



L. Kathleen S. Beckett, County Clerk for Jackson County, Oregon,
certify that the instrument identified herein was recorded in the Clerk
records.
Kathleen S. Beckett - County Clerk

**BYLAWS
OF
DAISY CREEK VILLAGE HOMEOWNERS' ASSOCIATION, INC.**

ARTICLE 1

NAME, APPLICABILITY AND DEFINITIONS

1.1. **NAME.** The name of the nonprofit corporation is: **DAISY CREEK VILLAGE HOMEOWNERS' ASSOCIATION, INC.**

1.2. **BYLAWS APPLICABILITY.** These Bylaws are applicable to the Daisy Creek Village Homeowners' Association ("Association") and its entire management structure. The real property is described on Exhibit "A" which is attached and incorporated as if fully set forth herein. The property has been submitted to the provisions of the Oregon Planned Community Act, ORS 94.550 through ORS 94.783.

1.3. **PERSONAL APPLICATION.** All present or future Owners, tenants, occupants, future tenants or their employees, or any other person or entity that might use the facilities in any manner, are subject to the conditions, regulations and provisions set forth in these Bylaws.

1.4. **DEFINITIONS.** The terms herein shall have the same meaning as set forth in Article 1 of the Declaration of Covenants, Conditions and Restrictions.

The acquisition, occupancy or rental of any of the property or the mere act of occupancy of any of the property shall constitute acceptance and ratification of these Bylaws and agreement to comply with all the provisions hereof.

ARTICLE 2

**ASSOCIATION MEMBERSHIP, VOTING,
MAJORITY OF OWNERS, QUORUM, PROXIES**

2.1. **MEMBERSHIP IN THE ASSOCIATION.** Upon recordation of a conveyance or contract to convey a Lot, the grantee or purchaser named in such conveyance or contract shall automatically be a member of the Association, and shall remain a member of said Association until such time as such person's ownership ceases for any reason. For all purposes of the Declaration and the administration of the property, Lot ownership shall be determined from the records maintained by the Association. The record shall be established by the Owner filing with the Association a copy of the deed to or land sale contract for his or her Lot, to which shall be affixed the certificate of the recording officer of the County of Jackson, Oregon, showing the date and place of recording of such deed or contract. No person shall be recognized as an Owner unless a copy of the deed or contract has been filed with the Association as provided above showing him or her to be the current Owner or contract purchaser of a Lot. Notwithstanding the foregoing, the Declarant shall be the Owner of all previously unsold Lots, although no deed or land sale contract, with respect to such Lots, has been filed with the Association.

2.2. VOTING RIGHTS. The Association shall have two (2) classes of voting members:

2.2.1 CLASS A. Class A members shall be all Owners of Lots other than the Declarant, and each Class A member shall be entitled to one (1) vote for each Lot owned with respect to all matters upon which Owners are entitled to vote.

2.2.2 CLASS B. The Class B member shall be the Declarant, its successors and assigns. The Class B member shall have three (3) votes for each Lot owned. Provided, however, that all Class B memberships shall cease upon the earlier of a date five (5) years from the recording of the Declaration or the conveyance by the Declarant of Lots representing seventy-five percent (75%) of the total number of votes ("Termination Date"). Thereafter, each Owner (including, without limitation, the Declarant) shall be entitled to one (1) vote for each Lot owned with respect to all matters upon which owners are entitled to vote, and the total number of votes shall be equal to the total number of Lots annexed to the Property and subject to these Bylaws.

When more than one (1) person or entity owns a Lot, the vote for such Lot may be cast as they shall determine, but in no event will fractional voting be allowed. Fractionalized or split votes shall be disregarded, except for purposes of determining a quorum. The total number of votes as of the Termination Date and thereafter shall be equal to the total number of Lots annexed to the Property and subjected to these Bylaws as of the Termination Date.

2.3. MAJORITY OF OWNERS. As used in these Bylaws, the term "Majority" shall mean those Owners holding over fifty percent (50%) of the voting rights allocated to the Owners in accordance with the Declaration and Section 2.2 above. "Majority of Owners present" shall mean Owners holding over fifty percent (50%) of the votes present at any legal meeting.

2.4. QUORUM. Except as otherwise provided in these Bylaws, the presence in person or by proxy of Owners holding forty percent (40%) or more of the outstanding votes in the Association, as defined in Section 2.2, shall constitute a quorum. A legal meeting is one duly called pursuant to these Bylaws where a quorum is present in person or by proxy at a formal gathering, or if a vote is taken by written ballots, when ballots are returned representing more than forty percent (40%) of the vote.

2.5. PLACE OF MEETINGS. Formal meetings of the Association shall be held at the principal office of Daisy Creek Village or such other suitable place convenient to the Owners as may be designated by the Board of Directors. Any vote taken by written ballot shall be determined by the Board of Directors within forty-eight (48) hours of the deadline for return of ballots. Each Owner shall be notified by mail or other delivery of written notice of the results of the ballot meeting or that a quorum of ballots was not returned, within ten (10) days after the ballots have been counted.

2.6. TURNOVER MEETING. The Declarant shall call a meeting for the purpose of turning over administrative control of the Association from the Declarant to the Class A members within one hundred twenty (120) days of the earlier of:

- (a) A date five (5) years from the date this Declaration is recorded; or
- (b) The date that Lots representing seventy-five percent (75%) of the total number of votes have been conveyed to persons other than the Declarant.

The Declarant shall give notice of the meeting to each Owner as provided in the Bylaws. If the Declarant does not call the meeting required under this section, any Owner may do so.

At the turnover meeting the Declarant shall relinquish control of the administration of the Association and the Owners shall assume such control and the Owners shall elect a board of directors in accordance with the provisions of Article 3 of these Bylaws. Additionally, the Declarant shall deliver to the Association those items specified in the Oregon Planned Community Act to be turned over by the Declarant at the turnover meeting.

2.7. TRANSITIONAL ADVISORY COMMITTEE. The Declarant shall form a Transitional Advisory Committee to provide for the transition of administrative control of the Association from the Declarant to the Class A members. Not later than the sixtieth (60th) day after the Declarant has conveyed Lots representing fifty percent (50%) of all votes in the Project, the Declarant shall call a meeting of Owners for the purpose of selecting a Transitional Advisory Committee. The committee shall consist of three (3) members. The Class A members shall, by majority vote, elect two (2) members, and the Declarant shall elect one (1) member. The committee shall have reasonable access to such information and documents as the Declarant is required by law to make available. If the Declarant fails to call the meeting required under this section, any Owner may do so.

The function of the transitional committee shall be to facilitate transition from control of the administration of the Association by the Declarant to control by the Owners. The committee shall have access to the information, documents and records which the Declarant must turn over to the Owners under the Oregon Planned Community Act.

The Declarant shall give notice of the meeting required under this Section 2.7 to each Owner at least seven (7), but not more than fifty (50) days prior to the meeting. The notice shall state the purpose of the meeting and the time and place where it is to be held. If such meeting is not called by the Declarant within the time specified, the meeting may be called and notice given by a Owner. If the Owners, other than the Declarant, do not select members for the committee under this Section 2.7, the Declarant shall have no further responsibility to form the committee.

2.8. ANNUAL MEETINGS. The first annual meeting of the Association shall be held in the calendar year following the calendar year in which the turnover meeting is held and shall be set by action of the Board of Directors. The date for this meeting, at the discretion of the Board of Directors, may be changed from time to time, but must be held annually under the rules and regulations as set out in the Bylaws. At such meetings, new members of the Board of Directors shall be elected by the Owners in accordance with the requirements of Section 3.9 of these Bylaws, to replace those directors whose terms have expired. The Owners may also transact such other business of the Association as may properly come before them.

2.9. SPECIAL MEETINGS. It shall be the duty of the President to call a special meeting of the Owners as directed by resolution of the Board of Directors or upon a petition signed by twenty-five percent (25%) or more of the Owners having been presented to the Secretary. All meetings called because of petition of Owners shall be held at a formal gathering and not by ballot, and shall be held within sixty (60) days after receipt of the petition. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice unless by consent of all the Owners of the Lots or as otherwise set out in these Bylaws.

2.10. NOTICE OF MEETINGS. It shall be the duty of the Secretary to mail a notice of each annual, special or meeting by ballot, stating the purpose thereof and the time and place where it is to be held, to each Owner of record at least seven (7) but not more than fifty (50) days prior to such meeting or the date when ballots for a ballot meeting are required to be returned. The mailing shall be to the Owner's address last given the Secretary in writing by the Owner or his or her vendee. If Lot ownership is split or the Lot

has been sold on a contract, notice shall be sent to a single address of which the Secretary has been notified in writing by such parties. If no address has been given the Secretary in writing, then mailing to the Lot address in Daisy Creek Village shall be sufficient. The mailing of a notice in the manner provided in this Section shall be considered notice legally served.

2.11. **ADJOURNED MEETINGS.** If any gathering of Owners is not a legal meeting because a quorum has not attended, the Owners who are present, either in person or by proxy, may adjourn the meeting to a time not less than forty-eight (48) hours nor more than ten (10) days from the time the original meeting was called. The adjournment provisions of this Section do not apply to meetings by ballot.

2.12. **ORDER OF BUSINESS.** The order of business at all meetings shall be as follows:

- (a) Roll call.
- (b) Proof of Notice of meeting or waiver of notice.
- (c) Reading of minutes of the preceding meeting.
- (d) Reports of officers.
- (e) Reports of committees.
- (f) Election of inspectors of election.
- (g) Election of directors.
- (h) Unfinished business.
- (i) New business.

ARTICLE 3

BOARD OF DIRECTORS

3.1. **NUMBER AND QUALIFICATION.** The affairs of the Association shall be governed by a Board of Directors composed of three (3) persons, all of whom must be an Owner or the coowner of a Lot. An officer or employee of a corporation, or the trustee of a trust, or personal representative of an estate, or an employee of the trust or estate may serve on the Board of Directors, if the corporation, trust or estate owns a Lot.

3.2. **POWERS AND DUTIES.** The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are not by law or by these Bylaws directed to be exercised and done by the Owners.

3.3. **OTHER DUTIES.** In addition to duties imposed by these Bylaws or by resolutions of the Association, the Board of Directors shall have authority to carry out and be responsible for the following matters:

3.3.1 Care, upkeep and supervision of the Common Property.

3.3.2 Establishment and maintenance of replacement reserve accounts and other reserves which are required to be maintained by the Oregon Planned Community Act, the Declaration or these Bylaws and such other reserve accounts as are permitted by these Bylaws.

3.3.3 Designation and collection of monthly assessments from the Owners, in accordance with these Bylaws, the Declaration and the Oregon Planned Community Act.

3.3.4 Establishment of a budget and payment of all common expenses of the Association and institution and maintenance of a voucher system for such payment, which shall require a sufficient number of signatories thereon as may be reasonably necessary to prevent any misuse of Association funds.

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3.3.5 Obtaining and maintaining insurance policies and payment of premiums therefor out of the common expense funds in respect to both the Common Property and Living Units as more specifically provided in Article 7 of these Bylaws.

3.3.6 Designation and dismissal of the personnel necessary for the maintenance and operation of the Project.

3.3.7 Causing the preparation and distribution of annual financial statements of the Association to each of the Owners as more specifically provided in section 3.6.

3.3.8 Adoption and amendment of administrative rules and regulations governing the details of operation and use of the Common Property. Provided, however, any such rules or regulations shall always be subject to rescission or amendment by the Association upon majority vote of Owners present at any properly called meeting.

3.3.9 Causing the Association to comply with the Oregon Planned Community Act relating to maintenance of documents delivered to the Association by the Declarant and maintenance and distribution of financial statements. Also to maintain copies suitable for duplication of the following: Declaration, Bylaws, Association rules and regulations and any amendments thereto, the most recent annual financial statement and the current operating budget of the Association.

3.4. **LIMITED AUTHORITY.** The Board of Directors shall be prohibited from taking any of the following actions, except with the vote or written assent of a majority of the voting power of the owners other than the Declarant.

3.4.1 Entering into a contract with a third party wherein the third person will furnish goods or services for the common area or the Association for a term longer than one year with the following exceptions:

- (a) Management contract, the terms of which have been approved by the Federal Housing Administration or Veterans Administration.
- (b) A contract with a public utility company if the rates charged for the materials or services are regulated by the Public Utilities Commission provided, however, that the term of the contract shall not exceed the shortest term for which the supplier will contract at the regulated rate.
- (c) Prepaid casualty and/or liability insurance policies of not to exceed three years duration provided that the policy permits short rate cancellation by the insured.
- (d) Lease agreements for laundry room fixtures and equipment of not to exceed five years duration provided that the lessor under the agreement is not an entity in which the Declarant has a direct or indirect ownership interest of ten percent (10%) or more.
- (e) Agreements for cable television services and equipment or satellite television services and equipment of not to exceed five years duration provided that the supplier is not an entity in which the Declarant has a direct or indirect ownership interest of ten percent (10%) or more.
- (f) Agreements for sale or lease of burglar alarm and fire alarm equipment, installation and services of not to exceed five years duration provided that the supplier or suppliers are not entities in which the Declarant has a direct or indirect ownership interest of ten percent (10%) or more.

