe
that an Improvement has been completed, the ARC 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 therefore as approved by the ARC. The ARC 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 ARC 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.

6.3.5 Failure to Act. If at any time the ARC fails for any reason to perform its
responsibilities under this Section 6, the Board shall have complete authority to serve as a
temporary ARC

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6.3.6 Architectural Review Committee Discretion. The ARC, in its sole discretion, may withhold approval of any proposed Improvement if the ARC finds that the proposed Improvement would be inconsistent with the provisions of Section 7 or would be incompatible with the design standards for The Stables at Coyote Run as set forth in this Section 6 and in the design guidelines promulgated pursuant to Section 6.2.2 and Section 6.2.3. Considerations such as siting, 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, as well as any other factors which the ARC believes to be relevant, may be taken into account by the ARC in determining whether or not to approve any proposed Improvement. The ARC, in its sole discretion, may, upon application, waive any provision of this Section 6 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.

6.3.7 Appeal. Any time after the Declarant has delegated appointment of the members of the ARC to the Board of Directors or a separate ARC, any Owner negatively or adversely affected by a decision or action of the ARC may appeal such decision or action to the Board of Directors. Such appeal shall be made in writing addressed to the President and/or the Secretary of the Board of Directors, and must be delivered within ten (10) days after the date of the ARC written decision in the matter, and shall contain specific objections or mitigating circumstances justifying the basis for appeal. If the Board of Directors is also acting as the ARC, then such appeal shall be treated as a request for a rehearing, and in such case the Board of Directors shall actually meet and receive evidence and testimony. A final, conclusive decision shall be made with regard to the appeal within thirty (30) days after receipt of the written request for appeal. The determination of the Board of Directors shall be final.

6.3.8 No Liability. Neither the ARC, nor any member thereof, nor the Association shall be liable to any Owner, Occupant, Developer, 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 ARC or any member thereof, so long as the ARC or such member has acted in good faith based on actual knowledge.

6.3.9 Nonwaiver. Approval or disapproval by the ARC 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 ARC to grant or withhold approval as to any similar matter thereafter proposed or submitted to it for approval.

6.3.10 Estoppel Certificate. Within ten (10) business days after receipt of a written request from any Owner, the ARC 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 herein, such matters being conclusive among Declarant, the ARC, the Association, all Owners, and such purchaser, mortgagee, or other encumbrancer.

6.4 Architectural Review Committee Inspections.

The ARC shall, from time to time, inspect all work performed with regard to an Improvement and determine if such work is in substantial compliance and conformance with the approval granted. If the ARC determines that the work was not performed in substantial compliance and conformance with the approval granted, or if the ARC determines that any necessary approval was not obtained by the Owner, the ARC shall notify the Owner in writing of the noncompliance. Such notice of noncompliance shall specify the particular circumstances of any noncompliance and shall require the Owner to immediately take all necessary action to bring the work into compliance and conformance with the approved project.

6.5 Failure to Comply.

If the ARC determines that an Owner has not constructed an Improvement consistent with the specifications on which such approval is based or if such Improvement is constructed without prior ARC approval or contrary to the requirements of this Declaration, and if such Owner fails to diligently commence to remedy such noncompliance in accordance with the provisions of the notice of noncompliance, then at the expiration of the expiration of the fifth (5th) day from the date of such notice of noncompliance, the ARC shall schedule a hearing to consider the Owner’s continuing noncompliance, and the ARC shall serve notice of such hearing on the Owner by First Class Mail. The hearing shall be set no more than thirty (30) days from the date of the notice of noncompliance. The ARC and the affected Owner shall be able to submit written evidence and oral testimony at the hearing. At the hearing, if the ARC determines that there is no valid reason for the continuing noncompliance, the ARC shall determine the costs of correcting the noncompliance. The ARC shall then require the Owner to remedy or remove the noncompliance within a period of not more than ten (10) days from the date of the ARC determination following the hearing. If the Owner does not comply with the ARC ruling within such ten (10) day period, or within any extension of such period as the ARC, in its sole discretion may grant, the Association may: (a) remove the noncomplying Improvement and charge all costs to the Owner; (b) remedy the noncompliance and charge all costs to the Owner; and (c) fine the Owner and lien the affected Lot or Lots for all costs incurred by the Association, including all attorneys fees and costs expended and incurred by the ARC and the Association to enforce compliance before suit or other action is filed and all attorneys fees and costs expended by the ARC and the Association in arbitration, mediation and/or litigation, including any appeals or reviews there from.

6.6 Special Design and Orientation Requirements.

The Homes built on Lot 10, Lot 11, Lot 12 and Lot 13 shall each be designed and built so that the front doors and/or primary access points face toward the western border of the Lot.
primary driveway access for each of Lot 10, Lot 11, Lot and Lot 13 shall access Coyote Loop from the western border of the Lot. If an Owner of Lot 10, Lot 11, Lot 12 or Lot 13 fails to comply with the terms and provisions of this Section 6.6, such Owner acknowledges that the Declarant or Association shall have the power and authority, as provided in Section 6.5, even if judicial intervention is required, to require such Owner to remove and/or remodel any non-conforming Improvements, including a Home, and re-build such Home or Improvement to be in conformity with this Section 6.6.

SECTION 7. PROPERTY USE AND RESTRICTIONS

7.1 Improvements Permitted. No Improvement shall be erected or permitted to remain on any Lot except Improvements consisting of or containing one Home and Improvements normally accessory thereto and as permitted herein. No mobile home or pre-fabricated home shall be erected or permitted to remain on any Lot. The provisions of this Section 7.1 shall not be construed to prohibit construction of a private greenhouse, barn, shed, small agricultural outbuilding, storage unit, private swimming pool, or structure for the storage of a boat, camping trailer, horse trailer, horses, and/or recreational vehicle, so long as any such Improvement has been approved by the ARC and is otherwise in conformance with this Declaration and applicable governmental requirements. Homes on all Lots shall have at least One Thousand Seven Hundred and Fifty (1,750) square feet of finished living space, but not including any attached garage area or open porches. No Home or Improvement shall exceed two (2) stories in height. The minimum square footage of the main floor of any multiple-story Home or Improvement shall not be less than One Thousand (1,000) square feet. Homes on all Lots shall have an attached private garage of sufficient size to store a minimum of two (2) vehicles. The ARC shall have the right to approve such deviations from the foregoing size restrictions as it deems appropriate.

7.1.1 The foregoing provisions shall not exclude the construction of a private greenhouse, barn, storage shed, small agricultural outbuilding, private swimming pool, or a shelter for the protection of such private swimming pool or for the storage of a horse, boat and/or camping trailer or motor home which are utilized for personal use; provided, however, that the location of such structure is required to be in conformity with the applicable municipal regulations, and furthermore are compatible in design, construction, and decoration with the Home that is constructed on said Lot and are approved by the ARC.

7.1.2 An Owner is not required to commence construction of a Home or Improvement on any Lot, provided that the Owner continuously maintains the Lot in a clean, manicured, safe and presentable condition.

7.1.3 The completion of construction of any Home or Improvement including exterior decoration shall occur within three hundred and sixty-five (365) days from the date of initial commencement of the construction of the Home or Improvement. During this period of construction time, the following shall occur:
(a). All Lots shall be kept in a neat and orderly condition, free of brushes, vines, weeds and other debris.

