

EXHIBIT "B"
BYLAWS
OF
WESTGATE HOMEOWNERS ASSOCIATION

1. DEFINITIONS

The terms specified below shall have the following meanings when used in these Bylaws:

1.1 "Articles" mean the Articles of Incorporation of the Association filed with the Corporation Division of the Oregon Secretary of State, as amended from time to time in accordance with the provisions thereof.

1.2 "Association" means Westgate Homeowners Association, an Oregon nonprofit mutual benefit corporation, formed for the purposes set forth in these Bylaws, the Declaration and the Articles.

1.3 "Board" means the Board of Directors of the Association constituted in accordance with Section 5 of these Bylaws.

1.4 "Common Areas" means only that portion of the Property, together with all improvements located thereon, that is established for the common use and benefit of property owners within Westgate and identified as "Common Areas" in the Declaration, on a plat of any portion of the Property, in an amendment to the Declaration or in a supplemental declaration or Declaration of Annexation. The Common Areas shall also include all other real and personal property that the Association owns, leases or otherwise holds possessory or use rights in for the common use and enjoyment of the Owners.

1.5 "Conversion Date" means the date on which Class B membership terminates pursuant to Section 3.2.2.

1.6 "Declarant" means Empire Westgate LLC and its successors and assigns who acquire any of the rights or assume any of the obligations of Declarant under the Declaration. If less than all of Declarant's rights or obligations are transferred to a successor or assign, then the successor or assign shall only be deemed a Declarant with respect to those rights or obligations that are specifically assigned to or assumed by the successor or assign. One or more persons or entities may be a Declarant.

1.7 "Declaration" means the Declaration of Covenants, Conditions, Restrictions and Easements for Westgate, as amended or supplemented from time to time in accordance with the provisions thereof.

1.8 "Director" means a member of the Board elected or appointed in accordance with Section 5.3 of these Bylaws.

1.9 "Homesite" shall have the definition given it in the Declaration.

1.10 "Member" means each member of the Association and shall include every Owner of a Homesite. There shall be two (2) classes of membership in the Association, Class A and Class B, as described in Section 3.2 of these Bylaws.

1.11 "Nonprofit Corporation Act" means the Oregon Nonprofit Corporation Act (ORS 65.001 to 65.990), as amended from time to time.

1.12 "Officer" means an officer of the Association as described in and elected in accordance with Section 6 of these Bylaws.

1.13 "Owner" means the person or persons, including Declarant, owning any Homesite in the Property, including a vendee under a land sale contract to whom possession of the Homesite has been passed, but does not include a tenant or holder of a leasehold interest or a contract vendor (when possession has passed to the contract vendee pursuant to the terms of the land sale contract) or other person holding only a security interest in a Homesite. The rights, obligations and other status of being an Owner commence upon acquisition of the ownership of a Homesite and terminate upon disposition of such ownership, but termination of ownership shall not discharge an Owner from obligations incurred prior to termination.

1.14 "Planned Community Act" means the Oregon Planned Community Act (ORS 94.550 to 94.783), as amended from time to time.

1.15 "President" means the President of the Association as described in Section 6.5 of these Bylaws.

1.16 "Property" means the real property located in Deschutes County, Oregon and legally described on Exhibit A to the Declaration and such additions thereto as may be brought within the jurisdiction of the Association and made subject to the Declaration and these Bylaws in accordance with Article XI of the Declaration.

1.17 "Secretary" means the Secretary of the Association as described in Section 6.6 of these Bylaws.

1.18 "Treasurer" means the Treasurer of the Association as described in Section 6.7 of these Bylaws.

1.19 "Turnover Meeting" means the meeting of the Owners called pursuant to Section 13 of these Bylaws for the purpose of turning over control of the Association from Declarant to the Class A Members.

1.20 Other Defined Terms. All other capitalized terms not otherwise defined in these Bylaws shall have the meaning given to them in the Declaration.

2. OFFICES

2.1 Principal Office. The principal office of the Association in the State of Oregon shall be at a location determined by the Board. The Association may have such other offices as the Board may determine or as the affairs of the Association may require from time to time.

2.2 Registered Office and Agent. The Association shall have and continuously maintain in the State of Oregon a registered office, and a registered agent whose office is

identical with such registered office, as required by the Nonprofit Corporation Act. The registered office of the Association may be, but need not be, identical with the principal office of the Association and the address of the registered office may be changed from time to time by the Board.

