

#### Section 10.18 Athletic and Recreational Facilities

Outdoor athletic and recreational facilities such as basketball goals, swing sets and sport-courts of a permanent nature shall not be placed on any Lot in the subdivision between the street right-of-way and the front of a Unit; placement of these facilities in a permanent nature elsewhere on the Lot shall be approved by the ARC. No basketball backboards shall be placed in any street or alley right of way. Temporary facilities including outdoor athletic and recreational facilities such as basketball goals, hockey goals, etc. shall not be placed within any street or alley right of way on the Property.

#### Section 10.19 Security

The Association is not responsible for security of the neighborhood or any Unit, Lot or Tract, and the Owners are exclusively responsible for security of their home and property.

#### Section 10.20 Water and Sewage Systems

No individual water supply system or sewage disposal system shall be permitted on any Lot, including but not limited to water wells, cesspools or septic tanks.

#### Section 10.21 Exterior Holiday Decorations

Lights or decorations may be erected on the exterior of Units in commemoration or celebration of publicly observed holidays provided that such lights or decorations do not unreasonably disturb the peaceful enjoyment of adjacent Owners by illuminating bedrooms, creating noise or attracting sight-seers. Holiday decorations or lights for any publicly observed holiday between the Saturday before Thanksgiving and the end of the second weekend (Sunday) in January (following) are allowed, but such decorations or lights must be turned off by 11:00 pm daily during those periods and completely removed by January 31st.

For other holidays, decorations or lights may not be displayed more than two (2) weeks in advance of the holiday. All lights and decorations that are not permanent fixtures of the Unit which are part of the original construction or have been properly approved as permanent improvements by the ARC shall be removed within thirty (30) days after the holiday has ended.

The Board shall have the right, but not the obligation, upon thirty (30) days prior written notice to designate a party to enter upon any Lot and summarily remove exterior lights or decorations displayed in violation of this provision. The Board, and the individuals removing the lights and decorations, shall not be liable to the Owner for trespass, conversion, or damages of any kind except intentional misdeeds and gross negligence.

#### Section 10.22 Construction Activities

This Declaration shall not be construed so as to unreasonably interfere with or prevent normal construction activities during the construction or remodeling of or making of additions to improvements by a Lot Owner (including Declarant) upon any Lot within the Property. Specifically, no such construction activities shall be deemed to constitute a nuisance or

a violation of this Declaration by reason of noise, dust, presence of vehicles or construction machinery, posting of signs or similar activities, provided that such construction is pursued to completion with diligence and conforms to usual construction practices in the area and any rules promulgated by the Board of Directors. The Board of Directors shall have the right to promulgate reasonable rules and restrictions regulating such construction activities, provided that Declarant shall be exempt there from. In the event that construction upon any Lot does not conform to any Board of Directors rule or the usual construction practices in the area as determined by the Board of Directors in its sole good faith judgment, the Board of Directors shall have the authority to obtain an injunction to stop such construction. In addition, if during the course of construction upon any Lot there is excessive accumulation of debris of any kind which is offensive, or detrimental to it or any other portion of the Property, then the Board of Directors may contract for or cause such debris to be removed, and the Lot Owner shall be liable for all expenses incurred in connection therewith. Any violation of the Design Guidelines and/or the Board of Directors construction rules shall constitute a violation of this Declaration, entitling the Board, on behalf of the Association, all remedies provided hereunder and at law or in equity.

#### Section 10.23 Retaining Walls

No retaining wall may be constructed on a Lot unless otherwise approved in advance by the ARC. Retaining walls may extend into the required front, side or rear setback lines of a Lot. The ARC may require any retaining wall which exceeds two (2) feet in height be designed by a qualified Professional Engineer licensed to practice engineering in the State of Oregon. Retaining walls constructed by the Declarant shall be exempt from this Section.