(b). All grass on the Lot shall be cut or mowed at sufficient regular intervals to prevent the creation of a nuisance or fire hazard.

(c). All contractors and builders shall keep the job site orderly and in clean condition and shall periodically, during the course of construction, remove all construction waste materials. In the event of hardship due to inclement weather conditions, this provision may be extended by the Declarant or the Declarant’s designee for a reasonable period of time.

7.1.4 Setbacks. Minimum setbacks on all Lots in The Stables at Coyote Run shall be governed by the applicable Yamhill County zoning regulations and ordinances; provided, however, that the minimum setbacks on all Lots in The Stables at Coyote run shall be thirty (30) feet from all property and boundary lines.

7.2 Occupancy and Diligent Construction. No Home or Improvement shall be occupied in any manner while under the course of construction or until such Home or Improvement complies with all governmental standards for occupancy or intended use. All construction activity of any type or kind within The Stables at Coyote Run and upon any Lot or any area or portion thereof shall be prosecuted diligently and continuously from the time of commencement until full completion. All exterior and visible portions of all Homes, Improvements, fences, walls or other structures placed on any Lot, in any area in or part of The Stables at Coyote Run shall be constructed of new and high-grade materials and components, unless the use of materials and components that are not new or high-grade have been specifically approved in advance by the ARC. No Homes or Improvements that are constructed or assembled elsewhere shall be moved onto or placed upon any Lot or any portion or area of The Stables at Coyote Run without the prior written approval of the ARC. This provision shall not prohibit or restrict the erection, installation, movement and use of temporary trailers or structures, provided such trailers or structures exclusively incidental to the sale of Lots and construction and sale of Home upon any Lot or in any area or portion of The Stables at Coyote Run, provided such trailers or structures have been approved in writing by the Declarant or the ARC.

7.3 Residential Use. Except as provided in this Section 7.3, Lots shall be used solely for single-family 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 Section 7.3 shall be deemed to prohibit or limit (i) activities relating to the sale or rental of Homes, (ii) the right of Declarant or any Developer to construct Homes on any Lot or to store construction materials and equipment on any such Lot in the normal course of construction, or (iii) the right of any Owner to maintain a personal professional library, handle business or professional telephone calls, or confer with business or professional associates, clients,
or customers in such Owner's Home. The Board shall not approve any activity otherwise prohibited by this Section 7.3 unless the Board determines that only normal residential activities would be observable outside the Home in question and that the activity would not violate applicable law.

7.4 Design and Style of Homes and Improvements. Homes and Improvements and all other structures, including any additions or alterations thereto, shall be constructed and maintained utilizing only high-quality materials and workmanship and shall be of such character, style and designed so as to be in harmony with the other Home and Improvements located in The Stables at Coyote Run. All Homes and Improvements and all other structures, including any additions or alterations thereto, shall comply in all respects with the terms and provisions of this Declaration and all applicable building codes, ordinances and regulations, including, but not limited to, the Uniform Building Code and the applicable building codes and ordinance of Yamhill County and the State of Oregon. The design, construction and orientation of the Homes on Lot 10, Lot 11, Lot 12 and Lot 13 shall be as provided in Section 6.6 of this Declaration.

7.5 Construction. Except for construction performed by or contracted for by Declarant, no construction, reconstruction or exterior alterations shall occur on any Lot, unless written approval of the ARC is first obtained pursuant to Article 6. Considerations such as siting, shape, size, color, design, height, solar access, or materials may be taken into account by the ARC in determining whether or not to consent to any proposed work. Such work includes, but is not limited to, Homes, barns, storage shelters, small agricultural outbuildings, swimming pools, spas, landscaping, greenhouses, patios, basketball hoops or remodeling. The intent of this covenant is to ensure quality of workmanship and materials, harmony of external design with the existing and planned structures as to location and visual compatibility and finish grade elevations. Original construction designs, materials and product specifications by Declarant may vary from any or all specified in this document. All construction performed by or contracted for by Declarant shall be presumed to have met these minimum requirements or have been granted a variance thereto.

7.6 Landscaping. The front yard and any side yards that are visible from any street or right of way of the Lot upon which a Home or Improvement has been constructed shall be fully and completely landscaped with underground irrigation and the planting of cultivated grass laws and various shrubs no more than one hundred and eighty (180) days after substantial completion of the Home or Improvement. Such landscaping shall be in accordance and conformance with the landscaping plan submitted to and approved by the ARC according to the provisions of this Section. Maintenance and upkeep of all landscaping on a Lot is the Owner's sole responsibility. The Owner shall be solely responsible for following and adhering to all Oregon Water Resources Department rules and regulations for irrigation of landscaping and consumption of water on Lots. The Lot Owner must obtain any and all required permits and authorizations before the installation of such landscaping and/or irrigations systems.

7.6.1 Landscape installation on a Lot by Owners is subject to approval by the ARC as provided in this Declaration. Except as otherwise provided herein, said completed landscaping on Lots shall be installed by Owners no later than twelve (12) months after substantial
completion of the Home or Improvement. All landscaping maintenance on Lots shall be maintained in good condition, including watering, weeding, pruning, fertilization, mowing and other forms of typical maintenance. If an Owner fails to maintain said landscaping, Declarant, or Association in their place reserves the rights outlined in Section 9 to maintain. Owners are strongly encouraged to use sod for the planting of any lawns that will constitute the front yards, back yards and side yards of any Lot. At all times after substantial completion of the construction of a Home on a Lot and before the installation of landscaping, all back and side yards must be maintained so as not to be offensive in appearance nor cause or present any sort of hazardous, dangerous or unsightly condition.

7.6.2 Declarant reserves the right to install and maintain landscape improvements on Lots for sales and marketing purposes, and hereby reserves a landscape easement on the front yards of said Lots and the street sideyards for this purpose. Declarant is not obligated to provide any landscaping in said areas noted in this section.

7.6.3 The Owners of Lot 15 and Lot 16 shall be responsible for irrigating the landscaping around the entry monument located on the Lot. The Owners of Lot 15 and Lot 16 shall each solely bear the cost for such irrigation, and the Owners of Lot 15 and Lot 16 shall need to calculate the water usage for irrigating the entry monument landscaping when such Owner calculates the maximum amount of water usage allowed by the Oregon Water Resources Department pursuant to Section 7.8.12 of this Declaration and Oregon law.

7.7 Maintenance. Each Owner and Occupant shall be solely responsible for the maintenance of their Homes. Required maintenance and repair shall include without limitation (i) maintenance of all parking areas and private drives in a clean and safe condition, including cleaning and repairing as often as is necessary; (ii) cleaning, maintenance, and relamping of any external lighting fixtures; (iii) maintenance of exteriors of buildings in an attractive and neat condition at all times; and (iv) maintenance of the landscaping in front of the Home, and outside of side and rear yard fences. 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 Sections 3.5 and 9.

7.8 Limitations on Use

7.8.1 Offensive Activities. No noxious or offensive activity shall be permitted carried on in any Lot in The Stables at Coyote Run, nor shall anything be done or placed or maintained upon any Lot which interferes with or jeopardizes enjoyment of, or becomes an annoyance or nuisance to any Owner, or detracts from the value of any Lot in The Stables at Coyote Run as a high-class residential neighborhood.