3. MEMBERSHIP, VOTING RIGHTS, AND POWERS AND OBLIGATIONS

3.1 Membership. Every Owner of a Homesite shall, immediately upon creation of the Association and thereafter during the entire period of such Owner's ownership of a Homesite, be a Member of the Association. Membership shall be appurtenant to and shall not be separated from ownership of any Homesite. Such membership shall commence, exist, and continue simply by virtue of such ownership, shall automatically expire upon termination of such ownership, and need not be confirmed or evidenced by any certificate or acceptance of membership.

3.2 Voting Rights. The voting rights of Members of the Association including Declarant are set forth in the Declaration as the same may be amended from time to time.

3.3 Suspension of Voting Rights. All voting rights of a Member shall be suspended during any period in which the Member is delinquent in the payment of any Assessment or is otherwise in default under these Bylaws, the Declaration or any rules and regulations of the Association.

3.4 Powers and Obligations. The Association shall have, exercise and perform all of the following powers, duties and obligations:

3.4.1 Governing Documents. The powers, duties and obligations granted to the Association by these Bylaws, the Articles or the Declaration, including, without limitation, the authority to levy Assessments against the Owners for the costs of operating and managing the Association and performing the Association's responsibilities under these Bylaws and the Declaration.

3.4.2 Statutory Powers. The powers and obligations of a nonprofit corporation pursuant to the Nonprofit Corporation Act, and of a homeowner's association pursuant to the Planned Community Act, as either may be amended from time to time, except as provided otherwise by these Bylaws or the Declaration.

3.4.3 General. Any additional or different powers, duties and obligations necessary or desirable for the purpose of carrying out the functions of the Association pursuant to the Declaration and these Bylaws or otherwise promoting the general benefit of the Members. The powers and obligations of the Association may from time to time be amended, repealed, enlarged or restricted by changes in these Bylaws made in accordance with the provisions herein, accompanied by changes in the Articles or Declaration made in accordance with such instruments, as applicable, and with the Planned Community Act and Nonprofit Corporation Act.

4. MEMBER MEETINGS

4.1 Annual Meetings. A meeting of the Members shall be held annually. The first annual meeting of the Members shall be held within one (1) year from the date of incorporation of the Association and each subsequent regular annual meeting of the Members shall be held annually on a date within thirty (30) days of the anniversary date of the first annual meeting of the Members or on a date otherwise set by the Board. At the annual meeting, the President, and any other Officer or person whom the President may

designate, shall report on the activities and financial condition of the Association. The first annual meeting of the Members held for the purpose of electing Directors shall be the Turnover Meeting. A representative of Central Oregon Landwatch shall be invited to each annual meeting to report on the Association's compliance with the COL Agreement and Revised Wildlife Habitat and Forest Health Management Plan unless a special meeting of the Members is held for such purpose during the same calendar year as such annual meeting in which case the Central Oregon Landwatch representative shall be invited to such special meeting in lieu of the Annual Meeting.

4.2 Special Meetings. Special meetings of the Members may be called at any time by the President, by a majority of the Directors, or by the President or Secretary upon receipt of a written request of the Members holding at least forty percent (40%) of the outstanding votes of the Association. If the Members request a special meeting as provided herein and notice of the meeting is not given to the Members within thirty (30) days after the date the written request for the meeting was delivered to the President or Secretary, then any Member who signed the request may set the date, time and place of the meeting and give the required notice. Business transacted at a special meeting shall be restricted to the purposes set forth in the notice for the meeting.

4.3 Place of Meetings. Meetings of the Members shall be held at the principal office of the Association or at such other suitable and convenient place within Deschutes County, Oregon as may be designated in the notice for the meeting.

4.4 Notice of Meetings. Any meeting held pursuant to this Section 4 shall be held on such date, at such time, and at the principal office of the Association or such other place within Deschutes County, Oregon, as may be designated by the Secretary. Written notice of each meeting of the Members under this Section 4 shall be given by, or at the direction of, the Secretary or other person authorized to call the meeting at least ten (10) days before the meeting, but not more than fifty (50) days before the meeting, to each Member entitled to vote at the meeting and to any mortgagee of a Homesite having requested notice thereof in writing. A mortgagee of a Homesite may designate a representative to attend a meeting called under this Section 4. The notices shall be given in accordance with the notice provisions set forth in Section 17.1 and shall specify the place, day, and hour of the meeting, and the items on the agenda, including the general nature of any proposed amendment to the Declaration or these Bylaws, any budget changes, or any proposal to remove a Director. Notice of any such meeting may be waived by a Member at any time.

No Member who is present at a meeting may object to the adequacy or timeliness of the notice given.

