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12-07-95A09:00 RCV Vol. 195 Page 33399

WILLIAM M. GANONG
ATTORNEY AT LAW
635 MAIN STREET
KLAMATH FALLS, OR 97601

IN THE CIRCUIT COURT OF THE STATE OF OREGON
FOR THE COUNTY OF KLAMATH

WILLIAM M. GANONG,

Plaintiff,

v.

KLAMATH FALLS FOREST ESTATES,
UNIT 4, ROAD MAINTENANCE
ASSOCIATION, acting by and
through its former Board of
Directors: JERRI COOPER, SCOTTY
MARSHALL, ART NORDNESS, CHARLIE
BARSUGLIA, and PEGGY PALMER; and
its Interim Committee: DON
TOMPKINS, TONI MORGADO, BEN
DODSON, DOLORES MOORE, and DANA
COBURN,

Defendants.

CASE NO. 9405141 CV

ORDER APPROVING BYLAWS AND
AMENDMENT TO DECLARATION

THIS MATTER came before the Court upon plaintiff William M. Ganong's Motion for an Order of the Court approving the form of Bylaws and the Amendment to Declaration that were mailed to each record owner of a lot in Klamath Falls Forest Estates, Unit 4, determined as of the date of filing of this suit.

The Court, finding that the form of Bylaws and Amendment to Declaration were negotiated between the plaintiff and the defendants and that no defendant has filed any Answer or other response objecting to said Bylaws and Amendment to Declaration, and further finding that it is in the best interests of the

ORDER APPROVING BYLAWS AND AMENDMENT TO DECLARATION -1-

WILLIAM M. GANONG
ATTORNEY AT LAW
635 MAIN STREET
KLAMATH FALLS, OR 97601
(503) 884-1721 / FAX (503) 883-1923

corporation to have Bylaws to govern its activities, does hereby
Order as follows:

1. That the Amended Bylaws of Klamath Falls Forest Estates,
Unit 4, Road Maintenance Association, a Nonprofit Corporation,
are approved in the form submitted to the Court, a true copy of
which is attached hereto.

2. That the Amended Declaration of Establishment of
Conditions, Covenants, and Restrictions Affecting Real Property,
a true copy of which is attached hereto, is also approved.

3. That the plaintiff is directed to cause a certified copy
of this Order, including true copies of the Bylaws and the
Amended Declaration attached hereto to be recorded in the Clerk's
Office of Klamath County, Oregon, and said documents shall be
effective upon the date of their recording.

Dated this 27 day of November, 1995.

Roxanne Osborne

Roxanne Osborne
Circuit Court Judge

CLERK OF DISTRICT COURT
STATE OF OREGON

NOTICE: CERTIFY that the within is a
true copy and is correct.



Wm. M. Ganong
12.04.95

ORDER APPROVING BYLAWS AND AMENDMENT TO DECLARATION

-2-

WILLIAM M. GANONG
ATTORNEY AT LAW
635 MAIN STREET
KLAMATH FALLS, OR 97601
(503) 834-1721 / FAX (503) 883-1923

CERTIFICATE OF MAILING

I certify that I served the ORDER APPROVING BYLAWS AND AMENDMENT TO DECLARATION by depositing true, full, and exact copies thereof in the United States Post Office at Klamath Falls, Oregon, on November 21, 1995, enclosed in a sealed envelope, with postage paid, addressed to:

JERRI COOPER
32744 KENO SPRINGS RD.
BONANZA, OR 97623

SCOTTY MARSHALL
P.O. BOX 367
KLAMATH FALLS, OR 97601

ART NORDNESS
13435 BLACKBIRD DRIVE
BONANZA, OR 97623

CHARLIE BARSUGLIA
13047 CARDINAL DR.
BONANZA, OR 97623

PEGGY PALMER
34230 LION LANE
BONANZA, OR 97623

DON TOMPKINS
34809 GIBBON LANE
BONANZA, OR 97623

TONY MORGADO
P.O. BOX 449
BONANZA, OR 97623

BEN DODSON
1750 HOPE ST.
KLAMATH FALLS, OR 97603

DELORES MOORE
P.O. BOX 1811
KLAMATH FALLS, OR 97601

DANA COBURN
P.O. BOX 151
DAIRY, OR 97625

WALTER WADDELL
34924 GIBBON LANE
BONANZA, OR 97623

EVERGREEN MOUNTAIN PROPERTIES
POST OFFICE BOX 1316
KLAMATH FALLS, OR 97601

MILDRED CONRIGHT
12321 STRATHMORE
GARDEN GROVE, CA 92640

PATRICIA MILLER
412 NORTH ADAMS
BUFFALO, WY 82834

NATHANIEL MACKLIN
34144 JAGUAR LANE
BONANZA, OR 97623

GINGER MACKLIN
34144 JAGUAR LANE
BONANZA, OR 97623

STANLEY BERNSTEIN
7446 BALLINGER AVENUE
SAN DIEGO, CA 92019

MARJORIE G. WOOD
3240 FIELDCREST DRIVE
SACRAMENTO, CA 95821

NOMA CHRISTIAN
15215 HWY 62
EAGLE POINT, OR 97524

MARGARET ANN DYKE
9320 EARLE STREET #29
LA MESA, CA 91942

Dated this 21st day of November, 1995.


William M. Ganong

WILLIAM M. GANONG
ATTORNEY AT LAW
635 MAIN STREET
KLAMATH FALLS, OR 97601
(503) 884-1721 / FAX (503) 883-1923

**AMENDED DECLARATION OF ESTABLISHMENT
OF CONDITIONS, COVENANTS, AND RESTRICTIONS
AFFECTING REAL PROPERTY**

Pursuant to the Order and Decree of the Honorable Roxanne Osborne entered on the 27th day of November, 1995, in the Circuit Court of the State of Oregon for Klamath County, Case No. 9405141 CV, the Declaration of Conditions, Covenants, and Restrictions Affecting Real Property ("Declaration") recorded on July 21, 1965 in Volume M 65 at page 165 of the records of the Clerk of Klamath County, Oregon are amended in the following particulars only:

A. The terms "Highway 66 Unit 4 Road Maintenance Association" and "Association" are deemed to refer to and mean the Klamath Falls Forest Estates Unit 4 Road Maintenance Association, an Oregon nonprofit corporation. The Association was formed for the sole purpose of maintaining and improving the roads and road right-of-ways located within the subdivision and which provide access to the subdivision.

B. Paragraph (5) of the Declaration is revoked and the following provision is added in its place:

The Board of Directors of the Association shall annually assess each lot equally for the operation of the Association and the maintenance and repair of the roads right of ways maintained by the Association. The annual assessment of the Association for the fiscal year 1996 shall be \$25. Thereafter, the annual assessment may be increased only if such increase is approved by a majority of the members voting in person or by written ballot at an annual meeting of the membership. Provided, however, that such increase shall not exceed an amount equal to three percent (3%) of the current year's assessment. Likewise, the Declaration and Amended Declaration may only be amended by majority vote of the members voting in person or by written ballot at the annual meeting of the membership in the manner provided in the Amended Bylaws of the Association.

D. Paragraph (7) of the Declaration is revoked and the following provision is added in its place:

The Board of Directors of the Association shall have the duties and powers set forth in

the Amended Bylaws.

E. Paragraph (8) of the Declaration is revoked and the following provision is added in its place:

If any charge or assessment made by the Association is not fully paid by the date it is due, the Secretary of the Association may file a notice of claim of lien in the office of the Clerk of Klamath County, Oregon. The notice of claim of lien must be in writing and must contain:

- a. The name of the owner or contract purchaser of the lot as shown in the records of the Assessor of Klamath County, Oregon;
- b. A statement of the amount claimed;
- c. A legal description of the subject lot.

Upon such filing, the charge or assessment shall become a lien upon all lands therein described in the amounts set forth. The lien shall be prior to all encumbrances of whatever kind or nature, whether executed before or after the lien of the Association is created, or whether recorded or registered or not; except that the lien of the Association upon each tract of land shall be subject to all lawful taxes levied and assessed by Klamath County. Immediately, or at any time after the filing of the notice of claim of lien, the Board of the Association by resolution may direct that all delinquent charges and assessments then unpaid shall be foreclosed by the Association. The foreclosure shall follow the general procedure of a suit in equity and shall be filed in the Circuit Court for Klamath County. In addition to such charges and assessments being foreclosed, the Association may recover in the suit the costs, disbursements, and expenses of foreclosure, including but not limited to recording and filing fees, title search fees, foreclosure reports, a reasonable administrative fee, and a reasonable sum as attorney fees at trial and on appeal to be allowed by the court. Any number of tracts of land, whether they are delinquent for the same or different

charges or assessments, or for the same or several years, may be foreclosed in the same suit. The decree shall order the sale of the property and fix the time for holding the sale, which shall not be more than six weeks from the date of the decree, and shall order the sheriff of the county to hold the same as other foreclosure sales upon giving notice thereof for three consecutive weeks prior to the day of sale by publication of notice once each week in a newspaper published in Klamath County, and by posting notices in three public and conspicuous places within the county at least two weeks prior to the day of sale. The Association may be a bidder and purchaser of the property upon the sale. The lot owner and lien holders shall have a right of redemption as provided in ORS 23.530 - ORS 23.570.

