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Penn Phillips Lands, Inc.
123 North Lake Avenue
Pasadena, California 91101

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ARTICLES OF ASSOCIATION OF
OREGON PINES PROPERTY OWNERS

ARTICLE I

NAME AND PURPOSE

Section 1.

This Association shall be called Oregon Pines Property Owners Association.

Section 2.

The purpose and objects of the Association shall be to provide for the operation, maintenance, repair, rebuilding or rehabilitation of roads, streets and public ways of Oregon Pines plat, Klamath County, Oregon, for the benefit of members of the Association who have purchased lots from Grayco Land Escrow, Ltd., a California corporation.

ARTICLE II

MEMBERSHIP

Section 1.

All owners of a parcel of property within the above described summer homesite areas shall automatically become members of this Association, and shall receive a certificate evidencing such membership. Any person purchasing any parcel within said area under an agreement of sale and/or land sales contract shall be deemed the owner of said parcel for the purposes hereunder. Joint owners of any lot shall be entitled to one membership.

ARTICLE III

FEES AND DUES

Section 1.

There shall be no dues to the membership of the Association, and in lieu thereof the board of directors shall annually assess each lot in the subdivision its proportionate share of the costs for maintenance of said roads, streets and public ways in said subdivision. The costs of said maintenance shall include the necessary amounts incurred by the directors for insurance, bond premiums, equipment rental, materials and labor required for such operation and maintenance. The owner of the subdivision shall pay a like assessment for each lot remaining unsold in said subdivision, it being the intention that all assessments shall be uniform, as much as is practicable. At such time as Klamath County, or any other political subdivision of the State of Oregon, shall assume the responsibility for such operation and maintenance, there shall

1 be no further assessments.

2 Section 2.

3 In the event any member, including the developer as to lots
4 owned by him, shall fail to pay his assessments when due and payable,
5 the amount thereof, together with interest at the maximum amount
6 permitted by law from such date, and the costs of collection, if
7 any, shall become and constitute a lien against the parcel or
8 parcels owned by said delinquent member. The lien shall attach
9 upon filing a claim of lien in the Office of the County Clerk of
10 Klamath County, Oregon, particularly describing said parcel or
11 parcels and mailing to the delinquent member at his last known
12 address a copy of said claim of lien. Said lien may be foreclosed
13 and the property sold to satisfy said lien in the same manner as
14 is provided for the foreclosure of mechanic's liens under the laws
15 of the State of Oregon. If no such claim of lien shall have been
16 filed within said time, or if the claim of lien shall have been
17 filed but no action to enforce such lien shall have been commenced
18 within six (6) months after such filing, then such claim and/or
19 lien shall be null and void.

20 ARTICLE IV

21 MEMBERSHIP MEETINGS

22 Section 1 - Annual Meetings

23 The annual membership meeting shall be held in August of
24 each year.

25 Section 2 - Special Meetings

26 Special membership meetings shall be called by the Secretary
27 upon resolution of the board, or upon petition of five (5%) per
28 cent of the voting members. The petition shall state the purpose
29 of the special meeting and may fix a period of two weeks during
30 which the meeting may be held; provided, however, that the petition
31 be delivered to the Secretary not less than one week before the
32 designated period.

33 Section 3 - Quorum

34 At any regular or special meeting a quorum shall consist of
35 fifty (50%) per cent of the membership, except that any membership
36 meeting at which a quorum is not present may be adjourned for from
37 seven (7) to fourteen (14) days, and the Secretary of the board
38 will, within three (3) days, give notice to all voting members of
39 the adjourned meeting. At the reconvened meeting, a quorum shall
40 consist of twenty-five (25%) per cent of the membership.

41 Section 4 - Powers of Meetings

42 At a membership meeting, declarative resolutions may be adopted,
43 and instructions may be issued to the board provided they do not

1 abridge powers specifically granted to the board by these Articles.
 2 At a special membership meeting no business may be transacted other
 3 than that stated as the purpose of the meeting, without the un-
 4 animous consent of the members presents.