4.5 Quorum. The presence at any Member meeting of a number of Members, whether in person, by proxy or by absentee ballot (if authorized by the Board), who are entitled to cast at least twenty percent (20%) of the outstanding votes of the Association shall constitute a quorum for any action except as otherwise provided in the Articles, the Declaration, or these Bylaws. If a quorum is not constituted at a meeting, the Members who are present, either in person or by proxy, and entitled to vote shall have the power to adjourn the meeting until another date and time, without notice other than announcement at the meeting. The quorum requirement for any such subsequent meeting shall be reduced to a number of Members, whether in person, by proxy or by absentee ballot (if authorized by the Board), who are entitled to cast at least one-fifth (1/5) of the outstanding votes of the Association; provided that (i) the meeting is adjourned to a date that is at least forty-eight (48) hours from the time the original meeting was called or (ii) the original meeting notice states that the quorum requirement will be reduced if the meeting cannot be

organized because of a lack of quorum and specifies the reduced quorum requirement. The Members present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum.

4.6 Majority Vote. A vote by the Members holding more than fifty percent (50%) of the voting power of the Association present in person, by proxy or by absentee ballot (if authorized by the Board) at a meeting at which a quorum is constituted shall be binding upon all Members for all purposes unless a higher voting percentage is specifically required by these Bylaws, the Articles, the Declaration, the Planned Community Act or any other applicable law, in which case such higher voting percentage shall apply.

4.7 Proxies and Absentee Ballots. At all meetings of the Members, each Member may vote in person, by proxy or, if authorized by the Board, by absentee ballot. All proxies shall be in writing, dated and signed by the Member, filed with the Secretary and in compliance with all other proxy requirements of the Planned Community Act. Proxies may only be revoked upon the giving of actual notice of revocation to the person presiding over the meeting or to the Board if a vote is being conducted by written ballot. Proxies shall automatically cease upon cessation of membership or restriction of the Member's voting rights. An absentee ballot shall set forth each proposed action and provide an opportunity to vote for or against each proposed action. All solicitations for absentee ballots shall include instructions for return delivery of the completed absentee ballot and information about whether or not the absentee ballot may be canceled if it is returned in accordance with the instructions. If an absentee ballot is delivered by a Member, the Member may vote in person at the meeting if the Member returned the absentee ballot and canceled the absentee ballot, if cancellation was permitted in the instructions included with the absentee ballot.

4.8 Action Without A Meeting. Any action which applicable law, the Declaration or these Bylaws require or permit the Members to take at a meeting may be taken without a meeting by written or electronic ballot if the procedures set forth in ORS 94.647 and 94.661, as applicable, are followed. For votes of the Members by written or electronic ballot, the Board shall provide the Members with at least ten (10) days' notice before ballots are mailed or otherwise distributed. The notice shall state the general subject matter of the ballot vote, the right of Members to request secrecy procedures in accordance with ORS 94.647, the date after which ballots may be distributed, the date and time by which any petition requesting secrecy procedures must be received by the Board, and the address where such a petition may be delivered. If, at least three (3) days before the ballots are scheduled to be mailed or otherwise distributed, at least ten percent (10%) of the Members petition the Board requesting secrecy procedures, then the Board must comply with the secrecy procedures set forth in ORS 94.647. The secrecy procedures shall not apply to the ballot of a Member if the consent or approval of that particular Member is required under these Bylaws, the Declaration or the Planned Community Act. All ballots must set forth each proposed action and provide an opportunity to vote for or against each proposed action. All solicitations for votes by written or electronic ballots shall state the number of responses needed to satisfy any applicable quorum requirement, the required percentage of votes needed for approval, and the period during which the Association will accept ballots for counting, which period shall end on the earliest of (i) the date on which the Association has received a sufficient number of approving ballots to pass the proposal, (ii) the date on which the Association has received a sufficient number of disapproving ballots to render the proposal impossible of passage, or (iii) a date certain by which all ballots must be returned to be counted. Electronic ballots include any ballots given by electronic mail, facsimile transmission, posting on a website or other means of electronic communication approved by

the Board. Approval by written or electronic ballots shall be valid only when the number of votes cast by written or electronic ballot equals or exceeds any quorum required to be present if a meeting was held to authorize the action and the number of approvals equals or exceeds the number of votes required to approve the matter if a meeting was held to authorize the action. A written ballot may not be revoked. Notwithstanding the foregoing, action by written or electronic ballot may not substitute for: (i) the Turnover Meeting; (ii) the annual meeting of the Members; (iii) a meeting of the Members if the agenda includes a proposal to remove a Director; or (iv) a special meeting of the Members called at the request of the Members under ORS 94.650(2).

