



NW Pacific Property Management, LLC
Attn: Bailey Ridge HOA
4280 Chaney Way SE
Salem, OR 97302-1902
503-362-0030

SECURITY DEPOSIT REQUIREMENT FOR LOT IMPROVEMENT

In accordance with ORS 94.630, the following is published to ensure lot improvements are completed according to plans submitted to and approved by the Architectural Review Committee (ARC) of the Bailey Ridge Home Owners Association and are in compliance with the Conditions and Restrictions (C&R's).

1. SECURITY DEPOSIT AMOUNT

- \$10,000.00 per lot for new home construction
- \$500.00 per lot with an existing home only when proposed improvements are deemed by the ARC to exceed \$2,500.00

2. SECURITY DEPOSIT DUE

The security deposit is due to the ARC in the form of a cashier's check payable to the Bailey Ridge HOA, within 30 days of plan approval or prior to breaking ground/project commencement whichever occurs first.

The security deposit may be withheld in whole or in part by the HOA depending upon the Owner's compliance with these rules and provisions during all phases of construction inclusive of a final compliance inspection by an ARC member at the completion of construction.

3. SECURITY DEPOSIT HANDLING

The security deposit, when received by the HOA, shall be immediately placed into a trust account separate of HOA operational funds.

4. SECURITY DEPOSIT RETURN

The security deposit shall be returned in full, without interest, when:

- a. Construction is complete,
- b. The HOA ARC has inspected the work completed in accordance with section 6.4.4 of the Bailey Ridge Home Owners Association C&R's, and
- c. No discrepancies are found between the submitted and approved plans (or change orders) and the final completed improvement to the lot.

5. SECURITY DEPOSIT FORFEITURE

Failure to complete the submitted project in accordance with plans approved by the HOA ARC shall result in a forfeiture of 10% of the initial security deposit for each discrepancy and may result in an order to correct the discrepancy.

The total penalty amount may accrue to exceed the security deposit and correction of the discrepancy may be ordered regardless of cost to the lot Owner. Any unpaid penalties will be recovered by placing a lien on the lot. If a lien is necessary, the Owner will be responsible for any legal and administrative fees incurred by the HOA.

6. FAILURE TO PAY SECURITY DEPOSIT

Failure to pay the security deposit as required shall result in a stop work order being issued to the Owner and the assessment of a non-refundable penalty. The amount of the non-refundable penalty shall be equal to 5% of the security deposit required and shall be assessed per day until the security



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deposit is received by the HOA or until a cancellation notice for the project is received by the HOA from the lot Owner.

The penalty for failing to pay the required security deposit does not relieve the Owner of obligation to pay the security deposit. Both the penalty and the security deposit are required to be paid before construction will be authorized by the HOA.

A cancellation notice for the project does not relieve the Owner of obligation to pay an already due penalty.

7. CHANGE ORDER REQUIRED FOR ALTERATION TO APPROVED SUBMISSION

A change order shall be submitted to the ARC by the lot Owner for any alterations to any Architectural Review Application previously approved by the ARC.

Failure to submit a change order to the ARC may result in forfeiture of the security deposit in accordance with Section 5 above.

8. INSPECTION OF IMPROVEMENT

In accordance with section 6.4.4 of the Bailey Ridge Home Owners Association C&R's, the ARC, at any time, may inspect changes or alterations for which the Owner has applied for or received ARC approval. The ARC shall provide reasonable notice when an inspection will require access to enclosed areas such as backyards.

During the improvement project, the Owner may request an inspection by the ARC to ensure compliance and agreement between submitted plans and actual construction.

The Owner shall provide a written Notice of Completion to the HOA ARC within 10 days of project completion. This notice may be in email form to the HOA or their designee. Upon receipt, the ARC will schedule a walk-through inspection with the Owner.

The right of inspection by the ARC shall terminate sixty (60) days after project completion.

9. UNPAID PENALTIES AND DISCREPENCY CORRECTION

Any unpaid penalties will be recovered by placing a lien on the owner's property. If a lien is necessary, the Owner will be responsible for any legal and administrative fees incurred.

Remedies will be pursued to the fullest extent permitted by the Bailey Ridge Home Owners Association C&R's and applicable State Law.