#### Section 10.24 Household Chemicals

Owners shall be prohibited from dumping or otherwise disposing of household chemicals within the Property, including, but not limited to cleaning agents, automotive fluids, paint, solvents, pool and spa chemicals, pesticides, fertilizers, batteries (car, flashlight, phone, camera, etc.) and other toxic chemicals. Owners shall dispose of items containing these household chemicals by delivering them to an authorized solid waste and recycling transfer station or otherwise discarding them through an authorized neighborhood recycling and collection program.

#### Section 10.25 Unimproved Lot Maintenance

Each Owner shall maintain any vacant Lot he or she owns in a manner consistent with those standards set forth by the Board of Directors for vacant Lots. An Owner who chooses to hold a Lot for future construction may do so provided the Lot is maintained in an attractive and neat condition. The Owner shall take reasonable steps to remove and/or control weeds and otherwise mitigate any fire hazard posed by the vacant nature of the Lot.

#### Section 10.26 WeatherTRAK Irrigation Controllers Required

Automatic, underground irrigation systems are required for all landscaped areas in need of irrigation water. "Smart" irrigation controllers are required for all municipal,

commercial, multi-family, and residential Lots in IronHorse. All irrigation controllers provided on such Lots shall be WeatherTRAK enabled and receive daily weather data for automatic adjustments. All irrigation controllers provided on such Lots shall meet the Irrigation Association's protocol for smart controllers (SWAT protocol). At a minimum, all irrigation controllers on such Lots shall achieve one-hundred (100%) percent accuracy and zero (0%) percent excess scores. Subscription fees to a centralized "scheduling engine" shall be included in the Association dues.

## ARTICLE XI- ANNEXATION/SUB ASSOCIATIONS

### Section 11.1 Annexation by Declarant

At any time during the Initial Term of this Declaration, the Declarant may, at its sole option, annex additional property into the Association to be subject to the terms hereof to the same extent as if originally included herein and subject to such other terms, covenants, conditions, easements and restrictions as may be imposed thereon by Declarant. Declarant currently anticipates that there will be a total of approximately 2,450 single-family and multi-family lots plus approximately 10 commercial lots in the subdivision, including the Lots shown on the Plat, and Lots expected to be created in property to be annexed to the subdivision, but this number may be adjusted at the sole discretion of Declarant. Declarant shall have no obligation of any kind to annex any additional property to the Property.

#### 11.1.1 Eligible Property

Declarant shall have the right to annex any additional property to this Declaration and to IronHorse, regardless of whether the same is contiguous or not. There is no limitation on the number of Lots which Declarant may annex to the Property, or the right of Declarant to annex common property, except as may be established by applicable ordinances, agreements, or land use approvals.

#### 11.1.2 Consent or Joinder Not Required

No consent or joinder of any Class A or Class C member or other party except the record owner of the land being annexed shall be necessary to effect any annexation made pursuant to this Section 11.1.

#### 11.1.3 Declaration of Annexation

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

(a) establish such new land classifications and such limitations, uses, restrictions, covenants and conditions with respect thereto as Declarant may deem to be appropriate for the development of the annexed property;

(b) with respect to existing land classifications, establish additional or different limitations, uses, restrictions, covenants and conditions with respect thereto as Declarant may deem to be appropriate for the development of such annexed property;

(c) exempt particular neighborhoods or sub association areas from certain restrictions in this Declaration; and/or

(d) contain provisions necessary or appropriate to comply with any condition, requirement, or imposition of any governmental or regulatory authority.

#### 11.1.4 Voting Rights; Allocation of Assessments

Upon annexation, additional Lots so annexed shall be entitled to the voting rights as set forth in Section 2.2, and assessments shall be reallocated and reapportioned in the manner set forth in Section 3.10.

#### Section 11.2 Annexation by Action of Members

At any time the Board may request approval of the membership for the annexation of additional property into the Association to be subject to all of the terms of this Declaration to the same extent as if originally included herein. No such annexation shall be effective unless approved by at least seventy-five percent (75%) of the outstanding votes and by Declarant so long as Declarant owns at least one (1) Lot or retains the ability to annex additional property to IronHorse. Any property that is contiguous to existing property subject to this Declaration may be annexed hereto according to the foregoing requirements, provided however, that no such annexation shall be effective without the consent and joinder of the owners of the property to be annexed. Such annexation must be evidenced by a Declaration of Annexation as set forth in Subsection 12.1.3 above executed by the parties herein described.