7.8.2 Animals. In addition to standard domestic pets and small farm animals, such as sheep and goats, all Owners may raise, keep and are permitted to horses and cattle on the Lot. However, such Owners are strictly permitted to have no more than five (5) adult horses or five (5) adult cattle, or any combination of adult horses and cattle with the total number of five (5) adult
horses and cattle. For the purposes of this section, any horse or cow under the age of two (2) years old shall not count toward the total number of horses or cows permitted under this Section. However, under no circumstances shall there be permitted more than eight (8) horses or cattle, including any under the age of two years old, on the Lot at any one time.

7.8.3 Parking. Each Lot shall provide adequate room for the parking of private vehicles, and all such private vehicles shall not be allowed to be parked in any portion of the Property so that such vehicle(s) becomes a sight nuisance from any portion of the streets which may act as access to the entire Property. No private vehicle parking shall be allowed on any street or right-of-way, except as may be necessary in connection with construction activities or as may be required to perform other obligations required under this Declaration. No Owners shall permit or allow any vehicle which is inoperable to remain parked or stored upon any Lot or upon any street for a period of time in excess of forty-eight (48) hours. No Owners shall permit or allow any vehicle which is inoperable to remain parked or stored upon a Common Area for any period of time. In addition, the parking or storage of boats, trailers, recreational vehicles, trucks, campers, motorcycles, and similar equipment or personal property shall not be allowed on any Lot, or any street adjacent thereto, except within an enclosed garage or screened area which prevents the vehicle or equipment therein from being seen from any other Lot, the Common Areas, or any street within the Real Property and the construction of which has been reviewed and approved by the ARC pursuant to Section 6.

7.8.3.1 No personal property, including, but not limited to trailers, recreational vehicles, boats, camper units or tents shall be placed, stored, kept, parked or maintained on any Lot, or on any portion of The Stables at Coyote Run for any period of time in excess of fourteen (14) days in any one calendar year, except that such personal property owned by an Owner may be kept or maintained in an such a manner that is completely enclosed from the public view in an ARC-permitted Improvement.

7.8.4 Antennas and Satellite Dishes. Small-size satellite receivers and dishes shall be permitted on a Lot, Home or any part of area of the Property only if such small-size satellite receiver(s) or dish(es) are screened from the view of any street or are placed on the roof of any Home or Improvement. All utilities shall be installed underground, as no overhead wires or services drops for the distribution of electricity or any other telecommunication purposes, nor any poles, towers, or other supporting structures shall be erected, placed or maintained on any Lots. Clotheslines shall be screened so as not to be viewed from any street.

7.8.5 Rubbish and Trash. No Lot or any part of the Common Areas or any part of the Property shall be used as a dumping site or repository for trash, rubbish, refuse, garbage, or any other form of waste of any kind. All garbage and other waste shall be kept in appropriate sanitary containers for proper disposal or recycling and out of public view, and shall not cause or be a form of nuisance to any Owner. Yard rakings, dirt, and other material resulting from landscaping work shall not be dumped onto streets, the Common Areas or any Lot. In the event an Owner or Occupant fails to remove any trash, rubbish, garbage, yard rakings, or other waste materials 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 five (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 Section 9. Trimmings, cuttings and like debris may be composted by an Owner on the Owner’s Lot, provided that such trimmings, cutting and like debris are maintained in a singular location on the Lot not visible from any street and so as not to become an annoyance or nuisance to any other Owner in the Property. Each Owner is responsible for trash disposal on the Owner’s Lot, and shall only place individual trash containers in the public street (not alleyways) within 12 hours of the scheduled trash collection time and such Owners shall remove the individual trash containers from the public street and from public view within 12 hours after collection.

7.8.6 Temporary Structures. No structure of a temporary character, campers, recreational vehicles, trailer, tent, shack, garage, barn, or other outbuilding shall be permitted or used in The Stables at Coyote Run at any time as a residence either temporarily or permanently. Declarant or its designee reserves the right to locate a temporary construction office within the Property while Homes are being constructed.

7.8.7 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, or that that obstructs or prohibits other Owners from using the Common Areas as provided in this Declaration, including, but not limited to, use of the Equestrian Easement.

7.8.8 Signs. No sign or other advertising device of any kind shall be created, displayed, erected or constructed upon or placed within or on any Lot to the public view, except one professionally-made sign measuring not more than eighteen (18) inches by twenty-four (24) inches advertising the Lot for sale. This restriction shall not prohibit the temporary placement of political signs, garage sale signs, for rent signs, or a sign for a Yamhill County permitted home-based business on any Lot by the Owner thereof, or placement of a professionally-made signs by Declarant that complies with applicable sign ordinances, provided any such signs shall not measuring not more than eighteen (18) inches by twenty-four (24) inches. This restriction shall also not apply to signs used by Declarant, builders, realtors or agents during construction and sales of Homes on Lots.

7.8.9 Fences and Pillars. No later than the substantial completion of a Home or Improvement on a Lot, the Owner shall construct on the Lot a fence border the street and all property boundaries and cut stone pillars on both sides of the driveway on the Lot. The fence and pillars shall be constructed in the location and in conformity with the fence and pillar installation details and requirements of the Declarant and/or ARC, and shall be substantially similar to or match the materials used on the entry monument. Owners can obtain samples of pillar material from the Declarant. All fences and all fence finishes shall be approved by the ARC prior to installation, and: (i) on the street or roadway side of a Lot shall be three (3) – board horse fence with substantially similar specifications to the existing Association fence along Sunnycrest Road; and (ii) shall be regular horse or cattle grade fencing on all other Lot boundaries. No barbed wire fence shall be
allowed. "No kick" fences are allowable and all fence posts must be round and 4" in diameter. 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 detract from the appearance of any nearby building, and shall not exceed six (6) feet in height from the finished Lot grade. Cyclone fences will not be allowed other than commercially-available pet enclosures, which must be screened from view and approved by the ARC. No fence shall be installed that obstructs or prohibits other Owners from using the Common Areas as provided in this Declaration, including, but not limited to, use of the Equestrian Easement.

7.8.10 Driveways to be Paved. All driveways on Lots shall be paved with asphalt or concrete from the street or access right-of-way to the Home or Improvement, and paving must be completed by no later than substantial completion of the Home or Improvement on the Lot. Dirt or gravel driveways shall only be temporarily permitted during construction of the Home or Improvement and must be paved by no later than substantial completion of the Home or Improvement on the Lot. The driveways for Lot 10, Lot 11, Lot 12 and Lot 13 shall be constructed and oriented and provided in Section 6.6 of this Declaration.

7.8.11 Business and Trade. Except as otherwise permitted by the applicable Yamhill County zoning designation, no trade, craft, business, profession, commercial activity, or similar type activity of any kind or nature shall be permitted or conducted on any Lot, nor shall any goods, equipment, vehicles, materials or supplies used in connection with any trade, craft, business, profession, commercial activity, or similar type activity be kept or stored on any Lot (unless allowed and permitted by applicable Yamhill County ordinance), excepting there from the right of any homebuilder, contractor, and the Declarant or Declarant’s assigns to construct the infrastructure of The Stables at Coyote Run and the Homes and Improvements on the Lots, and to store construction equipment and materials on said Lots in the normal course of construction of said infrastructure, Homes and/or model homes for the purposes of sales in The Stables at Coyote Run. Furthermore, during the course of construction of a Home or Improvement, the Owner and/or the Owner’s Contractor shall be authorized to store construction materials and equipment on the said Lot in the normal course of construction, subject to the provisions of Section 7.1.3.