The Declarations, as amended hereby, shall run with the land and shall be binding on all parties and all persons claiming an interest in the land, including the lot owners, contract vendors, purchasers, mortgagees, beneficiaries under trust deeds, and lien creditors.

This Amendment shall be effective upon the recording of this Amendment in the office of the Clerk of Klamath County, Oregon.

**AMENDED BYLAWS OF
KLAMATH FALLS FOREST ESTATES, UNIT 4
ROAD MAINTENANCE ASSOCIATION,
a Nonprofit Corporation**

1. IDENTIFICATION AND STATUS

1.1 Name. The name of this corporation is Klamath Falls Forest Estates, Unit 4, Road Maintenance Association, an Oregon nonprofit corporation ("Association").

1.2 Status. The Association is formed and shall be operated to qualify as a "homeowners association" under Section 528 of the Internal Revenue Code, or subsequent laws of similar effect.

1.3 Revocation of Prior Bylaws. These Bylaws replace and supersede the "Bylaws of Highway 66 Unit 4 Road Maintenance Association" recorded in Book M 74 at page 6382 of the records of the Clerk of Klamath County, Oregon, the "prior Bylaws." The prior Bylaws are hereby revoked.

2. MEMBERS

2.1 Owner(s). The owner or owners (collectively) of each lot located in the subdivision known as Klamath Falls Forest Estates Highway 66 Unit, Plat No. 4, in the County of Klamath, State of Oregon, shall be automatically admitted to membership in the Association at the time of the acquisition of their lot. When two (2) or more persons jointly hold a membership, any proxy, ballot, or communication which requires the signature of a member, must be signed by all such persons or their agent designated on the books of the Association. All such persons may attend meetings, but no vote of such membership shall be cast without the unanimous consent of all persons present at such meeting holding such membership unless cast by their designated agent. In the event joint holders of a membership cannot agree among themselves how their vote shall be cast, their vote shall be lost.

2.2 Voting. Each membership carries the power to vote in the Association. Each lot carries one vote per issue. Except as otherwise provided by law, only members in whose names memberships entitled to vote stand on the records of the Association on the record date for voting purposes, as provided herein, shall be entitled to vote at any meeting or by written ballot without a meeting.

2.3 Membership Approval. A requirement in the Articles, Bylaws, or Declaration for approval of the members means the affirmative vote, in person or by written ballot, of a majority of the members at a meeting, where a quorum is present.

2.4 Suspension of Right to Vote. The right of each membership to vote shall be suspended during all times when dues and assessments payable by that membership are delinquent.

2.5 Proxies. At all meetings of members, a member may vote in person, by written ballot, or by proxy executed in writing by the member, or by the member's duly authorized agent. Such proxy shall be filed with the secretary of the Association; provided that no such proxy shall be valid after the expiration of eleven (11) months from the date of its execution unless the person executing it specifies therein the length of time for which such proxy is to continue in force, which in no event shall exceed three (3) years from the date of its execution. A proxy shall be valid only for establishing a quorum and for voting for members of the Board of Directors. If two or more conflicting proxies for a membership are filed with the secretary, all of the proxies for that membership shall be deemed invalid.

2.6 Written Ballot. The Board of Directors may submit any issue to a written vote of the membership at an annual meeting by enclosing the ballot setting forth the issue in clear and succinct language on a ballot included with the notice of the annual meeting. In addition, upon written request of not less than 50 members, the Board shall cause an issue to be submitted to a written vote of the membership at the first annual meeting occurring after receipt of the request. The members making the request shall submit the language to be used on the ballot.

2.7 Quorum. The presence or participation in person, by written ballot, and/or proxy of the holders of thirty five percent (35%) of the membership entitled to vote shall constitute a quorum for the transaction of business. The members present at a duly called or held meeting at which a quorum is present shall be deemed to constitute a quorum until adjournment, notwithstanding the withdrawal of enough members to leave less than a quorum.

2.8 Member Meetings.

2.8(a) Place. Any meeting of the members shall be held in Klamath County, Oregon at such particular place as is determined by the Board.