5. BOARD OF DIRECTORS

5.1 General. The affairs of the Association shall be managed by the Board, which shall be comprised of the number of Directors specified in Section 5.2 below. The Board shall have all requisite power, duty and authority to perform its obligations under the Declaration, the Articles, these Bylaws, the Nonprofit Corporation Act and the Planned Community Act, including, without limitation, the power, duty, and authority to enforce the provisions of the Declaration and these Bylaws and to acquire and pay for, out of the funds received from the collection of Assessments pursuant to the Declaration, all goods and services necessary or appropriate for the proper functioning of the Association in accordance with the Declaration and these Bylaws. In performing its duties, the Board shall be governed by ORS 94.640 and the applicable provisions of ORS 65.357, 65.361, 65.367, 65.369 and 65.377.

5.2 Number and Qualification. The Board shall consist of three (3) to five (5) Directors prior to the Turnover Meeting and three (3) Directors after the Turnover Meeting. All Directors must be individuals. The Directors need not be Members prior to the Turnover Meeting, but shall be Members after the Turnover Meeting; provided, however, if a corporation, limited liability company, partnership or trust owns a Homesite or an interest in an entity that owns a Homesite, then an officer, employee or agent of the corporation, member, manager, employee or agent of the limited liability company, partner, employee or agent of the partnership or trustee of the trust, as applicable, may serve as a Director. Additionally, an executor, administrator, guardian, conservator or other individual appointed by a court to serve in a fiduciary capacity for a Member, or an officer or employee of an entity if the appointee is an entity, may serve as a Director. Prior to election to the Board, any individual wishing to serve on the Board in the capacity as a representative or fiduciary of a Member pursuant to this Section 5.2 shall provide the Board with documentation satisfactory to the Board that the individual is qualified to represent the Member in compliance with the requirements of this Section 5.2. An individual serving on the Board as a representative or fiduciary of a Member in accordance with this Section 5.2 shall be disqualified from serving as a Director and his or her seat on the Board shall automatically be vacated if the individual no longer meets the requirements set forth in this Section 5.2.

5.3 Election of Directors. Prior to the Turnover Meeting, Declarant shall appoint all Directors, and may remove and replace any Director, with or without cause. At the Turnover Meeting, the Members shall elect two (2) Directors for a term of two (2) years and one (1) Director for a term of one (1) year. The Directors receiving the two (2) highest vote totals shall serve the two (2) year terms. Thereafter, at each annual meeting of the Members, the Members shall elect a number of Directors equal to the number whose terms are then expiring, each to serve a term of two (2) years. In voting for Directors, Members shall have the votes specified in Section 3.2 above. Voting for Directors shall not be cumulative. A Director may serve more than one (1) term.

5.4 Resignation. A Director may resign at any time by sending a written notice of resignation to the Secretary. Unless otherwise specified in the resignation notice, a resignation shall take effect upon receipt of the notice by the Secretary.

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

5.6 Vacancies. Vacancies on the Board caused by the death, resignation, or disqualification of a Director shall be filled by the affirmative majority vote of the remaining Directors, even if they constitute less than a quorum. Any Director so elected shall serve the remainder of the replaced Director's term. Vacancies on the Board caused by the removal of a Director pursuant to Section 5.5 above shall be filled in accordance with the procedures set forth in Section 5.5 above.

5.7 Meetings of the Board.

5.7.1 The initial meeting of the Board shall occur within ninety (90) days after the date the Articles of the Association are filed. Thereafter, the Board shall meet at least annually, within thirty (30) days after each annual meeting of the Members.

5.7.2 Special meetings of the Board may be called at any time by the President or two (2) Directors. Such meetings shall be scheduled by the Secretary within thirty (30) days after the Secretary's receipt of a written request signed by the President or at least two (2) Directors; provided that if the purpose of a special meeting is to elect a successor Secretary or to consider removal of the Secretary, then such meeting may be scheduled by the President or, if the meeting is also for the purpose of electing a successor President or removing the President, any other Director.

5.7.3 Meetings of the Board shall be held at the principal office of the Association or such other place within Deschutes County, Oregon, as may be designated from time to time by the Board.