#### Section 11.3 No Duty to Annex

Nothing herein contained shall establish any duty or obligation on the part of the Declarant or any member to annex any property into the Association and no owner of property excluded from the Association shall have any right to have such property annexed thereto.

#### Section 11.4 Sub associations

Declarant shall have the right to create sub associations within IronHorse by recordation of a Declaration of Annexation or Supplemental Declaration. Such sub associations shall be areas that the Declarant deems to have special or unusual characteristics that make that area and the Lots within it different from the rest of IronHorse. In the Declaration of Annexation or the Supplemental Declaration that creates a sub association, the Declarant shall identify any additional provisions that should be applicable to that sub association as well as the provisions of

this Declaration that will not apply to that sub association. Without limiting the foregoing, the Declarant may establish (i) use restrictions; (ii) Design Guidelines; (iii) Bylaws; and (iv) Rules and Regulations that differ from those contained herein or generally applicable to other Lots within IronHorse.

## ARTICLE XII - GENERAL

### Section 12.1 Remedies

If any default by any Owner under the provisions of the Declaration, Bylaws or rules and regulations of the Association shall occur, the Association and any Owner shall have each and all of the rights and remedies which may be provided for in this Declaration, the Bylaws and said rules and regulations, and those which may be available at law or in equity, and may prosecute any action or other proceedings against such defaulting Owner and/or others for enforcement of any lien, statutory or otherwise, including foreclosure of such lien and the appointment of a receiver for the Lot and ownership interest of such Owner, or for damages or injunction, or specific performance, or for judgment for payment of money and collection thereof, or for any combination of remedies, or for any other relief, but in all cases subject to the limitations and requirements of the Oregon Planned Community Act. To the extent allowed by law, notwithstanding any other provision of this Declaration or the Bylaws, the Association shall not expend in excess of Five Thousand Dollars (\$5,000) for attorney fees and costs for any reason unless such expenditure is first approved by at least seventy-five percent (75%) of the outstanding votes of the Owners. The foregoing limitation shall not apply to actions for delinquent assessments or other charges under this Declaration, the Bylaws or Rules and Regulations, actions to appoint a receiver; actions to summarily abate, enjoin and remove a structure or condition that violates this Declaration or the Bylaws; or for the defense of the Association of an action or proceeding brought against the Association (except for non-mandatory counterclaims). No remedies herein provided or available at law or in equity shall be deemed mutually exclusive of any other such remedy. All expenses of the Association in connection with any such actions or proceedings, including court costs and attorneys' fees and other fees and expenses, and all damages, liquidated or otherwise, together with interest thereon at the maximum rate permitted by law but, with reference to any Lots financed by FHA insured loans, not in excess of the maximum rate of FHA loans at the time of delinquency, from the due date until paid, shall be charged to and assessed against such defaulting Owner, and shall be added to and deemed part of his respective maintenance assessment (to the same extent as the lien provided herein for unpaid assessments), upon the Lot and upon all of his additions and improvements thereto, and upon all of his personal property upon the Lot. Any and all of such rights and remedies may be exercised at any time and from time to time, cumulatively or otherwise, by the Association or any Owner.

### Section 12.2 Fines Imposed by the Association

In addition to any other remedies available to the Association hereunder and subject to the requirements of ORS 94.630(1)(n), the Association shall have the right to impose reasonable fines upon an Owner who violates the Declaration, Bylaws and any rules or

regulations of the Association, in the manner and amount the Board deems appropriate in relation to the violation.

