

AFTER RECORDING RETURN TO:
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**AMENDED AND RESTATED BYLAWS
OF
SUMMERFIELD TOWNHOUSE SERVICE ASSOCIATION #4 (DELTA)
(A Non-profit Oregon Corporation)**

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**AMENDED AND RESTATED BYLAWS
OF
SUMMERFIELD TOWNHOUSE SERVICE ASSOCIATION #4 (DELTA)
(A Non-profit Oregon Corporation)**

The original Bylaws were prepared by the Declarant, Tualatin Development Co., Inc., an Oregon corporation, and recorded in the Washington County Deed Records ("Original Bylaws") as Document No. 79005592 on February 12, 1979, which was subsequently revised and recorded as Document No. 98000005 on January 2, 1998 ("Revised Bylaws"), and amended by Amendment, Document No. 2002001431 on January 4, 2002 ("Amendment"). These Amended And Restated Bylaws of Summerfield Townhouse Service Association #4 (Delta) (referred to as "Bylaws") supersede and replace the Original Bylaws, Revised Bylaws, and any recorded or unrecorded amendments thereto in their entirety.

**ARTICLE 1
PLAN OF LOT OWNERSHIP; DEFINITIONS**

1.1 Bylaws Applicability. These Bylaws apply to the Lots in Summerfield Townhouse Service Association #4 (Delta), a planned community in Washington County, Oregon, the Owners, and the entire management structure thereof.

1.2 Lots; Property. The Lots shall be Lots 568 through 598 inclusive, Summerfield No. 10, City of Tigard, Washington County, State of Oregon (collectively "the Property").

1.3 Personal Application. All present or future Owners, tenants, occupants, and their employees, and any other person that might occupy any portion of the Property in any manner, shall be subject to the provisions set forth in these Bylaws. The acquisition, rental, or occupancy of any of the Lots shall constitute acceptance and ratification of these Bylaws and agreement to comply with all the provisions hereof.

1.4 Other Definitions. Terms which are not defined in this Article but are defined elsewhere herein have the respective meanings given them in these Bylaws.

1.4.1 Association. "Association" shall mean and refer to Summerfield Townhouse Service Association #4 (Delta), an Oregon non profit corporation.

1.4.2 Civic Association. "Civic Association" shall mean and refer to Summerfield Civic Association, an Oregon nonprofit corporation, its successors and assigns.

1.4.3 Commonly Maintained Property. "Commonly Maintained Property" shall mean the siding, roofing, gutters, downspouts, exterior doors and door frames for routinely scheduled painting only, exterior caulking and flashing, and original landscaping outside the patio/courtyard areas, and trees under twenty (20) feet in height.

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

1.4.5 Owner. "Owner" shall mean and refer to the record owner, whether one or more person or entities of the fee simple title to any Residential Unit which is a part of the Property including contract purchaser, but excluding those having such interest merely as security for the performance of an obligation.

1.4.6 Residential Unit. "Residential Unit" shall mean and refer, severally, to the respective residential units constructed on Lots 568 through 598 inclusive, as platted in Summerfield #10 or any lot in Summerfield, together also with the interest herein defined in the party wall or walls located at and along a boundary or boundaries of such residential unit and shared in common with the contiguous residential unit or units abutting on such boundary or boundaries.

1.5 Oregon Planned Community Act. The Property, all Lots and Owners thereof, the Association and all Members thereof, shall be subject to the Oregon Planned Community Act, ORS 94.550 et seq. (the "PCA"). The planned community of Summerfield Townhouse Service Association #4 (Delta) shall be a Class I planned community under the PCA.

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 and shall remain a Member of the Association until such time as such person's ownership ceases for any reason. For all purposes of these Bylaws and the administration of the Property, Lot ownership shall be determined from the records maintained by the Association. No person shall be recognized as an Owner unless a copy of the deed or contract has been filed with Summerfield Civic Association showing such Owner to be the current Owner or contract purchaser of a Lot. Each lessee, renter, or other occupant of a Residential Unit in the Property not eligible for proprietary membership, but who satisfies the conditions of the Bylaws of the Association, shall be an associate Member, which status shall continue in effect during such period as the associate Member shall be an authorized non-proprietary tenant of the Residential Unit in the Property. Associate membership shall carry all of the rights and privileges and shall be subject to all obligations and responsibilities of proprietary membership except the right to vote. Any time an associate Member shall cease to be a resident of the Property, or shall become a proprietary Member, his rights and privileges as an associate Member shall thereupon terminate.

2.2 Voting Rights. The Owner of each Lot shall be entitled to a total of one (1) vote per Lot. When more than one (1) person or entity owns a Lot, the one vote for such Lot may be cast as they shall determine, but in no event shall fractional voting be allowed. Fractionalized or split votes shall be disregarded, except for purposes of determining a quorum.

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 these Bylaws 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 thirty percent (30%) or more of the outstanding votes in the Association, as defined in Section 2.2 of this Article, shall constitute a quorum.

2.5 Voting; Proxies. Owners may cast votes in person, by written ballot, or by proxy. Proxies must be filed with the Secretary of the Association ("Secretary") before or during the appointed meeting. A proxy shall expire one (1) year after the date it was signed unless a shorter period is specified in the proxy. The proxies may require the holder to cast a vote for or against any special proposal set out in the notice calling the meeting. Unless withdrawn, a proxy given to another person to vote at a specific meeting shall also be valid at an adjourned meeting called under the provisions of Section 3.6. Proxies and ballots must be retained by the Association for one (1) year from the date of the determination of the vote.

2.6 Authority to Vote. All Owners, including those who have leased their Lot to a third party, shall be entitled to vote. An Owner's right to vote may not be revoked. A purchaser under a land sale contract entitled to immediate possession of the Lot shall be deemed the Owner thereof, unless otherwise provided in such contract.

2.7 Fiduciaries and Joint Owners. An executor, personal representative, administrator, guardian or trustee may vote, in person or by proxy, at any meeting of the Association with respect to any Lot owned or held by such person in such capacity, whether or not the same shall have been transferred to such person's name, provided that such person has satisfied the Secretary that such person is the executor, personal representative, administrator, guardian or trustee holding such Lot in such capacity. An officer, employee or shareholder of a corporation, a member(s) of a limited liability company or partner of a partnership may vote, in person or by proxy, at a meeting of the Association with respect to any Lot held by the corporation, limited liability company or partnership, provided such person has satisfied the Secretary of that person's authority to act on behalf of the corporation, limited liability company or partnership. Whenever any Lot is owned by two (2) or more persons jointly according to the records of the Association, the vote of such Lot may be exercised by any one of the Owners then present, in the absence of protest by a co-owner. In the event of such protest, no one co-owner shall be entitled to vote without the approval of all co-owners. In the event of disagreement among the co-owners, the vote of such Lot shall be disregarded for all purposes, except for determining whether a quorum is present.