5.7.4 The Secretary shall give notice to each Director in writing delivered personally or by mail, or to the extent permitted by the Planned Community Act, by electronic mail, facsimile or other form of electronic communication at least twenty-four (24) hours before the meeting. Notice shall be sufficient if actually received at the required time or if mailed or sent electronically not less than seventy-two (72) hours before the meeting. If mailed, the notice shall be directed to the address shown on the Association's records or to the Director's actual address ascertained by the person giving the notice. Such notice need not be given for an adjourned meeting if such time and place is fixed at the meeting adjourned. Attendance of a Director at a meeting shall constitute a waiver of notice of such meeting except when a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Notwithstanding the foregoing, emergency meetings of the Board may be held without notice if the reason of the emergency is stated in the minutes of the meeting.

5.7.5 All meetings of the Board shall be open to the Members, except that at the discretion of the Board, the following matters may be considered in executive session, as provided by law: (a) consultation with legal counsel; (b) personnel matters, including

salary negotiations and employee discipline; (c) the negotiation of contracts with third parties; and (d) collection of unpaid Assessments. Except in 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 President shall state the general nature of the action to be considered and when and under what circumstances the deliberations can be disclosed to the Members. The statement, motion, or decision to meet in executive session must be included in the minutes of the meeting. A contract or action considered in executive session does not become effective unless the Board, following the executive session, reconvenes in an open meeting and votes on the contract or action, which must be reasonably identified in the open meeting and included in the minutes.

5.7.6 Meetings of the Board may be conducted by telephonic communication or by other means of communication that allows all members of the Board participating to hear each other simultaneously or otherwise to be able to communicate during the meeting, except that if a majority of the Homesites are principal residences of the Occupants, then:

(i) for other than emergency meetings, notice of each Board meeting shall be posted at a place or places on the Property at least three (3) days prior to the meeting, or notice shall be provided by a method otherwise reasonably calculated to inform the Owners of such meeting; and (ii) only emergency meetings of the Board may be conducted by telephonic communication or such other means. The meeting and notice requirements of this section may not be circumvented by chance or social meetings or by any other means.

5.7.7 The presence in person of a majority of the Directors shall constitute a quorum for voting at a Board meeting. The Board shall have the power to adjourn a meeting even if less than a quorum is present. Each Director shall have one vote. So long as a quorum is constituted, the vote of a majority of the Directors present at the meeting shall be a binding vote of the Board for all purposes, unless a greater percentage is required by law, these Bylaws or the Declaration. A Director who is present at a meeting of the Board at which action is taken on any Association matter is presumed to have assented to the action unless the Director votes against the action or abstains from voting on the action because the Director claims a conflict of interest. When action is taken on any matter at a meeting of the Board, the vote or abstention of each Director present shall be recorded in the minutes of the meeting. The Directors may not vote by proxy or by secret ballot at Board meetings, except that the Directors may elect Officers by secret ballot.

5.8 Action Without A Meeting. Any action which applicable law, the Declaration or these Bylaws permit the Board to take at a meeting may be taken without a meeting if a written consent setting forth the action so taken is signed by all of the Directors entitled to vote on the matter. The consent, which shall have the same effect as a unanimous vote of the Board, shall be filed in the records of the Association.

5.9 Compensation. No Director shall receive compensation for any service rendered to the Association. However, a Director may be reimbursed for the Director's actual expenses incurred in the performance of his or her duties.

6. OFFICERS

6.1 Enumeration and Qualifications. The Officers shall be the President, the Treasurer, and the Secretary, each of whom shall be elected by the Board. The Board may designate such additional Officers as it deems appropriate. All Officers must be individuals. The President shall be a member of the Board, but other Officers need not be members of

the Board. Any two offices, except the offices of President and Secretary, may be held by the same person.

6.2 Election and Term of Office. The Officers shall be elected annually by the Board and shall hold office at the pleasure of the Board and until their successors are elected and qualified. If any office becomes vacant, the Board shall elect a successor to fulfill the unexpired term at a special meeting of the Board called for such purpose.

6.3 Removal. The Board may remove any Officer, at any time, with or without cause, and a successor may be elected at a special meeting of the Board called for such purpose.

6.4 Compensation of Officers. No officer who is a member of the Board shall receive any compensation from the Association for acting as an Officer, unless such compensation is authorized by a resolution duly adopted by the members. The Board of Directors may fix any compensation to be paid to other Officers.

6.5 President. The President shall be the chief executive officer of the Association. The President shall preside at all meetings of the Board and shall have all of the general powers and duties normally incident to the office of the chief executive officer of a corporation. The President shall perform all of such duties at the expense of the Association.

