

BYLAWS

OF

TALL PINES ESTATES PROPERTY OWNERS ASSOCIATION

ARTICLE I - Nature of Bylaws

THESE BYLAWS are intended to govern the administration of Tall Pines Estates Property Owners Association, hereinafter referred to as the "Property Owners Association", a non-profit corporation organized under the laws of the State of Oregon together with the management and administration of certain improvements, recreation and community facilities located within that community known as Tall Pines Estates located in Klamath County, Oregon. Unless the context clearly indicates otherwise all definitions set forth in the "Declaration of Covenants, Conditions and Restrictions for Tall Pines Estates are incorporated herein by reference.

ARTICLE II - Membership

SECTION 1. Definition and Rights. All Owners of property in the Community shall be Members of the Property Owners Association. Said membership shall entitle the Member to vote for a Director to represent him and other Property Owners designated by Declarant at all meetings of the Directors and to participate and utilize all of the recreational facilities available to the Property Owners Association and its members, subject to the Declaration, the Articles of Incorporation, Bylaws and the Rules and Regulations of the Property Owners Association, as same may be amended from time to time.

SECTION 2. Allocation of Votes. There shall be one vote of equal weight for each parcel located in the Community. Initially there shall be _____ votes based upon the approved subdivision plat, all of which shall be held by the Declarant who shall be deemed to be a Member of the Property Owners Association. Upon conveyance of title of a parcel to another Owner by Declarant such Owner shall be entitled to one vote for each parcel conveyed, and the number of votes held by Declarant shall be reduced accordingly. Declarant's votes shall be cast at all Directors meetings by such person(s) as it may from time to time designate. Votes not held by Declarant shall be cast in person or by proxy, as otherwise provided herein.

SECTION 3. Interest in the Common Property. Each Owner, including Declarant, shall have a membership interest in the Property Owners Association and an ownership interest in and to the common property he holds pursuant to Section 2 hereof. Such interest shall be appurtenant to and indivisible from ownership of his parcel or, in Declarant's case only, from ownership of any proposed parcels contemplated by the Declarant. Each Owner who is entitled to membership in the Association pursuant to these Bylaws shall be privileged to use and enjoy the Common property subject to the rights of the Association to promulgate rules and regulations governing such use and enjoyment, and subject further to the provisions of Section 4 of this Article.

SECTION 4. Suspension of Rights. The membership rights of any owner (including, but not limited to the right to vote) may be suspended by action of the Board during the period when such Owner's assessments remain unpaid; but upon payment of such assessments (whether by check or cash), his rights and privileges shall be automatically restored. If the Board has adopted and published rules and regulations governing the use of the Common Property and the personal conduct of persons thereon, the Board may, in its discretion, suspend the rights and privileges of any such person for violation of any such rules and regulations for a period not to exceed thirty (30) days for any single violation, but if the violation is of a continuing nature, such rights and privileges may be suspended indefinitely until such time as the violation is abated. No such action shall be taken by the Board until the Owner is afforded an opportunity for a hearing consistent with the principles of due process of law.

SECTION 5. Proxies. Proxy ballots shall be permitted with respect to all elections of Directors and all amendments to the Articles of Incorporation, the Declaration, these bylaws, or any other matter upon which a Member is entitled to vote. All proxies shall be in writing, signed by the individual Member (or in the case of joint owners, by any one of them), or by his or their authorized representatives, and delivered to the Secretary of the Association, or such other person as the President may designate, at least 24 hours prior to the commencement of the meeting at which ballots are to be cast.

ARTICLE IV - Board of Directors

SECTION 1. Express and Implied Powers and Duties. The property, affairs and business of the Property Owners Association, shall be managed by the Board of Directors, which shall have all those powers granted to it by the Articles of Incorporation, the Declaration, these bylaws and the law.

SECTION 2. Number. The Board of Directors shall consist of not less than three (3) members.

SECTION 3. Election and Tenure of Office. The directors shall be elected by ballot at the annual meeting of the members, to serve for two years or until qualified successors are elected and accept office. Their term of office shall begin immediately after election.

SECTION 4. Removal of Directors. The entire Board of Directors or any individual director may be removed from office by a majority vote of the members at a special meeting called for that purpose.