ARTICLE 3 **ADMINISTRATION**

3.1 Association; Legal Meeting. Except as otherwise provided in these Bylaws, decisions and resolutions of the Association shall require approval by a majority of the Owners present at any legal meeting. A legal meeting is one duly called pursuant to these Bylaws at which 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 thirty percent (30%) of the vote, unless a larger vote is required to approve a ballot item, in which case the quorum requirements shall be the number of votes required to approve the proposal.

3.2 Place of Meetings. Formal meetings of the Association shall be held at suitable places convenient to the Owners as may be designated by the Board of Directors of the Association (the "Board").

3.3 Annual Meetings. The Board shall hold an annual meeting of the Association each year. The Board, at its discretion, from time to time, may change the meeting date, provided that the meeting is held annually. At such meetings, the Owners shall elect new members of the Board in accordance with the requirements of Section 4.5 of these Bylaws to replace those Directors whose terms have expired. The Owners also may transact such other business of the Association as may properly come before them. Annual meetings of the Association may not be conducted by written ballot.

3.4 Special Meetings. The President shall call a special meeting of the Owners if so directed by a resolution of the Board or a petition, presented to the Secretary and signed by twenty-five percent (25%) or more of the Owners. All meetings called because of petition of Owners shall be held at a formal gathering, and not by written ballot, notice of which shall be sent within thirty (30) days after the Secretary's 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 other than that stated in such notice shall be transacted at a special meeting unless by consent of all the Owners of the Lots or as otherwise set out in these Bylaws.

3.5 Notice of Meetings. The Secretary shall mail by first class mail, hand deliver, or deliver via electronic communication, a notice of each annual and special meeting, stating the purpose thereof and the time and place where such meeting is to be held, to each Owner of record at least ten (10) but not more than fifty (50) days before such meeting or the date on which ballots for a ballot meeting are required to be returned. The Board of Directors may propose that the Owners take an action by written ballot without a meeting, pursuant to the provisions of the PCA and the Oregon Nonprofit Corporation Act. Such notices shall be mailed to the Owner's mailing or email address last given to the Secretary in writing by the Owner or such Owner's 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 to the Secretary in writing, then mailing to the Lot shall be sufficient. The mailing or emailing of a notice in the manner provided in this Section shall be considered notice served. Provided however, an Owner may decline to receive notices or ballots via electronic communication by written notice to the Secretary.

3.6 Adjourned Meetings. As permitted by ORS 65.214, 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 twenty (20) days from the time of the original meeting. The adjournment provisions of this Section do not apply to actions proposed to be taken by written ballot.

3.7 Ballot Meetings. Unless prohibited or limited by the Articles of Incorporation of the Association, any action that may be taken at any annual or special meeting of the Owners may be taken without a meeting if the Association delivers a written ballot to every Owner entitled to vote on the matter as provided in ORS 94.647. Provided, however, action by written ballot may not substitute for the annual meeting, meeting to remove a director or special meeting called at the request of the Owners. Such ballot shall set forth each proposed action and provide

an opportunity to vote for or against each proposed action. A proposed action shall be deemed to be approved by written ballot when the number of votes cast by ballot equals or exceeds any quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot. The Board must provide Owners with at least ten (10) days' notice as required by ORS 94.647 before written ballots are mailed or otherwise delivered. If, at least three (3) days before written ballots are scheduled to be mailed or otherwise distributed, at least ten percent (10%) of the Owners petition the Board requesting secrecy procedures, a written ballot must be accompanied by a secrecy envelope, a return identification envelope to be signed by the Owner and instructions for making and returning the ballot. The Board of Directors may extend the date for counting the ballots of a ballot meeting, in one or more extensions, for up to ninety (90) days after the originally scheduled ballot return date if a quorum of ballots has not been returned and/or for matters on which a certain percentage approval is required and that vote has not been received nor have sufficient votes in opposition been received to negate such approval. Provided, however, if a secret ballot is required, secrecy ballots may not be examined or counted prior to the date certain specified in the notice or any extension thereof.

3.8 Order of Business. The order of business at all annual meetings shall follow the written and published agenda.

3.9 Rules of Order. The Board of Directors may adopt any rules of order for the conducting of meetings of the Association. If no rules of order have been adopted, the Board shall follow the latest edition of Robert's Rules of Order.

ARTICLE 4

BOARD OF DIRECTORS

4.1 Number and Qualification. The Board shall be composed of five (5) persons, all of whom must be an Owner or a co-owner of a Lot; provided, however, that if a Lot is owned by more than one (1) Owner, only one (1) co-owner of that Lot may serve on the Board of Directors at any one time. An officer or employee of a corporation, the member(s) of a limited liability company, partner of a partnership, the trustee of a trust, the personal representative of an estate, or an employee of a trust or estate may serve on the Board if the corporation, limited liability company, partnership, trust or estate owns a Lot.

4.2 Powers and Duties. The Board 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 done by the Owners.

4.3 Other Duties. In addition to duties imposed by these Bylaws or by resolutions of the Association, the Board shall have authority to carry out and be responsible for the following matters:

4.3.1 Commonly Maintained Property. Care, repair, maintenance, replacement, and supervision of the Commonly Maintained Property.

4.3.2 Reserves. Establishment and maintenance of replacement Reserve Accounts which the Board deems prudent for replacement of the Commonly Maintained Property.

4.3.3 Assessment Collection. Designation and collection of assessments from the Owners, in accordance with these Bylaws.

4.3.4 Budget; Voucher System. Establishment of a budget and payment of all common expenses of the Association and institution and maintenance of a 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, in accordance with these Bylaws.

4.3.5 Insurance. Procurement and maintenance of insurance policies and payment of premiums therefor out of the common expense funds, as more specifically provided in Article 8 of these Bylaws.