### Section 12.3 Term and Amendments

The covenants and restrictions of this Declaration shall run with and bind the land for a term of thirty (30) years from the date this Declaration is recorded (the "Initial Term"), after which time they shall be automatically extended for successive periods of ten (10) years each, unless a signed petition containing the signatures of at least seventy-five percent (75%) of the votes outstanding is presented to the Board or other duly appointed and authorized persons, which shall authorize the Board, or other duly appointed and authorized persons, to execute and properly record a notice of termination of this Declaration in the Deed Records of Crook County, Oregon. This Declaration may be amended at any time during the first thirty (30) year period or any extension thereof, by a signed petition containing the signatures of at least seventy-five percent (75%) of the votes outstanding, and the consent of the Declarant so long as the Declarant is a Class B member. Notwithstanding the foregoing, no amendment to this Declaration shall change the boundaries of any Lot or any uses to which any Lot or Unit is restricted or change the method of determining liability for common expenses, the method of determining the right to common profits or the method of determining voting rights of any Lot unless the Owners of affected Lots or Units unanimously consent to the amendment. Upon approval of an amendment as provided herein, the president and secretary shall execute an instrument amending this Declaration and certifying that the amendment was adopted in accordance with this Declaration and ORS 94.590, which certification shall be properly acknowledged in the manner of acknowledgment of deeds, and the Board, or other duly appointed and authorized persons, shall record the instrument amending this Declaration. For purposes of voting on an amendment to this Declaration pursuant to this Section 13.3, Declarant shall be treated as a Class A member with one (1) vote per Lot owned, except as otherwise provided by ORS 94.585. Subject to the provisions of Section 12.4, notwithstanding any provisions hereof to the contrary, the Declarant may, at its sole discretion and without consent being required of anyone, modify, amend or repeal this Declaration at any time before the closing of the sale on the first Lot, provided said amendment, modification, or repeal is in writing and properly recorded in the Deed Records of Crook County, Oregon. In no event shall an amendment pursuant to this Section create, limit, or diminish Declarant's special rights without Declarant's written consent or change the boundaries of any Lot or any use to which any Lot is restricted unless the Owners of the affected Lots consent to the amendment.

### Section 12.4 Regulatory Amendments

Notwithstanding the provisions of Section 12.3, until the Turnover Meeting described in the Bylaws, Declarant shall have the right to amend this Declaration or the Bylaws in order to comply with the requirements of any applicable statute, ordinance, regulation or guideline of the Federal Housing Administration, the Veterans Administration, the Farmers Home Administration of the United States, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Home Loan Mortgage 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 or to comply with the Oregon Planned Community Act.

Section 12.5 Severability

Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions that shall remain in full force and effect.

Section 12.6 Rights and Obligations

The provisions of this Declaration and the Articles of Incorporation and Bylaws and the rights and obligations established thereby shall be deemed to be covenants running with the land and shall inure to the benefit of, and be binding upon, each and all of the Owners and their respective heirs, representatives, successors, assigns, purchasers, grantees and mortgagees. By the recording or the acceptance of a deed conveying a Lot or any ownership interest in the Lot whatsoever, the person to whom such Lot or interest is conveyed shall be deemed to accept and agree to be bound by and subject to all of the provisions of this Declaration and the Articles of Incorporation and Bylaws, whether or not mention thereof is made in said deed.

Section 12.7 Miscellaneous Provisions

Any provision of the within Declaration or of the Articles of Incorporation and Bylaws to the contrary notwithstanding, the following provisions shall control:

12.7.1 Notice to Institutional Holders of First Mortgage Liens

The following actions will require notice to all institutional holders of first mortgage liens: (i) abandonment or termination of the Association, or (ii) material amendment to the Declaration.

12.7.2 Notice to Institutional Holders of First Mortgage of Default or Liens

Upon the request of any first mortgagee of a dwelling on a Lot, the Association shall furnish to such mortgagee a written notice of any default by the Owner of such dwelling in the performance of such Owner's obligations under the within Declaration or the Bylaws or Association rules or regulations which is not cured within thirty (30) days. Any first mortgagee of a dwelling who comes into possession of the said dwelling pursuant to the remedies provided in the mortgage, a foreclosure of the mortgage, or deed (or assignment) in lieu of foreclosure, shall take such property free of any claims for unpaid assessments or charges in favor of the Association against the mortgaged dwelling which accrued before the time such holder comes into possession of the dwelling.

