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Richard Hobemicht, Director of Assessment and
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BYLAWS OF ROCKCREEK RIDGE HOMEOWNERS' ASSOCIATION

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BYLAWS
OF
ROCKCREEK RIDGE HOMEOWNERS' ASSOCIATION

ARTICLE 1
PLAN OF LOT OWNERSHIP; DEFINITIONS

1.1 Bylaws Applicability. These Bylaws apply to the Lots in Rockcreek Ridge, a planned community in the City of Hillsboro, Washington County, Oregon, that have been subjected to the Declaration of Conditions, Covenants and Restrictions for Rockcreek Ridge (the "Declaration"), as well as to the Rockcreek Ridge Homeowners' Association (the "Association") and the entire management structure thereof.

1.2 Lots; Property. The Lots may be collectively referred to in these Bylaws as the "Property" or "Project" and the Lots individually as a "Lot" or collectively as the "Lots."

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 Definitions. Capitalized terms used but not defined herein shall have meanings attributed to them in Article 1 of the Declaration.

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 as a Class II planned community, ORS 94.550 et seq. (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 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 such Owner's Lot, to which shall be affixed the certificate of the recording officer of the County of Washington, 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 such Owner to be the current Owner or contract purchaser of a Lot. Notwithstanding the foregoing, 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 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 Declarant, its successors and assigns. The Class B Member shall have three (3) votes for each Lot owned; provided, however, that Class B membership shall cease on the Termination Date, as defined in Section 3.3. After termination of Class B membership, each Owner (including 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 equal the total number of Lots annexed to the Property and subjected 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 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 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 fifty percent (50%) 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; Ballots. 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 3.7. A meeting of the Association may be by written ballot, as the Directors may elect, rather than at a formal gathering. Ballots for such meeting must be properly executed and returned in sufficient quantity to constitute a quorum and to pass the proposal specifically propounded on the ballot and must comply with the applicable provisions of the Oregon PCA and the Oregon Nonprofit Corporation Act. The Board must provide Owners with at least ten (10) days' notice in compliance with ORS 94.647 before written ballots are mailed or otherwise delivered. If, at least three 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 marking and returning the ballot. Written ballots that are returned in secrecy envelopes may not be examined or counted before the deadline for returning ballots has passed. Proxies and ballots must be retained by the Association for one (1) year from the date of 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, 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, administrator, guardian or trustee holding such Lot in such capacity. 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 Responsibilities. The Owners shall constitute the Members of the Association. Except as otherwise provided in the Declaration or 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 fifty percent (50%) 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"). If a vote is taken by written ballot, the Board shall count the returned written ballots within forty-eight (48) hours of the ballot return deadline. 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 fifteen (15) days after the ballot return deadline.

3.3 Turnover Meeting. Declarant shall call a meeting (which shall be the initial meeting) for the purpose of turning over administrative control of the Association from

Declarant to the Members within sixty (60) days after the earliest of the following dates (the "Termination Date"):

3.3.1 Latest Date. The date four (4) years from the date the Declaration is recorded; and

3.3.2 Optional Date. At such earlier date on which Declarant delivers written notice to the Association of termination of Class B membership.

Declarant shall give notice of the Turnover Meeting to each Owner as provided in these Bylaws. If Declarant does not call such meeting as required under this Section 3, any Owner may do so.

At the Turnover Meeting, Declarant shall relinquish control of the administration of the Association and the Owners shall assume such control, elect the Board of Directors in accordance with the provisions of Article 4 of these Bylaws and change the registered agent of the Association with the Oregon Secretary of State. Additionally, Declarant shall deliver to the Association all business and financial records, together with all Association bank accounts, funds and other assets as required by ORS 94.616. The Turnover Meeting shall not be conducted by written ballot.

3.4 Annual Meetings. The Board, by a Board action, shall cause the first annual meeting of the Association to be held during the calendar year following the calendar year in which the Turnover Meeting is held. 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 4.7 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 shall not be conducted by written ballot.

3.5 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 thirty percent (30%) 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, within sixty (60) 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.

3.6 Notice of Meetings. The Secretary shall mail 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 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 Project Lot shall be sufficient. The mailing of a notice in the manner provided in this Section 3.6 shall be considered notice served.