7.8.12 Compliance With Oregon Water Resources Department. Lot Owner’s are solely responsible to verify and make sure that water usage on a Lot, including residential usage, is in compliance with Oregon Water Resources Department consumption and usage requirements.

SECTION 8. COMMON AREAS

8.1 Common Areas. The Common Areas, if any, shall be conveyed to the Association by Declarant no later than the Turnover Date, subject to all limitations and conditions of approval imposed on such space by Yamhill County. 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 Equestrian Easement, which right and easement shall be appurtenant to and shall run with the Real 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 Equestrian Easement. The Association shall maintain and repair the Common Areas, subject to the Owners' obligations to pay their allocable shares of the cost of such maintenance and repair in accordance with Section 5.

8.2 Maintenance and Repair. Subject to Section 8.1 hereof, the Association shall have the right to maintain or repair the Common Areas and to expand or replace any Improvements in the Common Areas.

8.3 Rights of Association in Common Areas. The Association shall have the right to sell, convey or subject to a security interest or lien all or any portion of the Common Areas if: (a) seventy-five percent (75%) or more of the Owners agree to the action, with each Owner having one vote for each Lot owned; and (b) the approval of the City is obtained in connection with any action relating to the Tract. For purposes of this Section 8.3, if there is more than one Owner of any Lot, such Owners shall together be considered a single Owner with respect to such Lot. Any such action shall be effective upon recording of an instrument in the Yamhill County real property records, acknowledged by the appropriate officer and setting forth the action taken by the Owners. The proceeds of any such sale, conveyance or borrowing shall be deemed an asset of the Association.

SECTION 9. RIGHT OF ENTRY

Declarant, the Association, the Architectural Review Committee, 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 Homes or Improvements thereon; (iii) to remove, demolish, replace, alter, repair, or otherwise correct any Home or Improvement which is placed on any Lot without the prior approval of the Architectural Review Committee pursuant to Section 6 or which is constructed or installed in a manner inconsistent with the terms of the Architectural Review Committee's approval therefore pursuant to Section 6; (iv) to enforce the provisions of Sections 7.3, 7.4.4, and 7.4.5 if the Owner of the Lot in question does not do so as required by this Declaration; or (v) for any other purpose permitted under this Declaration. The Owner of any Lot shall reimburse the Association for any expenses incurred in connection with any action described in the clauses (i), (iii), or (iv) of the preceding sentence promptly upon billing of the same. If the Owner fails to reimburse the Association within ten (10) days after such billing, the Association may impose a lien against the Lot as provided in Section 5.8. No-entry on any Lot pursuant to this Section 9 shall be deemed a trespass or otherwise create any right of action in the Owner or Occupant of such Lot.

SECTION 10. GENERAL PROVISIONS

10.1 Duration. These covenants, conditions, and restrictions shall run with and bind, benefit, and burden in perpetuity the Real 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. Prior to the Turnover Date, subject to Section 8.4, this Declaration may be amended at any time and from time to time by Declarant to comply with the requirements of the Federal Housing Administration, the United States Department of Veterans' Affairs, the Farmer's Home Administration of the United States, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Home Mortgage Loan Corporation, any department, bureau, board, commission or agency of the United States or the State of Oregon or any corporation wholly-owned, directly or indirectly, by the United States or the State of Oregon that insures, guarantees or provides financing for a planned community or lots in a planned community. Thereafter, this Declaration, subject to Sections 8.1, 8.4 and 10.4, may be amended only upon the affirmative vote of eighty-five percent (85%) or more of the Owners, with each Owner having one vote for each Lot owned. For purposes of this Section 10.3, if there is more than one Owner of any Lot, such Owners shall together be considered a single Owner with respect to such Lot. In no event shall an amendment under this section create, limit or diminish the Special Declarant Rights specified in Section 10.11 hereof without Declarant's written consent, or change the boundaries of any Lot or any uses to which any Lot is restricted unless the Owners of the affected Lots unanimously consent to the amendment. When the Association adopts an amendment to this Declaration, the Association shall record the amendment in the real property records of Yamhill County. Any such amendment shall be effective only upon recordation. Amendments to this Declaration shall be executed, recorded and certified on behalf of the Association by any officer of the Association designated for that purpose or, in the absence of such designation, by the president of the Board.

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 the event that suit or action is instituted to enforce any provision of this Declaration, the prevailing party shall be entitled to recover from the losing party the prevailing party's reasonable attorneys' fees and costs incurred in connection with such suit or action, including those incurred in connection with any appeal or review proceeding.

10.5 Mortgage Protection. Except upon the written approval of Mortgagees holding Mortgages of Lots which have at least eighty-five percent (85%) of the votes of Lots which are subject to Mortgages, no amendments may be made to this Declaration which add to or amend any material provision of the Declaration which establish, provide for, govern or regulate any of the following:
10.5.1 Termination of this Declaration or any amendment thereto shall require the consent of not less than eighty-five percent (85%) of the Mortgagees holding an interest in Lots. Any such termination of this Declaration shall be carried out by the Owners pursuant to the provisions of this Declaration, and only after a vote of the Owners as required by this Declaration.

10.5.2 The provisions of Section 10.3 are intended to only be a limitation on the rights of Owners to amend the Declaration, and any such amendments to the Declaration shall be made only upon full compliance with the provisions of such relating to the procedure and percentage of votes required for such amendment.

10.5.3 Any Mortgagee who receives a written request to approve an amendment to the Declaration or any other action to be taken, shall be deemed to have given such approval unless such Mortgagee’s written request to such action is delivered to the requesting Owners within thirty (30) days after the written request.

10.6 Non-Waiver. Any failure of 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.

10.7 Declarant Not Liable. Neither Declarant nor Declarant's successors or assigns shall be liable to any Owner or Occupant or to any other Person for its enforcement or failure to enforce any provision of this Declaration. Each Owner and Occupant, by acquiring such Owner's or such Occupant's interest in the Property, 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. Each Owner and Occupant shall and does, by taking title to or occupying any portion of the Property, agree 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 attorneys' fees) arising out of the use, operation, ownership, occupancy, or condition or state of repair of that portion of the Property owned by such Owner or occupied by such Occupant.

10.8 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.

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

10.11 Notices. All notices 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 (3) business days following the date of mailing, if addressed to the addressee at the address, if any, designated in the Association's records.

10.12 Special Rights Retained by Declarant. Declarant has retained "Special Declarant Rights", as that term is defined in Oregon Revised Statutes 94.550(12), and these rights are set forth in Sections 4.7, 4.8, 5.2, 5.4, 6.1, 7.4.8, 10.3 and 10.6.

10.13 Compliance with the Oregon Planned Community Development Act. Notwithstanding any provision of this Declaration that might be construed to the contrary, all activity with relationship to The Stables at Coyote Run and the Association, including but not limited to management and operation of The Stables at Coyote Run and the Association, shall be conducted in accordance with the Oregon Planned Community Development Act.