3.4.2 *Incurring aggregate expenditures for capital improvements to the common area of any fiscal year in excess of five percent (5%) of the budgeted gross expenses of the Association for that fiscal year.*

3.4.3 *Selling during any fiscal year property of the Association having an aggregate fair market value greater than five percent (5%) of the budgeted gross expenses of the Association for that fiscal year.*

3.4.4 *Paying compensation to members of the Board of Directors or to officers of the Association for services performed in the conduct of the Association's business provided, however, that the Board of Directors may cause a member or officer to be reimbursed for expenses incurred in carrying on the business of the Association.*

3.5 INCOME TAX RETURNS; DETERMINATION OF FISCAL YEAR.

3.5.1 *The fiscal year of the Association shall be the calendar year unless otherwise determined by the Board of Directors.*

3.5.2 *The Board of Directors, in its sole discretion, shall determine the manner in which all necessary income tax returns are filed and of selecting any and all persons to prepare such tax returns.*

3.6 BUDGETS AND FINANCIAL STATEMENTS.

3.6.1 *The following financial and related information shall be regularly prepared and distributed by the Board of Directors to all members of the Association:*

- (a) *A pro forma operating budget for the immediately ensuing fiscal year consisting of at least the following information shall be distributed not less than 45 days and not more than 60 days prior to the beginning of the fiscal year.*
 - (1) *Estimated revenue and expense on an accrual basis.*
 - (2) *The amount of the total cash reserves of the Association currently available for replacement or major repair of common facilities and for contingencies.*
 - (3) *An estimate of the current replacement costs of, and the estimated remaining life of, and the methods of funding used to defray the future repair, replacement or additions to, those major components of the common areas and facilities which the Association is obligated to maintain.*
 - (4) *A general statement setting forth the procedures used by the governing body in the calculation and establishment of reserves to defray the costs of repair, replacement or additions to major components of the common areas and facilities for which the Association is responsible.*
- (b) *A balance sheet as of an accounting date which is the last day of the month closest in time to six months from the date of closing of the first sale of an interest in Daisy Creek Village and an operating statement for the period from the date of the first closing to the said accounting date, shall be distributed within 60 days after the accounting date. This operating statement shall include a schedule of assessments received and receivable identified by the number of the subdivision interest and the name of the entity assessed.*

- (c) *A report consisting of the following shall be distributed within 120 days after the close of the fiscal year.*
- (1) *A balance sheet as of the end of the fiscal year.*
- (2) *An operating (income) statement for the fiscal year.*
- (3) *A statement of changes in financial position for the fiscal year.*
- (4) *For any fiscal year in which the gross income to the Association exceeds \$75,000, a copy of the review of the annual report prepared in accordance with generally accepted accounting principals by a certified public accountant licensed by the State of Oregon.*

3.6.2 If the report referred to in Section 3.6.2 above is not prepared by an independent accountant, it shall be accompanied by the certificate of an authorized officer of the Association that the statement was prepared from the books and records of the Association without independent audit or review.

3.6.3 In lieu of the distribution of the pro forma operating budget required by Section 3.6.1, the Board of Directors may elect to distribute a summary of the items described in Section 3.6.1 to all members of the Association with a written notice that the budget is available at the business office of the Association or at another suitable location and that copies will be provided upon request and at the expense of the Association. If any member requests copies of the pro forma operating budget including the items described in Section 3.6.1 to be mailed to the member, the Association shall provide such copies to the member by first-class United States mail at the expense of the Association and mailed within five days. The written notice that is distributed to each of the Association members shall be in at least 10-point bold type on the front page of the summary of the statements.

3.6.4 In addition to financial statements, the Board of Directors shall annually distribute within 60 days prior to the beginning of the fiscal year, a statement of the Association's policies and practices in enforcing its remedies against members for defaults in the payment of regular and special assessments including the recording and foreclosing of liens against members' interest in Daisy Creek Village.

3.6.5 The Board of Directors shall do the following not less frequently than quarterly:

- (a) *Cause a current reconciliation of the Association's operating accounts to be made and review the same.*
- (b) *Cause a current reconciliation of the Association's reserve accounts to be made and review the same.*
- (c) *Review the current year's actual reserve revenues and expenses compared to the current year's budget.*
- (d) *Review the most current account statements prepared by the financial institution where the Association has its operating and reserve accounts.*
- (e) *Review an income and expense statement for the Association's operating and reserve accounts.*
- (f) *The failure of the Board of Directors to timely prepare and/or to present a budget to the Owners shall not be cause for any Owner to fail or refuse to pay assessments. Assessments shall continue, based upon the last adopted*

or accepted budget, until a new budget is created and announced. Retroactive increases and/or special assessments may be made by the Board of Directors to make up for any deficiency.

- (g) In the event the Board of Directors fails to timely adopt a budget for a new fiscal year, Owners holding a majority of the votes of the entire Association, at any general or specially called meeting, may adopt such a budget, announce it to the Owners and immediately commence assessments based on the newly adopted budget. Additionally, at any general or specially called meeting, Owners holding a majority of the votes of the entire Association may amend any budget adopted by the Board of Directors. Thereafter, assessments to Owners shall be based on the budget as so amended until a new budget is adopted.

3.7. **MANAGEMENT AGENT.** The Board of Directors may employ a management agent, to be compensated in an amount established by the Board, to perform such duties and services as the Board shall authorize, including, but not limited to, the duties listed in Section 3.3.

3.8. **INTERIM BOARD AND OFFICERS.** The Declarant hereby reserves administrative control of the Association for a period not to exceed that allowed by the Oregon Planned Community Act. The Declarant, in his or her sole discretion, shall have the right to appoint and remove members of an Interim Board of Directors and interim officers. Notwithstanding the provisions of this Section, at the Turnover Meeting at least one (1) Director shall be elected by Owners other than the Declarant, even if the Declarant otherwise has voting power to elect all three (3) Directors.

3.9. **ELECTION AND TERM OF OFFICE.** At the turnover meeting of the Association, the term of office of two (2) Directors shall be fixed for two (2) years. The term of office of one (1) Directors shall be fixed at one (1) year. Should more Directors be added, the same sequential election terms shall apply as nearly as is practicable. At the expiration of the initial term of office of each respective Director, his or her successor shall be elected to serve a term of two (2) years. The Directors shall hold office until their successors have been elected and hold their first meeting. At the turnover meeting, upon agreement by vote of the Owners, the Board of Directors may be elected by a single ballot with each Owner permitted to vote for three (3) nominees. In such event, the two (2) nominees receiving the highest number of votes shall be the two (2) year Directors and the one (1) nominees receiving the next highest number of votes shall be the one (1) year Directors. The Association may increase or decrease the number of Directors and length of terms for which each is elected upon amendment of this Section 3.9.

3.10. **VACANCIES.** Vacancies on the Board of Directors caused by any reason other than the removal of a Director by a vote of the Association shall be filled for the balance of the term of each directorship by vote of a majority of the remaining Directors, even though they may constitute less than a quorum; and each person so elected shall be a Director until a successor is elected upon expiration of the term for which such person was elected by the other Directors to serve.

3.11. **REMOVAL OF DIRECTORS.** At any legal annual or special meeting, other than a meeting by ballot, any one or more of the Directors may be removed with or without cause, by a majority vote of the total voting power of the Owners and a successor may be then and there elected to fill the vacancy thus created. Provided however, the notice of meeting shall specifically indicate that the removal of one or more named directors is an agenda item for such meeting. Any Director whose removal has been proposed by the Owners shall be given an opportunity to be heard at the meeting. Any Director or Directors who fail(s) to attend three (3) successive meetings of the Board of Directors which have been properly called, or who has failed to attend more than one third (1/3) of the Board of

Directors meetings during a twelve (12) month period which have been properly called, may be removed by a majority of the remaining Directors.

3.12. ORGANIZATIONAL MEETING. The first meeting of a newly elected Board of Directors shall be held within ten (10) days of election at such place as shall be fixed by the Directors at the meeting at which such Directors were elected, and no notice shall be necessary to the newly elected Directors in order to legally hold such meeting, providing a majority of the newly elected Directors are present.

3.13. REGULAR MEETINGS. Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the Directors. Notice of regular meetings of the Board of Directors may be called by the President on three (3) days' notice to each Director, given personally or by mail, telephone or telegraph, which notice shall state the time, place (as hereinabove provided) and purpose of the meeting.

3.14. SPECIAL MEETINGS. Special meetings of the Board of Directors may be called by the President or Secretary or on the written request of at least one (1) Directors. Special meetings of the Board of Directors may be called on three (3) days' notice to each Director, given personally or by mail, telephone or telegraph, which notice shall state the time, place (as hereinabove provided) and purpose of the meeting.

3.15. WAIVER OF NOTICE TO DIRECTORS. Before, at or after any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him or her of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice to Directors shall be required and any business may be transacted at such meeting.

3.16. BOARD OF DIRECTORS' QUORUM. At all meetings of the Board of Directors, a majority of the existing Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors shall be the acts of the Board of Directors. If at any meeting of the Board of Directors there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

3.17. BOARD OF DIRECTORS MEETINGS OPEN TO ALL ASSOCIATION MEMBERS. All meetings of the Board of Directors shall be open to any and all members of the Association. Provided, however, no Association member shall have a right to participate in the Board of Directors meetings unless such member is also a member of the Board of Directors. The President shall have authority to exclude any Association member who disrupts the proceedings at a meeting of the Board of Directors.

3.18. NOTICE TO ASSOCIATION MEMBERS OF BOARD OF DIRECTORS MEETINGS. For other than emergency meetings, notice of Board of Directors meetings shall be posted at a place on the Common Property at least three (3) days prior to the meeting or notice shall otherwise be provided to each member of the Association reasonably calculated to inform each member of such meetings. The posting of such notices shall be at a reasonable location which has been generally publicized to the Owners.

3.19. TELEPHONIC MEETINGS. In the event of an emergency, telephonic meetings may be held by the Board of Directors. Such telephonic meetings shall be carried on by means of a "conference call" in which each Director may speak with any of the other Directors. The Directors shall keep telephone numbers on file with the President to be used for telephonic meetings. No notice to either Directors or Association members shall be required for a telephonic meeting of the Board of Directors to be held for any emergency

action. Provided, however, no such telephonic meeting shall occur unless at least seventy-five percent (75%) of the Board of Directors participate in the same and after an attempt has been made to call each Director at the telephone number maintained on file with the Board of Directors for such purpose.

3.20. **COMPENSATION OF DIRECTORS.** No Director shall be compensated in any manner, except for out-of-pocket expenses, unless such compensation is approved by vote of the Owners.

ARTICLE 4

OFFICERS

4.1. **DESIGNATION.** The principal officers of the Association shall be a President, a Secretary and a Treasurer, all of whom shall be elected by the Directors. The Directors may appoint an assistant treasurer and an assistant secretary, and any such other officers as in their judgment may be necessary.

4.2. **ELECTION OF OFFICERS.** The officers of the Association may be elected by the Board of Directors at the organizational meeting of each new board or any board meeting thereafter, and shall hold office at the pleasure of the board.

4.3. **REMOVAL OF OFFICERS.** Upon an affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and his or her successor elected at any regular or special meeting of the Board of Directors.

4.4. **PRESIDENT.** The President shall be the chief executive officer of the Association. The President shall preside at all meetings of the Association and of the Board of Directors. The President shall have all of the general powers and duties which are usually vested in the office of president of an association, including, but not limited to, the power to appoint committees from among the Owners from time to time as he or she may in his or her discretion decide is appropriate to assist in the conduct of the affairs of the Association.

4.5. **SECRETARY.** The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the Association; he or she shall have charge of such books and papers as the Board of Directors may direct; and he or she shall, in general, perform all the duties incident of the office of Secretary.

4.6. **TREASURER.** The Treasurer shall have responsibility for Association funds and securities not otherwise held by the managing agent, and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He or she shall be responsible for the deposit of all monies and other valuable effects in the name, and to the credit, of the Association in such depositories as may from time to time be designated by the Board of Directors.

4.7. **DIRECTORS AS OFFICERS.** Any Director may be an officer of the Association.

ARTICLE 5

OBLIGATIONS OF THE OWNERS

5.1. **ASSESSMENTS.** All Owners are obligated to pay assessments imposed by the Association to meet all the Association's general common expenses as more particularly set forth in the Declaration. Assessments shall be payable on a periodic basis, not more frequently than monthly, as determined by the Board of Directors. All initial, general and special assessments shall be allocated equally among the Lots, except that improved and

unimproved Lots shall be assessed in different manners, as described in Section 8.2.2 of the Declaration.

5.2. INVESTMENT OF RESERVE ACCOUNT FUNDS. Each reserve account shall be kept in an account with a safe and responsible depository, shall be accounted for separately and, if invested, the obligation or security shall be fully guaranteed as to principal by the United States of America or one of its agencies. Assessments paid into the reserve accounts are the property of the Association and are not refundable to sellers of Lots. Provided, however, nothing herein shall prevent sellers of Lots from treating their outstanding allocable share of reserve accounts as a separate or reimbursable item in a sales agreement. No Owner shall have any individual rights in any of these reserves, although it is understood that the value of their respective Lots may increase in proportion to each Lot's right to receive repair, maintenance and replacement there from.

5.3. INITIAL ASSESSMENT. The initial assessment to Owners shall be based on a budget determined by the Declarant. The monthly assessment shall thereafter be subject to review by the Board of Directors. The budget and lot assessments for all Lots shall be payable from the date the Declaration is recorded.

5.3.1 At the time of closing, each purchaser shall contribute a sum equal to three (3) times the monthly assessment as a one-time contribution to the budget of the Association, together with such sums as may be required pursuant to the Declaration and the sales agreement. In the event that the monthly assessments are reduced pursuant to the authority granted to the Declarant herein, the initial deposit to the Association budget equal to three (3) times the monthly assessment shall be based on the projected amount of such assessments after substantial or full occupancy of the Lots rather than on the reduced assessment.

5.3.2 If the Declarant or any other person pays all or a portion of the operating expenses of the Association or subsidizes such expenses, the monthly assessment shall be reduced by such amount, but shall not be reduced to a sum less than the total amount of all insurance and all replacement reserve items for Lots improved with substantially completed Living Units, and the liability insurance and Common Property Reserve items. In respect to Lots not yet conveyed by the Declarant, the Declarant may accrue the replacement reserve items, but not the insurance reserve items. At the time of conveyance of the Lot for which the replacement reserve has been accrued, the accrued reserves must be paid to the Association.