12.7.3 Consent of Institutional Holders of First Mortgage Liens

Unless at least seventy-five percent (75%) of the first mortgagees (based upon one (1) vote per Lot for each mortgage) have given their prior written approval, neither the Association nor the Owners shall be entitled to:

(a) by act or omission seek to abandon, partition, encumber, or transfer the Common Areas, if any, or any portion thereof or interest therein except for the purpose of dedication for public right of way. (The granting of easements for public utilities or other public purposes consistent with the intended use of such property shall not be deemed a transfer within the meaning of this clause.);

(b) substantially change the method of determining the obligations, assessments, dues or other charges which may be levied against an Owner by the Association;

(c) by act or omission change, waive, or abandon any scheme of regulations or enforcement thereof pertaining to the architectural design or the exterior appearance of the Units or maintenance of the Units or Lots;

(d) fail to maintain liability and extended coverage insurance on insurable property comprising a part of the Common Areas on a current replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value (based on current replacement costs).

#### Section 12.8 Personal Pronouns

All personal pronouns used in this Declaration, whether used in the masculine, feminine or neuter gender, shall include all other genders; the singular shall include the plural, and vice versa.

#### Section 12.9 Headings

The headings contained in this Declaration are for reference purposes only and shall not in any way affect the meaning or interpretation of this Declaration.

#### Section 12.10 Conflicts

If there is a conflict between the terms of this Declaration and any Bylaws, rules, regulations or Articles of Incorporation of the Association, this Declaration shall control.

#### Section 12.11 Partial Invalidity

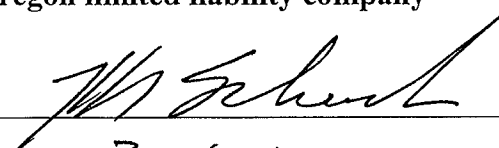
The invalidation of any one of these covenants by judgment or court order shall in no way affect any of the other provisions, which shall remain in full force and effect.



IN WITNESS WHEREOF, the Declarant has caused this instrument to be executed on its behalf, attested and its corporate seal to be hereunto affixed as of this 12<sup>th</sup> day of December, 2006.

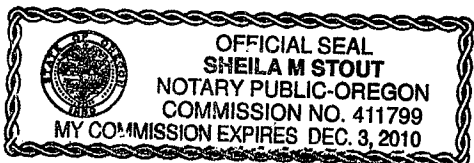
DECLARANT:


**IRONHORSE DEVELOPMENT LLC,**  
An Oregon limited liability company

By:   
President

STATE OF OREGON        )  
                  Deschutes ) ss.  
COUNTY OF ~~CROOK~~ )

The foregoing instrument was acknowledged before me the 12 day of December, 2006, by Kirk Schveeler, the President of IronHorse Development LLC, an Oregon limited liability company, on behalf of the company.



  
Notary Public, State of Oregon

My Commission Expires: 12/3/10

**EXHIBIT "A"**

**PROPERTY SUBJECT TO DECLARATION**

The property known as IronHorse is Lots 1 through 146, inclusive, as shown on the duly recorded plat(s) of IronHorse 1 – Phase 1, located in the City of Prineville, Crook County, Oregon, according to the plat thereof recorded in the Plat Records of Crook County, Oregon, contemporaneously herewith.

**EXHIBIT "B"**

**BYLAWS OF IRONHORSE HOMEOWNER'S ASSOCIATION, INC.**

**BYLAWS  
OF  
IRONHORSE HOMEOWNERS' ASSOCIATION, INC.**

**ARTICLE I  
NAME AND LOCATION**

The name of the Association is IronHorse Homeowners' Association, Inc., hereinafter referred to as the "Association". The initial registered office of the Association shall be located at 101 S.W. Main Street, Suite 1100, Portland, Oregon 97204-3219, but meetings of Members and Directors may be held at such places within the State of Oregon as may be designated by the Board of Directors.