10.14 Records. The Board of Directors shall preserve and maintain minutes of the meetings of the Association, the Board and any committees. The Board of Directors shall also keep detailed and accurate financial records including individual assessment accounts of Owners, the balance sheet, and income and expense statements. Individual assessment accounts shall designate the name and address of the Owner or Owners of the Lot, the amount of each assessment as it becomes due, the amounts paid upon the account, and the balance due on the assessments. The minutes of the Association, the Board and the committees, and the Association's financial records shall be reasonably available for review and copying by the Owners. A reasonable charge may be imposed by the Association for labor and materials relative to providing copies. Owners can obtain copies of this information within 10-days of a receipt of a written request.

10.15 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/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, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by said person in connection with such suit, action or proceeding if he/she acted in good faith and in a manner he/she reasonably believed to be in, or not opposed to, the best interest of the Association, and, with respect to any criminal action or proceeding, has no reasonable cause to believe his/her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or with a plea of nolo contendere or its equivalent, shall not of itself create a
presumption that a person did not act in good faith and in a manner which he/she reasonably believed to be in, or not opposed to, the best interest of the Association, and with respect to any criminal action or proceeding, had reasonable cause to believe his/her conduct was unlawful. Payment under this clause may be made during the pendency of such claim, action, suit or proceeding as and when incurred, subject only to the rights of the Association to reimbursement of such payment form such person, should it be proven at a later time that such person had no right to such payments. All persons who are ultimately held liable for their actions on behalf of the Association as a Director, Officer, employee or agent shall have a right of contribution over and against all other Directors, Officers, employees or agents and members of the Association who participated with or benefited from the acts which created said liability.

10.16 Resolution of Document Conflicts. In the event of a conflict among any of the provisions in the documents governing The Stables at Coyote Run, such conflict shall be resolved by looking to the following documents in the order shown below:

1. Declaration of Covenants, Conditions and Restrictions;
2. Articles of Incorporation;
3. Bylaws;
4. Rules and Regulations.

IN WITNESS WHEREOF, the undersigned being the Declarant herein, has executed this Declaration on this 12th day of August, 2010.

COYOTE CREEK GROUP, LLC,
AN OREGON LIMITED LIABILITY COMPANY

By: Willcuts Enterprises Co.
   Its: Member

By: Marc Willcuts
   Its: President

STATE OF OREGON )
   ) ss.
County of Yamhill )

The foregoing instrument was acknowledged before me this 12th day of August, 2010, by Marc Willcuts, as President of Willcuts Enterprises Co., as member of Coyote Creek Group, LLC, an Oregon limited liability company, who acknowledge the execution of the foregoing to be his voluntary act and deed.

Janet L. Winder
Notary Public for Oregon
My Commission Expires 5/14/2013

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FIRST AMENDMENT TO DECLARATION
OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR
THE STABLES AT COYOTE RUN

This First Amendment to Declaration of Covenants, Conditions and Restrictions for The Stables at Coyote Run ("First Amended CC&Rs") is made effective the 26th day of March, 2011, by Coyote Creek Group, LLC, an Oregon limited liability company (the "Declarant") and are approved by Patrick M. Casey and Susan K. Casey, husband and wife (collectively "Casey")

RECATALS

A. Declarant is the owner, or controls, those certain Lots located in the Southeast ¼ of Section 14, Township 3 South, Range 3 West of the Willamette Meridian, known as Lots 1, 2, 3, 7, 8, 10, 11, 12, 13, 14, 15, and 16 of The Stables at Coyote Run, Yamhill County, Oregon, a duly created subdivision plat recorded on August 12, 2010 as Instrument No. 201011054, hereinafter referred to as the "Declarant Property."

B. Casey is the owner, or controls, those certain Lots located in the Southeast ¼ of Section 14, Township 3 South, Range 3 West of the Willamette Meridian, known as Lots 4, 5, 6 and 9 of The Stables at Coyote Run, Yamhill County, Oregon, a duly created subdivision plat recorded on August 12, 2010 as Instrument No. 201011054, hereinafter referred to as the "Casey Property."

C. Together, the Declarant Property and the Casey Property compose all of the Lots of the STABLES AT COYOTE RUN, as provided in the Plat of The Stables at Coyote Run, recorded on August 12, 2010, as Instrument No. 2010-11054, Official Yamhill County Records ("The Stables at Coyote Run").

D. The Declaration of Covenants, Conditions and Restrictions for The Stables at Coyote Run were recorded on August 12, 2010 as Instrument No. 2010-11055, Official Yamhill County Records ("CC&Rs").

E. Declarant desires to amend the CC&Rs for the limited purposes of providing
additional terms, conditions and restrictions regarding the Equestrian Easement, and Casey consents to such amendment and to limit the number of animals allowed and authorized on each Lot.

F. One hundred percent of all Lot Owners voted in favor of amending the CC&Rs as described herein.

G. Unless otherwise defined herein, the definitions used in this First Amended CC&Rs shall have the same meaning as set forth in the CC&Rs.

NOW THEREFORE, the Declarant hereby amends the CC&Rs as follows:

COVENANTS CONDITIONS AND RESTRICTIONS

1. INCORPORATION OF RECITALS. The above Recitals are incorporated herein as if set forth in full.

2. NON-MODIFICATION OF CC&RS. Except as specifically provided herein, the CC&Rs shall remain in full force and effect and are not otherwise amended or modified.

3. AMENDMENT TO SECTION 3.5(h) OF CC&RS. Section 3.5(h) of the Declaration of Covenants, Conditions and Restrictions for The Stables at Coyote Run is amended in its entirety and now provides as follows:

3.5 Easements.

(h) Equestrian Easement. The Association shall maintain the 20-foot wide equestrian easement around the perimeter of the Real Property, and such equestrian easement is reserved in favor of the Association and the Owners and Owners’ guests and invitees only for equestrian uses and riding. An Owner of a Lot must be present at all times that the equestrian easement is used for equestrian purposes.

The Association shall maintain a combined, single-limit insurance policy in an amount not less than $2,000,000 for any liability or claim arising out of the use of the equestrian easement by an Owner or an Owner’s guests or invitee. Such policy shall be in addition to any other insurance policy required to be carried by the Association under the CC&Rs or the Bylaws of the Association. The costs of the insurance policy shall be an assessment as provided in Section 5 of the CC&Rs.

The Association shall be responsible for the cost of the regular repair and maintenance of the equestrian easement. The costs of the repair and maintenance shall be an assessment as provided in Section 5 of the CC&Rs. Each Owner or other user of the equestrian easement shall have a duty to immediately inform the Association if such Owner is aware of any damage, hazard or other issue with equestrian easement. However, the Association shall have no liability of any form for failure to maintain or repair the equestrian easement.

Each Owner, and each Owner’s guests or invitees shall use the equestrian easement
solely at their own risk and liability, and that the Association provides the equestrian easement in “AS IS, WHERE IS” condition and disclaims all warranties of any kind, implied or express, including but not limited to warranty of fitness for a particular purchase.

Each Owner, and each Owner’s guests or invitees who use the equestrian easement certify and warrant to the Association that each user of the equestrian easement is a competent and trained equestrian, and that each such user of the equestrian easement will only use the equestrian easement during daylight hours and during appropriate weather conditions.