The Declarant, or such other person paying all or a portion of the operating expenses or subsidizing such expenses, shall give ten (10) days written notice to individual Owners prior to the commencement of their obligation to pay the full monthly assessment. Thereafter, each Owner, including the Declarant or such other person, shall pay the monthly assessments to the Association. In the event the Declarant has collected initial assessments from purchasers at closing and thereafter elects to pay or subsidize the operating expenses thereby causing the assessment to be reduced, the one time initial contribution collected from Lot purchasers shall be held by the Declarant in a separate Association account. On the date Owners are required to pay full monthly assessments, the aggregate sums held in such separate account shall be deposited to the Association's general account to be used as working capital.

5.3.3 If the Association expenses are temporarily less than projected by the Declarant because some or most of the Lots are not yet sold or occupied, the Declarant shall have the authority to temporarily reduce the monthly assessment to reflect the lower expenses of the project.

5.4. INITIAL ASSESSMENT OF LOTS SUBJECTED IN THE FUTURE. The initial assessment for owners of Lots subjected to the Declaration subsequent to the submission

of Phase 1 to the Declaration shall be an amount equal to three (3) times the monthly assessment then in effect, plus a prorated portion of the assessment for the assessment installment period during which the Lots in such phases are annexed. Thereafter, the owners of such Lots shall be assessed directly by the Association. The initial assessment equal to three (3) times the current monthly assessment shall be a one-time contribution of working capital to Daisy Creek Village. The total initial assessment of Lots subsequently subjected to the Declaration shall be collected by the Declarant and delivered to the Association within thirty (30) days from the time such Lots are annexed. Upon the annexation of additional Lots, the Board of Directors shall promptly prepare a new budget reflecting the additional Lots and shall recompute any previous assessment covering any period after the annexation.

5.5. SPECIAL ASSESSMENTS. The Board of Directors shall have the power to levy special assessments against an owner or all owners in the following manner for the following purposes:

5.5.1 To correct a deficit in the operating budget by vote of a majority of the Board;

5.5.2 To collect amounts due to the Association from an owner for breach of the owner's obligations under the Declaration, these Bylaws, or the Association's rules and regulations, by vote of a majority of the Board;

5.5.3 Upon vote of a majority of the Board of Directors, to make repairs or renovations to the common area or those portions of the buildings for which the Association has maintenance responsibility if sufficient refunds are not available from the operating budget or replacement reserve accounts; or

5.5.4 To make capital acquisitions, additions or improvements, by vote of at least seventy-five percent (75%) of all votes allocated to Lots in the Planned Community.

5.6. PAYMENT OF ASSESSMENTS. Subject to the provisions of Section 5.3, from the date of the conveyance of the first Lot to a person other than the Declarant, the Declarant shall:

5.6.1 Pay assessments due for operating expenses on all unsold Lots; and

5.6.2 Pay assessments due for reserves on all unsold Lots, or, at the Declarant's option, pay or require the Owner to pay all accrued reserve assessments against the Lot at the time of the initial sale to the Owner.

5.7. DEFAULT. Failure by an Owner to pay any assessment of the Association shall be a default by such Owner of his or her obligations pursuant to these Bylaws and the Oregon Planned Community Act. In addition to the interest which may be charged on delinquent assessments, the Board of Directors, at its option, may impose a late charge penalty in respect to any monthly assessment not paid within ten (10) days from the due date. Such penalty may not exceed the sum of ten percent (10%) of the monthly assessment. The Association shall be entitled to a lien which may be enforced upon compliance with the provisions of the Oregon Planned Community Act. In any foreclosure suit by the Association with respect to such lien, the Association shall be entitled to collect reasonable rent from the defaulting Owner for the use of his or her Lot or shall be entitled to the appointment of a receiver. Any default by the Owner in any provisions of these Bylaws or of the Oregon Planned Community Act shall be deemed to be a default by the Owner of any mortgage to which the Owner is a party or to which the Lot is subject.

5.8. MAINTENANCE AND REPAIR.

5.8.1 Except as otherwise specifically provided in the Declaration and Bylaws, every Owner must perform promptly all maintenance and repair work within his or her own

Lot, which if omitted would affect the party wall(s) or Common Property, and shall be responsible for the damages and liabilities that his or her failure to do so may cause.

5.8.2 All repairs of internal installations of each Living Unit, such as water, lights, gas, power, sewage, telephones, air conditioners and sanitary installations, doors, windows, lamps and all other accessories belonging to the Living Unit area shall be at the sole expense of the Owner of such Living Unit.

5.8.3 An Owner shall reimburse the Association for any expenditures incurred in repairing or replacing any Common Property and/or facility damaged through his or her fault, not otherwise covered by insurance policies carried by the Association for the Owner's and Association's benefit.

5.8.4 The Association has responsibility to maintain the exterior of the Living Units as more particularly set forth in the Declaration.

5.9. RIGHT OF ENTRY; ENCROACHMENTS; EASEMENTS FOR MAINTENANCE.

5.9.1 In case of an emergency originating in or threatening his or her Lot, an Owner shall grant the right of entry to the management agent or to any other person authorized by the Board of Directors or the Association, whether the Owner is present at the time or not.

5.9.2 An easement is reserved to the Association in and through any Lot and the Common Property providing access at reasonable times and with reasonable notice for purposes of maintenance, repair and replacement of the Common Property. If, in the process of such repair and maintenance by the Association, it is necessary to alter or damage any Lot or Common Property, such alterations or damages will be permitted without compensation, provided the Lot and/or Common Property are promptly restored to substantially their prior condition by the Association.

ARTICLE 6

USE AND OCCUPANCY RESTRICTIONS; RULES OF CONDUCT

Failure by an Owner (his family, invitees or lessees) to comply with the rules of conduct and restrictions set forth in the Declaration, these Bylaws or others promulgated by the Board of Directors shall be cause for which the Board of Directors may deny or restrict such Owner's right to use any common facility with respect to which such Owner otherwise had a right of use. In addition to the restrictions and rules of conduct set forth in the Declaration, the following shall apply:

6.1. **USE OF THE COMMON PROPERTY.** No Owner shall place or cause to be placed on any portion of the Common Property any trash, structure, equipment, improvement, furniture, package or object of any kind. Such areas shall be used for no purpose other than what is normal.

6.2. **DOMESTIC ANIMALS.** No poultry, fowl, livestock, horses or other animals shall be kept on any Lot, except that the Owner of each Lot may keep not more than two pets, only dogs or cats, which shall be confined to enclosed areas on such Owner's Lot or shall be kept on a leash in the Owner's presence. Any Owner wishing to keep a dog or cat on the Property must register such pet with the Board. Additionally, Owners of pets shall abide by all applicable leash laws and sanitary regulations. Dogs and cats shall not be kept, bred or raised for commercial purposes. The Board of Directors shall have the right to require any Owner to remove any pet that is a nuisance or that interferes with the right to the quiet enjoyment by the owner and occupants of Living Units. Any dispute arising out of this

Section shall be decided by a majority of the Board of Directors. Any decision of the Board on this matter shall be binding upon the member or members affected.

6.3. APPEARANCE OF LIVING UNITS. No Owner will cause anything to be hung, displayed, or placed on the walls, doors, windows, roof or exterior of any Living Unit or otherwise change the appearance of any Living Unit without compliance with the Declaration and Bylaws. No "For Sale" signs, will be allowed on any part of the Property without the prior written consent of the Board of Directors, except that the Declarant may post, reasonable signs in reasonable places on the Property advertising any unsold Lot for sale.

6.4. NUISANCES. No nuisances will be allowed upon the Property, nor any use or practice that is the source of annoyance to residents or which interferes with the peaceful possession and proper use of the Property by its residents. Residents shall exercise extreme care about creating disturbances, making noises or using musical instruments radios, televisions and amplifiers that may disturb other residents. All parts of the Project will be kept in a clean and sanitary condition, and no rubbish, refuse or garbage allowed to accumulate, nor any fire hazard allowed to exist. All such garbage and trash shall be placed inside disposal containers. No Owner will permit any use of his or her Lot or make any use of the Common Property that will increase the cost of insurance upon the Common Property.

No Owner shall hang garments, rugs and similar items from the windows or from any of the facades, decks or doors of the Living Units, nor shall any Owner hang or shake dust rags, mops and similar items from the windows or porches or decks, or clean such items by beating on an exterior part of the Living Unit.

6.5. IMPROPER, OFFENSIVE OR UNLAWFUL USE. No improper, offensive or unlawful use will be made of the Property nor any part of it; all valid laws, zoning ordinances and regulations of governmental bodies having jurisdiction will be observed. The responsibility of meeting the requirements of governmental bodies for maintenance, modification or repair of the Property will be carried out and paid for in the same manner as the responsibility for the maintenance and repair of the Property concerned.

6.6. TRASH COLLECTION AND STORAGE. No trash or unsightly material shall be dumped or stored upon any Lot or any of the Common Property. All trash and trash cans shall be concealed behind such structures as may properly be built pursuant to this Declaration, and may be left outdoors only for the period reasonably required for collection and removal.

6.7. VEHICLE RESTRICTIONS. Vehicular traffic on the parking areas and driveways on Property shall be limited to five (5) miles per hour as a safety precaution. This speed limit shall apply to bicycles, motor scooters, motorcycles, automobiles and trucks. No recreational vehicles, campers, trailers, boats, boat trailers, vehicles in disrepair or similar objects may be parked or kept outdoors on any Lot or the Common Property.

6.8. SKATEBOARDS AND ROLLER BLADES PROHIBITED. No skateboards or roller blades, roller skates or similar items shall be permitted on any portion of the Property, including, without limitation, any street, sidewalk, driveway or any other portion of any Lot or Common Property.

6.9. USE OF RECREATION AND COMMON FACILITIES. All recreational areas and other Common Property are provided for the use of the Owners and their guests. Rules and regulations may be adopted by the Board of Directors, setting out the hours the various facilities will be available for use, and the conditions attendant thereto. Compliance with

such rules as determined by the Board of Directors is essential to the harmonious operation of the facilities.

6.10. **ADDITIONAL RULES.** Rules and regulations concerning other use of the Property may be made and amended from time to time by the Board of Directors. Copies of such rules and regulations will be furnished to all Owners and residents of the Project, upon request.

ARTICLE 7

INSURANCE

The Board of Directors shall obtain and maintain at all times insurance of the type and kind and in the amounts hereinafter provided, and including insurance for such other risks of a similar or dissimilar nature as are or shall hereafter customarily be covered with respect to other planned communities similar in construction, design and which insurance shall be governed by the provisions in this numbered section.

7.1. **TYPES OF INSURANCE POLICIES.** 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 common expense funds, the following insurance to the extent available at reasonable cost.

7.1.1 A policy or policies of property insurance including, but not limited to, fire, extended coverage, vandalism and malicious mischief, for the full insurable replacement value, if available, of all Living Units and common property, and such other fire and casualty insurance as the Board of Directors shall determine, to give substantially equal or greater protection to the owners and their mortgagees, as their respective interests appear, which said policy or policies shall provide for a separate loss payable endorsement in favor of the mortgagee or mortgagees, of each Living Unit, if any. For the purposes of any policy or policies of fire insurance, the term "building" shall include fixtures, installations or additions comprising a part of the building within the unfinished interior surfaces of the perimeter walls, floors and ceilings of the individual Living Units initially installed or replacement thereof, in accordance with the original plans and specifications, or installed by or at the expense of any owner or owners of a Living Unit.

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

7.1.3 Workers' compensation insurance to the extent necessary to comply with any applicable laws.

7.1.4 A fidelity bond naming such persons as may be designated by the Board of Directors as principals and the Association and the owners as obligees, for the amount determined by the Board of Directors. Provided, however, the Board of Directors shall require that all officers and employees of the Association handling or responsible for Association funds obtain adequate fidelity bonds. The premiums on such bonds shall be paid by the Association.

The Association shall not be responsible for any loss or damage to personal property of any owner, whether stored on the common property or in the owner's Living Unit, nor shall the Association maintain any insurance coverage for such loss.

7.2. INSURANCE COMPANIES AUTHORIZED. All policies shall be written by a company licensed to do business in Oregon and holding a "Commissioner's rating" of "A+" and a size rating of "AAA," or better, by Best's Insurance Reports, or as may be otherwise acceptable to all mortgagees and directors.

7.3. AUTHORITY TO ADJUST LOSSES. All losses under policies hereafter in force regarding the property shall be settled exclusively with the Board of Directors or its authorized representative; provided, however, that where a first mortgagee has been designated as a loss payee by an owner and such first mortgagee has requested the opportunity to exercise the rights provided by this Section, such mortgagee shall be entitled to settle losses as to the mortgaged Living Unit, provided that the loss which occurs is severable. Releases and proofs of loss shall be executed by at least two directors.

7.4. VALUE OF OWNER IMPROVEMENTS. Each owner must inform the Board of Directors of the value of improvements made to his or her Living Unit in excess of One Thousand Dollars (\$1,000) so that the Board of Directors may make any desired adjustments in insurance coverage. Nothing in this paragraph shall permit an owner to make improvements without first obtaining the approval of the Board of Directors pursuant to Article 4 of the Declaration.

7.5. PROVISIONS IN INSURANCE POLICIES. The Board of Directors shall make every effort to secure insurance policies that will provide for the following:

7.5.1 A waiver of subrogation by the insurer as to any claims against the Board of Directors, the manager, the owners and their respective servants, agents and guests.