4.3.6 Personnel. Designation and dismissal of the personnel necessary for the maintenance and operation of the Property.

4.3.7 Financial Statements. Causing the preparation and distribution of annual financial statements of the Association to each of the Owners.

4.3.8 Rules. Adoption and amendment of administrative Rules and Regulations governing the details of operation and use of the Property and the Residential Units and administration of the Association, including a fine schedule for violations of these Bylaws or any rules or regulations promulgated thereunder. Provided, however, that any such Rules and Regulations shall always be subject to rescission or amendment by the Association upon a majority vote of Owners present at any properly called meeting.

4.3.9 Copies of Documents; Bank Accounts. Causing the Association to comply with ORS 94.670 relating to maintenance within the State of Oregon of documents, depositing all assessments in a separate federally insured bank account in the name of the Association, payment of all expenses of the Association from the Association's bank account, and maintenance and distribution of financial statements and to maintain copies suitable for duplication of the following: the Articles of Incorporation, the Bylaws, the Association rules and regulations and any amendments thereto, the most recent annual financial statement, and the current operating budget of the Association. Further, the Board of Directors shall cause to be maintained and kept current the information required to enable the Association to comply with ORS 94.670.

4.3.10 Tax Returns. Causing the Association to file the necessary tax returns of the Association.

4.3.11 Mailing Address. Establishing and maintaining a current mailing address for the Association.

4.3.12 Professional Services. Employment of legal, accounting, and other personnel or consultants for reasonable compensation to perform such services as may be required for the proper administration of the Association, and preparing and filing the required income tax returns or forms.

4.4 Management Agent. The Board 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 4.3 of these Bylaws. Any such management contract must be cancelable without penalty upon ninety (90) days' written notice.

4.5 Election and Term of Office. The term of office of each Director shall be three (3) years. The Directors shall hold office until their successors have been elected and hold their first meeting. The terms of the Directors shall be staggered so that the terms of at least one Director expires annually and there are no more than two open positions in any one year.

4.6 Vacancies. Vacancies on the Board 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. 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.

4.7 Removal of Directors. At any legal annual or special meeting at which removal of a Director is on the agenda (not including actions proposed to be taken by written ballot without a meeting), any one (1) 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, that the notice of meeting shall specifically indicate that the removal of one (1) 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 such meeting.

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

4.9 Regular Meetings. Regular meetings of the Board 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 may be called by the President on at least three (3) days' notice to each Director, given personally or by mail, telephone, e-mail or facsimile, which notice shall state the time, place (as hereinabove provided) and purpose of the meeting.

4.10 Special Meetings. Special meetings of the Board may be called by the President or Secretary or on the written request of at least two (2) Directors. Special meetings of the Board may be called on at least three (3) days' notice to each Director, given personally or by mail, telephone, e-mail or facsimile, which notice shall state the time, place (as hereinabove provided) and purpose of the meeting.

4.11 Waiver of Notice to Directors. Before, at or after any meeting of the Board, 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 such Director 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.

4.12 Board of Directors' Quorum. At all meetings of the Board, 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. If quorum requirements are not met at any meeting of the Board, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business that might have been transacted at the meeting as originally called may be transacted without further notice.

4.13 Board Meetings Open to All Association Members. Except for executive sessions, all meetings of the Board shall be open to any and all Members of the Association; provided, however, that no Association Member shall have a right to participate in the Board's meetings unless such Member is also a member of the Board. The President shall have authority to exclude any Association Member who disrupts the proceedings at a meeting of the Board. At the discretion of the Board, the following matters may be considered in executive sessions:

4.13.1 Consultation with legal counsel concerning rights and duties of the Association;

4.13.2 Personnel matters, including salary negotiations and employee discipline;

4.13.3 Negotiations of contracts with third parties;

4.13.4 Collection of assessments; and

4.13.5 For any other purpose permitted by the PCA.

Except in the case of an emergency, the Board shall vote in an open meeting whether to meet in executive session. If the Board votes to meet in executive session, the presiding officer of the Board shall state the general nature of the action to be considered, as precisely as possible, when and under what circumstances the deliberations can be disclosed to Owners. The statement, motion or decision to meet in executive session must be included in the minutes of the meeting. A contract or an action considered in executive session does not become effective unless the Board, following the executive session, reconvenes in open meeting and votes on the contract or action, which must be reasonably identified in the open meeting and included in the minutes.

4.14 Notice to Association Members of Board Meetings. For other than emergency meetings, notice of special Board meetings shall be mailed or delivered via electronic communication to each Owner at least seven (7) days before the meeting or at least three (3) days' notice by hand delivery to each Lot Owner's address or by facsimile transmission or other electronic communication. The Board shall give Owners notice of regular Board meetings at the beginning of each year by first class mail or other reasonable means setting out the time and place of the regular meetings. For any changed time or place, the notice requirements for special meetings shall apply.

4.15 Emergency Meetings. In the event of an emergency, Board of Directors meetings may be conducted by telephonic communication or by the use of a means of communication that allows all Board members participating to hear each other simultaneously or otherwise to be able to communicate during the meeting. No notice to either Directors or Association members shall be required for such meetings of the Board of Directors to be held for any emergency action.

Provided, however, that no such 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 reach each Director.

4.16 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 5 **OFFICERS**

5.1 Designation. The principal officers of the Association shall be a President, a Vice-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.

5.2 Election of Officers. The officers of the Association may be elected by the Board at the organizational meeting of each new Board or any Board meeting thereafter, and shall hold office at the pleasure of the Board.

5.3 Removal of Officers. Upon an affirmative vote of a majority of the Board, any officer may be removed, either with or without cause, and such officer's successor may be elected at any regular or special meeting of the Board.

5.4 President. The President shall be the chief executive officer of the Association and shall preside at all meetings of the Association and of the Board. 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 and committee chairs from among the Owners from time to time as the President may, in the President's discretion, decide is appropriate to assist in the conduct of the affairs of the Association.

5.5 Vice President. The Vice President shall, in the absence or disability of the President, exercise the powers and perform the duties of the President. The Vice President shall also exercise such other powers and perform other duties as shall be prescribed by the Directors. The Vice President shall also serve as the Architectural Review Committee Chairperson.

5.6 Secretary. The Secretary shall keep the minutes of all meetings of the Board and the minutes of all meetings of the Association and shall have charge of such books and papers as the Board may direct; and shall, in general, perform all the duties incident of the office of secretary.