SECTION 5. Vacancies.

(a) A vacancy in the Board of Directors shall exist upon the death, resignation or removal of any director.

(b) Vacancies in the Board of Directors may be filled by a majority of the remaining directors though less than a quorum, or by a sole remaining director. Each director so elected shall hold office for the balance of the unexpired term of his predecessor and until his qualified successor is elected and accepts office.

(c) The members may at any time elect a director to fill any vacancy not filled by the directors, and shall elect the additional directors in the event an amendment of the Bylaws is adopted increasing the number of directors.

(d) If the Board of Directors accepts the resignation of a director tendered to take effect at a future time, a successor may be elected to take office when the resignation becomes effective.

SECTION 6. Quorum and Vote.

(a) A majority of the directors shall constitute a quorum for the transaction of business. A minority of the directors, in the absence of a quorum, may adjourn from time to time but may not transact any business.

(b) The action of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors.

SECTION 7. Regular Meetings. Regular meetings of the Board may be held at such times and places as shall be determined from time to time by a majority of the Board, but at least one (1) such meeting shall be held during each fiscal year. Notice of regular meetings of the Board shall be given to each director, personally, by mail, telephone or telegraph, at least five (5) days prior to the date named for such meeting.

SECTION 8. Special Meetings. Special meetings of the Board may be called by the President on three (3) days notice to each director, given personally, by mail, telephone or telegraph, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board shall be called by the President or

10086

Secretary in like manner and on like notice on the written request of at least three (3) directors.

ARTICLE V - Powers and Duties of Board of Directors

The property, affairs and business of the Community shall be managed by the Board of Directors, which shall have all those powers granted to it by law, the Articles of Incorporation of the Property Owners Association, and by these Bylaws or any Declaration of Covenants, Conditions and Restrictions or other instrument which vests any rights or obligations in the Property Owners Association with respect to the Community or otherwise. In addition, it shall have the following powers herein granted or necessarily implied which it shall exercise in its sole discretion.

- (a) Employ any person, firm or corporation to repair, maintain or renovate the Common Property, lay pipes or culverts; to bury utilities; to put up lights or poles; to erect signs and traffic and safety controls of various sorts on said property;
- (b) Employ professional counsel and to obtain advice from persons, firms or corporations such as, but not limited to, landscape architects, architects, engineers, lawyers and accountants;
- (c) Employ or contract for water, electricity and gas or other forms of utilities, cable or master antenna television; and
- (d) Adopt, amend, and publish rules and regulations covering the details of the operation and use of the Property; and
- (e) Secure full performance by members of all items of maintenance for which they are responsible; and
- (f) Enforce obligations of the Members and do anything and everything else necessary and proper for the sound management of the property, including the right to bring or defend lawsuits to enforce the terms, conditions and restrictions contained in the Declaration, these Bylaws and any rules and regulations governing the Property or Members. The Board shall also have the power to levy fines against any Member(s) for violation of any of the foregoing. Collection of fines may be enforced against any Member(s) involved as if the fine were a Common Expense owed by the particular member's property. Before any fine is imposed upon the particular member accused shall have been given notice and afforded an opportunity to be heard with respect to the alleged violation in a manner consistent with the principles of due process of law.

ARTICLE V - Fiscal Management

SECTION 1. Common Receipts. The Board shall have the duty to collect from each Member, his, her, or their heirs, administrators, successors and assigns, as "Common Receipts", the proportionate part of the Common Expenses assessed against such Member as provided in the Declaration, the Articles of Incorporation, these Bylaws, and in accordance with applicable law.

SECTION 2. Determination of Common Expenses. The amount of monies for Common Expenses deemed necessary by the Board and the manner of expenditure thereof, including but not limited to, the allocation thereof, shall be a matter for the sole discretion of the Board.

SECTION 3. Disbursements. The Board shall take and hold the funds as collected and shall disburse the same for the purposes and in the manner set forth herein and as required by the Declaration, Articles of Incorporation, and applicable law.