7.5.2 A provision that the master policy on the Property cannot be cancelled, invalidated or suspended on account of the conduct of any one or more individual owners.

7.5.3 A provision that the master policy on the Property cannot be canceled, invalidated or suspended on account of the conduct of any officer or employee of the Board of Directors or the manager without prior demand in writing that the Board of Directors or manager cure the defect.

7.5.4 A provision that any "no other insurance" clause in the master policy exclude individual owners' policies and not otherwise prevent such individual policies from providing coverage for damage to Living Units or common property.

7.6. RECONSTRUCTION COSTS. If the Association is required or elects to reconstruct any of the common property or Living Units which have been damaged or destroyed, all affected owners (i.e. owners whose Living Units have been damaged or destroyed) shall contribute to the Association all amounts received by them from property loss insurance policies to help pay for the repairs. To the extent such insurance proceeds are unavailable or unpaid when needed, the Association shall assess any owner the amount of the Association's "deductible" under its policy to pay the cost of repairing or reconstructing such owner's Living Unit. Such assessment shall be both a personal obligation of such owner and a lien against such owner's unit in the same manner as any other Association assessment.

7.7. INSURANCE DEDUCTIBLE/OWNER AND TENANT INSURANCE. The Board of Directors shall determine the amount of the deductible for property loss insurance policies, as well as other insurance policies required to be procured by the Association under this

Article 7. In determining the deductible under the policies, the Board, among other factors, shall take into consideration the availability, cost, and loss experience of the Association. In this regard, as in other Board responsibilities, the Board members shall exercise their reasonable business judgment.

The Association shall have no responsibility to procure or assist in procuring property loss insurance for any owner or tenant for: (a) damage to a Living Unit not covered by the Association's policy (because of the deductible amount or because the claim for loss or damage is one not normally covered by fire and property loss insurance policies with extended coverage endorsements); or (b) for any damage or loss to the owner's or tenant's personal property.

Owners shall be responsible for purchasing insurance policies insuring their Living Units for the deductible amount under the Association's policies and for insuring their own personal property for any loss or damage. Tenants shall be responsible for insuring their own personal property for any loss or damage. The Board of Directors shall notify all owners of the amount of the deductible under the Association policies. To the extent reasonably practicable, the Board of Directors shall give at least 30 days notice to the owners of any increase in the deductible proposed in renewal or replacement insurance policies. Owners and tenants of all Living Units shall procure and maintain comprehensive liability policies having combined limits of not less than \$50,000 for each occurrence. Such insurance shall provide coverage for, but not limited to, the negligent acts of the owner(s) and tenant(s) and their guests or other occupants of the Living Unit(s) for damage to the common property and other Living Units and the personal property of others located therein.

7.8. **REVIEW OF INSURANCE POLICIES.** At least annually, the Board of Directors shall review all insurance carried by the Association, which review shall include a consultation with a representative of the insurance carrier writing the master policy.

ARTICLE 8

AMENDMENT

Except as otherwise provided in this Article, and the restrictions set forth elsewhere herein, these Bylaws may be amended at any time by an instrument approved by at least a majority of the total votes of each class of members that are eligible to vote. Any amendment must be executed, recorded and certified as provided by law. Provided, however, no amendment of the Bylaws may effect an amendment of the Declaration or the Articles of Incorporation without compliance with the provisions of such documents and the Oregon Nonprofit Corporation Act. Provided further no amendment deleting or affecting any right of the Declarant may be adopted without the prior written consent of the Declarant.

ARTICLE 9

RECORDS AND AUDITS

9.1. **GENERAL RECORDS.** The Board of Directors and the managing agent or manager, if any, shall preserve and maintain minutes of the meetings of the Association, the Board and any committees. The Board of Directors shall maintain a list of Owners entitled to vote at meetings of the Association and a list of all mortgagees of Lots. The minutes of the Association, the Board and 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 providing copies.

9.2. **RECORDS OF RECEIPTS AND EXPENDITURES.** The Board of Directors or its designee shall keep detailed, accurate records in chronological order of the receipts and expenditures affecting the Common Property, itemizing the maintenance and repair expenses of the Common Property and any other expenses incurred. Such records and the vouchers authorizing the payments shall be available for examination by the Owners and mortgagees at convenient hours of weekdays.

9.3. **ASSESSMENT ROLL.** The assessment roll shall be maintained in a set of accounting books in which there shall be an account for each Lot. Such account shall designate the name and address of the Owner or Owners, the amount of each assessment against the Owners, the dates and amounts in which the assessment comes due, the amounts paid upon the account and the balance due on the assessments.

9.4. **PAYMENT OF VOUCHERS.** The Treasurer shall pay all vouchers up to \$5,000 signed by the President, managing agent, manager or other person authorized by the Board of Directors. Any voucher in excess of \$5,000 shall require the signature of the President. Provided, however, any withdrawal from reserve accounts shall require the signature of two board members or one board member and an officer of the Association who is not a board member.

9.5. **REPORTS AND AUDITS.** The Board of Directors shall prepare or cause to be prepared an annual report of the receipts and expenditures of the Association and a balance sheet and income and expense statement setting forth the financial condition of the Association as of the end of each year. The report shall be prepared according to generally accepted accounting procedures and shall be distributed to all Owners and to all mortgagees of Lots within ninety (90) days after the end of each fiscal year. At any time any Owner or mortgagee may, at his or her own expense, cause an audit or inspection to be made of the books and records of the Association.

9.6. **NOTICE OF SALE, MORTGAGE, RENTAL OR LEASE.** Immediately upon the sale, mortgage, rental or lease of any Lot, the Owner shall promptly inform the Secretary or manager of the name and address of said vendee, mortgagee, lessee, or tenant.

ARTICLE 10

COMPLIANCE

These Bylaws are intended to comply with the provisions of the Oregon Planned Community Act, which are incorporated herein and to supplement the provision in the Project Declaration. In case any of the provisions hereof conflict with the provisions of said statutes, the statutory provisions shall apply. In case of any conflict between the provisions hereof and the Declaration, the provisions in the Declaration shall apply.

ARTICLE 11

INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES AND AGENTS

The Association shall indemnify any Director, officer, employee or agent who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by the Association) by reason of the fact that he or she is or was a Director, officer, employee or agent of the Association or is or was serving at the request of the Association as a Director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorney fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by said person in connection with such suit, action or proceeding if he or she acted in good faith

and in a manner he or she reasonably believed to be in, or not opposed to, the best interest of the Association, and, with respect to any criminal action or proceedings, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or with a plea of no contest 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 or she reasonably believed to be in, or not opposed to, the best interest of the Association, and, with respect to any criminal action or proceedings, had reasonable cause to believe his or 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 right of the Association, should it be proven at a later time that said person had no right to such payments. All persons who are ultimately held liable for their actions on behalf of the Association as a Director, officer, employee or agent shall have a right of contribution over and against all other Directors, officers, employees or agents and members of the Association who participated with or benefitted from the acts which created said liability.

ARTICLE 12

ASSESSMENT COLLECTION COSTS; SUITS AND ACTIONS

Owners shall be obliged to pay reasonable fees and costs including, but not limited to, attorney fees incurred in connection with efforts to collect any delinquent unpaid assessments. In addition to the monthly assessment for operating expenses and the funding of reserves, such assessments may include fees, late charges, fines and interest imposed pursuant to the Oregon Planned Community Act. In the event legal action is commenced by the Directors for the collection of any amounts due pursuant to these Bylaws or for the enforcement of any provisions of the Declaration, Bylaws or of the Oregon Planned Community Act, the Owner or Owners, jointly and severally, will in addition to all other obligations, pay the costs of such suit or action, including reasonable attorney fees to be fixed by the trial court and, in the event of an appeal, the cost of the appeal, together with reasonable attorney fees in the appellate court to be fixed by such court.

ARTICLE 13

MISCELLANEOUS

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

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

13.3. **INVALIDITY; NUMBER; CAPTIONS.** The invalidity of any part of these Bylaws shall not impair or affect in any manner the validity, enforceability or effect of the balance of these Bylaws. Provided, however, that if any of the provisions of these Bylaws would violate the rule against perpetuities or any other limitation on the duration of the provisions herein contained imposed by law, then such provision shall be deemed to remain in effect only for the maximum period permitted by law, or in the event the rule against perpetuities applies, until twenty-one (21) years after the death of the last survivor of the now living

descendants of Eric Artner. As used herein, the singular shall include the plural, and the plural the singular. The masculine and neuter shall each include the masculine, feminine and neuter, as the context requires. All captions used herein are intended solely for convenience of reference and shall in no way limit any of the provisions of these Bylaws.

It is hereby certified that these Bylaws have been adopted by Daisy Creek Village, LLC, an Oregon Limited Liability Company, Declarant of Daisy Creek Village, a Planned Community, and will be recorded in the Deed Records of Jackson County, together with the Declaration for said Planned Community, after said Declaration and Bylaws are approved by the Assessor of said County.

DATED this 18 day of October, 2004.

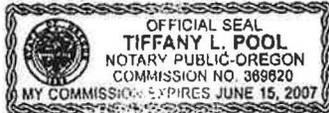
DAISY CREEK VILLAGE, LLC



BY ERIC ARTNER
ITS MANAGING MEMBER

STATE OF OREGON)
County of Jackson) ss

On this 18 day of October, 2004, before me personally appeared ERIC ARNTER, MANAGING MEMBER OF DAISY CREEK VILLAGE, LLC, AN OREGON LIMITED LIABILITY COMPANY, and acknowledged the foregoing instrument to be his voluntary act and deed.



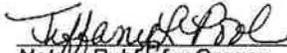

Notary Public for Oregon
Commission Expires: June 15, 2007

EXHIBIT "A"

DAISY CREEK VILAGE

Phase 1 Exterior Boundary Description

All that real property situated within a portion of Lot "A" of the Cooksey Addition to the City of Central Point, being located within Donation Land Claim Number 53, in the Northeast One-quarter of Section 10, Township 37 South, Range 2 West of the Willamette Meridian, in the City of Central Point, Jackson County, Oregon, more particularly described as follows:

Commencing at the Southeast Corner of Lot "A" of COOKSEY ADDITION to the City of Central Point, Jackson County, Oregon; thence North 35°09'30" West, 210.83 feet (Record: 211.2 feet), to a 2 inch iron pipe monumenting the True Point of Beginning; thence continuing North 35°09'30" West, 528.74 feet (Record: 528.75 feet); thence South 54°51'00" West, 129.05 feet (Record: 129.20 feet), to the southwesterly line of tract described in Document Number 77-26988, of the Official Records of Jackson County, Oregon; thence along said southwesterly line, South 34°47'44" East, 396.91 feet (Record: 397.21 feet); thence South 11°56'00" East, 83.86 feet (Record: South 11°56' East, 83.62 feet), thence North 73°14'51" East, 173.51 feet (Record: 173.52 feet), to the True Point of Beginning.

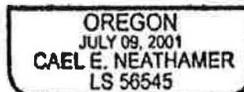
Containing 1.55 acres more or less.

Basis of bearings for this description is Geodetic North based on WGS datum, attained by Global Positioning System (GPS) observations. Basis applied to the centerline of Pine Street.

NEATHAMER SURVEYING, INC.
3126 State Street, Suite 200
PO Box 1584
Medford, Oregon 97501
Phone: (541) 732-2869
Fax: (541) 732-1382



Carl E. Neathamer



RENEWAL DEC. 31, 2004



I, Kathleen S. Beckett, County Clerk for Jackson County, Oregon, certify that the instrument identified herein was recorded in the Clerk records.
Kathleen S. Beckett - County Clerk

**DECLARATION OF COVENANTS, CONDITIONS & RESTRICTIONS
FOR
DAISY CREEK VILLAGE**

A PLANNED COMMUNITY TO THE CITY OF CENTRAL POINT, OREGON

This Declaration is made and executed in Jackson County, Oregon, this 8th day of October, 2004, by **DAISY CREEK VILLAGE, LLC, AN OREGON LIMITED LIABILITY COMPANY**, hereafter referred to as "Declarant".

The City of Central Point has issued its approval for **DAISY CREEK VILLAGE**, a Planned Community located in the City of Central Point, Jackson County, Oregon. The real property is described on Exhibit "A" attached hereto.

Declarant reserves the right, but not the obligation, to annex additional property and to subject the additional property to the terms and provisions of this Declaration, the Articles and the Bylaws, as the same may be amended or supplemented. There is no limitation on the number of lots which may be added to **DAISY CREEK VILLAGE** and the common property adjacent thereto. The property which in the future may be annexed is described on Exhibit "B." The Declarant may annex all or a portion of this property to the Declaration in one or more supplemental declarations. There is no requirement that the Declarant annex any additional property; however, Declarant is reserving the right to annex additional as provided herein in its sole discretion.

Declarant intends to form a homeowner's association for the purpose of preserving the values and amenities in the community. Declarant will create a nonprofit corporation pursuant to ORS Chapter 65. Declarant intends to adopt, on behalf of the association, the initial bylaws required under ORS 94.625 to govern the administration of

1 - **DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR DAISY CREEK VILLAGE**

the planned community. The bylaws of the homeowner's association shall be recorded in the Official Records of Jackson County, State of Oregon, as mandated by ORS 94.625. The name of the nonprofit corporation shall be the **DAISY CREEK VILLAGE HOMEOWNER'S ASSOCIATION, INC.**, an Oregon nonprofit corporation.

NOW, THEREFORE, Declarant declares that the real property described on Exhibit "A" is and shall be held and conveyed and occupied subject to the provisions of the Oregon Planned Community Act, ORS 94.550 to ORS 94.783, and subject to the easements, conditions and covenants hereafter set forth; all of which are for the purpose of enhancing and protecting the value, desirability and attractiveness of said property. These easements, covenants and conditions shall constitute covenants to run with the land and shall be binding upon all persons or entities claiming under them and also these conditions, covenants and restrictions shall inure to the benefit and be limitations upon all future owners of said property or of any interest therein.