3.7 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 ten (10) days from the time of the original meeting. The adjournment provisions of this Section 3.7 do not apply to actions proposed to be taken by written ballot.

3.8 Order of Business. The order of business at all annual meetings shall be as follows:

- Roll call.
- Proof of notice of meeting or waiver of notice.
- Reading of minutes of the preceding meeting.
- Reports of officers.
- Reports of committees.
- Election of inspectors of election.
- Election of Directors.
- Unfinished business.
- New business.
- Adjournment.

ARTICLE 4

BOARD OF DIRECTORS

4.1 Number and Qualification. The Board shall be composed of three (3) 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 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, 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 Upkeep of Commonly Maintained Property. Care, upkeep and supervision of the Commonly Maintained Property.

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

4.3.3 Budget; Voucher System. 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, in accordance with these Bylaws and the Declaration.

4.3.4 Insurance. Procurement and maintenance of insurance policies and payment of premiums therefor out of the common expense funds in respect to the Commonly Maintained Property, as more specifically provided in Article 8 of these Bylaws.

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

4.3.6 Financial Statements. Causing the preparation and distribution of annual financial statements of the Association to each of the Owners, as more specifically provided in the Declaration.

4.3.7 Tax Returns. Causing the preparation and filing of necessary income tax returns of the Association.

4.3.9 Rules. Adoption and amendment of administrative Rules and Regulations governing the details of operation and use of the Commonly Maintained Property and administration of the Association; 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 Mailing List. Maintaining a current mailing list for the Association.

4.3.10 Copies of Documents. Maintenance of copies suitable for duplication of the information and documents needed to comply with ORS 94.670.

4.4 Limited Authority. The Board shall not take any of the following actions, except with the vote or written assent of a majority of the voting power of the Owners other than Declarant:

4.4.1 Third Party Contracts. Enter into a contract with a third party wherein the third person will furnish goods or services for the Commonly Maintained Property or the Association for a term longer than one (1) year with the following exceptions:

(a) Management contract, the provisions of which have been approved by the Federal Housing Administration, U.S. Housing and Urban Development or Veterans Administration.

(b) A contract with a public utility company in Washington County, or a service contract if the rates charged for the materials or services are regulated by the Oregon 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) A prepaid casualty and/or liability insurance policy the term of which does not exceed three (3) years, provided that the policy permits short-rate cancellation by the insured.

4.4.2 Capital Expenditures. Incur aggregate expenditures for capital improvements (as opposed to maintenance, repair and replacement costs) to the Commonly Maintained Property, during any fiscal year in excess of five percent (5%) of the budgeted gross expenses of the Association for that fiscal year.

4.4.3 Compensating Board Members. Pay compensation to members of the Board or officers of the Association for services performed in the conduct of the Association's business; provided, however, that the Board may cause a member or officer to be reimbursed for expenses incurred in carrying on the business of the Association.

4.5 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.

4.6 Interim Board and Officers. Declarant hereby reserves administrative control of the Association until the Turnover Meeting. Declarant, in its sole discretion, may appoint and remove members of the Board and officers of the Association whose terms of service shall end on or before the date of the Turnover Meeting. However, at the Turnover Meeting, at least one (1) Director shall be elected by Owners other than Declarant, even if Declarant otherwise has voting power to elect all three (3) Directors.

4.7 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 the number of Directors serving on the Board be increased, the same sequential election terms shall apply as nearly as is practicable. Upon expiration of the initial term of office of each respective Director, such Director's 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 Owners may elect Directors by using a ballot that permits each Owner 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 nominee receiving the next highest number of votes shall be the one (1) year Director.

4.8 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.

4.9 Removal of Directors. At any legal annual or special meeting (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.

4.10 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.

4.11 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.

4.12 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.

4.13 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.

4.14 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.

4.15 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 session:

- (a) Consultation with legal counsel concerning rights and duties of the Association regarding existing or potential litigation or criminal matters;
- (b) Personnel matters, including salary negotiations and employee discipline;
- (c) Negotiations of contracts with third parties;
- (d) Collection of assessments; and
- (e) 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.