Each Owner, and each Owner’s guests or invitees who use the equestrian easement agree to indemnify, defend, and hold the Association, its successors, and assigns and all other Owners of a Lot in the Stables at Coyote Run harmless from and against any and all claims, liabilities, obligations, costs, and expenses, including reasonable attorney fees, (collectively, “Damages”) arising out of or related to any liability or claim arising out of or in connection with the ownership, use, condition, maintenance, or operation of the equestrian easement.

The Association’s liability for the equestrian easement, in addition to the limits and exclusions provided for herein, are also limited by the provisions of Oregon Revised Statute 30.687 to 30.697.

The Association shall also have the right and authority to grant limited easements within the equestrian easement to individual Lot Owners for water lines associated with shared well agreements.

The Association shall have the right to promulgate and impose additional rules and regulations regarding the use of the equestrian easement, and the Association shall amend and add to such rules and regulations as necessary. All Owners and other users of the equestrian easement shall strictly abide by all rules and regulations regarding the equestrian easement. Such rules and regulations shall be delivered to each Lot Owner by mailing such rules and regulations to each Owner at their address within the Stables at Coyote Run.

4. **AMENDMENT TO SECTION 7.8.2 OF THE CC&Rs.** Section 7.8.2 of the Declaration of Covenants, Conditions and Restrictions for The Stables at Coyote Run is amended in its entirety and now provides as follows:

7.8.2 **Animals.** In addition to standard domestic pets and small farm animals, such as sheep and goats, all Owners may raise, keep and are permitted to horses and cattle on the Lot. However, such Owners are strictly permitted to have no more than two (2) adult horses or two (2) adult cattle, or any combination of adult horses and cattle with the total number of two (2) adult horses and cattle. For the purposes of this section, any horse or cow under the age of two (2) years old shall not count toward the total number of horses or cows permitted under this Section. However, under no circumstances shall there be permitted more than five (5) horses or cattle, including any under the age of two years old, on the Lot at any one time.

**CERTIFICATION**

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The undersigned, constituting all of the Owners of Lots in The Stables at Coyote Run certify that the foregoing FIRST AMENDMENT TO DECLARATION OF Covenants, Conditions and Restrictions For The Stables at Coyote Run was duly approved and adopted in the manner required by the CC&R's.

COYOTE CREEK GROUP, LLC, an OREGON LIMITED LIABILITY COMPANY

By: Willcuts Enterprises Co.
Its: Member
   By: Marc Willcuts
   Its: President

THE STABLES AT COYOTE RUN HOMEOWNER'S ASSOCIATION

By: Coyote Creek Group, LLC
   By: Willcuts Enterprises Co.
   Its: Member
      By: Marc Willcuts
      Its: President

STATE OF OREGON
    ) ss
County of Yamhill

The foregoing instrument was acknowledged before me this 3rd day of March, 2011, by Marc Willcuts, President of Willcuts Enterprises, Co., sole member of Coyote Creek Group, LLC.

NOTARY PUBLIC FOR OREGON
My commission expires: DEC 3, 2011
The foregoing instrument was acknowledged before me this 7th day of March, 2011, by Patrick M. Casey and Susan K. Casey, as their voluntary act and deed.
BYLAWS

OF

THE STABLES AT COYOTE RUN HOMEOWNERS' ASSOCIATION
BYLAWS OF

THE STABLES AT COYOTE RUN HOMEOWNERS' ASSOCIATION

ARTICLE 1.
DEFINITIONS

1.1 Association. "Association" means The Stables at Coyote Run Homeowners' Association, a non-profit corporation organized and existing under the laws of the State of Oregon.

1.2 Articles of Incorporation. "Articles of Incorporation" means the Articles of Incorporation of the Association.

1.3 Declaration. The "Declaration" means the Declaration of Covenants, Conditions, and Restrictions for The Stables At Coyote Run, as the same may be subsequently amended or supplemented pursuant to the terms thereof.

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

ARTICLE 2.
MEMBERSHIP

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

2.2 Membership List. The Secretary shall maintain at the principal office of the Association a Membership list showing the name and address of the Owner of each lot. The Secretary may accept as satisfactory proof of such ownership a duly executed and acknowledged conveyance, a tile insurance policy, or other evidence reasonably acceptable to the Board of Directors.

ARTICLE 3.
MEETINGS AND VOTING

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

3.2 Turnover Meeting. Declarant shall call the first meeting of the Owners to organize the Association within ninety (90) days after termination of the Class B Membership as provided in Section 3.7 below. Notice of such meeting shall be given to all Owners as provided in Section 3.5. If the Declarant fails to call the meeting, the meeting may be called and notice given by any
Owner or mortgagee of a Lot. The expense of giving notice shall be paid or reimbursed by the Association. No quorum is required for the Turnover Meeting. Nothing in this section shall be construed as preventing Declarant from calling the Turnover Meeting before such date or from calling informal, informational meeting of the Owners.

3.3 **Annual Meeting.** The annual meeting of the Members for the election of Directors and for the transaction of such other business as may properly come before the meeting shall be held at such reasonable hour and such reasonable day as may be established by the Board of Directors or, if the Board should fail to designate a date by the first day of June, then the meeting shall occur at 7:00 p.m. on the first (1st) Thursday in May. An annual meeting shall be held within each calendar year, commencing with the year in which the transfer of title occurs for the first lot to an Owner other than the Declarant, the Declarant’s successors or assigns. The Turnover Meeting may count as the annual meeting for the year in which it is held.

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

3.5 **Notice of Meeting.**

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

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

3.6 **Quorum.** At any meeting of the Association Members having at least twenty percent (20%) of the voting rights entitled to be cast at such meeting, present in person or by proxy, shall constitute a quorum, except when a larger quorum is required by the Declaration. When a quorum is once present to organize a meeting, it cannot be broken by the subsequent withdrawal of a Member or Members. If any meeting of Members cannot be organized because of a lack of quorum, the Members who are present, either in person or by proxy, may adjourn the meeting.
3.7 **Voting Rights.** Voting rights within the Association shall be allocated as follows:

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

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

   **Class A.** Class A Members shall be all Owners with the exception of the Declarant and shall be entitled to voting rights for each Lot owned computed in accordance with Section (a) above. When more than one person holds an interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more voting rights be cast with respect to any Lot than as set forth in Section (a) above.

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

   (i) When all of the Lots in The Stables at Coyote Run have been sold and conveyed to Owners other than a successor Declarant or builder for development; or

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

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

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

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

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

3.13 **Ballot Meeting.**

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

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

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

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

ARTICLE 4.
BOARD OF DIRECTORS & MEETINGS

4.1 Number and Qualification. The affairs of the Association shall be governed by a Board
of Directors of not less than three (3) nor more than five (5) persons. All Directors, other than
interim Directors appointed by Declarant, shall be Owners or co-Owners of Lots. For purposes
of this section, the officers of any corporate Owner, the Members of any limited liability
company and the partners of any partnership shall be considered co-Owners of any Lots owned
by such corporation or partnership.

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

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

4.4 **Election and Tenure of Office.**

a. At Turnover Meeting, the interim Directors shall resign and the Members shall elect three (3) Directors, each to serve for a 2-year term. In the event of a tie, term selection shall be by random means. Thereafter the successors to each Director shall serve for terms of two (2) years each.

b. All Directors shall hold office until their respective successors shall have been elected by the Members. Election shall be by plurality.