5.7 Treasurer. The Treasurer shall have responsibility for Association funds and securities not otherwise held by the managing agent (if any) and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. The Treasurer 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.

5.8 Directors as Officers. Any Director may be an officer of the Association.

ARTICLE 6

OBLIGATIONS OF THE OWNERS

6.1 Assessments. All Owners are obligated to pay assessments imposed by the Association to meet all the Association's general common expenses. Assessments shall be payable on a periodic basis, not more frequently than monthly, as determined by the Board. The Board may, but shall not be required to, allow a discount for payment of the annual assessment or any installment in advance.

6.2 Purpose of Assessments; Expenses. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, aesthetics and welfare of the Owners and occupants of Summerfield Townhouse Service Association #4 (Delta) for the improvement, operation, repair, replacement, and maintenance of the Commonly Maintained Property, for the payment of obligations of the Association, for the administration and operation of the Association and for property and liability insurance.

6.3 Covenants to Pay. Each Owner covenants and agrees to pay the Association the assessments and any additional charges levied pursuant to these Bylaws. Except as may be elsewhere provided herein, all assessments for operating expenses, repairs and replacement and reserves shall be allocated among the Lots and their Owners equally.

6.3.1 Funds Held in Trust. The assessments collected by the Association shall be held by the Association for and on behalf of each Owner and shall be used solely as set forth in Section 6.2. The assessments are the property of the Association and are not refundable to Owners or Lots. Upon the sale or transfer of any Lot, the Owner's interest in such funds shall be deemed automatically transferred to the successor in interest to such Owner.

6.3.2 Offsets. No offsets against any assessment shall be permitted for any reason, including, without limitation, any claim that the Association is not properly discharging its duties. An Owner, by the Owner's action, may not claim an exemption from liability for contribution towards common expenses by waiver by the Owner of use or enjoyment of the Property, or by abandonment by the Owner of the Owner's Residential Unit.

6.3.3 Right to Profits. Association profits, if any, shall be the property of the Association and shall be contributed to the Current Operating Account.

6.4 Assessments. Assessments for each fiscal year shall be established when the Board approves the budget for that fiscal year. Assessments shall be levied on a fiscal year basis. The fiscal year shall be the calendar year unless another year is adopted by vote of the Association Members.

6.4.1 Budgeting. Regardless of the number of Members or the amount of assets of the Association, each year the Board shall prepare, approve and make available to each Member a pro forma operating statement (budget) containing: (i) estimated revenue and expenses; (ii) the amount of the total cash reserves of the Association currently available for replacement or major repair of the Commonly Maintained Property and for contingencies; (iii) an itemized estimate for the remaining life of, and the methods of funding to defray repair, replacement or additions to major components of the Commonly Maintained Property as provided in Section 6.6.2; and (iv) a general statement setting forth the procedures used by the

Board in the calculation and establishment of reserves to defray the costs of repair, replacement or additions to major components of the Commonly Maintained Property. The Board shall annually prepare and approve the budget and distribute a copy thereof to each Member, together with written notice of the amount of the annual assessments to be levied against the Owner's Lot, not less than thirty (30) days and not more than ninety (90) days prior to the beginning of the fiscal year.

6.4.2 Nonwaiver of Assessments. If before the expiration of any fiscal year the Association fails to fix annual assessments for the next fiscal year, the annual assessments established for the preceding year shall continue until a new annual assessment is fixed.

6.5 Special Assessments. The Board and/or the Owners shall have the power to levy special assessments against an Owner or all Owners in the following manner for the following purposes:

6.5.1 Correct Deficit. To correct a deficit in the operating budget, by vote of a majority of the Board;

6.5.2 Special Obligations of an Owner. To collect amounts due to the Association from an Owner for breach of the Owner's obligations under these Bylaws, or the Rules and Regulations, by vote of a majority of the Board;

6.5.3 Repairs. To collect additional amounts necessary to make repairs or renovations to the Commonly Maintained Property if sufficient funds are not available from the operating budget or replacement reserve accounts, by vote of a majority of the Board; or

6.5.4 Capital Improvements. To make capital acquisitions, additions or improvements up to \$5,000 by a majority vote of the Board, and for any amounts exceeding \$5,000, by vote of at least sixty percent (60%) of all votes allocated to the Lots.

6.6 Accounts.

6.6.1 Types of Accounts. Assessments collected by the Association shall be deposited into at least two (2) separate accounts with a bank, which accounts shall be clearly designated as (i) Current Operating Account and (ii) Reserve Account. The Board shall deposit those portions of the assessments collected for current maintenance and operation into the Current Operating Account and shall deposit those portions of the assessments collected as reserves for major maintenance, repair, replacement and deferred maintenance of capital improvements into the Reserve Account. Withdrawal of funds for the Association's Reserve Account shall require the signatures of either two (2) Directors or one (1) Director and an officer of the Association who is not a Director. In its books and records, the Association shall account separately for operating expenses relating to the Commonly Maintained Property and operating expenses relating to all other matters, as well as for necessary reserves relating to the Commonly Maintained Property and necessary reserves relating to all other matters.

6.6.2 Reserve Account. The Association shall have a Reserve Account, in the name of the Association, which shall be kept separate from all other funds held by the Association. The Association shall pay out of the Reserve Account only those costs that are attributable to the maintenance, repair or replacement of Commonly Maintained Property that

normally requires major maintenance, repair or replacement, in whole or in part, within one (1) to thirty (30) years and not for regular or periodic maintenance and expenses. No funds collected for the Reserve Account may be used for ordinary current maintenance and operation purposes.

6.6.2.1 Calculation of Reserve Assessment; Reserve Study. The reserve assessment is based on the estimated remaining life and current replacement cost of Commonly Maintained Property which normally requires major maintenance, repair or replacement, in whole or in part, within one (1) to thirty (30) years. Not less often than annually, the Board of Directors shall inventory all items of Commonly Maintained Property and shall estimate the remaining life of each item and the current replacement cost of each of such items. The total Reserve Account assessment shall be equal to the sum of the estimated major maintenance repair or replacement cost of each item which has an estimated life of greater than one (1) but less than thirty (30) years, divided by the estimated number of years of life for such item. The Board of Directors shall establish a thirty (30)-year plan for maintenance, repair and replacement of Commonly Maintained Property with regular and adequate contributions, adjusted by estimated inflation and interest earned on reserves, to meet the maintenance, repair, and replacement schedule. The Board of Directors shall, within thirty (30) days after conducting the reserve study, provide to every Owner a written summary of the reserve study and of any revisions to the thirty (30)-year plan adopted by the Board of Directors as a result of the reserve study. The reserve account assessment shall be allocated equally among all Lots and the Owners thereof. The Board of Directors shall annually conduct a reserve study and a maintenance plan for the Commonly Maintained Property, or review and update an existing study of Commonly Maintained Property to determine the reserve account requirements.