ARTICLE I
DEFINITIONS

SECTION 1. ASSOCIATION. "Association" shall mean and refer the Daisy Creek Village Homeowner's Association, a nonprofit corporation consisting of all owners in the Planned Community, their successors and assigns.

SECTION 2. COMMON AREA/Common Property. "Common Area" and "Common Property" shall mean all real property and appurtenances thereto, now or hereafter owned by the Association for the common use and enjoyment of the members of the Association. In addition, "Common Area" and "Common Property" shall include any

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improvements intended to be devoted to the common use and enjoyment of the owners.

SECTION 3. LIVING UNIT. "Living unit" or "unit" shall mean and refer to any portion of a structure situated upon the property designed and intended for use and occupancy as a single family residence.

SECTION 4. MEMBER. "Member" shall mean and refer to every person or entity who holds membership in the Association.

SECTION 5. MORTGAGE. "Mortgage" shall mean a Deed of Trust or a Contract of Sale as well as a Mortgage.

SECTION 6. MORTGAGEE. "Mortgagee" shall also mean a beneficiary under a Trust Deed or a vendor (seller) under a Contract of Sale.

SECTION 7. OWNER. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of all or any part of said property but in the case of a sale under a Contract, owner shall mean the contract purchaser.

SECTION 8. DECLARANT. "Declarant" shall mean and refer to the undersigned, and their successors, heirs and assigns.

ARTICLE 2
GENERAL PLAN OF DEVELOPMENT

SECTION 1. COMPLIANCE WITH OREGON PLANNED COMMUNITY ACT. This Declaration is adopted pursuant to the Oregon Planned Community Act, ORS 94.550 to ORS 94.783.

SECTION 2. PROPERTY SUBJECT TO THIS DECLARATION. The real property which is and shall be held, transferred, sold and conveyed and occupied subject to and pursuant

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to this Declaration is located in the city of Central Point, Jackson County, Oregon. The real property is more particularly described on Exhibit "A" and attached. The Declarant is reserving the right, but not the obligation, to annex additional property and to subject the additional property to the terms and provisions of this Declaration. The property which in the future may be annexed is described on Exhibit "B." The legal description of the common property is described and shown on the plat for Daisy Creek Village which is marked Exhibit "C" and attached. The legal description for the common property for Daisy Creek Village, Phase 1, is set out on Exhibit "D" and attached.

SECTION 3. DESCRIPTION OF DEVELOPMENT. The Declarant has developed the property with twenty-two (22) residential lots. Phase 1 contains six (6) buildings each containing between two (2) and four (4) living units. The Declarant contemplates that all improvements will be completed prior to conveyance of a lot to any member. Through one or more supplemental Declarations, the Declarant intends to create a planned community of up to fifty-eight (58) lots. The Declarant reserves the right to abandon or re-plat any portion of Daisy Creek Village prior to the time it is annexed to the Association.

SECTION 4. IMPROVEMENTS IN THE COMMON PROPERTY. The common property will be improved with a private street, driveways and landscaping. It is contemplated that all improvements will be completed prior to the conveyance of any lot to any owner.

ARTICLE 3
ANNEXATION OF ADDITIONAL PROPERTY

Declarant has reserved the right to annex additional property to the Association in its sole and absolute discretion. In the event Declarant expands the Planned

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Community by annexing additional lots and/or common property, the following provisions shall apply, ORS 94.580(3):

SECTION 1. SUPPLEMENTAL DECLARATION. Declarant may, at any time during the term of this Declaration, add all or a portion of the land described on Exhibit "B" to the property which is covered by this Declaration and upon recording of a supplemental declaration, the provision of this Declaration specified in the supplement declaration shall apply to the annexed property in the same manner as if it were originally covered by this Declaration. Thereafter, to the extent this Declaration is made applicable to the property on Exhibit "B," the rights, powers and responsibilities of Declarant and owners of the parcels within the additional property shall be identical to the owners of the property described on Exhibit "A."

The supplemental declaration shall include, but not be limited to the following provisions:

- (A) A reference to this Declaration stating the date of recording and the recording information where the Declaration is recorded.
- (B) A statement that the Covenants, Conditions and Restrictions of this Declaration or some specified part shall apply to the additional property.
- (C) A legal description of the additional property.
- (D) Such other or different covenants, conditions and restrictions as Declarant shall, in its sole and absolute discretion, specify to regulate and control the use, occupancy and improvement of the additional property.

SECTION 2. EFFECT OF ANNEXATION. The property included in any annexation shall become part of **DAISY CREEK VILLAGE**, a Planned Community to the City of Central

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Point, State of Oregon. The Declarant and the Association shall have and shall accept and exercise administration of this Declaration with respect to the additional property.

- A. **NO LIMITATION ON ANNEXATION.** There is no limitation on the number of lots which Declarant may create or annex to **DAISY CREEK VILLAGE**. There is no limitation on the right of Declarant to annex additional areas.
- B. **VOTING RIGHTS.** Upon annexation, the additional lots shall be entitled to the voting rights set out in Article 8 entitled "Voting Rights."
- C. **ADJUSTMENT OF ASSOCIATION EXPENSES.** The formula to be used for reallocating the common expenses if additional lots are annexed and the manner of reapportioning the common expenses if additional lots are annexed is set forth in Article 9 entitled "Covenant for Maintenance Assessments."

SECTION 3. AMENDMENT OF PLANNED COMMUNITY. Each owner, by acceptance of an equal or equitable interest in the owners' lot, appoints Declarant as owners' attorney-in-fact to execute all documents and to take all action necessary or reasonably necessary to obtain approval of such amendments to **DAISY CREEK VILLAGE'S** land use approval.

ARTICLE 4
RESTRICTIONS AND MAINTENANCE RESPONSIBILITIES

SECTION 1. ALTERATIONS. Except as otherwise specifically provided in this Declaration, no fence, residential building or other structure of any type shall be erected, altered, placed, modified or permitted to remain on any lot other than the original living units as originally constructed or replaced in a manner having a substantially similar appearance to the original unit.

SECTION 2. COMMON PROPERTY. No owner shall construct or place any structure, material, planting, equipment or any object of any kind on any portion of the

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common property unless granted prior written permission by the Board of Directors, and then only in strict compliance with the written authorization.

SECTION 3. WALLS AND FENCES. *The walls and/or fences in Daisy Creek Village shall not be altered unless the owner is granted written permission by the Board of Directors and then only with strict compliance with the written authorization.*

SECTION 4. PARTY WALLS.

4.1. **GENERAL RULES OF LAW TO APPLY.** *Each wall built as part of the original construction of the living units or as a part of reconstruction pursuant to Article 10 of this Declaration upon the property which divides living units and which is placed on the divided line between the lots shall constitute a party wall, and to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls shall apply.*

4.2 **SHARING OF REPAIR AND MAINTENANCE.** *The cost of repair and maintenance of a party wall shall be shared equally by the owners whose living units are divided by such wall.*

4.3 **DESTRUCTION BY FIRE OR OTHER CASUALTY.** *If a party wall is destroyed or damaged by fire or other casualty, the provisions of Article 10 of this Declaration shall apply with regard to repair or reconstruction of such wall.*

4.4 **WEATHERPROOFING.** *Notwithstanding any other provision of this Article, an owner who by his or her negligent or willful act causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.*

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4.5 RIGHT TO CONTRIBUTION RUNS WITH LAND. The right of any owner to contribution from any other owner under this Article shall be appurtenant to the land and shall pass to such owner's successor in title.

4.6 ARBITRATION. In the event of any dispute arising concerning a party wall or concerning the obligation of the owners or the Association pursuant to the provisions of this Article, each party shall choose an arbitrator, and the arbitrators so chosen shall choose one additional arbitrator, and the dispute shall be resolving by a majority of all arbitrators.

SECTION 5. EXTERIOR MAINTENANCE - ASSOCIATION RESPONSIBILITIES. The Association shall perform all maintenance, repair and replacement of the exterior of living units on lots, excluding doors, door frames, windows and window frames, skylights and skylight frames (if any), but including, without limitation, the following:

- A. Painting or staining of siding, rain gutters, roofs and chimneys.
- B. The Association shall perform all maintenance, planning, pruning, mowing and cleaning of all lawns and landscaping on the property, including, without limitation, all landscaping and lawns on owner's lots, excluding only so much of the same as is completely enclosed by a fence or courtyard on owner's lots.
- C. The Association shall be responsible for the maintenance, repair and replacement of sanitary sewer lines and any other utility lines from the connection with the main service line owned and maintained by the service provider to a point within or under the owner's living unit or for water service lines up to the meter measuring water service to the individual living unit.

SECTION 6. MAINTENANCE - OWNER'S RESPONSIBILITIES. Each owner shall perform all maintenance, repair and replacements of the interior of owner's living unit and shall perform all maintenance, planting, pruning, mowing and cleaning of all lots

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and landscaping on owner's lot within areas enclosed by a fence or courtyard. Each owner shall be responsible for the maintenance, repair and replacement of any improvements or materials located within the area on each owner's lot enclosed by a courtyard or a fence. Each owner shall be responsible for the maintenance, repair and replacement of any utility lines, including sanitary sewer lines within and under the owner's living unit or within or under any area enclosed by a fence or courtyard.

**ARTICLE 5
MEMBERSHIP**

Every person or entity who is a record owner of a fee or undivided fee interest in any lot which is subject by covenants of record to assessment by the Association, or in the case of sale under contract, the contract purchaser, shall be a member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. No owner shall have more than one membership per lot owned. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment by the Association. Ownership of such Lot shall be the sole qualification for membership and shall automatically commence upon a person becoming such owner and shall automatically terminate when such ownership shall terminate or be transferred.

**ARTICLE 6
VOTING RIGHTS**

SECTION 1. PROXY. Each owner may cast his or her vote by absentee ballot or pursuant to a proxy executed by the Owner. An Owner may not revoke a proxy given to the person presiding over a meeting of the Association. A proxy shall not be valid if it

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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 time.

SECTION 2. VOTING RIGHTS. The Association shall have two (2) classes of voting members:

(A) **CLASS A** Class A members shall be all Owners of Lots other than the Declarant, and each Class A member shall be entitled to one (1) vote for each Lot owned with respect to all matters upon which Owners are entitled to vote.

(B). **CLASS B** Class B members shall be the Declarant, its successors and assigns. The Class B member shall have three (3) votes for each Lot owned. Provided, however, that all Class B memberships shall cease upon the earlier of a date five (5) years from recording of this Declaration or the conveyance by Declarant of Lots, representing seventy-five percent (75%) of the total number of votes ("termination date"). Thereafter, each Owner, including the Declarant, shall be entitled to one (1) vote for each Lot owned with respect to all matters upon which owners are entitled to vote, and the total number of votes shall be equal to the total number of Lots.

When more than one (1) person or entity owns a Lot, the vote for such Lot may be cast as they shall determine, but in no event will fractional voting be allowed. Fractionalized or split votes shall be disregarded, except for purposes of determining a quorum. The total number of votes as of such termination date and thereafter shall be equal to the total number of Lots annexed to the Property and subject to this Declaration as of such termination date.

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SECTION 3. PROCEDURE. All meetings of the Association, Board of Directors, the Architectural Review Committee and Association committees shall be conducted in accordance with such rules of order as may from time to time be adopted by the Board of Directors. A tie vote does not constitute a majority or approval of any motion or resolution.

SECTION 4. MEMBERSHIP IN DAISY CREEK VILLAGE HOMEOWNERS' ASSOCIATION. Each owner shall be a member of the DAISY CREEK VILLAGE HOMEOWNERS' ASSOCIATION, and such owner and the Lot owned by such Owner shall be subject to all the terms and provisions of the DAISY CREEK VILLAGE HOMEOWNERS' ASSOCIATION'S Covenants, Conditions and Restrictions, Articles of Incorporation, Bylaws, design guidelines and rules and regulations, including without limitation, the power of DAISY CREEK VILLAGE HOMEOWNERS' ASSOCIATION to impose and collect assessments against the Owners and their Lots.

ARTICLE 7
DECLARANT CONTROL - TURNOVER OF ADMINISTRATOR CONTROL

SECTION 1. INTERIM BOARD AND OFFICERS. Declarant reserves administrative control of the Association. The Declarant, in his or her sole discretion, shall have the right to appoint and remove members of an interim Board of Directors, which shall manage the affairs of the Association and which shall be vested with all powers and rights of the Board of Directors.

SECTION 2. TRANSITIONAL ADVISORY COMMITTEE. The Declarant shall form a transitional advisory committee to provide for the transition of administrative control from the Declarant to the members. The Declarant shall call a meeting of owners for

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the purpose of selecting a transitional advisory committee not later than the sixtieth (60th) following the date that the Declarant conveys fifty percent (50%) or more of the lots in the planned community to owners other than a successor Declarant.

The transitional advisory committee shall consist of three or more members. The owners, other than the Declarant, shall select two or more members. The Declarant may select one member.

SECTION 3. TURNOVER MEETING. The Declarant shall call a meeting for the purpose of turning over administrative control of the Association from the Declarant to the members within one hundred twenty (120) days of the earlier of:

- (a) a date five (5) years from the date this Declaration is recorded; or
- (b) the date that lots representing seventy-five percent (75%) of the total number of lots have been conveyed to persons other than the Declarant.

The Declarant shall give notice of the meeting to each owner as provided in the Bylaws. If the Declarant does not call the meeting required under this Section, any owner may do so.