6.6 Secretary. The Secretary shall keep the minutes of all proceedings of the Board and all other Association records and shall attend to the giving of all notices to the Board and Members and any other notices pursuant to these Bylaws or the Declaration or required by law. If there are no Vice Presidents, then in the absence or disability of the President, the President's duties and powers shall be performed and exercised by the Secretary. The Secretary shall perform all other duties incident to the office of secretary of a corporation or as may be directed by the Board. The Secretary shall perform all of such duties at the expense of the Association.

6.7 Treasurer. The Treasurer shall be responsible for Association funds and shall keep full and accurate financial records and books of account sufficient for proper accounting purposes showing all receipts and disbursements necessary for the preparation of all financial data and tax returns. The Treasurer shall be responsible for the deposit of all Association funds in such depositories as may from time to time be designated by the Board, and shall disburse Association funds for such purposes as may be permitted under these Bylaws or the Declaration. The Treasurer shall perform all other duties incident to the office of the Treasurer of a corporation or as may be directed by the Board. The Treasurer shall perform all such duties at the expense of the Association.

7. SHARES OF STOCK AND DIVIDENDS PROHIBITED

The Association shall not have or issue shares of stock. No dividends shall be paid and no part of the income of the Association shall be distributed to its Directors or Officers, or to the Owners. The Association may pay compensation in a reasonable amount to its Officers for services rendered as provided by the Articles, the Declaration, other provisions of these Bylaws, or Board resolution.

8. LOANS TO DIRECTORS AND OFFICERS PROHIBITED

8.1 No Loans to Directors or Officers. No loan shall be made by the Association to its Directors or Officers. The Directors who vote for or assent to the making of a loan to a Director or Officer and any Officers participating in the making of such loan, shall be jointly and severally liable to the Association for the amount of such loan until the repayment thereof.

8.2 Contribution: Subrogation. Any Director against whom a claim is asserted under or pursuant to this Section 8 shall be entitled to contribution from the other Directors who voted for the action upon which the claim is asserted. To the extent that any Director is required to pay such claim, he or she shall be subrogated to the rights of the Association against the debtor on the loan.

9. CONTRACTS, CHECKS, DEPOSITS AND FUNDS

9.1 Contracts. The Board may authorize any Officer or agent of the Association, in addition to the Officers so authorized in these Bylaws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association, and such authority may be general or confined to specific instances. Among other things, such contracts may provide for the employment of personnel necessary for the maintenance, upkeep, and repair of the Common Maintenance Areas. Notwithstanding the foregoing, no management agreement, service contract or employment contract made by or on behalf of the Association prior to the Turnover Meeting shall be for a term in excess of three (3) years, and any such agreement shall be terminable without penalty to the Association upon not less than thirty (30) days' written notice to the other party thereto given by the Board not later than sixty (60) days after the Turnover Meeting.

9.2 Checks, Drafts, Etc. All checks, payment vouchers, drafts, or other orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the Association (including checks or vouchers for the payment of the Common Expenses), shall be signed by such Officers or agents of the Association and in such manner as shall from time to time be determined by the Board.

9.3 Deposits. Keep all funds received by the Association as Assessments, other than reserves described in the Declaration, in the Operations Fund and keep all reserves collected pursuant to the Declaration in the Reserve Fund and use such funds only for the purposes described in the Declaration. All Assessments shall be deposited in the name of the Association in such banks, trust companies, or other depositories as the Board may select.

10. COMMITTEES

The Board may appoint such temporary or standing committees as deemed appropriate in carrying out its purposes. Such committees shall hold office at the pleasure of the Board.

11. ASSOCIATION BOOKS AND RECORDS; FINANCIAL MATTERS

11.1 General. The Association shall keep accurate and complete books and records of its activities and accounts as required by the Planned Community Act and shall also keep minutes of the proceedings of the Board and shall keep at its registered or principal office a record of the names and addresses of the Members and Directors. All books and records of

the Association (except for those items which are exempt from disclosure under ORS 94.670) may be inspected by any Member, or his or her agent or attorney, for any proper purpose at any reasonable time. Without limiting the generality of the foregoing, the Association shall maintain a copy, suitable for duplication, of the following: (a) the Declaration, these Bylaws, the Articles and any rules and regulations adopted by the Board; (b) the most recent financial statement of the Association prepared in accordance with Section 11.2 below; (c) the current operating budget of the Association; and (d) the reserve study for the Association (if any). The Board may adopt reasonable rules regarding the frequency, time, location, notice and manner of inspection and duplication of the Association's records and the imposition of a reasonable fee for furnishing copies of any documents. The fee may include reasonable personnel costs for furnishing such copies.