6.6.2.2 Loan From Reserve Account. The Board may borrow funds from the Reserve Account to meet high seasonal demands on the Association's regular operating fund or to meet unexpected increases in expenses. Funds borrowed must be repaid later from assessments if the Board has adopted a resolution, which may be an annual continuing resolution, authorizing the borrowing of funds. Not later than the adoption of the budget for the following year, the Board shall adopt by resolution a written payment plan providing for repayment within a reasonable period.

6.6.2.3 Refund of Assessments. Assessments paid into the Reserve Account are the property of the Association and are not refundable to sellers or Owners of Lots. Sellers or Owners of Lots may treat their outstanding share of the Reserve Account's balance as a separate item in the sales contract providing for the conveyance of their Lot.

6.6.3 Current Operating Account. All costs other than those to be paid from the Reserve Account may be paid from the Current Operating Account.

6.7 Default in Payment of Assessments; Enforcement of Liens.

6.7.1 Personal Obligation. All assessments properly imposed under these Bylaws shall be the joint and several personal obligation of all Owners of the Lot to which such assessment pertains. In a voluntary conveyance (that is, one other than through foreclosure or a deed in lieu of foreclosure), the grantees shall be jointly and severally liable with the grantors for all Association assessments imposed through the recording date of the instrument effecting the conveyance. A suit for a money judgment may be initiated by the Association to recover such assessments without either waiving or foreclosing the Association's lien.

6.7.2 Association Lien. The Association shall have an automatic lien against each Lot for any assessment (of any type provided for by these Bylaws) or installment thereof that is delinquent. The Association's lien shall accumulate all future assessments or installments, reimbursement assessments, interest, late fees, penalties, fines, attorneys' fees (whether or not suit or action is instituted), actual administrative costs, and other appropriate costs properly chargeable to an Owner by the Association, until such amounts are fully paid. Said lien may be foreclosed at any time pursuant to the Planned Community Act. The Association shall record a notice of a claim for assessments and other charges in the deed records of Washington County, Oregon, before any suit to foreclose may be filed. The lien of the Association shall be superior to all other liens and encumbrances except property taxes and assessments, any first mortgage, first deed of trust, or land sale contract recorded.

6.7.3 Interest; Fines; Late Fees; Penalties. The Board, in its reasonable discretion, may from time to time adopt resolutions to set the rate of interest and to impose late fees, fines and penalties on delinquent assessments or for violations of the provisions of these Bylaws, and the Rules and Regulations adopted by the Board. In absence of a Board resolution setting a different rate of interest and late fee, the rate of interest shall be twelve percent (12%) per annum and the late fee shall be ten percent (10%) of the delinquent assessment. The adoption of such impositions shall be communicated to all Owners in writing not less than thirty (30) days before the effective date by a notice mailed to the assessment billing address of such Owners. Such impositions shall be considered assessments that are lienable and collectible in the same manner as any other assessments; provided, however, that fines or penalties for violation of these Bylaws or any rule and regulation other than late fees, fines or interest arising from an Owner's failure to pay regular, or special assessments may not be imposed against an Owner or such Owner's Lot until such Owner is given an opportunity for a hearing as elsewhere provided herein.

6.7.4 Acceleration of Assessments. If an Owner is delinquent in payment of any assessment or installment on any assessment, the Association, upon not less than ten (10) days' written notice to the Owner, may accelerate the due date of the full annual assessment for that fiscal year and all future installments of any special assessments.

6.7.5 Association's Right to Rents; Receiver. 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 such Owner's Lot or shall be entitled to the appointment of a receiver.

6.8 Statement of Assessments.

6.8.1 The Association shall provide, within ten (10) business days of receipt of a written request from an Owner, a written statement that provides:

6.8.1.1 The amount of assessments due from the Owner and unpaid at the time the request was received, including:

- (a) Regular and special assessments;
- (b) Fines and other charges;
- (c) Accrued interest; and
- (d) Late payment charges.

6.8.1.2 The percentage rate at which interest accrues on assessments that are not paid when due.

6.8.1.3 The percentage rate used to calculate the charges for late payment or the amount of a fixed charge for late payment.

6.8.2 The Association may charge the Owner a fee for providing such requested information to the Owner.

6.8.3 The Association is not required to comply with Section 6.8.1 if the Association has commenced litigation by filing a complaint against the Owner and the litigation is pending when the statement would otherwise be due.

6.9 Maintenance and Repair.

6.9.1 Responsibility of Owners. Except as otherwise specifically provided in these Bylaws, every Owner must perform promptly all maintenance and repair work to such Owner's Lot and Residential Unit the exterior of the improvements thereon (which do not constitute Commonly Maintained Property for which the Association is responsible) and keep the same in good repair and sanitary and neat condition, including, without limitation:

6.9.1.1. Areas inaccessible for inspection and maintenance, such as atria and enclosed and walled off courtyards.

6.9.1.2 Maintain the interconnecting sanitary sewer between structures to their point of discharge into the public sewer laterals.

6.9.1.3 Surfaces modified by Owner activities and resulting damages or failure of such installation, including but not limited to skylights, solar tubes and fans, decks abutting exterior walls, etc.

6.9.1.4 Surface damage resulting from Owner negligence such as overflow of clogged gutters within atrium areas, water damage from Owner-installed sprinkler systems, etc.

6.9.1.5 The maintenance or removal of dead, diseased or living trees over 20 feet in height. Prior approval of the Association shall be required for the removal of any tree as well as any major alterations to the existing landscaping.

6.9.1.6 The washing, maintenance and replacement of glass surfaces located in the Residential Unit of Owner. Replacement of glass surfaces shall require the approval of the Board of Directors of the Association to ensure that the replacements do not detract from the general appeal of all Residential Units.