**ARTICLE II  
DEFINITIONS**

**2.1    "Association"**

"Association" shall have the meaning given in the introductory paragraph to these Bylaws.

**2.2    "Board"**

"Board" shall mean the Board of Directors of IronHorse Homeowners' Association, Inc. constituted in accordance with Article V of these Bylaws.

**2.3    "Conversion Date"**

"Conversion Date" shall mean the date which is the earlier of (i) the date at which one hundred percent (100%) of the total Lots anticipated to be created within the subdivision have been conveyed to Class A or Class C members; (ii) twenty-five (25) years after conveyance of the first Lot to a Class A or Class C member; or (iii) upon election in writing by Declarant.

**2.4    "Declarant"**

"Declarant" shall mean IronHorse Development LLC, and its successors and assigns who are designated as such in writing by Declarant, and who consent in writing to assume the duties and obligations of Declarant with respect to the Lots acquired by each successor or assign.

**2.5    "Declaration"**

"Declaration" shall mean and refer to the Declaration of Protective Covenants, Conditions and Restrictions for IronHorse, recorded in the Deed Records of Crook County, Oregon concurrently herewith and any amendments or supplements thereto made in accordance with its terms.

**2.6    "Director"**

"Director" shall mean a director of the Association as described in and elected in accordance with Article VII of these Bylaws.

**2.7    "Lot"**

"Lot" shall mean any of the plots of land indicated upon the recorded subdivision map of the Property or any part thereof creating single-family home sites or apartment building sites, with the exception of the Common Areas, Tracts and areas deeded to a governmental authority or utility, together with all improvements thereon.

**2.8 “Officer”**

“Officer” shall mean an officer of the Association as described in and elected in accordance with Article XI of these Bylaws.

**2.9 “Member”**

“Member” or “Members” shall mean the Declarant and every record owner, whether one (1) or more persons or entities, of fee simple title to any Lot, including contract sellers, but excluding those having an interest merely as security for the performance of an obligation. There shall be three (3) classes of membership, Class A, Class B and Class C, as described in Section 2.2 of the Declaration and in Section 3.3 of these Bylaws.

**2.10 “Plat”**

“Plat” shall mean the duly recorded Plat for IronHorse 1 – Phase 1 recorded in the Plat Records of Crook County, Oregon contemporaneously herewith.

**2.11 “Property”**

“Property” shall mean the real property described in Exhibit A to the Declaration and such additions thereto as may be brought within the jurisdiction of the Association and be made subject to the Declaration.

**2.12 “Turnover Meeting”**

“Turnover Meeting” shall be the meeting of the Owners called by the Declarant for the purpose of turning over administrative responsibility of the Association to the Class A and Class C Members.

**2.13 Other Terms**

Capitalized terms used herein without definition shall have the respective meanings given to them in the Declaration.

**ARTICLE III  
MEMBERSHIP AND VOTING RIGHTS**

**3.1 Membership**

The Declarant and every Member of a Lot by virtue of being an Owner of a Lot shall be a Member of the Association. Membership shall be appurtenant to and shall not be separated from ownership of any Lot. Such membership shall commence, exist, and continue simply by virtue of such ownership, and need not be confirmed or evidenced by any certificate or acceptance of membership. There shall be three (3) classes of membership, Class A, Class B, and Class C, as described in Section 2.2 of the Declaration and Section 3.3 of these Bylaws.

**3.2 Suspension**

All voting rights of a Member shall be suspended during any period in which such Member is delinquent in the payment of an assessment duly established pursuant to the Declaration or is otherwise in default hereunder or under the Declaration or any rules and regulations of the Association. The Board may also suspend the Member’s right to use of any of the Common Areas during such period of default.