2.8(b) Annual Meeting. The annual meeting of the members for the election of Directors and for the transaction of such other business as may properly come before the members, shall be held at 1:00 p.m. on the first Sunday of each December.

2.8(c) Special Meeting. Special meetings of the members for any lawful purpose and at any time, shall be scheduled in response to a call by the President, by the Board, or upon receipt of a written request signed by ten percent (10%)

of the members. Such meetings must be duly noticed and held not less than ten (10) days nor more than fifty (50) days after request therefor is received by the President or Secretary. If notice is not given by the Secretary within twenty (20) days of such receipt by the Association of a request for special meeting, then the person(s) requesting the meeting may give notice.

2.8(d) Notice. Except as otherwise provided above, written notice of each meeting of the members shall be given to each member who, on the date notice of the meeting is given, is entitled to vote there at, either by personal delivery or by mail, charges prepaid, addressed to such member at the record address of the Association. All such notices shall be sent to each member entitled thereto no less than ten (10) and not more than fifty (50) days before the subject meeting, and shall specify the place, the date, and the time of such meeting, and shall also state the general nature of each item of business or proposal to be considered or acted upon at such meeting. The address for each lot owner or contract purchaser shown in the records of the Assessor of Klamath County, Oregon as of the day which is 15 days prior to the date notice is given (the "record date") shall be deemed to be the record address of the Association unless the member has provided written notice to the Association of another address for giving notice.

2.8(e) Consent of Absentees. Any defects in the call, notice, time or location of a meeting, shall not affect the validity of transactions at the meeting which are otherwise valid, if a quorum is present, either in person or by proxy, and if each member entitled to vote, not present in person or by proxy, signs a written approval of the minutes. Such approvals shall be made a part of the minutes of the meeting. Nothing in this subsection shall be construed as requiring the consent of absentees to transactions at a properly called, noticed, and held meeting at which a quorum is present.

2.8(f) Adjourned Meetings. Any members' meeting, annual or special, whether or not a quorum is present, may be adjourned from time to time by the vote of a majority of the voting power present in person or by proxy, but in the absence of a quorum no other business may be transacted at any such meeting. When any members' meeting is adjourned, a reasonable attempt shall be made by the Secretary or the President to give notice to each member of the time and place of the adjourned meeting.

2.9 Limitation on Use of Roads. Klamath Falls Forest Estates was developed as and is zoned for residential use. There is no commercially zoned property within Klamath Falls Forest Estates, although some commercial uses predated the platting and current zoning of the subdivision and are allowed by law. Therefore, use of the roads within Klamath Falls Forest Estates shall be limited to that use normally associated with the

residential use of the property, except for pre-existing commercial uses permitted by Klamath County. Uses normally associated with residential use of the property include personal automobiles, motor homes, and recreational vehicles, unloaded business vehicles, including logging trucks or other types of commercial trucks not loaded for commercial use owned by the lot owner, commercial vehicles which service the residences located in the subdivision such as fire trucks, garbage trucks, and propane trucks, and vehicles reasonably necessary for the construction of residences on the property and maintenance of the residences and roads. Use of the roads by loaded logging trucks and heavy equipment, including logging equipment, shall not be permitted except with a prior written agreement signed by the Board of Directors of the Association. Said agreement shall be subject to such conditions and restrictions as the Board may deem appropriate, which may include the posting of a bond or the payment of a fee to reimburse the Association for the wear, tear, and damage caused to the roads by such equipment. A member shall be personally responsible and liable for any damage caused by a vehicle being operated by the member, an agent, or contractor of the member in violation of this section. The Board may take such action as it deems appropriate to enforce the terms of this section or to prevent the violation of this section, including applying for and obtaining a Restraining Order prohibiting the violation of this section, bringing suit for damages caused by the violation of this section, and for such other and further relief as the Board deems appropriate. In addition to such equitable and monetary relief as the court may adjudge, the Association shall be entitled to a judgment against the party violating this provision for the Association's costs, disbursements, and reasonable attorney's fees incurred in such action and on any appeal from such action or suit.

3. BOARD OF DIRECTORS.

3.1 Powers and Duties. Subject to the provisions of the Articles, the Declarations, these Bylaws, and the laws of Oregon, all corporate powers of the Association shall be exercised by or under the authority of, and the business and affairs of the Association shall be controlled by, the Board of Directors.