6.9.1.7 The maintenance, repair and replacement of front doors, patio doors, mailboxes, garage doors, walkway lights/lamp post and lamp post bulbs.

6.9.1.8 The maintenance of landscaping and plantings located within patio and courtyard areas of Lots, in conjunction with overall Summerfield Civic Association rules.

6.9.1.9 The repair, replacement or design changes of landscaping located on his or her Lot.

6.9.1.10 The repair, maintenance and replacement of all concrete located on his or her Lot, including but not limited to, curbs, sidewalks and driveways, brick walls and attached gates.

6.9.1.11 The maintenance, repair, and replacement of decks and deck railings located on Owner's Lot, except the Association shall be responsible for painting the railings during the normal course of exterior building painting.

6.9.1.13 Inspection, treatment and repair of Owner's Residential Unit for infestation by carpenter ants, termites, beetles or other pests.

6.9.2 Commonly Maintained Property. The Association shall repair and maintain the Commonly Maintained Property, subject to the provisions of subsection 6.9.3.

6.9.3 Reimbursement of Association. An Owner shall reimburse the Association for any expenditures incurred in repairing or replacing any portion of the Commonly Maintained Property that was damaged through such Owner's fault and that is not otherwise covered by insurance policies carried by the Owner or the Association for the Owner's and the Association's benefit. In such circumstances, the insurance obtained by the Owner shall be deemed to be the primary coverage. The Board of Directors shall have the unfettered discretion to refuse to make a claim on the Association's policy even though coverage may pertain. Such discretion is for the purpose of maintaining the Association's insurability and controlling the amount of the premiums for the Association's insurance. Such charge shall be collectible as a reimbursement assessment as provided in these Bylaws.

6.10 Right of Entry; Easements for Maintenance.

6.10.1 Emergencies. Present and future Owners, tenants, occupants, and any other persons that occupy any portion of the Property, by virtue of acquisition, rental, or occupancy of any of the Lots, grant to the management agent or to any other person authorized by the Board or the Association the right to enter upon such Lot or Residential Unit in the event of an emergency originating in or threatening any Owner's Lot or Residential Unit.

6.10.2 Maintenance Easements. The Association shall have an easement in and through any Lot and Residential Unit providing access at reasonable times and with reasonable notice for purposes of maintenance, repair and replacement of the Commonly Maintained Property. If, in performing such repair and maintenance, the Association needs to alter or damage any Lot, Residential Unit, or Commonly Maintained Property, it may do so without providing compensation, provided that it promptly restores the Lot or Residential Unit to substantially its prior condition.

6.11 Cable Services.

6.11.1 Authority of Board to Contract for Cable Services. The Board of Directors is at all times authorized and empowered, on behalf of the Association, to contract with a cable television service provider for the purpose of providing cable television service to each Residential Unit.

6.11.2 Existing Installations and Services. Cable service is now installed and operating. Each Residential Unit is provided at least basic service at the current bulk rate provided by our selected cable operator. Each Owner or resident may order, at their own expense, any additional T.V. cable services available. All extra services must be paid directly to the T.V. Cable Company by the Owner.

6.11.3 Right to Review Cable Contract. Each Owner is subject to the rules and provisions of the bulk contract, a copy of which may be reviewed by any Owner upon written request.

ARTICLE 7

USE AND OCCUPANCY RESTRICTIONS; RULES OF CONDUCT

7.1 Appearance of Lots. Owners shall keep their Lots and the improvements thereon in good repair and clean.

7.2 Architectural Review. The Association shall have an Architectural Review Chairperson who may be a Board member. The Board may appoint additional members to serve as an Architectural Review Committee ("ARC"). Any proposal for modification, improvement, or addition to a Lot or Residential Unit shall first be submitted to the Architectural Review Chairperson. The applicant shall be responsible for complying with all governmental regulations, ordinances, and permits. Any repair, replacement, or design changes to Lots or Residential Units must be in accordance with the Association's rules, the Civic Association Architectural Manual and Civic Association Landscape Manual and any other rules adopted by the Civic Association. Any maintenance, repairs, or replacement of any Owner additions to their Lot or Residential Unit shall be the responsibility of the Lot Owner.

7.3 Nuisances. No Owner or occupant shall cause or permit such Owner's representatives, agents, employees, or family members to cause any nuisance or to make any use or engage in any practice on the Property that is a source of annoyance to other Owners and occupants or that interferes with other Owners' and occupants' peaceful possession and proper use of the Property. Owners and occupants shall exercise extreme care about creating disturbances, making noises or using musical instruments, radios, televisions and amplifiers that may disturb other Owners and occupants. Owners and occupants shall keep all parts of their respective Lots in a clean and sanitary condition, free of any accumulation of rubbish, refuse or garbage and free of any fire hazard and shall not cause any accumulation of rubbish, refuse or garbage or any fire hazard on any other part of the Property. Owners and occupants shall place all of their rubbish, refuse and garbage inside disposal containers. No Owner shall make or permit any use of such Owner's Lot that will increase the cost of the Association's insurance.

7.4 Improper, Offensive or Unlawful Use. No Owner or occupant shall make any improper, offensive or unlawful use of any part of the Property. Owners and occupants shall observe all valid laws, zoning ordinances and regulations of governmental bodies having jurisdiction over the Property. The responsibility for meeting the requirements of governmental

bodies for maintenance, modification or repair of the Property shall be carried out and paid for in the same manner as the responsibility for the maintenance and repair of the Property concerned.

7.5 Additional Rules. In addition to the rules set forth in this Article 7, the Board may promulgate and amend, from time to time, Rules and Regulations concerning other use of the Property and shall furnish copies of such Rules and Regulations to any Owner or occupant requesting such copies.

7.6 Enforcement. The Association, through its Board of Directors, shall have the power to enforce the covenants and restrictions in these Bylaws. Owners shall also have the right to bring actions or suits regarding covenants and restrictions, but shall have no right or power to require the Association or Board of Directors to take any enforcement action.

7.7 Restriction on Exterior Installations. Except as permitted by law, no Owner, resident or tenant shall install wiring for electrical or telephone installation, machines or air conditioning units or similar devices on the exterior of the building(s) or cause them to protrude through the walls or the roof of the building(s) except as authorized in writing by the Board of Directors and the Civic Association, and, if the modification or installation would require an easement, then prior approval by the required percentage of Owners. No window guards, awnings or shades shall be installed without the prior written consent of the Board of Directors and the Civic Association. Such installation shall be subject to rules adopted by the Board of Directors pursuant to Section 7.1 herein.