4.5 **Vacancies.**

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

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

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

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

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

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

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

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

e. Employ legal, accounting or other personnel for reasonable compensation to perform such services as may be required for the proper administration of the Association; provided, however, the Board may not incur or commit the Association to incur legal fees in excess of $5,000 for any specific litigation or claim matter unless the Owners have enacted a resolution authorizing the incurring of such fees by a vote of seventy-five percent (75%) of the voting rights present in person or by absentee ballot or proxy at a meeting at which a quorum is constituted. This limitation shall not be applicable to legal fees incurred in defending the Association or the Board of Directors from claims or litigation brought against them. The limitation set forth in this paragraph shall increase by $500 on each fifth anniversary of the recording of the Declaration. To the extent required by the Oregon Planned Community Act, the Board shall notify the Owners before instituting litigation or administrative proceedings. With regard to any pending litigation involving the Association, the Board shall periodically report to the Lot Owners as to the status (including settlement offers), progress, and method of funding such litigation. Nothing in this paragraph shall be construed as requiring the Board to disclose any privileged communication between the Association and its counsel.

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

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

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

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

j. Obtain insurance or bonds pursuant to the provisions of these Bylaws, and review such insurance coverage at least annually.
k. Make additions and improvements to, or alterations of, the Common Areas, or modify, close, remove, eliminate or discontinue use of any common facility, including any improvement or landscaping, except that any such modification, closure, removal, elimination or discontinuance (other than on a temporary basis) of any swimming pool, spa or recreational or community building must be approved by a majority vote of the Members at a meeting or by written ballot held or conducted in accordance with these Bylaws.

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

m. Enforce by legal means the provisions of the Declaration, these Bylaws, Oregon statutes, and any rules and regulations adopted hereunder.

n. In the name of the Association, maintain a current mailing address if the Association, file annual reports with the Oregon Secretary of State, and maintain and keep current the information required to enable the Association to comply with ORS 94.670(7).

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

4.8 Meetings.

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

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

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

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

4.9 Open Meetings.

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

b. Meetings of the Board of Directors may be conducted by telephonic
communication or by other means of communication that allows all Members if the Board
participating to hear each other simultaneously or otherwise to be able to communicate during
the meeting, except that if a majority of the Lots are principal residences of the occupants, then:
(i) for other than emergency meetings, notice of each Board of Directors' meeting shall be posted
at a place or places on the property at least three (3) days prior to the meeting, or notices shall be
provided by a method otherwise reasonably calculated to inform the Owners of such meeting; (ii)
only emergency meeting of the Board of Directors may be conducted by telephonic
communication or such other means. The meeting and notice requirements of this Section may
not be circumvented by chance or social meetings or by any other means.

4.10 Notice of Meetings.

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

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

4.11 Quorum and Vote.

a. A majority of the Directors shall constitute a quorum for the transaction of
business. A minority of the Directors, in the absence of a quorum, may adjourn from time to
time, but may not transact any business.
b. The action of a majority of the Directors present at any meeting at which there is a quorum shall be the act of the Board of Directors unless a greater number is required by law, the Declaration, the Articles of Incorporation or these Bylaws.

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

4.12 Liability. Neither a Member of the Board of Directors nor an offer of the Association shall be liable to the Association, any Owner or any third party for any damage, loss or prejudice suffered or claimed on account of any action or failure to act in the performance of his or her duties so long as the individual acted in good faith, believed that the conduct was in the best interest of the Association, or at least was not opposed to its best interests, and in the case of criminal proceedings, had no reason to believe that the conduct was unlawful.

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

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

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

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

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

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

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

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

f. **Enforcement Policies.** The Board of Directors, by resolution, any adopt addition policies and procedures governing enforcement of the Declaration, the Bylaws or the Rules and Regulations.

**ARTICLE 5. OFFICERS**

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

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

5.3 **Removal and Resignation.**

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

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

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

5.5 Secretary.

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

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

c. In the absence or disability if the President, the President’s duties and powers shall be performed and exercised by the Secretary.

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

ARTICLE 6.
ASSESSMENTS, RECORDS AND REPORTS

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

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

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

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

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

e. Enforce the Assessments in the manner provided in the Declaration.

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

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

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

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

6.5 **Payment of Vouchers.** The Treasurer or managing agent shall pay all vouchers for budgeted items and for any non-budgeted items, up to $1,000 signed by the President, managing agent, manager or other person authorized by the Board of Directors. Any voucher for non-budgeted items in excess of $1,000 shall require the authorization of the President or a resolution of the Board of Directors.
6.6 **Execution of Documents.** The Board of Directors may, except as otherwise provided in the Declaration, Articles of Incorporation, or these Bylaws, authorize any officer or agent to enter into any contract or execute any instrument in the name of and on behalf of the Association. Such authority may be general or confined to specific instances. Unless so authorized by the Board of Directors, no officer, agent, or employee shall have any power or authority to bind the Association by any contract or engagement, to pledge its credit, or to render it liable for any purpose or for any amount.

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

**ARTICLE 7.**

**INSURANCE**

7.1 **Types of Insurance.** For the benefit of the Association and the Owners, the Board of Directors shall obtain and maintain at all times, and shall pay for out of the Operations Fund, the following insurance:

a. **Property Damage Insurance.**

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

   ii. The amount of the coverage shall be for not less than one hundred percent (100%) of the current replacement cost of the improvements on the Common Areas (exclusive of land, foundation, excavation and other items normally excluded from coverage), subject to a reasonable deductible.
iii. The policy or policies shall include all fixtures and building service equipment to the extent that they are part of the Common Areas and all personal property and supplies belonging to the Association.

b. **Liability Insurance.**

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

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

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

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

d. **Fidelity Insurance.**

i. The Board of Directors may cause the Association to maintain blanket fidelity insurance for all officers, Directors, trustees and employees of the Association and all other persons handling or responsible for funds of, or administered by, the Association. In the event that the Association has retained a management agent, the Board of Directors may require such agent to maintain fidelity bonds for its officers, employees and agents handling or responsible for funds of, or administered on behalf of, the Association. The cost of such insurance, if any, shall be borne by the Association.

ii. The total amount of fidelity insurance coverage required shall be based upon the best business judgment of the Board of Directors.

iii. Such fidelity insurance shall name the Association as obligie and shall contain waivers by the insurance issuers of all defenses based upon the exclusion of persons serving without compensation form the definition of “employees” or similar terms or expressions. The insurance shall provide that they may not be canceled or substantially modified (including cancellation for nonpayment of premium) without at least ten (10) days’ prior to written notice to the Association.
7.2 **Insurance by Lot Owners.** Each Owner shall be responsible for obtaining, at his or her own expense, homeowner's insurance covering the improvements on the Owner's Lot and liability resulting from use or ownership of the Lot, unless the Association agrees otherwise. The insurance coverage maintained by the Association shall not be brought into contribution with the insurance obtained under this section by the Owners.