ARTICLE 8
PROPERTY RIGHTS

SECTION 1. MEMBERS' PROPERTY RIGHTS: Every member of the Association shall have a right and easement of enjoyment in and to the area designated as the Common Area. The easement shall be appurtenant to and shall pass with title to every Lot.

SECTION 2. RULES AND REGULATIONS. The Directors of the Association shall be entitled to promulgate reasonable rules and regulations governing each owner's (members) rights to use and enjoy all property in **DAISY CREEK VILLAGE**. The rules and

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regulations shall be in the interest of securing maximum safe usage for all owners without unduly infringing upon any owner's privacy or enjoyment of the property.

SECTION 3. MEMBERS' EASEMENTS OF ENJOYMENT. Every member of the Association shall have a right and easement of enjoyment in and to the Common Area and such easement shall be appurtenant to and shall pass with title to every Lot; subject, however to the following provisions:

- (A) The right of the Association to limit the number of guests of members permitted to use the Common Area;
- (B) The right of the Association to charge reasonable admission fees for the use of any recreational facility or other improvement.
- (C) The right of the Association in accordance with its Bylaws to borrow money for the purpose of improving any Common Area and to encumber the Common Area for the purpose of financing the improvements.
- (D) The right of the Association to suspend any member's voting rights and/or right to use the Common Area, for any period during which any assessment against said member's property remains unpaid; for a period not to exceed ninety (90) days for each infraction of its published rules and regulations;
- (E) The right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed upon by the members. No such dedication or transfer shall be effective unless an instrument signed by members entitled to cast three-fourths (75%) of the votes has been recorded in the appropriate records of Jackson County, Oregon agreeing to such dedication or transfer, and unless written notice of the proposed action is sent to every member not less than thirty (30) days nor more than sixty (60) days prior to such dedication or transfer;
- (F) The right of Directors of the Association to promulgate reasonable rules and regulations governing such rights of use, from time to time, in the interest of securing maximum safe usage of the Common Area by the members of the Association without unduly infringing upon the privacy or enjoyment of the owner or occupant of any part of said property, including, without being limited thereto, rules restricting persons under or over designated ages from using certain portions of the property during certain times.

SECTION 4. DELEGATION OF USE: Any member may delegate, in accordance with the rules and regulations adopted from time to time by the Directors, his or her right of enjoyment to the Common Areas and facilities to the members of his or her family, tenants, or contract purchasers, providing they reside on the property.

SECTION 5. TITLE TO THE COMMON AREAS: The Declarant hereby covenants for themselves, their heirs and assigns, that they will convey to the Association fee simple title to the Common Area designated as such on the plat as recorded in the Jackson County Official Records on or before the turnover meeting.

SECTION 6. DAMAGE OR DESTRUCTION OF PROPERTY BY OWNER. In the event any property, including but not limited to common property, is damaged or destroyed by an owner or any of his or her guests, tenants, licensees, agents or members of his or her family in a manner that would subject such owner to liability for such damage under Oregon law, such owner does hereby authorize the the Association to repair such damage; the Association shall repair damage in a good and workmanlike manner as originally constituted or as the area may be modified or altered subsequently by the Association in the discretion of the Association. The reasonable cost necessary for such repairs shall; become a special assessment upon the lot of the owner who caused or is otherwise responsible for such damage.

ARTICLE 9
COVENANT FOR MAINTENANCE ASSESSMENTS

SECTION 1. CREATION OF THE LIEN AND PERSONAL OBLIGATION OF ASSESSMENTS:
The Declarant hereby covenants for all of said property, and each owner of any Lot by acceptance of a deed or contract for purchase therefor, whether or not it shall be so

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expressed in any such deed or other conveyance or agreement for conveyance, is deemed to covenant and agree to pay to the Association:

- (1) Regular annual or other regular periodic assessments or charges; and,
- (2) Special assessments for capital improvements, such assessments to be fixed, established, and collected from time to time as hereinafter provided. The regular and special assessments, together with such interest thereon and costs of collection thereof, as hereafter provided, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with such interest, costs and reasonable attorneys' fees, shall also be the personal obligation of the person who was the owner of such property at the time such assessment became due. The obligation shall remain a lien on the property until paid or foreclosed.

SECTION 2. PURPOSE OF ASSESSMENTS: The assessments levied by the Association shall be used exclusively for the purpose of promoting the recreation, health, safety and welfare of the residents of said property and in particular for the improvement and maintenance of said property, services, and facilities devoted to this purpose and related to the use and enjoyment of the Common Area and of the Lots situated upon said property. Assessments may not be waived due to limited or non-use of the Common Area.

SECTION 3. BASIS AND MAXIMUM OF ANNUAL ASSESSMENTS: Until January 1st of the year immediately following the conveyance of the first lot to an owner, the maximum regular monthly assessment shall be seventy-five dollars (\$75.00) for each lot subject thereto, exclusive of assessments for common utilities.

From and after January 1st of the year immediately following the conveyance of the first lot to an owner, the monthly assessment may be increased effective January

1st of each year by the Directors of the Association as necessary to accomplish the duties of the Board of Directors and objectives of the Homeowners Association.

The Declarant shall not be assessed for any unimproved lots held for resale. The assessments shall begin immediately following the conveyance of the lot(s) to an owner. At closing, each owner shall pay a one-time assessment in the amount of three (3) times the monthly assessment as a one time contribution to the working capital of the Association.

***SECTION 4. SPECIAL ASSESSMENTS FOR CAPITAL IMPROVEMENTS:** In addition to the annual assessments authorized above, the Association may levy in any assessment year, a special assessment applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a described capital improvement upon the Common Area, including the necessary fixtures and personal property related thereto, provided that any such special assessment for structural alterations, capital additions or capital improvements shall require the approval of a fifty-one percent (51%) majority of the members who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be sent to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting setting forth the purpose of the meeting. This section shall not prohibit the Directors from authorizing capital expenditures for replacements or repairs or improvements from funds generated by regular assessments.*

SECTION 5. RESERVE ACCOUNT. A reserve account for maintaining the streets, driveways, landscaping, fences and for painting, staining and replacing those portions of all living units which will require painting, staining, roofing or replacing and other improvements belonging to the Association or the improvements which the Association is responsible for maintaining shall be established pursuant to ORS 94.595.

The reserve account established under this Section shall be funded by assessments against the individual lots for maintenance of items for which the reserves are established. The assessments shall begin accruing from the date the first lot assessed is conveyed. The Declarant may defer payment of the accrued assessment for a lot until the date the lot is conveyed.

The amounts assessed shall take into account the estimated remaining life of the items for which the reserve is created and the current replacement cost of the items.

The reserve account shall be established in the name of the Homeowner's Association. The Association is responsible for administering the account and for making periodic payments into the account. The Association shall adjust the amount of the payments at regular intervals to reflect changes in current replacement costs over time.

The reserve account may be used only for maintenance, repair and replacement of the improvements belonging to the Association or the improvements which the Association is responsible for maintaining. However, after the individual lot owners have assumed responsibility for administration of the planned community, the board of directors may borrow funds from the reserve account to meet high seasonal demands

on the regular operating funds or to meet other temporary expenses. Funds borrowed to meet temporary expenses under this Section must be repaid later from special assessments or maintenance fees.

Assessments paid into the reserve account are the property of the Association and are not refundable to sellers or owners of the lots.

SECTION 6. COMMON PROPERTY RESERVE STUDY. The Board shall conduct an annual update to the Reserve Study performed by the Declarant to determine the reserve account requirements and may adjust the amount of payments as indicated by the study or update and provide for other reserve items that the Board may deem appropriate. The study shall include identification of all items for which reserves are required to be established, their estimated remaining useful life, the estimated cost of maintenance, repair or replacement of each item at the end of its useful life, and a 30-year plan to meet that maintenance, repair and replacement schedule.

SECTION 7. COMMON PROPERTY RESERVE ACCOUNT. The assessment against each lot, regardless of whether it has been improved, shall include an amount allocated to the reserve account established for the purpose of funding replacements of those elements of the common property that will normally require replacement, in whole or in part, in more than 3 and less than 30 years. The account shall be in the name of the Association and be separated from other funds. It shall be used for the purpose for which the reserves have been established. The account shall also fund other items, whether or not involving common property, if the Association has responsibility to maintain the items unless they could reasonably be funded from operating

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assessments. Amounts assessed with respect to reserves shall take into account the estimated remaining life of the items for which the reserve is created and the current replacement cost of such items based on the results of the Reserve Study described in Section 6 of this Article. The reserve account need not include reserves for those items for which one or more members are responsible for maintenance and replacement under the provisions of this Declaration or the Bylaws. The assessment pursuant to this section shall accrue from the date of conveyance of the first lot in the property. The board may borrow funds from this reserve account to meet high demands on the regular operating funds or to meet other unexpected increases in expenses. The Board shall repay such funds according to a written payment plan adopted no later than the date the budget is adopted for the following year, said plan providing for repayment within a reasonable period. The Association may, on an annual basis by a unanimous vote, elect not to fund the reserve account. By a vote of at least seventy-five percent (75%) of the members, the Association may also elect to reduce or increase future assessments for the account.

SECTION 8. LIVING UNIT RESERVE ACCOUNT/OPERATING RESERVE. The assessment against each lot that has been improved with a substantially completed living unit shall include an amount allocated to a reserve account established for the purpose of funding painting, staining and replacing those exterior portions of all living units on the property which will require painting, staining, roofing or replacing in more than three (3) and less than thirty (30) years. Amounts assessed with respect to reserves shall take into account the estimated remaining life of the items for which the

reserves are established and the current replacement cost of such items. The assessments under this section shall accrue from the date a lot is improved with a substantially completed living unit. The Declarant, at the Declarant's option, may defer all accrued assessments until the lot is sold, at which time such account assessment shall be paid to the Association. The Declarant may require the owner to whom such lot is conveyed to reimburse the Declarant for this portion of the assessment.

SECTION 9. SPECIAL ASSESSMENTS. The Board of Directors shall have the power to levy special assessments against an owner or owners in the following manner for the following purposes:

- A. To correct a deficit in the operating budget by vote of a majority of the Board;
- B. To collect amounts due to the Association from owner for breach of the owner's obligations under the Declaration, these Bylaws or the Association's rules and regulations, by vote of a majority of the Board;
- C. Upon vote of a majority of the Board of Directors, to make repairs or renovations to the common property and/or to those portions of the living units for which the Association has the responsibility of maintenance and replacement if sufficient refunds are not available from the operating budget or replacement reserve accounts; or
- D. To make capital acquisitions, additions or improvements, by vote of at least seventy-five (75%) of all votes allocated to the lots.

SECTION 10. UNIFORM RATE OF ASSESSMENT: Both regular periodic assessments and any special assessments must be fixed at a uniform rate for all Lots and may be collected on an annual, quarterly or monthly basis at the discretion of the Board of Directors.

SECTION 11. QUORUM FOR ANY AUTHORIZED ACTION. At any meeting called the presence at the meeting of members or of proxies entitled to cast fifty-one percent

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(51%) of all the votes shall constitute a quorum. If the required quorum is not forthcoming at any meeting, another meeting may be called, subject to the notice requirement and the required quorum at such subsequent meeting shall be twenty-five percent (25%) of all the votes.

SECTION 12. DATE OF COMMENCEMENT OF ANNUAL ASSESSMENTS, DUE DATES:

The assessments provided for herein shall commence as to all Lots (other than unimproved lots held for resale by Declarant) on the first day of the month following the conveyance of each lot to an owner other than the Declarant. The Board of Directors shall fix the amount of the regular assessment at least thirty (30) days in advance of each annual assessment period. Written notice of the assessment shall be sent to every owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall upon demand at any reasonable time furnish a certificate in writing signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A reasonable charge may be made by the Association for the issuance of these certificates. Such certificate shall be conclusive evidence of payment of assessment therein stated to have been paid.

Notwithstanding any other provisions contained herein the Declarant shall not be assessed for any unimproved lots held for resale.

SECTION 13. EFFECT OF NONPAYMENT OF ASSESSMENTS, REMEDIES OF THE ASSOCIATION: Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within ten (10) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of twelve percent (12%) per

annum, and there shall be a Twenty-Five Dollar (\$25.00) late charge for each month that said assessments are not paid to cover the administrative expenses of keeping the books and billings for same. The Association shall be entitled to pursue all legal remedies. In addition, the Association shall be entitled to restrict or terminate a delinquent owners' use of any common areas. Any rights shall be cumulative.

The Association shall have a lien against the property as provided in ORS 94.709. The Secretary of said Association shall file in the office of the Director of Records, County Clerk, or appropriate recorder of conveyances of Jackson County, State of Oregon, a statement of the amount of any such charges or assessments, together with interest as aforesaid, which have become delinquent with respect to any Lot of said property, and upon payment in full thereof, shall execute and file a proper release of the lien securing the same. The aggregate amount of such assessment, together with interest costs and expenses and a reasonable attorneys' fee for the filing and enforcement thereof, shall constitute a lien on the whole lot with respect to which it is fixed and on any improvements thereon, from the date the notice of delinquency thereof is filed in the office of said Director of Records or County Clerk or other appropriate recording office, until the same has been paid or released as herein provided. Such lien may be enforced by said Association in the manner provided by law with respect to liens upon real property (ORS 94.709).

The owner of said property at the time said assessment becomes due shall be personally liable for the expenses, costs and disbursements, including the reasonable attorneys' fees of the Association or of the Declarant, as the case may be, of processing

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and if necessary, enforcing such liens, all of which expenses, costs and disbursements and attorneys' fees shall be secured by said lien, including fees on appeal, and such owner at the time such assessment is incurred, shall also be liable for any deficiency remaining unpaid after any foreclosure sale. No owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Areas or abandonment of his Lot or any improvement thereon.