**3.3 Voting Rights**

The Association shall have three (3) classes of voting membership:

A. Class A

Class A Members shall be all Owners with the exception of Declarant (except that beginning on the date on which Class B membership is converted to Class A membership, and thereafter, Class A and Class B Members shall be all Owners, including Declarant) and shall be entitled to one (1) vote for each Lot owned. When more than one (1) person holds an interest in any Lot, all such persons shall be Members, but the vote for such Lot shall be exercised as they among themselves determine, and in no event shall more than one (1) vote be cast with respect to any Lot. If the co-Owners of a Lot cannot agree upon the vote, the vote of the Lot shall be disregarded in determining the proportion of votes with respect to the particular matter at issue.

B. Class B

The Class B member shall be the Declarant, who shall be entitled to three (3) votes for each Lot it owns. The Class B membership shall cease and be converted to Class A membership on the Conversion Date (as defined in the Declaration).

C. Class C

Class C members shall be all Owners of Lots that contain apartment buildings and shall be entitled to one (1) vote per 2,420 square feet of Lot owned (portions of 2,420 square feet shall not qualify for a vote; for instance, an owner with 6,800 square feet shall be entitled to two (2) votes). When more than one (1) person holds an interest in any Lot, all such persons shall be members, but the vote for such Lot shall be exercised as they among themselves determine, and in no event shall the votes allocated to a Lot be cast separately. If the co-Owners of a Lot cannot agree upon the vote, the vote of the Lot shall be disregarded in determining the proportion of votes with respect to the particular matter at issue.

**ARTICLE IV  
PROPERTY RIGHTS: RIGHTS OF ENJOYMENT**

**4.1 Use and Enjoyment**

Subject to any easements affecting a Member's Lot, each Member shall be entitled to the exclusive use and enjoyment of such Member's Lot and to the non-exclusive use and enjoyment of the Common Areas as provided in the Declaration.

**ARTICLE V  
BOARD OF DIRECTORS; ELECTION; TERM OF OFFICE**

**5.1 Number**

The affairs of the Association shall be managed by a Board of three (3) Directors prior to the Turnover Meeting and a maximum of five (5) Directors after the Turnover Meeting. The Directors need not be Members prior to the Turnover Meeting but shall be Members after the Turnover Meeting.

**5.2 Appointment by Declarant Prior to Turnover Meeting**

Until the Turnover Meeting, Declarant shall appoint all Directors, and may remove and replace any Director, with or without cause, except that Declarant may revocably or irrevocably delegate the power to appoint, remove and replace Directors hereunder by written instrument delivered to the Association naming the party to whom the power to appoint Directors has been delegated. At and after the Turnover Meeting, the Directors shall be elected in the manner provided in Article V, Section 5.3. Voting for Directors shall not be cumulative.

**5.3 Election of Directors**

At the Turnover Meeting, the Members shall elect two (2) Directors for terms of four (4) years each and three (3) directors for initial terms of two (2) years each, with each Member entitled to the votes specified in Article III above. Thereafter, at the applicable annual meetings of the Association, the Members shall elect a number of Directors equal to the number whose terms are then expiring, each to serve a term of four (4) years. Any Director may serve more than one (1) term.

**5.4 Term of Office**

On the date of the Turnover Meeting, the Directors appointed by Declarant or its appointee shall submit their resignations, effective as of the Turnover Meeting. The Directors elected at any meeting held for the purpose of election of Officers, except to replace an Officer who leaves his position prior to the expiration of his term, shall assume all of the duties of office at Meeting at which he is elected, at which time the resignation of the Directors in office prior to such meeting shall become effective, and they shall have no further powers as Officers.

**5.5 Removal**

Any Director, other than a Director appointed by Declarant, may be removed, with or without cause, by the affirmative majority vote of Members present and entitled to vote at any meeting of the Members at which a quorum is present. No removal of a Director is effective unless the matter of removal was included in the notice of the meeting. At such meeting, the Members shall elect a replacement Director to serve the remainder of the replaced Director's term.