11.2 Financial Statements. Within ninety (90) days after the end of each fiscal year, the Board shall distribute to each Owner and, upon request, any mortgagee of a Homesite, a copy of the annual financial statement of the Association, consisting of a balance sheet and income and expense statement for the preceding fiscal year. Additionally, if the annual assessments of the Association exceed Seventy-Five Thousand Dollars (\$75,000) for the year (or such other thresholds as may be established by Oregon law from time to time), then the Board shall cause the financial statements to be reviewed within one hundred eighty (180) days after the end of the fiscal year by an independent certified public accountant licensed in Oregon in accordance with the Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants, provided, however, the Board need not cause such a review to be performed if so directed by an affirmative vote of at least sixty percent (60%) of the Members, not including votes of Declarant with respect to Homesites owned by Declarant. If the annual assessments of the Association are Seventy-Five Thousand Dollars (\$75,000) or less (or such other thresholds as may be established by Oregon law from time to time), then the Board shall cause such review to be performed within one hundred eighty (180) days after receipt of a petition requesting such review signed by at least a majority of the Members. The terms of this Section 11.2 are intended to comply with the requirements of ORS 94.670, as the same may be amended and/or supplemented from time to time, and all other applicable Oregon laws and shall be deemed modified, as applicable, to comply therewith

11.3 Tax Returns. The Board shall cause to be filed the necessary income tax returns for the Association.

11.4 Fiscal Year. The Association's fiscal year shall commence January 1 and shall end on December 31.

12. INSURANCE

12.1 Types of Insurance. 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 Operations Fund, the following insurance:

12.1.1 Property Damage Insurance.

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

(b) The amount of the coverage shall be for not less than one hundred percent (100%) of the current replacement cost of the Improvements on the Common Areas (exclusive of land, foundation, excavation and other items normally excluded from coverage), subject to a reasonable deductible.

(c) The policy or policies shall include all fixtures and building service equipment to the extent that they are part of the Common Areas and all personal property and supplies belonging to the Association.

12.1.2 Liability Insurance.

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

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

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

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

12.1.4 Fidelity Insurance.

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

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

(c) Such fidelity insurance shall name the Association as obligee and shall contain waivers by the insurers of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees" or similar terms or expressions. The insurance shall provide that it may not be canceled or substantially modified (including cancellation for nonpayment of premium) without at least ten (10) days' prior written notice to the Association.

12.1.5 Insurance by Homesite Owners. Each Owner shall be responsible for obtaining, at his or her own expense, homeowner's insurance covering the Improvements on the Owner's Homesite and liability resulting from use or ownership of the Homesite, unless the Association agrees otherwise. The insurance coverage maintained by the Association shall not be brought into contribution with the insurance obtained under this section by the Owners.

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

13. TRANSFER OF CONTROL: TURNOVER MEETING

On a date that is not later than ninety (90) days after the Conversion Date, Declarant shall call the Turnover Meeting. Declarant shall give notice of the Turnover Meeting to each Member in accordance with Section 4.4 above. The notice shall state the purpose of the meeting, which shall be the relinquishment by Declarant of control of the administration of the Association, and the time and place at which the meeting is to be held. If Declarant does not call the Turnover Meeting within the specified time, then any Member may call the Turnover Meeting and give the required notice. At the Turnover Meeting:

(i) Declarant shall relinquish control of the administration of the Association and the Members shall assume the control thereof; (ii) the Directors and Officers of the Association then serving shall resign and the Members shall elect Directors who shall then elect Officers in accordance with these Bylaws; and (iii) Declarant shall deliver to the Association all of the items set forth in ORS 94.616(3). During the three (3) month period following the Turnover Meeting, Declarant or its representative shall be available to meet with the Board on at least three (3) mutually acceptable dates as provided under ORS 94.616(4).

14. RULES AND REGULATIONS

The Board shall have power to adopt and publish rules and regulations governing the conduct of persons and the operation and use of the Homesites and the Common Areas as it may deem necessary or appropriate to assure the peaceful and orderly use and enjoyment of the Property and to establish penalties for the infraction thereof. Upon adopting any such rules and regulations, the Board shall cause copies thereof to be delivered to each Owner in accordance with the notice provisions set forth in Section 17.1 below. All rules and regulations adopted by the Board shall become binding on all Members and on all occupants of the Homesites upon the date of delivery. Any rule or regulation which conflicts with these Bylaws or the Declaration shall be null and void.

15. MAINTENANCE AND MANAGEMENT

The Association shall have the maintenance and management responsibilities set forth in the Declaration and these Bylaws. Costs and expenses incurred by the Association in discharging its responsibilities shall be paid in the manner described in Section 9.2 of these Bylaws.