3.1(a) Responsibilities. Without prejudice to its general powers, but subject to the same limitations, the board shall have the power and responsibility to perform the following duties:

(i) **Officers and Agents.** To select all officers, agents, and employees of the Association and prescribe powers and duties for them;

(ii) **Management.** To conduct, manage, and control the affairs and business of the Association, including

contracting for such insurance, goods, services, professional management, legal, and accounting services as is required by the Declarations, Articles, or these Bylaws, provide that any management agreement shall not exceed a term of one (1) year and shall be terminable by the Association for cause at a meeting of the members or upon thirty (30) days' written notice;

(iii) **Rules.** To adopt rules and regulations, to control unnecessary damage to roads and the use of the roads maintained by the Association. At all meetings of the Association's members and its Board of Directors, Robert's Rules of Order shall be followed and enforced by the Chairman of the meeting or the other officer in charge of the meeting. A copy of the rules shall be available at every meeting;

(iv) **Places.** To prescribe the location of the principal office for the transaction of the business of the Association and to designate the place for the holding of any members' meeting;

(v) **Enforcement.** To enforce the Articles, Declarations, Bylaws, Rules, and any other instruments affecting ownership, management, and control of the common elements; and to initiate and execute legal proceedings against members who violate the Articles, Declarations, Bylaws, or Rules;

(vi) **Payments and Reports.** To pay any taxes, assessments, or charges incurred by the Association and to prepare and file any and all reports required by law;

3.1(b) **Discretionary Powers.** In addition to the foregoing mandatory duties, the Board shall have the power to:

(i) Remove officers, agents, or employees of the Association, with or without cause;

(ii) Change the location of the principal office of the Association within the County;

(iii) Appoint committees composed of members to assist it in its duties.

3.1(c) **Limitation of Powers.** The Board must obtain the approval of the members before entering into a contract with a third person for goods or services for a term greater than one (1) year, except a contract with a public utility or governmental agency.

3.2 **Number and Qualification.** There shall be five (5) Directors of the Association. All Directors must be members of the Association.

3.3 Election and Removal. Directors shall be chosen, hold office, and be removed as follows:

3.3(a) Election. Directors shall be elected at the annual meetings of the members. If for any reason any such annual meeting is not held, or not all the authorized number of Directors are elected there at, or it is necessary for the members to fill a vacancy on the Board, Directors may be elected at any special meeting of members held for that purpose. Every member entitled to vote shall be entitled to cumulate his vote in connection with the election of members of the Board of Directors.

3.3(b) Nomination. The board shall prescribe reasonable procedures and opportunities for nomination of Directors, communication by nominees with the members as to qualifications and reasons for candidacy and solicitation of votes, and for elections.

3.3(c) Term of Office. Each Director shall serve a term of three years, commencing at the conclusion of the meeting at which the Director is elected and concluding at the end of the meeting at which the Director's successor is elected. Notwithstanding the foregoing provision, the Directors elected at the annual meeting of the members held in December 1995 shall be staggered so that, thereafter, no more than two directors' terms shall expire during each calendar year. The two people who receive the most votes at the 1995 meeting shall serve terms of three years each, the next two people receiving the most votes shall serve terms of two years each, and the remaining person elected shall serve a term of one year.

3.3(d) Vacancies.

(i) Causes. A vacancy or vacancies in the Board shall be deemed to exist in case of the death, resignation, or removal of any director, or if the authorized number of directors be increased, or if at any annual or special meeting of members at which any director or directors are to be elected, the members fail to elect the full authorized number of directors to be elected at that meeting, or if a vacancy is declared by the Board for any reason permitted by law.

(ii) Filling. Vacancies in the Board may be filled by a majority of the remaining directors, though less than a quorum, or by a sole remaining director, or by the members; provided, however, that a vacancy on the Board created by the removal of a director can only be filled by the members. If the board accepts the resignation of a director tendered to take effect at a future time, the Board or the members shall have power to elect a successor, pursuant to the provisions hereof, to take office when the resignation is to become effective. Each

director so elected shall hold office for the remainder of the term of the position to which he was elected.

3.3(e) Removal. The Board may remove a director who has been declared of unsound mind by a final court order or convicted of a felony while in office. Removal for any other reason must be approved by or at the annual meeting of the members present at a meeting called for that purpose. No reduction of the authorized number of Directors shall have the effect of removing any director prior to the expiration of his term of office.

3.4 Board Meetings.

3.4(a) Regular Meetings. Immediately following each annual meeting of members, the Board shall hold an annual regular meeting for the purpose of organization, election of officers, and the transaction of other business.