4.16 Notice to Association Members of Board Meetings. For other than emergency meetings, notice of special Board meetings shall be mailed to each Owner at least seven (7) days before the meeting by first class mail or e-mail or at least three (3) days' notice by hand delivery to each Lot Owner's address or by facsimile transmission. 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.

4.17 Emergency Meetings. In the event of an emergency, telephonic meetings may be held by the Board. Such telephonic meetings shall be carried on by means of a "conference call" in which each Director may hear and speak with all 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, but the reason for the emergency shall be stated in the minutes of the meeting.

4.18 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 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 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 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.

5.6 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. 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.

5.7 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, 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. Declarant (before turnover) and the Board (after turnover) may, but shall not be required to, impose interest or a service charge for late

installment payments or allow a discount for payment of the annual assessment or any installment in advance.

6.2 Initial Assessment. Declarant shall pay all common expenses of the Association until the Lots are assessed for common expenses. Declarant shall determine the amount and date of commencement of the initial annual assessment to Owners other than Declarant. The assessment shall thereafter be subject to review by the Board.

6.3 Income Tax Returns; Determination of Fiscal Year.

6.3.1 Fiscal Year. The fiscal year of the Association shall be the calendar year unless otherwise determined by the Board.

6.3.2 Tax Returns. The Board, 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.

6.4 Default. Failure by an Owner to pay any assessment of the Association shall be a default by such Owner of such Owner's obligations pursuant to these Bylaws and the Declaration. The Association shall be entitled to the remedies set forth in the Declaration.

6.5 Maintenance and Repair.

6.5.1 Lots. Except as otherwise specifically provided in the Declaration and these Bylaws, every Owner must perform promptly all maintenance and repair work to such Owner's Lot and the exterior of the improvements thereon and keep the same in good repair and sanitary and neat condition.

6.5.2 Commonly Maintained Property. The Association shall repair and maintain the Commonly Maintained Property.

6.5.3 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 the Declaration.

6.6 Right of Entry; Easements for Maintenance.

6.6.1 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 in the event of an emergency originating in or threatening any Owner's Lot.

6.6.2 Maintenance Easements. The Association shall have an easement in and through any Lot 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 or any Commonly Maintained Property, it may do so without providing compensation, provided that it promptly restores the Lot and/or Commonly Maintained Property to substantially its prior condition.

ARTICLE 7

USE AND OCCUPANCY RESTRICTIONS; RULES OF CONDUCT

In addition to the restrictions and rules of conduct set forth in the Declaration, the following shall apply:

7.1 Use of the Commonly Maintained Property. No Owner shall place or cause to be placed on any portion of the Commonly Maintained Property any trash, structure, equipment, vehicle, improvement, furniture, package or object of any kind. Such areas shall be used for no purpose other than what is normal.

7.2 Appearance of Lots. Owners shall keep their Lots and the improvements thereon in good repair, clean, and with painted, stained or other finished exteriors compatible with the Architectural Standards, the Declaration and Rules and Regulations. The Association shall have the same obligations with respect to the Commonly Maintained Property.

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 or of the Commonly Maintained Property that will increase the cost of insurance upon the Commonly Maintained Property.

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 and in the Declaration. 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.

ARTICLE 8 **INSURANCE**

8.1 General. The Board shall obtain and maintain at all times insurance of the type and kind and in the amounts hereinafter provided and additional insurance for such other risks of a similar or dissimilar nature as are now or as shall be hereafter customarily covered by insurance obtained by other planned communities similar in construction and design. Such additional insurance shall be governed by this Article 8.

8.2 Types of Insurance Policies. For the benefit of the Association and the Owners, the Board 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:

8.2.1 Liability. A policy or policies insuring the Association, its Board, 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 Property. 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 liability. Such limit and coverage shall be reviewed at least annually by the Board, which may increase the limit of and/or coverage, in its discretion. Said policy or policies shall be issued on a commercial General Liability form 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.

8.2.2 Workers Compensation. Workers Compensation Insurance to the extent that it is necessary to comply with any applicable laws.