16. ASSESSMENTS

16.1 Generally. All Homesites shall be subject to assessment in accordance with the provisions of the Declaration. From time to time, and at least annually, the Board shall prepare a budget for the Association, estimating the Common Expenses expected to be

incurred with adequate allowance for reserves based upon the reserve study required by the Declaration, and determine whether the Annual Assessment should be increased or decreased. Subject to amendment by the Board, the Association shall give written notice to each Member as to the amount of the Annual Assessments with respect to each Homesite on or before December 15 of each year for the calendar year commencing January 1 of the next year. If the Board fails to adopt a budget, the last adopted annual budget shall continue in effect. Annual Assessments shall be due and payable on a monthly, quarterly or annual basis as determined by the Board.

16.2 Request for Assessments Due. The Association shall provide, within ten (10) business days of receipt of a written request from a Member, a written statement that provides: (i) the amount of Assessments due from the Member and unpaid at the time the request was received, such as Annual, Special and Individual Assessments, fines, accrued interest, late payment charges and other charges; (ii) the percentage rate at which interest accrues on unpaid Assessments; and (iii) the percentage rate or fixed charge for late payments. The Association is not required to provide a statement of outstanding Assessments if the Association has commenced litigation by filing a complaint against the Member and the litigation is pending when the statement would otherwise be due.

17. NOTICES

17.1 Notices. Unless another form of notice is specifically permitted in these Bylaws or under the Planned Community Act, all notices given hereunder shall be delivered by: (i) messenger service (or hand delivery); (ii) overnight courier service; (iii) regular U.S. Mail; or (iv) electronic mail, facsimile transmission or any other form of electronic communication acceptable to the Board and permissible under the Planned Community Act. Notices delivered by messenger service (or hand delivery), overnight courier service or regular U.S. Mail shall be sent to the mailing address last appearing on the books of the Association. Notices delivered by facsimile or email shall be sent to the email address or facsimile number last appearing on the books of the Association. Notwithstanding the foregoing, electronic mail, facsimile or other form of electronic communication may not be used to give notice of: (i) failure to pay an Assessment; (ii) foreclosure of an Association lien under ORS 94. 709; or (iii) an action the Association may take against a Member.

Additionally, a Member may decline to receive notice by electronic mail, facsimile or other form of electronic communication by giving written notice thereof to the Board. Notices shall be deemed given on the date the notices are sent in accordance with the procedures outlined herein.

17.2 Waiver. Whenever any notice is required to be given under the provisions of the Articles, the Declaration, these Bylaws or any applicable law or statute, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

18. AMENDMENTS TO BYLAWS

These Bylaws may be amended or repealed and new bylaws may be adopted by a majority of the Directors present at any regular meeting or at any special meeting, if at least three (3) days' written notice is given of intention to amend or repeal and adopt new bylaws at such meeting accompanied by a copy or summary of the amendment; provided, however, that the Board shall have no authority to amend or repeal any provision of these Bylaws relating to the election, qualifications, powers, duties or terms of Directors without the approval of the Owners given at a special meeting called for such purpose; and

provided, further, that all such amendments shall be consistent with the provisions of the Declaration. Additionally, for a period of ten (10) years following the Turnover Meeting any amendment to these Bylaws shall require the prior written consent of Declarant and Declarant may also unilaterally amend these Bylaws prior to the Turnover Meeting as permitted under ORS 94.585. An amendment is not effective unless it is certified by the President and Secretary of the Association as having been adopted in accordance with these Bylaws and ORS 94.625, acknowledged in the manner provided for acknowledgment of deeds and recorded in the official records of Deschutes County, Oregon.

19. CONFLICTS

These Bylaws are intended to comply with applicable law and the Declaration. In case of any irreconcilable conflict, applicable law and the Declaration shall control over these Bylaws, any amendments hereto and any rules or regulations adopted hereunder.

IN WITNESS WHEREOF, Declarant has adopted these Bylaws on behalf of the Association effective as of this 18 day of FEBRUARY 2020.

DECLARANT:

EMPIRE WESTGATE LLC
an Oregon limited liability company

By: [Signature]
Name: Kevin Spencer
Title: Manager

State of Oregon

County of Deschutes

The foregoing instrument was acknowledged before me on this 18 day of FEBRUARY, 2020, by Kevin Spencer, the Manager of Empire Westgate LLC, an Oregon limited liability company, on behalf of the company.

[Signature]
Notary Public for OREGON
My commission expires: 08/10/2021