3.4(b) Special Meeting. Special meetings of the Board may be held at any time, at a place designated by the Board in accordance with these Bylaws, upon call by the President, by the Vice President, by the Secretary, or by any two (2) directors.

3.4(c) Notice. Notice of the time and place of Board meetings, including notice of any special business to be considered, shall be given to each director at least ninety-six (96) hours prior to the meeting by personal delivery, telephone or by mail or other form of written communication, first class postage or charges prepaid, addressed to him at his address as shown upon the records of the Association.

3.4(d) Attendance. Directors may participate in any emergency meeting, and shall be deemed present, through the use of conference or speaker telephone equipment, so long as all participants in the meeting can hear one another.

3.4(e) Consent of Absentees. Any defects in the call, notice, time or location of a meeting, shall not affect the validity of transaction at the meeting which are otherwise valid, if a quorum is present, and if, either before or after the meeting, each of the directors not present signs a written approval of the minutes thereof. All such approvals shall be made a part of the minutes of the meeting. Nothing in this Subsection shall be construed as requiring the consent of absentees to transactions at a properly called, noticed and held meeting at which a quorum is present.

3.4(f) Quorum. A majority of the authorized number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is

present shall be regarded as the act of the Board unless a greater number is required by law or by the Articles of Declaration.

3.4(g) Adjournment. A majority of the directors present, whether or not a quorum is present, may adjourn any meeting to another time and place; provided, however, that in the absence of a quorum, a majority of the directors present at any directors' meeting, either regular or special, may adjourn from time to time until the time fixed for the next regular meeting of the Board. A reasonable attempt shall be made to give notice of the time and place of holding an adjourned meeting to absent directors.

3.5 Action Without Meeting. Any action required or permitted by the Board may be taken without a meeting if all the directors shall individually or collectively consent, in writing, to such action. Such action by written consent shall have the same force and effect as a unanimous vote of the Board. Such written consent shall be filed with the minutes of the proceedings of the Board.

4. OFFICERS.

4.1 Election/Term. Each officer shall be elected by the Board and shall hold his office until he shall resign, shall be removed or otherwise disqualified to serve, or his successor shall be elected and take office, provided, however, that no officer shall serve more than three (3) years without being re-elected.

4.2 Qualifications. Officers shall be members of the Association, but need not be Directors. One person may hold two (2) or more offices, except those of President and Secretary.

4.3 Removal/Resignation. Any officer may be removed, either with or without cause, by a majority of the Board at any regular or special meeting of the Board. Any officer may resign at any time by giving written notice to the Board. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. Removal or resignation shall not prejudice the rights of the Association or the officer under any contract of employment or the position on the Board of an officer who is also a director.

4.4 Offices. The Association shall have the following officers, and such other officers, including one (1) or more Assistant Secretaries, as may be appointed by the Board. The duties of officers shall be as prescribed in the Articles, Declaration or Bylaws, or as assigned from time to time by the

Board and, as to other officers, the President:

4.4(a) President. The President, who shall be chosen from the Board, shall be the chief executive officer of the Association and shall, subject to the control of the Board, have general supervision, direction and control of the business and officers of the Association. He shall preside at all meetings of the members and of the Board of directors.

4.4(b) Vice President. In the absence or disability of the President, the Vice President shall perform all the duties of the President, and when so acting shall have all the powers of and be subject to all the restrictions upon the President.

4.4(c) Secretary. The Secretary shall keep or cause to be kept, at the principal office, or at such other place as the Board may order, a book of minutes of all meetings of directors and members or a duplicate thereof, with the time and place of holding, whether regular or special, and, if special, how authorized, the notice thereof given, the names of those present at directors' meetings, the number of memberships present or represented at members' meetings, and the proceedings thereof.

The Secretary shall keep or cause to be kept, in any form permitted by law, at the principal office or such other place as the Board may order, a membership register, or a duplicate thereof, showing the names of the members and their addresses, the description and number of units, if more than one, upon which such membership is based, the number and date of membership certificates issued, if any, and the number and date of cancellation of membership certificates surrendered for cancellation.

The Secretary shall give, or cause to be given, notice of all meetings of the members and of the Board required by these Bylaws or by law to be given, and shall keep the seal of the Association in safe custody.

4.4(d) Chief Financial Officer. The Chief Financial Officer shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the Association, including accounts of its assets, liabilities, receipts, disbursements, gains or losses. The books of account shall at all times be open to inspection by any directors.