SECTION 4. Interest and Attorney Fees. The Board at its option shall have the right in connection with the collection of any Common Expense assessment, or other charge, to impose a late charge of any reasonable amount and/or interest not to exceed the maximum rate permitted by law. In the event that the Board shall effectuate collection of said assessments or charges by resort to counsel, and/or the filing of a lien, the Board may add to the aforesaid assessments or charges a sum for reasonable attorney fees, in addition to such other costs as may be allowable by law.

ARTICLE VI - Officers

SECTION 1. Designation; Election; Qualification.

(a) The officers shall be a President and a Secretary-Treasurer and such Vice Presidents and subordinate officers as the Board of Directors shall from time to time appoint, none of whom need be members of the Board of Directors. The officers shall be elected by, and hold office at the pleasure of, the Board of Directors. Any two offices may be held by the same person except the offices of President and Secretary-Treasurer.

(b) A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in the Bylaws for regular appointments in such office.

SECTION 2. Term of Office.

(a) Any officer may be removed, either with or without cause, by action of the Board of Directors.

(b) Any officer may resign at any time by giving written notice to the Board of Directors, the President, or the Secretary-Treasurer of the corporation. Any such resignation shall take effect upon receipt of such notice or at any later time specified therein. Unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective, provided that the Board of Directors may reject any post-dated resignation by notice in writing to the resigning officer.

(c) This section shall not affect the rights of the corporation or any officer under any express contract of employment.

SECTION 3. President. The President shall be the chief executive officer of the corporation and shall, subject to the control of the Board of Directors, have general supervision, direction and control of the business and affairs of the corporation. He shall preside at all meetings of the members and of the Board of Directors. He shall be ex-officio a member of all the standing committees, including the executive committee, if any, shall have the general powers and duties of management usually vested in the office of President of a corporation, and shall have such other powers and duties as may be prescribed by the Board of Directors or the Bylaws.

SECTION 4. Vice Presidents. The Vice Presidents, if any, shall perform such duties as the Board of Directors shall prescribe. In the absence or disability of the President his duties and powers shall be performed and exercised by the senior Vice President as designated by the Board of Directors.

SECTION 5. Secretary-Treasurer. The Secretary-Treasurer shall:

(a) Keep or cause to be kept at the principal office or such other place as the Board of Directors may order, a book of minutes of all meetings of directors and members showing the time and place of the meeting, whether it was regular or special, and if special, how authorized, the notice given, the names of those present at directors' meetings, the number of members present or represented at member's meetings, and the proceedings thereof.

(b) Keep or cause to be kept at the principal office of the corporation, a current list showing the names of the members and their addresses.

(c) Give or cause to be given such notice of the meetings of the members and the Board of Directors as required by the Bylaws. He shall keep the seal of the corporation and affix it to all documents requiring a seal, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors.

(d) Be responsible for the funds of the corporation, and pay them out only on the check of the corporation signed in the manner authorized by the Board of Directors.

SECTION 6. Assistants. The Board of Directors may appoint or authorize the appointment of assistants to the Secretary-Treasurer. Such assistants may exercise the power of the Secretary-Treasurer and shall perform such duties as are prescribed by the Board of Directors.

ARTICLE VII - Compensation, Indemnification and
Exculpability of Officers, Directors
and Committee Members

SECTION 1. Compensation. No compensation shall be paid to the President or the Vice President or any Director. Nothing herein stated shall prevent any Officer, Director or Committee Member from being reimbursed for out-of-pocket expenses or compensated for services rendered in any other capacity to or for the Association, provided however that any such expenses incurred or services rendered shall have been authorized in advance by the Board, and that no representative of the Declarant shall be entitled to compensation for services by the Board is under Declarant's control.

SECTION 2. Indemnification. Each Director, Officer or Committee Member of the Property Owners Association, shall be indemnified by the Association against the actual amount of net loss, including counsel fees, reasonable incurred by or imposed upon him in connection with any suit or proceeding to which he may be a party by reason of his being or having been a Director, or Officer of the Association or delegee, except as to matters as to which he shall be ultimately found in such action to be liable for gross negligence or willful misconduct. In the event of a settlement of any such case, indemnification shall be provided only in connection with such matters covered by the settlement as to which the Association is advised by counsel that the person to be indemnified had not been guilty of gross negligence or willful misconduct.