5 Section 5 - Voting Rights

6 Each member shall be entitled to one vote, only, in person or
 7 by mail, and there may be voting by proxy. In instances of joint
 8 ownership by individuals, or owned in the name of a partnership
 9 or corporation, such entity shall advise the secretary in writing
 10 of the name of the person entitled to vote the membership.

11 Section 6 - Notice of Meetings

12 There shall be not less than ten days' written notice given
 13 of any meeting of the membership, mailed by regular mail, postage
 14 prepaid, to the last known address of each member of the Association,
 15 stating the date, time, place and purpose of such meeting.

16 Section 7 - Organization Meeting

17 The initial board of directors shall duly call an organizational
 18 meeting of the membership at such time as fifty (50%) per cent of
 19 the lots of the subdivision are sold, or within one year from the
 20 date hereof, which ever first occurs. At such meeting, the member-
 21 ship shall elect a new board of directors and conduct such other
 22 and further business as the membership attending may elect. The
 23 quorum for such organizational meeting shall be not less than
 24 twenty-five (25%) per cent of the membership.

25 ARTICLE V

26 DIRECTORS AND OFFICERS

27 Section 1 - Directors

28 The management of the Association shall be vested in a board
 29 of directors of five persons, who shall be elected by the membership,
 30 except the initial board of directors shall be designated by Grayco
 31 Land Escrow, Ltd., a California corporation, which directors shall
 32 serve for a period of one year and until their successors are duly
 33 elected and qualified.

34 Directors shall hold office until their successors have been
 35 elected and shall have entered upon the discharge of their duties.

36 The directors shall have the right to the reasonable entry
 37 upon any parcel of the subdivision for the purpose of such operation
 38 and maintenance without being deemed guilty in any manner of
 39 trespass or unlawful entry.

40 Section 2 - Vacancies

41 Any director of this Association who, having been duly notified

1 fails to attend four regular consecutive board meetings without
2 excuse satisfactory to the board, shall thereby forfeit his member-
ship thereon, and the position shall thereupon be deemed vacant.

3 Section 3 - Duties of Directors

4 The directors shall administer all business carried on by the
5 Association under the direction and control of any special or
6 regular meeting of the members. They shall arrange an impartial
7 audit by a public accountant of the books of the Association at
8 least once a year, and shall issue a financial statement to the
membership. They shall also issue annually to the membership a
full report of its work during the year and of the progress and
condition of the association.

9 The board may create advisory committees composed of individuals
10 interested in one or more phases of the work of the Association.

11 Section 4 - Officers

12 The officers shall be: President, Vice-President, Secretary,
13 Treasurer, and such others as the board may deem necessary. The
14 President, Vice-President and Secretary shall be appointed by the
board of directors from their number at the first regular board
15 meeting following the annual election. All officers shall hold
office at the discretion of the board.

16 If the Treasurer is not a member of the board, he may have a
17 voice, but no vote, at board meetings.

18 Section 5 - Duties of Officers

19 The officers shall perform the duties usually appertaining to
20 such offices and such other duties as may be delegated to them by
these Articles of Association or by the Board.

21 Section 6 - Bonds

22 All officers and employees of the Association handling funds
23 of the Association shall be bonded.

24 ARTICLE VI

25 MAIL VOTE

26 Section 1.

27 Whenever in the judgment of the board of directors any question
28 shall arise which it considers should be put to a vote of the
29 membership, and when it deems it inexpedient to call a special
30 meeting for that purpose, it may submit the matter to the membership
in writing by mail for vote and decision, and the question thus
31 presented shall be determined according to a majority of the votes
received by mail within two weeks after such submission to the member-
32 ship; provided that in each case, votes of at least the majority
of the members shall be received. Action taken in this manner shall