7.8 Fines. The Board of Directors may, after giving written notice and an opportunity to be heard, levy reasonable fines for violations of these Bylaws and rules and regulations of the Association, provided that fines levied are based on a schedule previously adopted by Board resolution that is mailed to the mailing address of each Lot or mailed to the mailing address designated in writing by the Owner(s).

7.9 Summerfield Civic Association. All Lots and the Owners thereof shall be subject to the Declaration and Bylaws of Summerfield Civic Association as the same may from amended from time to time.

ARTICLE 8 **INSURANCE**

8.1 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 that it is available at reasonable cost:

8.1.1 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 Residential Units, 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 policy or policies shall provide for a separate loss payable endorsement in favor of the mortgagee or mortgagees, if any, of each Residential Unit. For the purposes of any policy or policies of fire insurance, the term "building" shall include fixtures (including cabinets, built-in appliances and plumbing 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 Residential Units initially installed or replacement thereof, in accordance with the original plans and specifications, or installed by or at the expense of any Residential Unit Owner or Owners.

8.1.2 A policy or policies insuring the Association, its Board of Directors, the Residential Unit Owners individually, and the manager against any liability to the public or the Owners of Residential Units 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 One Million Dollars (\$1,000,000) per occurrence for bodily injuries and property damage. Such limit and coverage shall be reviewed at least annually by the Board of Directors which, in its discretion, may increase either. Said policy or policies shall be issued on a comprehensive liability basis and shall provide cross liability endorsements wherein the rights of a named insured under the policy or policies shall not be prejudiced with respect to his action against another named insured.

8.1.3 Worker's compensation insurance to the extent necessary to comply with any applicable laws.

8.1.4 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, that 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.

8.1.5 Directors' and Officers' Insurance insuring the directors and officers for an amount not less than One Million Dollars (\$1,000,000.)

The Association shall not be responsible for any loss or damage to personal property of any Owner, whether stored on a Lot or in the Owner's Residential Unit; nor shall the Association maintain any insurance coverage for such losses.

8.2 Insurance Companies Authorized. All policies shall be written by a company licensed to do business in Oregon and holding a "Commissioner's rating" of "B+" and a size rating of "IX," or better, by Best's Insurance Reports, or as may be otherwise acceptable to all mortgagees and directors.

8.3 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 a Residential Unit Owner and such first mortgagee has requested the opportunity to exercise the rights provided by this Article 8, such mortgagee shall be entitled to settle losses as to the mortgaged Residential Unit, provided that the loss which occurs is severable. Releases and proofs of loss shall be executed by at least two directors.

8.4 Value of Owner Improvements. Each Owner must inform the Board of Directors of the value of improvements made to his Residential 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.

8.5 Provisions in Insurance Policies. The Board of Directors shall make every effort to secure insurance policies that provide for the following:

8.5.1 A waiver of subrogation by the insurer as to any claims against the Board of Directors, the manager, the Residential Unit Owners and their respective servants, agents and guests.

8.5.2 A provision that the master policy on the project cannot be canceled, invalidated or suspended on account of the conduct of any one or more individual Owners.

8.5.3 A provision that the master policy on the project 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.

8.5.4 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 Residential Units.

8.6 Reconstruction Costs. If the Association reconstructs any Residential Unit that has been damaged or destroyed, an affected Residential Unit Owner (i.e., the Owner whose Residential Unit has been damaged or destroyed) shall contribute to the Association all amounts received by such Owner from property loss insurance policies to help pay for the repairs. To the extent that such insurance proceeds are unavailable or unpaid when needed, the Association shall assess such Owner the amount of the Association's "deductible" under its policy to pay the cost of repairing or reconstructing such Owner's Residential Unit. Such assessment shall be both a personal obligation of such Owner and a lien against such Owner's Residential Unit in the same manner as any other Association assessment.

8.7 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 8. In determining the deductible under the policies, the Board shall take into consideration, among other factors, 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.

8.8 Responsibility for Payment of Deductible. The responsibility for payment of the deductible under the Association's policy(s) shall be as follows:

8.8.1 In the event of damage to one or more Residential Units due to the act or neglect of the Owner to take appropriate action (such as maintenance to prevent broken water pipes from freezing by maintaining heat in the Residential Unit, draining pipes or wrapping pipes), or in the case of negligence of an Owner, the deductible, if any, shall be paid and may be

levied against the Lot and the Owner thereof and collected as an assessment.

8.8.2 The deductible for damage from earthquakes shall be paid by and may be levied against the affected Lot and Owners thereof and collected as an assessment. The deductible shall be allocated against an affected Owner based on the amount of damage sustained by the Owner in proportion to the total damage sustained by all affected Owners.

8.8.3 Except as provided in Paragraphs (1) and (2) of this subsection, in the event of loss or damage covered by the Association's insurance, the deductible is a common expense.

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 Residential 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 Residential Units for any losses below the deductible amount under the Association's policies and for insuring their own personal property for any loss or damage. Proof of such insurance coverage shall be provided to the Association's Secretary by the Residential Unit Owner. 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 thirty (30) days' notice to the Owners of any increase in the deductible proposed in renewal or replacement insurance policies. Owners and tenants of all Residential Units shall procure and maintain comprehensive liability policies having combined limits of not less than Three Hundred Thousand Dollars (\$300,000) for each occurrence. Such insurance shall provide coverage for, without limitation, the negligent acts of the Owner(s) and tenant(s) and their guests or other occupants of the Unit(s) for damage to other Units and the personal property of others located therein.

8.9 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.

8.10 Duplicate Insurance Coverage. In the event of duplicate insurance coverage, the insurance policy obtained by the Unit Owners shall be deemed to be the primary coverage.

ARTICLE 9

DAMAGE AND DESTRUCTION

9.1 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 buildings damaged or destroyed, shall be applied to such reconstruction.

9.2 Insurance Proceeds Insufficient to Cover Loss. If the insurance proceeds are insufficient to reconstruct the damaged or destroyed buildings, the damage to, or destruction of,

such buildings shall be promptly repaired and restored by the manager or the Board of Directors, using the proceeds of insurance, if any, on such buildings for that purpose and all the Unit 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.