**5.6 Resignation**

Any Director may resign at any time by sending a written notice of such resignation to the secretary. Unless otherwise specified in such notice, a resignation shall take effect upon receipt of the notice by the secretary.

**5.7 Vacancies**

Vacancies on the Board caused by the death, resignation, or removal of a Director shall be filled by vote of the majority of the remaining Directors, even if they constitute less than a quorum. Any Director so elected shall serve the remainder of the replaced Director's term.

**5.8 Compensation**

No Director shall receive compensation for any service he may render to the Association. However, any Director may be reimbursed for his actual expenses reasonably incurred in the performance of his duties.

**ARTICLE VI  
MEETINGS OF BOARD**

**6.1 Initial Meeting**

The initial meeting of the Board shall occur within ninety (90) days after the date the Articles of Incorporation for the Association are filed and shall be called in accordance with Article VI, Section 6.3.

**6.2 Annual Meetings**

The Board shall meet at least annually, within thirty (30) days after each annual meeting of the Members. At each annual meeting, in addition to the actions required by the Declaration, the treasurer 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, the allocation thereof to each Lot, and the estimated receipts and expenses for the coming year.

### **6.3 Special Meetings**

Special meetings of the Board may be called at any time by the president or two (2) Directors. Such meetings shall be scheduled by the secretary at least two (2) but not more than thirty (30) days after the secretary's receipt of written requests signed by two (2) or more Directors; provided that if the purpose of a special meeting is to elect a successor secretary pursuant to Section 11.2 of Article XI or to consider removal of the secretary pursuant to Section 11.5 of Article XI, such meeting may be scheduled by the president or, if the meeting is also for the purpose of electing a successor president or removing the president, any other Director.

### **6.4 Place of Meetings**

Meetings of the Board shall be held at such place within Oregon, as may be designated from time to time by the Board.

### **6.5 Notice of Meetings**

The secretary shall give written notice to each Director of each Board meeting at least three (3) 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 given at least ten (10) days prior to the giving of notice of the meeting. 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. When a meeting is adjourned for fewer than thirty (30) days, whether or not a quorum is present at the adjourned meeting, no notice of the resumption or reconvening of such adjourned meeting need be given other than by announcement at the meeting at which such adjournment takes place. All meetings of the Board shall be open to all Members, except for matters allowed by law to be considered in executive session. Except in emergencies, the Board shall vote in an open meeting whether to meet in executive session. If the Board votes to meet in executive session, the president shall state the general nature of the action to be considered and when and under what circumstances the deliberations can be disclosed to Members. The statement, motion, or decision to meet in executive session must be included in the minutes of the meeting. A contract or action considered in executive session does not become effective unless the Board, following the executive session, reconvenes in an open meeting and votes on the contract or action, which must be reasonably identified in the open meeting and included in the minutes. For other than emergency meetings, notice of Board meetings shall be mailed to all Members, at the last address for each Member in the records of the Association, not less than ten (10) days before the meeting; posted at a place or places on the Property at least three (3) days prior to the meeting; or provided by a method otherwise reasonably calculated to inform Members of the meeting. Emergency meetings may be held without notice, if the reason for the emergency is stated in the minutes of the meeting. Only emergency meetings of the Board may be conducted by telephonic communication or by the use of a means of communication permitted by ORS 94.640(8).

### **6.6 Voting by the Board**

Each Director shall have one (1) vote. All voting rights of a Director shall be suspended during any period in which the Director is delinquent in the payment of any amount duly established pursuant to the Declaration or is otherwise in default under the Declaration or any rules and regulations of the Association. So long as a quorum is constituted, the vote of Directors together holding more than fifty percent (50%) of the total votes shall be a binding vote of the Board for all purposes, unless a greater percentage is required by law or the Declaration.

### **6.7 Quorum**

The presence in person of a majority of the Directors shall constitute a quorum for voting at a Board meeting. The Board shall have the power to adjourn a meeting even if less than a quorum is present.