SECTION 14. SUBORDINATION OF THE LIEN TO MORTGAGES: *The lien of the assessments provided for herein shall be inferior, junior and subordinate to the lien of any first (1st) mortgages and trust deeds now or hereafter placed upon said property or any part thereon in connection with the sale of said property. Sale or transfer of any Lot or any part of said property shall not affect the assessment lien. No sale or transfer shall relieve such Lot and any improvements thereon from liability for any assessments or from the lien thereof.*

SECTION 15. EXEMPT PROPERTY: *The following property subject to this Declaration shall be exempt from the assessments created herein:*

- (A) *All properties expressly dedicated to and accepted by a local public authority;*
- (B) *The Common Areas; and,*
- (C) *All other properties owned or utilized for the enjoyment of the members in the Association's sole discretion.*

SECTION 16. FORECLOSURE OF LIENS FOR UNPAID COMMON EXPENSES: *The Association shall be entitled to foreclose a lien as provided in ORS 94.709 as it currently exists or is amended from time to time. In any legal action brought by the Association to*

foreclose a lien on a lot because of unpaid common expenses, the owner shall be required to pay reasonable rental for the use of the lot and improvements thereon during the pendency of the legal action. The Association shall have the power to purchase the lot at the foreclosure sale and to acquire, hold, lease mortgage, vote the votes appurtenant to, convey, or otherwise deal with the property. A suit or action to recover a money judgment for unpaid common expenses shall be maintainable without foreclosing the liens securing same.

SECTION 17. RESERVE TRUST FUNDS: The Association shall have authority to elect by resolution to establish one or more trust funds to hold reserves for the maintenance, repair or replacement of specific items, in which case it shall either designate part of the regular assessment or establish separate assessments for such purposes. The proceeds therefrom shall be held in such trust funds and used only for the designated maintenance, repairs or replacements.

**ARTICLE 10
USE RESTRICTIONS**

The following restrictions shall be applicable to the real property and shall be for the benefit of and limitations upon all present and future owners of said property, or of any interest therein:

SECTION 1.. MAINTENANCE OF LOTS. All lots, whether vacant or improved, occupied or unoccupied, and any improvements placed thereon, shall at all times be maintained in such manner as to prevent their becoming unsightly, unsanitary, or a hazard to health. If not so maintained, the Association shall have the right , after giving thirty (30) days written notice to undertake such work as may be necessary and

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desirable to remedy the unsightly, unsanitary, or hazardous condition, the cost of which shall be paid by the owner of said lot. The Association has sole discretion as to what is unsightly or unsanitary. Neither the Association nor any of its agents, employees or contractors shall be liable for any damage which may result from any maintenance work as performed nor shall the Association or any of its agents or employees be liable for any failure to exercise the right to also maintain any lot.

SECTION 2. NUISANCES. No noxious or offensive activities or nuisances shall be permitted on any lot in the Development. No refuse, unsightly or abandoned vehicles, debris, noxious material, discarded personal effects, construction materials not for immediate use, compost materials or similar matter shall be permitted on any lot or portion thereof. It is incumbent upon all property owners to maintain their lots and yards in a neat, orderly and well-groomed manner, whether said lots are vacant or improved.

SECTION 3. SIGNS AND LOT NUMBERS. Other than during construction of a house, no sign, billboard or advertising structure of any kind may be displayed on any lot or parcel except upon application to and receipt of written permission from the Association. The Association shall not unreasonably withhold permission with respect to signs advertising a home or a lot for sale. One sign, identifying the contractor during construction or advertising a home for sale, is permitted. Subcontractor and material person signs are prohibited. Contractor signs must be removed upon completion of construction or when lot has sold. Signs not meeting the standards and other specifications set forth herein, or as approved by the Association will be removed from the premises where displayed. They will be held for fourteen (14) days in the

administrative office of the Association. If not claimed within fourteen (14) days, the signs will be disposed of in the Association's sole discretion. Exceptions to the above criteria may be granted by the Association upon application. No other signs shall be permitted except as specified in this section.

SECTION 4. ANIMALS. No animals shall be kept or maintained on any lot except the usual household pets not kept for commercial purposes, which shall be kept reasonably confined so as not to become a nuisance. Household pets shall not unreasonably interfere with the comfort, privacy or safety of other owners within the Development. No dogs that have a known propensity, tendency or dispositions to attack without provocation or otherwise endanger the safety of persons and domestic animals (an example is a pit bull).

SECTION 5. CONCEALMENT OF TRASH RECEPTACLES. Every receptacle for ashes, trash, rubbish or garbage shall be installed underground or be so placed and kept as not to be visible from any street, lot or area within the Development except at the times when refuse collections are made.

SECTION 6. ANTENNAS-SATELLITE DISHES. Television antennas, satellite dishes and antennas for shortwave or ham radio installations will not be installed on any lot without express written permission from the Committee. The sole exception are small satellite dishes which do not exceed an eighteen (18) inch diameter. An example is an RCA 18" dish.

SECTION 7. AUTOMOBILES, TRAVEL TRAILERS, MOTOR HOMES AND BOAT STORAGE. No automobile, travel trailer, motor home, recreational vehicle (RV) house trailer, boat or

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boat trailer or other type of trailer shall be parked within the Development for more than twenty-four (24) hours unless kept within a fully enclosed roofed garage:

SECTION 8. RESTRICTION ON MOTOR VEHICLES. No living unit shall be allowed more than two (2) motor vehicles. No commercial trucks or motor vehicles are allowed with the sole exception of standard pickup trucks, vans or automobiles.

SECTION 9. UTILITY LINES. All utility lines and connections within the Development shall be placed underground. No light shall be suspended from a pole in excess of ten (10) feet from the ground within the Development, except those owned and maintained by the City of Central Point or as expressly approved in writing by the Committee.

SECTION 10. NO COMMERCIAL ENTERPRISE. No business or commercial enterprise shall be performed or conducted upon any lot or within any dwelling or garage within the Development, except for a home business as allowed under the City of Central Point code covering planning and zoning and for construction and sales activities directly related to and during the Development stage of the Development. Permission for any temporary construction or sales facility must be in writing by the Association and may be revoked at any time by the Association. Nothing herein contained shall be construed as preventing the construction of improvements within the Development approved by the Association.

SECTION 11. PEACEFUL ENJOYMENT. No use of any lot or structure within the Development shall annoy or adversely affect the use, value, occupation and enjoyment of adjoining property of the general neighborhood. Final determination within these bounds shall be left to the discretion of the Committee.

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SECTION 12. EXTERIOR LIGHTING. All exterior lighting plans must be submitted to the Architectural Committee. Exterior lighting, which can be seen from the roads or a neighboring home site must be indirect. The light source may not be visible in such circumstances. The intent is to keep lights low in order not to infringe on any neighboring property.

ARTICLE 10
DAMAGE AND DESTRUCTION

SECTION 1. INSURANCE PROCEEDS SUFFICIENT TO COVER LOSS. In case of fire, casualty or any other damage and destruction, the insurance proceeds of the master policy, if sufficient to reconstruct the damaged or destroyed building, shall be applied to such reconstruction which shall commence within one hundred twenty (120) days of such damage, or as soon thereafter as proceeds are available. Reconstruction of the damaged or destroyed building, as used in this paragraph, means restoring the building to substantially the same condition in which it existed prior to the fire, casualty or disaster, with each living unit and the common property having the same boundaries as before. Such reconstruction shall be accomplished under the direction of the Board of Directors.

SECTION 2. INSURANCE PROCEEDS INSUFFICIENT TO COVER LOSS. If the insurance proceeds are insufficient to reconstruct the damaged or destroyed building, the damage to, or destruction of, such building shall be promptly repaired and restored under supervision of the Board of Directors, using the proceeds of insurance, if any, on the building for that purpose and all the owners shall be liable for assessment for any deficiency for such reconstruction, such deficiency to take into consideration as the

owner's contribution any individual policy insurance proceeds provided by such owner. Such reconstruction shall commence within one hundred twenty (120) days of such damage, or as soon thereafter as proceeds are available.

SECTION 3. ARCHITECTURAL CHANGES AFTER DAMAGE OR DESTRUCTION.

Notwithstanding all other provisions hereof, the owners may, by an affirmative vote of a majority of both classes of members cause an amendment to be made to the Declaration and Bylaws so as to facilitate architectural changes that the owners affected thereby and the Association deem desirable if, and only if, the partial or total destruction of the property by fire, casualty or other disaster is so great as to require the substantial reconstruction of the whole of the building. Any such amendment of the Declaration and Bylaws shall be valid only upon (1) the recording thereof with the appropriate offer or Jackson County; and (2) the recording with that recording officer of the approval thereof of each mortgagee and each other lienholder of record having a lien against any part of the project, or building affected by such amendment.

SECTION 4. AUTHORITY. The Board of Directors shall have sole authority to decide whether to repair or reconstruct a living unit that has suffered damage.

ARTICLE 11
DECLARANT'S SPECIAL RIGHTS

Until all Lots on the Property have been constructed, fully completed and sold, with respect to the Common Property and each Lot on the Property, the Declarant shall have the following special rights:

SECTION 1. SALES OFFICE AND MODEL. The Declarant shall have the right to maintain a sales office and model on one or more of the Lots. The Declarant and

prospective purchasers and their agents shall have the right to use and occupy the sales office and models during reasonable hours any day of the weeks.

SECTION 2. "FOR SALE" SIGNS. The Declarant may maintain a reasonable number of "For Sale" signs at reasonable locations on the Property, including without limitation, the Common Property.

SECTION 3. DECLARANT EASEMENTS. The Declarant has reserved easements over the Property as more fully described on Article 13 hereof.

ARTICLE 12
THE ARCHITECTURAL CONTROL COMMITTEE

SECTION 1. RESTRICTION ON EXTERIOR REMODELING, ALTERATION OR MODIFICATION. It is contemplated that all living units shall be constructed prior to sale and be part of a multiple family dwelling. For this reason, no exterior remodeling, alterations or modifications (exterior decorating) will be allowed without the prior written approval from all owners in the multiple family dwelling. In addition, the Association, through its Board of Directors, shall also be required to approve in writing any remodeling, alterations or modifications. This Article is included in order to have a mechanism for controlling remodeling, alteration or modification in the event the need arises.

SECTION 2. GENERAL POWERS . All improvements constructed or placed on any lot must first have the written approval of the Committee. Such approval shall be granted only after written application has been made to the Committee in the manner and form prescribed by it. In the event a lot owner desires to redecorate the exterior of any existing structure, it shall be necessary to submit the proposed color scheme to the Committee for its approval.

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Remodeling or adding to existing structures or making structural or architectural changes shall require the lot owner to submit complete plans to the Committee as in the case of erecting new structures. Failure of the Committee to comment on any application, properly submitted, within forty-five (45) days of receipt by the Committee at its office shall be deemed approval of such application by the Committee. The Committee shall have the power to render decisions on such other matters as are referred to the Committee under this declaration. Application for such decisions and the renderings thereof to be in accordance with such rules and regulations as may from time to time be adopted by the Committee. Committee comments with respect to any applications must be strictly followed. If requested by the Committee, applications must be resubmitted to the Committee, in which case the Committee shall have forty-five (45) days after the re-submission to comment thereon.

SECTION 3. COMMITTEE MEMBERSHIP. The Committee will consist of ERIC ARTNER, his successors or assigns until such time as the planned community is turned over to the Homeowners' Association.

SECTION 4. GROUNDS FOR DISAPPROVAL. The Committee may in its sole discretion disapprove any application:

- a. If such application does not comply with the Declaration;
- b. Because of the reasonable dissatisfaction of the Committee with grading location of the proposed improvement on the lot, finished ground elevation, color scheme, exterior finish, design, proportions, architecture, shape, height or style of the proposed improvement, the materials used therein, the kind, pitch or type of roof proposed to be placed thereon, or for purely aesthetical reasons.

SECTION 5. RULES AND REGULATIONS. The Committee may from time to time adopt written rules and regulations of general application governing its procedures and

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approval criteria, which may include, among other things, provisions for the form and content of application; required number of copies of plans and specifications; provisions for notice of approval or disapproval, and various approval criteria. Copies of such rules shall, if adopted, be available to each buyer or a lot or parcel within the Development at the time of close of escrow and shall be maintained at the office of the Committee.

SECTION 6. VARIANCES. The Committee may grant reasonable variances or adjustments from the provisions of this Declaration where literal application thereof result in unnecessary hardship and if the granting thereof in the opinion of the Committee will not be materially detrimental or injurious to owners of other lots.

SECTION 7. CERTIFICATION OF COMPLIANCE. At any time prior to completion of construction of an improvement, the Committee may require a certification upon such form as it shall furnish from the contractor, owner or a licensed surveyor that such improvement does not violate any setback rule, ordinance or statute, nor encroach upon any easement or right-of-way of record and/or that all construction is in strict compliance with plans approved by the Committee.

SECTION 8. LIABILITY. Notwithstanding the approval by the Committee of plans and specifications, neither it, the Declarant, **DAISY CREEK VILLAGE HOMEOWNERS' ASSOCIATION**, nor any person acting in behalf of any of them shall be responsible in any way for any defects in any plans or specifications or other material submitted to the Committee, nor for any defects in any work done pursuant thereto. Each person submitting such plans or specifications shall be solely responsible for the sufficiency thereof, and the adequacy of improvements constructed pursuant thereto. No member

of the Committee shall be held liable to any person, whether an owner of a lot within the Development or not, on account of any action or decision of the Committee or failure of the Committee to take any action or make any decision.

SECTION 9. PRINCIPAL OFFICE. The principal office of the Committee shall be at: DAISY CREEK VILLAGE, LLC, P. O. BOX 609 JACKSONVILLE, OREGON 97530, or at such other address as the Committee shall notify the public of in writing from time to time.