ARTICLE 10 **AMENDMENT**

Except as otherwise provided by law or the Planned Community Act, these Bylaws may be amended at any time by an instrument approved by at least a majority of the total votes. An amendment is not effective until certified by the President and Secretary of the Association as being adopted in accordance with these Bylaws and applicable provisions of the Planned Community Act. It must be acknowledged and recorded in the Deed Records of Washington County, Oregon.

ARTICLE 11 **RECORDS AND AUDITS**

11.1 General Records. The Board and the managing agent or manager, if any, shall preserve and maintain minutes of the meetings of the Association, the Board and any Board committees as required by ORS 94.670. The Board shall maintain a list of Owners entitled to vote at meetings of the Association. The minutes of the Association, the Board and Board 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. Proxies and ballots must be retained by the Association for one (1) year from the date of determination of the vote.

11.2 Assessment Roll. The Board and the managing agent or manager, if any, shall maintain the assessment account for each Lot. Such account shall designate the name and address of the Owner or Owners, the amount of each assessment against the Owner, the dates on which and the amounts in which the assessment comes due, the amounts paid upon the account and the balance due on the assessments.

11.3 Payment of Expenses. The Treasurer or management agent shall pay all expenses authorized by the Board. All checks for expenses must be signed by at least two directors. The Treasurer or management agent shall maintain and follow reasonable procedures to assure the accounts and proper records, and to assure that all expenditures are proper. Except in cases where an emergency exists (for example, a repair must be made immediately to prevent further damage), any expense for non-budgeted items shall require the signature of the President; provided, however, that any withdrawal from Reserve Accounts shall require the approval of a majority of Directors.

11.4 Reports and Audits. The Board of Directors shall prepare or cause to be prepared an annual financial statement consisting of a balance sheet and income and expense statement setting forth the financial condition of the Association as of the end of each fiscal year. The report shall be prepared according to generally accepted accounting procedures and shall be distributed to all Residential Unit Owners within ninety (90) days after the end of each fiscal

year. In the event the Association's annual assessments exceed \$75,000.00, the Board of Directors shall cause the financial statement to be reviewed within one hundred eighty (180) days after the end of the fiscal year by an independent certified public accountant licensed in the State of Oregon, in accordance with the Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. In the event the annual assessments are \$75,000.00 or less, the Board of Directors shall cause the most recent financial statement of the Association to be reviewed in the manner described above within one hundred eighty (180) days after the Board of Directors receives a petition requesting review signed by Owners holding at least a majority of the voting rights in the Association. At any time and at his own expense, any Owner or Mortgagee may cause an audit or inspection to be made of the books and records of the Association.

ARTICLE 12

COMPLIANCE WITH THE PLANNED COMMUNITY ACT; CONFLICTS

These Bylaws are intended to comply with the provisions of the PCA, the provisions of which apply to Summerfield Townhouse Service Association #4 (Delta). In case of any conflict among the provisions of the PCA, the Articles or these Bylaws, the provisions of the PCA shall control over those of the Articles and the Bylaws.

ARTICLE 13

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 such person is or was a Director, officer, employee or agent of the Association or is or was serving at the request of the Association as a Director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by said person in connection with such suit, action or proceeding if such person acted in good faith and in a manner that such person reasonably believed to be in, or not opposed to, the best interest of the Association, and, with respect to any criminal action or proceedings, had no reasonable cause to believe that such person's conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or with a plea of nolo contendere or its equivalent, shall not of itself create a presumption that a person did not act in good faith and in a manner that such person 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 that such person's 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 to reimbursement of such payment from such person, should it be proven at a later time that such person had no right to such payments. All persons who are ultimately held liable for their actions on behalf of the Association as a Director, officer, employee or agent shall have a right of contribution over and against all other Directors, officers, employees or agents and Members of the Association who participated with or benefited from the acts that created said liability.

ARTICLE 14
ASSESSMENT COLLECTION COSTS; SUITS AND ACTIONS

An Owner shall be obliged to pay reasonable fees and costs (including, but not limited to, attorneys' fees) and actual administrative costs incurred in connection with efforts to collect any delinquent unpaid assessments from such Owner, whether or not suit or action is filed. Assessments against Owners may include fees, late charges, fines and interest imposed by the Board, in addition to amounts owed toward operating expenses and the funding of reserves. If the Association brings against any Owner or Owners a suit or action for the collection of any amounts due pursuant to or for the enforcement of any provisions of the Articles or these Bylaws, such Owner or Owners, jointly and severally, shall pay, in addition to all other obligations, the costs of such suit or action, including actual administrative expenses incurred by the Association because of the matter or act which is the subject of the suit, reasonable attorneys' fees to be fixed by the trial court and, in the event of an appeal, the cost of the appeal, together with reasonable attorneys' fees in the appellate court to be fixed by such court.

ARTICLE 15
MISCELLANEOUS

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

15.2 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 that may have occurred and the number of times that the pertinent restriction, condition, obligation or provision was not enforced.

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

ARTICLE 16
ADOPTION

It is hereby certified that these Bylaws have been adopted by the Summerfield Townhouse Service Association #4 (Delta) and approved by the required percentage of Owners and Board of Directors pursuant to the Bylaws and Planned Community Act, and shall be recorded in the Deed Records of Washington County.

DATED this ____ day of _____, 2009.

SUMMERFIELD TOWNHOUSE SERVICE

ASSOCIATION #4 (DELTA)

By: _____
Its President

SUMMERFIELD TOWNHOUSE SERVICE
ASSOCIATION #4 (DELTA)

By: _____
Its Secretary

[NOTARY ACKNOWLEDGMENTS ON FOLLOWING PAGE]

STATE OF OREGON)
) ss. _____, 2009
County of _____)

Personally appeared before me the above-named _____, who,
being duly sworn, did say that ____ is the President of Summerfield Townhouse Service
Association #4 (Delta), and that said instrument was signed in behalf of said association by
authority of its Board of Directors, and acknowledged said instrument to be ____ voluntary act
and deed.

Notary Public for Oregon

STATE OF OREGON)
) ss. _____, 2009
County of _____)

Personally appeared before me the above-named _____ and
who, being duly sworn, did say that ____ is the Secretary of Summerfield Townhouse Service
Association #4 (Delta), and that said instrument was signed in behalf of said association by
authority of its Board of Directors, and acknowledged said instrument to be ____ voluntary act and
deed.

Notary Public for Oregon