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

## ARTICLE 8.

### GENERAL PROVISIONS

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

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

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

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

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

## ARTICLE 9.

### AMENDMENTS TO BYLAWS

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

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

b. Notwithstanding the provisions of the preceding paragraph, until the Turnover Meeting has occurred, Declarant shall have the right to amend these Bylaws 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 Loan Corporation, any department, bureau, board, commission or agency of the United States or the State of Oregon, or any corporation wholly owned, directly or indirectly, by the United States or the State of Oregon that insures, guarantees or provides financing for a planned community or lots in a planned community. After the Turnover Meeting, any such amendment shall require the approval of a majority of the voting rights of the Association, voting in person, by proxy, or by ballot, at a meeting or ballot meeting of the Association at which a quorum is represented.

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

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

THE STABLES AT COYOTE RUN HOMEOWNERS’ ASSOCIATION

By: Marc Willcuts
Its: President

20662 / 235186
BYLAWS OF THE STABLES AT COYOTE RUN HOMEOWNERS’ ASSOCIATION
STATE OF OREGON

County of Yamhill

This instrument was acknowledged before me March 2, 2011, by Marc Willcuts as President of the The Stables at Coyote Run Homeowners’ Association, and he acknowledged to me that he executed the same freely and voluntarily.

[Signature]

NOTARY PUBLIC FOR OREGON
My Commission Expires: DEC 7, 2011

Acknowledged, approved and authorized for recording by Patrick M. Casey and Susan K. Casey, Owners of Lots 4, 5, 6 and 9 of The Stables at Coyote Run, Yamhill County, Oregon.

By: Patrick M. Casey

By: Susan K. Casey

STATE OF OREGON

County of Benton

The foregoing instrument was acknowledged before me this 7 day of March, 2011, by Patrick M. Casey and Susan K. Casey, as their voluntary act and deed.

[Signature]

NOTARY PUBLIC FOR OREGON
My commission expires: 6-28-12

OFFICIAL SEAL
KAREN L DAVIS
NOTARY PUBLIC - OREGON
COMMISSION NO. 428705
MY COMMISSION EXPIRES JUNE 28, 2012

BYLAWS OF THE STABLES AT COYOTE RUN HOMEOWNERS’ ASSOCIATION
THE STABLES AT COYOTE RUN
A PORTION OF THE NAL DCL NO. 72,
IN THE SOUTHWEST ONE-HALF QUARTER OF SECTION 13, SOUTHEAST ONE-HALF QUARTER OF SECTION 14,
AND THE NORTHWEST ONE-HALF QUARTER OF SECTION 53,
TOWNSHIP 3 SOUTH, RANGE 3 WEST OF THE WELLS CENTURY MERIDIAN,
YAMHILL COUNTY, OREGON
OCTOBER 1, 2007

DECLARATION
KNOW ALL PERSONS BY THESE PRESENTS: COYOTE CREEK GROUP, LLC IS THE OWNER OF THE LAND REPRESENTED ON THE ATTACHED MAP OF "THE STABLES AND THE COYOTE RUN" MORE PARTICULARLY DESCRIBED IN THE SUMMONS' CERTIFICATE, AND HAVE CAUSED SAID LANDS TO BE SUBDIVIDED INTO LOTS AND SUPERFICIAL, AND DO HEREBY DECLARE TO THE PUBLIC THAT THE SAME IS OWNED AND CONTROLLED BY US FOR ALL PURPOSES AS SHOWN OR NOTED ON SAID MAP.

MICHAEL R. WALLACE, MEMBER
COYOTE CREEK GROUP, LLC

ACKNOWLEDGMENT
STATE OF OREGON
COYOTE CREEK GROUP, LLC

THIS DECLARATION WAS ACKNOWLEDGED BEFORE ME ON JUNE 29, 2010
BY
LEONA TODD
MANAGING MEMBER
COYOTE CREEK GROUP, LLC

CONSENT AFFIDAVIT
A SUBDIVISION CONSENT APPLICATION BY SAMUEL W. EASTMAN AND WILDEE EASTMAN, AS TRUSTEE TRUSTEE FOR INSTRUMENT NO. 20101039, YAMHILL COUNTY RECORDS, HAS BEEN RECORDED AS INSTRUMENT NO. 20101039, YAMHILL COUNTY RECORDS.

CONSENT AFFIDAVIT
A SUBDIVISION CONSENT AFFIDAVIT BY MARY GRACE JOHNSON, AS TRUSTEE TRUSTEE FOR INSTRUMENT NO. 20101039, YAMHILL COUNTY RECORDS, HAS BEEN RECORDED AS INSTRUMENT NO. 20101039, YAMHILL COUNTY RECORDS.

NARRATIVE
THE PURPOSE OF THIS SUBDIVISION IS TO SUBDIVIDE THAT TRACT OF LAND CONVEYED TO SAMUEL W. EASTMAN, WILLDEE EASTMAN, AND THEIR SUCCESSORS IN INTEREST, IN VOLUME 18, PAGE 418, YAMHILL COUNTY RECORDS, TO FORM ONE OF SAID SUBDIVISIONS FOR THE PURPOSE OF BUILDING HOMES.

NOTES
1. BOUNDARY DETERMINATION AND BASIS OF BEARINGS FOR CS-13235.
2. THIS SUBDIVISION IS SUBJECT TO THE DEEDS, CONVENTIONS AND RESTRICTIONS AS RECORDED IN INSTRUMENT NO. 20101039, YAMHILL COUNTY RECORDS.
3. LOTS SHOWN ON THIS PLAT WERE AUTHORIZED BY A CONVENTION OF LAND USE REGULATIONS OF YAMHILL COUNTY AND THE STATE OF OREGON PURSUANT TO ORS 917.302, 2005 REPLACEMENT PAVE MEASURE 37.
4. COYOTE CREEK GROUP, LLC IS THE OWNER OF THE LAND REPRESENTED ON THE ATTACHED MAP OF "THE STABLES AND THE COYOTE RUN" MORE PARTICULARLY DESCRIBED IN THE SUMMONS' CERTIFICATE, AND HAVE CAUSED SAID LANDS TO BE SUBDIVIDED INTO LOTS AND SUPERFICIAL, AND DO HEREBY DECLARE TO THE PUBLIC THAT THE SAME IS OWNED AND CONTROLLED BY US FOR ALL PURPOSES AS SHOWN OR NOTED ON SAID MAP.
5. THE 20 FOOT WIDE EQUESTRIAN EASEMENT IS FOR THE BENEFIT OF LOTS 1 THROUGH 16.
6. THE 10 FOOT WIDE PRIVATE EQUESTRIAN EASEMENT IS FOR THE BENEFIT OF LOTS 1 THROUGH 16.
7. THE 10 FOOT WIDE PRIVATE EQUESTRIAN EASEMENT IS FOR THE BENEFIT OF LOTS 1 THROUGH 16.
8. THE 10 FOOT WIDE PRIVATE EQUESTRIAN EASEMENT IS FOR THE BENEFIT OF LOTS 1 THROUGH 16.

YAMHILL COUNTY, OREGON
DEC. 3, 2011

[Diagram of Subdivision]

PENDING TO SUBDIVISION CONSENT, ALL TAXES, FEES, ASSESSMENTS OR OTHER CHARGES HAVE BEEN PAID OR BORNE AS OF THE DATE OF SUBDIVISION CONSENT.

YAMHILL COUNTY, OREGON
DEC. 3, 2011

[Signature]

[Stamp: County Surveyor]

[Stamp: Registered Professional Land Surveyor]

[Stamp: SR DESIGNS]