SECTION 3. Exculpability. Unless acting in bad faith neither the Board as a body nor any Director or Officer of the Association, shall be personally liable to any Member in respect for any action or lack of action arising out of the execution of his office. Each Lot Owner shall be bound by the good faith actions of the Board or Officers of the Association, in the execution of the duties of said Directors or Officers. Nothing contained herein to the contrary shall serve to exculpate members of the Board of Directors appointed by the Sponsor from their fiduciary responsibilities.

ARTICLE VIII - Fiscal Year

The fiscal year of the Association shall be on a calendar year basis, or upon such basis as the Board shall deem advisable.

ARTICLE VIII - Additions, Alterations or Improvements
By the Association

Whenever, in the judgment of the Board, the Common Property requires improvements not funded by existing reserve funds which are expressly earmarked for such improvements said improvements shall not be made unless they have been approved by a majority of votes at a meeting of the members at which quorum is present. When said approval has been obtained, all Owners shall be assessed for the cost thereof as a Common Expense. In the event of any emergency which could cause damage to any portion of the Property the Board may expend sums to protect the Property and the judgment of the Board shall be final.

ARTICLE X - Miscellaneous

(1) Examination of Books. Each Owner shall be permitted to examine the books of account of the Board at a reasonable time on business days with at least five (5) days prior written notice.

(2) Notices. All notices hereunder to the Association shall be in writing and forwarded to it at its principal office by certified mail, return, receipt requested.

(3) Invalidity. The invalidity of any part of these Bylaws shall not impair or affect in any manner the enforceability or affect the balance of the Bylaws.

(4) Waiver. No restriction, conditions, obligation or covenant contained in these Bylaws shall be deemed to have been abrogated or waived by reason of the failure to enforce the same irrespective of the number of violations or breaches thereof which may occur.

(5) Amendments.

(a) Except as otherwise provided by law, the Board of Directors may amend or repeal these Bylaws or adopt new Bylaws.

(b) Whenever an amendment or new Bylaw is adopted, it shall be copied in the minute book with the original Bylaws in the appropriate place. If any Bylaw is repealed the fact of repeal and the date on which the repeal occurred shall be stated in such book and place.

ARTICLE XI - Enforcement

The Association shall have the power, at its sole option, to enforce the terms of this instrument or any rule or regulation promulgated pursuant thereto, by any or all of the following: self-help; by sending notice to the offending party to cause certain things to be done or undone; by restoring the Association to its original position and charging the breaching party with the entire cost or any part thereof; by taking any other action before any court, summary or otherwise, as may be provided by law; by complaint to the duly constituted authorities.

ARTICLE XII - Notice

Any notice required to be sent to any Member under the provisions of the Declaration or the Articles of Incorporation or these Bylaws shall be deemed to have been properly sent, and notice thereby give, delivered personally or when mailed, by regular post, with postage prepaid, addressed to the Member or Owner at the last known address at the time of such mailing. Notice to one of two or more co-owners of a parcel shall constitute notice of all co-owners. It shall be the obligation of every member to immediately notify the Secretary-Treasurer of the Association in writing of any change of address.

ARTICLE XIII - Conflict; Invalidity

SECTION 1. Conflict. Anything to the contrary herein notwithstanding, if any provision of this Instrument is in conflict with or contradiction of the Declaration, or with the requirements of any law, then the requirements of said Declaration or law shall be deemed controlling.

SECTION 2. Invalidity. The invalidity of any part of these Bylaws shall not impair or affect in any manner the enforceability or affect the balance of the Bylaws.

ARTICLE XIV - Corporate Seal

The Association shall have a seal in circular form having within its circumference the words "The Tall Pines Estates Property Owners Association".

STATE OF OREGON,)
County of Klamath)
Filed for record at request of

Return: Jim Smejkal
Bald Knob Land and Timber Co.
280 E. Saunders Lake Dr.
North Bend, Oregon

on this 15 day of June A.D. 19 84
at 4:35 o'clock P M, and duly
recorded in Vol. M84 of Deeds
page 10083
EVELYN BIEHN, County Clerk
By [Signature] Deputy
Fee 36.00