The Chief Financial Officer shall deposit all moneys and other valuables in the name of and to the credit of the Association with such depositaries as may be designated by the Board, shall disburse the funds of the Association as may be ordered by the Board, and shall render to the President and directors, whenever they request it, an account of all of his

transactions as Chief Financial Officer and of the financial condition of the Association.

5. ASSESSMENTS AND SPECIAL CHARGES.

5.1 Assessments. Each year the Board shall consider the current and future needs of the Association as to its operation, and the operation and maintenance of the roads maintained by the Association. In light of such needs, the Board shall determine a pro forma annual budget for the Association for the following fiscal year and shall recommend, if appropriate, to the members of the Association that the dues be increased in the amount allowed by the Amended Declaration of the Association. Any increase in dues or assessments approved by the members of the Association shall be added to the next annual statement of dues and assessments provided to the members of the Association pursuant to Section 5.2 below. The fiscal year of the Association shall run from October to September 30 of the following calendar year.

5.2 Statement. On or before October 15 of each calendar year, the Secretary shall mail by first-class mail, postage prepaid, to each member's record address, a written statement of the assessment payable by that member for the following calendar year. Such statement shall set forth:

5.2(a) Amount. The amount of the assessments and dues that are due from that member;

5.2(b) Due Date. That payment of said assessments is due on or before November 30 of that year, and that the dues will be deemed as received by the Association if the payment is postmarked on or before November 30;

5.2(c) Delinquency. That any payment not deemed received by November 30 shall be deemed delinquent;

5.2(d) Place of Payment. Where and to whom payment is to be made; and

5.2(e) Late Charge / Interest. That any delinquent payment shall be subject to the late charges, interest, and collection charges, including attorney's fees incurred by the Association as provided in the Bylaws and Declaration, and that all the member's right to vote at annual and special meetings shall be suspended until all delinquent charges owed to the Association have been paid in full.

5.3 Payment. Every such assessment or charge shall be paid to the Association or its designated agent for collection in lawful money of the United States, on or before the date or period established by the Board pursuant to the resolution

adopted by the Board fixing the amount of such assessment.

5.4 Late Charges / Costs. Each delinquent account shall be subject to:

5.1(a) Late Charge. A late charge in the amount of \$10 to compensate the Association generally for the added cost of collection; and

5.4(b) Interest. Interest at the rate of 1½ per month on the unpaid portion of such assessment. The monthly interest charge for the first month shall be deemed to be fully earned as of the day after the due date. The interest charged for each subsequent month shall be deemed to be fully earned as of the same day of each month thereafter until the assessment has been paid in full. A member shall also be liable to the Association for the actual costs and attorney's fees incurred in collecting assessments not paid when due, including attorney's fees incurred on appeal.

5.5 Suspensions. The Association shall not transfer a membership on its books, or allow the exercise of any rights or privileges of membership on account thereof, other than access to his lot, by any member or any person claiming under him, unless and until all delinquent annual and special assessments, charges, and interest to which such membership is subject are paid.

5.6 Lien / Foreclosure. The Board shall enforce collection of assessments by suit or at law or by foreclosure in equity as provided in the Amended Declaration of the Subdivision.

5.7 Disposition of Funds. The funds arising from assessments, insofar as possible, shall be applied toward the payment of expenses pursuant to the annual budget adopted by the Board. Excess assessments, after making allowance for budgeted reserves for replacement, may be returned to the members on an equitable basis or held in trust to meet future budgeted needs.

5.8 Statement of Charges. The Board, on not less than twenty (20) days prior written request, shall execute, acknowledge and deliver to the party making such request, a written statement of whether or not, to the knowledge of the Association, a particular Owner is in default as to his assessments, and disclosing the amount of delinquent assessments, late charges, attorneys fees and other penalties assessed against such Owner's lot, and further stating the dates to which installments of assessments, have been paid as to his lot. Any such certificate may be relied on by any prospective purchaser or mortgagee of the lot but reliance on such certificate may not extend to any default not involving the payment of assessments of which the signer had no actual knowledge. The Association may charge a fee reasonably related to the cost of preparing such

statement.

6. RECORDS AND REPORTS.

6.1 Inspections.

6.1(a) Members. The Articles, Bylaws, Declaration, Rules, membership register or duplicate membership register, the books of account and minutes of proceedings of the members, the Board and any committees, shall be made available for inspection and copying, upon written demand and reasonable notice, by any member or his duly appointed representative, at any reasonable time and for a purpose reasonably related to his interests as a member. An original or copy of the Declaration, Articles and Bylaws and rules, as amended to date, shall be kept at the principal office of the Association and shall be open to inspection by the members at all reasonable times during office hours.