8.3 Fidelity Bond. For the benefit of the Association and Owners, the Board may obtain a fidelity bond naming such persons as may be designated by the Board as principals and the Association and the Owners as obligees, for the amount determined by the Board. The Board may pay for such bond out of the common expenses of the Association. In addition, the Board

shall require that all officers and employees of the Association handling or responsible for Association funds to obtain adequate fidelity bonds and may pay for the premiums thereon.

8.4 Insurance Companies Authorized. All policies obtained under this Article 8 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.

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

8.5.1 Waiver of Subrogation. A waiver of subrogation by the insurer as to any claims against the Board, officers, the manager, the Owners and their respective servants, agents, guests and tenants.

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

8.5.3 Noncancellation Without Opportunity to Cure. 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 or the manager without prior demand in writing that the Board or manager cure the defect.

8.5.4 No Other Insurance Clauses. 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 Homes, Lots or Commonly Maintained Property.

8.6 Home and Lot Insurance. The Association shall have no responsibility to procure or to assist Owners or Occupants in procuring property loss insurance or liability insurance other than as expressly stated in this Article 8. Owners and Occupants shall procure all other insurance coverage that they deem necessary or prudent for their protection, and shall be obligated to carry property insurance with extended coverage endorsements in the amount of the replacement value of such Owners' Homes and with minimum combined limits of \$100,000 per occurrence. Insurance coverage obtained and maintained by the Board of Directors may be brought into contribution with that obtained and maintained by Owners or mortgagees only in the Board of Directors' sole and unfettered discretion.

8.7 Review of Insurance Policies. At least annually, the Board 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 9

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 these Bylaws may effect an amendment of the Declaration or the Articles without compliance with the provisions of such documents and the Oregon Nonprofit Corporation Act, and no amendment deleting or affecting any right of Declarant or its successor or assignee, including, without limitation, an amendment to this Article 9, may be adopted without the prior written consent of Declarant or its successor or assignee.

ARTICLE 10

RECORDS AND AUDITS

10.1 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 shall be retained by the Association for one (1) year from the date the vote is determined.

10.2 Assessment Roll. The Board and the managing agent or manager, if any, shall maintain the assessment roll 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 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.

10.3 Payment of Vouchers. The Treasurer or management agent shall pay all expenses authorized by the Board. 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 voucher for non-budgeted items shall require the signature of the President; provided, however, that 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.

ARTICLE 11
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 Rockcreek Ridge. In case of any conflict among the provisions of the PCA, the Articles, the Declaration, or these Bylaws, the provisions of the PCA shall control over those of the Articles and Declaration, and the provisions of the Declaration shall be control over those of the Articles and these Bylaws.

ARTICLE 12
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 13
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. 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 Declaration, 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 14 **MISCELLANEOUS**

14.1 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.

14.2 Waiver. No restriction, condition, obligation or provision contained in these Bylaws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches thereof that may have occurred and the number of times that the pertinent restriction, condition, obligation or provision was not enforced.

14.3 Invalidity; Number; Captions. The invalidity of any part of these Bylaws shall not impair or affect in any manner the validity, enforceability or effect of the balance of these Bylaws; 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 President George W. Bush. 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 15 **ADOPTION**

It is hereby certified that these Bylaws have been adopted by Quatama Creek, LLC, an Oregon limited liability company, Declarant of Rockcreek Ridge, and shall be recorded in the Deed Records of Washington County, together with the Declaration for said planned community.

DATED this 9th day of January, 2007.

QUATAMA CREEK, LLC, an Oregon limited liability company

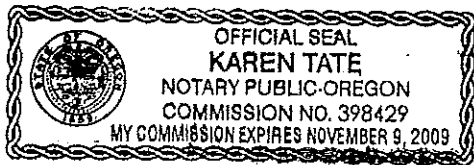
By: *Charles J. Feltz*

Its *Managing Member*

STATE OF OREGON)

County of *Multnomah*) ss.

Personally appeared before me the above-named *Charles J. Feltz*, who, being duly sworn, did say that he is the *Managing Member* of QUATAMA CREEK, LLC, and that said instrument was signed in behalf of said limited liability company by authority of its members; and he acknowledged said instrument to be its voluntary act and deed.



Karen Tate

Notary Public for Oregon

my commission expires 9-11-09