SECTION 10. ENFORCEMENT. In the event any improvement shall be commenced without Committee approval as herein required, or in the event any improvement is constructed not in conformance with plans therefore approved by the Committee, or not in conformance with this or any applicable supplemental declaration, the same shall constitute a violation of any portion of this Declaration. In addition to the remedies for violation of any portions of this Declaration, the Committee shall also have the power and authority to institute legal proceedings or take other action. The Committee shall be entitled to a mandatory injunction abating the violation. All costs of litigation, including attorney fees, shall be charged to and paid by the defendant if the Committee prevails. Such charges shall constitute a lien on such property owner's lot from the date of entry of the judgment there in the judgment docket, and shall be enforceable as any judgment. In the event the Committee is not successful, each party shall pay its own costs and attorney fees.

SECTION 11. SEVERABILITY. The invalidation of any said covenants, restrictions, conditions, exceptions and reservations shall in no way affect any of the other provisions, all of which shall remain in full force and effect.

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**ARTICLE 13
DECLARANT'S EASEMENT**

The Declarant reserves to itself a blanket easement over, upon, through and under the Property, including, without limitation, all Lots and Common Property for all purposes reasonably required in carrying out the general plan of development or otherwise developing the real property, including without limitation, ingress and egress, the installation, maintenance, repair and replacement of all utility and service lines and systems serving the units or other improvements developed on the Property and the development and sale of additional property, regardless of whether such additional property is subject to this Declaration. It is specifically understood and agreed that Declarant reserves an easement to provide ingress and egress, the installation, maintenance, repair and replacement of all utility, service lines and systems necessary or reasonably necessary in order to develop adjacent property. The easement set forth in this Article shall be perpetual and shall run with the land and shall be freely assignable by Declarant. Nothing contained in this Article shall be construed to obligate the Declarant to install, maintain, repair or replace any utility, service line, system or other improvements unless Declarant has specifically agreed to undertake and pay for the work in a written, signed and notarized document.

**ARTICLE 15
GENERAL PROVISIONS**

SECTION 1. ENFORCEMENT: *The Association, or any owner, or the owner of any recorded mortgage, deed of trust or like instrument, on any part of said property, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, easements, liens and charges now or hereafter*

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imposed by the provisions of this Declaration. Failure by the Association, or by any owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

SECTION 2. SOLE JUDGE - INTERPRETATION. *The Architectural Control Committee's decision on any matter within its jurisdiction shall be final and binding on the parties in the absence of fraud, bad faith or the Committee's failure to exercise honest judgment. The Declarant's interpretation of any term, covenant, condition or restriction shall be final and conclusive in the absence of fraud, bad faith or failure to exercise honest judgment.*

SECTION 3. SEVERABILITY: *Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.*

SECTION 4. AMENDMENT: *The covenants and restrictions of this Declaration shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Association, or the owner of any Lot subject to this Declaration, their respective legal representatives, heirs, successors and assigns, for a term of twenty-five (25) years from the date this Declaration is recorded, after which time said covenants shall be automatically extended for successive periods of ten (10) years each. Any of the covenants and restrictions of this Declaration, may be amended by an instrument signed by members entitled to cast not less than seventy-five percent (75%) of the votes. All such amendments shall be recorded in the appropriate Deed Records of Jackson County, Oregon, to be effective.*

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SECTION 5. NO RIGHT OF REVERSION: *Nothing herein contained in this Declaration, or in any form of deed which may be used by Declarant, or its successors and assigns, in selling said property, or any part thereof, shall be deemed to vest or reserve in Declarant or the Association any right of reversion or re-entry for breach or violation of any one or more of the provisions hereof.*

SECTION 6. SUCCESSORS AND ASSIGNS - NO WAIVER. *The provisions contained in this Declaration shall bind and inure to the benefit of and be enforceable by Declarant, the Association and the owner or owners of any portion of said property, and their heirs and assigns, and each of their legal representatives, and failure by Declarant or by the Association or by any of the property owners or their legal representatives, heirs, successors or assigns, to enforce any of such conditions, restrictions and charges herein contained shall in no event be deemed a waiver of the right to do so.*

SECTION 7. ASSIGNMENT. *Any or all rights, powers and reservations of Declarant herein contained may be assigned to the Association or to any other corporation or association which is now organized or which may hereafter be organized and which will assume the duties of Declarant hereunder pertaining to the particular rights, powers and reservations assigned; and upon such corporation or association evidencing its intent in writing to accept such assignment and assume such duties, it shall to the extent of such assignment, have the same rights and powers and be subject to the same obligations and duties as are given to and assumed by Declarant herein.*

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SECTION 8. NOTICE TO OWNERS.

NOTICE TO ALL OWNERS REGARDING RESIDENTIAL CONSTRUCTION

DEFECT CLAIMS:

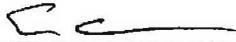
OREGON LAW CONTAINS IMPORTANT REQUIREMENTS YOU MUST FOLLOW BEFORE YOU MAY COMMENCE AN ARBITRATION OR A COURT ACTION AGAINST ANY CONTRACTOR, SUBCONTRACTOR OR SUPPLIER FOR CONSTRUCTION DEFECTS.

BEFORE YOU COMMENCE ARBITRATION OR A COURT ACTION YOU MUST DELIVER A WRITTEN NOTICE OF ANY CONDITIONS YOU ALLEGE ARE DEFECTIVE TO THE CONTRACTOR, SUBCONTRACTOR OR SUPPLIER YOU BELIEVE IS RESPONSIBLE FOR THE ALLEGED DEFECT AND PROVIDE THE CONTRACTOR, SUBCONTRACTOR OR SUPPLIER THE OPPORTUNITY TO MAKE AN OFFER TO REPAIR OR PAY FOR THE DEFECTS. YOU ARE NOT OBLIGATED TO ACCEPT ANY OFFER MADE BY THE CONTRACTOR, SUBCONTRACTOR OR SUPPLIER.

THERE ARE STRICT DEADLINES AND PROCEDURES UNDER STATE LAW. FAILURE TO MEET THESE DEADLINES OR FOLLOW THESE PROCEDURES WILL AFFECT YOUR ABILITY TO COMMENCE ARBITRATION OR A COURT ACTION.

IN WITNESS WHEREOF, the undersigned has executed this Declaration of Covenants, Conditions and Restrictions for the DAISY CREEK VILLAGE this 8^m day of October, 2004.

DAISY CREEK VILLAGE, LLC
AN OREGON LIMITED LIABILITY COMPANY



BY: ERIC ARTNER, ITS MANAGING MEMBER

STATE OF OREGON)
) ss.
County of Jackson)



The foregoing instrument was acknowledged before me this 8th day of October, 2004, by ERIC ARTNER, MANAGING MEMBER OF DAISY CREEK VILLAGE, LLC, AN OREGON LIMITED LIABILITY COMPANY, on behalf and authority of the company.


Notary Public for Oregon
My Commission Expires: 3/31/08

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EXHIBIT "A"

DAISY CREEK VILAGE

Phase 1 Exterior Boundary Description

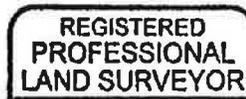
All that real property situated within a portion of Lot "A" of the Cooksey Addition to the City of Central Point, being located within Donation Land Claim Number 53, in the Northeast One-quarter of Section 10, Township 37 South, Range 2 West of the Willamette Meridian, in the City of Central Point, Jackson County, Oregon, more particularly described as follows:

Commencing at the Southeast Corner of Lot "A" of COOKSEY ADDITION to the City of Central Point, Jackson County, Oregon; thence North 35°09'30" West, 210.83 feet (Record: 211.2 feet), to a 2 inch iron pipe monumenting the True Point of Beginning; thence continuing North 35°09'30" West, 528.74 feet (Record: 528.75 feet); thence South 54°51'00" West, 129.05 feet (Record: 129.20 feet), to the southwesterly line of tract described in Document Number 77-26988, of the Official Records of Jackson County, Oregon; thence along said southwesterly line, South 34°47'44" East, 396.91 feet (Record: 397.21 feet); thence South 11°56'00" East, 83.86 feet (Record: South 11°56' East, 83.62 feet), thence North 73°14'51" East, 173.51 feet (Record: 173.52 feet), to the True Point of Beginning.

Containing 1.55 acres more or less.

Basis of bearings for this description is Geodetic North based on WGS datum, attained by Global Positioning System (GPS) observations. Basis applied to the centerline of Pine Street.

NEATHAMER SURVEYING, INC.
3126 State Street, Suite 200
PO Box 1584
Medford, Oregon 97501
Phone: (541) 732-2869
Fax: (541) 732-1382



CAEL E. NEATHAMER



RENEWAL DEC. 31, 2004

EXHIBIT "B"

DAISY CREEK VILAGE

Phase 1 and Future Property Exterior Boundary Description

All that real property situated within a portion of Lot "A" of the Cooksey Addition to the City of Central Point, being located within Donation Land Claim Number 53, in the Northeast One-quarter of Section 10, Township 37 South, Range 2 West of the Willamette Meridian, in the City of Central Point, Jackson County, Oregon, more particularly described as follows:

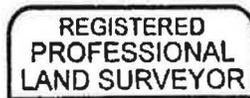
Commencing at the Southeast Corner of Lot "A" of COOKSEY ADDITION to the City of Central Point, Jackson County, Oregon; thence North 35°09'30" West, 210.83 feet (Record: 211.2 feet), to a 2 inch iron pipe monumenting the True Point of Beginning; thence continuing North 35°09'30" West, 528.74 feet (Record: 528.75 feet); thence South 54°51'00" West, 129.05 feet (Record: 129.20 feet), to the southwesterly line of tract described in Document Number 77-26988, of the Official Records of Jackson County, Oregon; thence along said southwesterly line, South 34°47'44" East, 396.91 feet (Record: 397.21 feet); thence South 11°56'00" East, 83.86 feet (Record: South 11°56' East, 83.62 feet), thence North 73°14'51" East, 173.51 feet (Record: 173.52 feet), to the True Point of Beginning.

Also, a portion of Parcel 2 as described in Document Number 01-42284 of the Official Records of Jackson County, Oregon, being more particularly described as follows: Commencing at the Southeast Corner of Lot "A" of the COOKSEY ADDITION to the City of Central Point, Oregon, Jackson County, Oregon, according to the Official Plat thereof, now of record; thence along the easterly boundary of said lot, North 35°09'30" West, 11.22 feet to the future northerly right of way of Ash Street, and the True Point of Beginning; thence continuing along said easterly boundary, North 35°09'30" West, 338.41 feet to the centerline of Alder Street of aforesaid plat, and as vacated pursuant to Ordinance No. 179 of the City of Central Point, Oregon; thence along said centerline, North 54°51'26" East, 280.45 feet to a point on the future right of way of Haskell Street, being 9.50 feet southwesterly, when measured at right angles to the existing right of way; thence along said future right of way and parallel to the existing right of way, South 35°08'34" East, 320.00 feet to the beginning of a tangent curve to the right, having a radius of 20.00 feet and a central angle of 90°00'00" (the long chord of which bears South 09°51'26" West, 28.28 feet); thence along the arc of said curve, 31.42 feet, being a point on the future northerly right of way of Ash Street; thence along last said right of way, South 54°51'26" West, 242.69 feet to a tangent curve to the right, having a radius of 99.00 feet and a central angle of 10°16'46" (the long chord of which bears South 59°59'49" West, 17.74 feet); thence along the arc of said curve, 17.76 feet to the Point of Beginning.

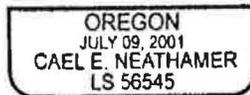
Containing 3.74 acres more or less.

Basis of bearings for this description is Geodetic North based on WGS datum, attained by Global Positioning System (GPS) observations. Basis applied to the centerline of Pine Street.

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Caël E. Neatham



RENEWAL DEC. 31, *2004*

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EXHIBIT "D"

DAISY CREEK VILAGE

Phase 1 Common Space Exterior Boundary Description

All that real property situated within a portion of Lot "A" of the Cooksey Addition to the City of Central Point, being located within Donation Land Claim Number 53, in the Northeast One-quarter of Section 10, Township 37 South, Range 2 West of the Willamette Meridian, in the City of Central Point, Jackson County, Oregon, more particularly described as follows:

Commencing at the Southeast Corner of Lot "A" of COOKSEY ADDITION to the City of Central Point, Jackson County, Oregon; thence North 35°09'30" West, 210.83 feet (Record: 211.2 feet), to a 2 inch iron pipe monumenting the True Point of Beginning; thence continuing North 35°09'30" West, 51.73 feet; thence South 54°50'30" West, 58.92 feet; thence South 73°14'41" West, 15.41 feet; thence North 35°09'30" West, 231.64 feet; thence North 54°50'30" East, 73.54 feet; thence North 35°09'30" West, 33.50 feet; thence South 54°50'30" West, 73.54 feet; thence North 35°09'30" West, 207.01 feet to a point on the southwesterly line of tract described in Document Number 77-26988, of the Official Records of Jackson County, Oregon; thence along said line, South 54°51'00" West, 55.51 feet; thence South 11°56'00" East, 83.86 feet (Record: South 11°56' East, 83.62 feet), thence North 73°14'51" East, 173.51 feet (Record: 173.52 feet), to the True Point of Beginning.

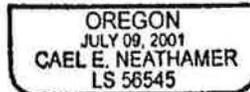
Containing 0.80 Acres, more or less.

Basis of bearings for this description is Geodetic North based on WGS datum, attained by Global Positioning System (GPS) observations. Basis applied to the centerline of Pine Street.

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Cael E. Neathamer



RENEWAL: DEC. 31, 2004