6.1(b) Directors. Each director shall have the absolute right at any reasonable time to inspect all books, records and physical properties owned or controlled by the Association, and to make copies and extracts thereof.

6.1(c) Rules. The Board shall establish reasonable rules regarding notice to be given the custodian of the records by a member desiring to make an inspection, times at which records are available, and payment of costs of reproduction.

6.2 Accountings and Reports. The Board shall cause to be prepared and distributed to the members with the annual assessment statement the following:

6.2(a) Budget. A pro forma operating budget, containing the estimated revenue and expenses on a cash basis for the ensuing fiscal year.

6.2(b) Annual Report. An Annual Report for the last fiscal year containing the beginning cash balance, a statement of the source and amount of revenue, the kinds and amounts of expenditures, the ending cash balance, and a description of any transaction or series of transactions by the Association involving \$100.00 or more in which a director, officer or holder of ten percent (10%) or more of the voting power had a direct or indirect financial interest, a description of any indemnifications or advances aggregating more than \$100.00 paid during the fiscal year to any officer or director of the Association, and, if not prepared by an independent accountant, a certificate of a member of the Association who is not an officer or Director or a member of the family of an officer or Director, that the annual report fairly and correctly sets forth the financial affairs of the Association.

7. INSURANCE.

7.1 Generally. The Board may, in its discretion, obtain and maintain in force such policies of insurance as the Board, in its discretion, deems appropriate for the operations of the Association.

8. GENERAL BYLAWS.

8.1 Principal Office. The principal office of the Association shall be in Klamath County, Oregon, at such specific location therein as may from time to time be designated by the Board of Directors.

8.2 Approval Procedures. Any proposed action which requires approval or consent of the Board or Association shall be submitted to the Board in writing. The Board shall within thirty (30) days thereafter review such proposal and respond to the applicant, in writing, setting forth a request for additional information or documentation, its approval, its approval subject to conditions, or its denial of the proposal setting forth generally the reasons for such denial. Neither the Association, the Board nor any member thereof shall be liable to any person submitting plans, or to any other person for approval or denial of any proposal.

8.3 Liability of Agents. No director, officer, employee, agent or representative (collectively "agent") of the Association shall be personally liable in any action or proceeding to any Owner, person, or the Association for any damage, loss or prejudice suffered or claimed on account of any act, negligence, error or omission of the Association, the Board or any agent of the Association or any committee, provided that such agent has acted in good faith and without willful or intentional misconduct upon the basis of such information as may be possessed by him or available to him upon reasonable inquiry.

8.4 Indemnification. If any action or proceeding is brought against any agent because such person is or was an agent of the Association, then upon approval of (a) a majority of a quorum of directors who are not parties to such proceeding; (b) the members, excluding those who are parties to such action; or (c) the court in which such action is or was pending; the Association shall indemnify such person against expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with such proceeding or action, if such person acted in good faith and in a manner such person reasonably believed to be in the best interests of the Association and, in the case of a criminal proceeding, had no reasonable cause to believe the conduct of such person was unlawful. The termination of any proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its

equivalent shall not, of itself, create a presumption that the person did not act in good faith and in a manner which the person reasonably believed to be in the best interests of the Association or that the person had reasonable cause to believe that the person's conduct was unlawful. If the Association is required to incur any cost or expense hereunder, the Association shall be entitled to levy a special assessment for the amount so expended.

8.5 Distributions. There shall be no distribution of gains, profits or dividends to any member except as provided in Section 8.6 of the Declaration.

8.6 Dissolution. Upon termination, dissolution, and winding up of the Association, the Board shall, after making provisions for the payment of all liabilities of the Association, distribute all of the remaining assets to the members on a pro rata basis.

8.7 Amendments. New Bylaws may be adopted, or these Bylaws may be amended or repealed, only by the members.

APPROVAL AND ADOPTION

These Amended Bylaws were adopted, approved, and made binding on the owners of lots in the subdivision by Order and Decree of the Honorable Roxanne Osborne entered on the 27th day of November, 1995 in the Circuit Court of the State of Oregon for Klamath County, Case No. 9405141 CV, and are effective as of the date of recording in the office of the Clerk of Klamath County, Oregon.

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of William M. Ganong the 7th day
of December A.D., 19 95 at 9:00 o'clock A M., and duly recorded in Vol. M95,
of Deeds on Page 33399.

FEE \$105.00

By Bernetha G. Letsch, County Clerk
Annette Mueller