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LAKEWOODS OWNERS ASSOCIATION, INC.

A NON-PROFIT CORPORATION

ARTICLE I ASSOCIATION

1. Definition of Terms: All definitions contained in the Declaration of Covenants and Restrictions for Lakewoods, a Planned Community, recorded herewith, shall be considered incorporated herein.

2. Membership: Every person or entity who is a record owner of a fee simple or life estate interest in any lot within this Planned Community which is subject, by covenants of record, to assessment by the Association, and as defined in the Declaration, shall be a Member of the Association. The Declarant may become a Member through record ownership of the aforementioned estates. If due written notice is given by a contract seller or purchaser to the Association, the contract purchaser shall thereafter be deemed and considered a Member and solely entitled to notice and participation in the Association in such instance. No person holding an interest in a lot solely as security for the performance of an obligation shall be entitled to membership. Membership shall be appurtenant to, and may not be separated from, ownership of any lot which is subject to assessment by the Association. Ownership of such lot shall be the sole qualification for membership. Membership shall automatically commence upon a person's acquisition of ownership and shall automatically terminate when such ownership shall terminate or be transferred.

3. Suspension of Membership: During any period in which a Member shall be in default of the payment of any regular or special assessment levied by the Association, as set forth below, the right of use of the Common Property as set forth on the official plat, by such Member, may be suspended by the Board until such assessment has been paid. Such rights of a Member may also be suspended, after notice and hearing before the Board, for a period not exceeding 60 days, for each infraction of any rule or regulation which has been established and published by the Association concerning the use of the Common Property and facilities.

ARTICLE II POWERS OF THE ASSOCIATION

1. The purpose of the Association is to serve as a means through which the Members may take action with regard to the administration, management, and operation of the planned

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Bylaws -1-

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community. The Association shall have the following powers:

- a) Adopt and amend bylaws, rules and regulations for the planned community;
- b) Adopt and amend budgets for revenues, expenditures and reserves, and collect assessments from owners for common expenses and reserve accounts;
- c) Hire and terminate managing agents and other employees, agents and independent contractors;
- d) Defend against any claims, proceedings or actions brought against it;
- e) Initiate or intervene in litigation or administrative proceedings in its own name and without joining the individual owners in the following:
 - A) Matters relating to the collection of assessments and the enforcement of governing documents;
 - B) Matters arising out of contracts to which the Association is a party.
 - C) Actions seeking equitable or other nonmonetary relief regarding matters that affect the common interests of the owners, including but not limited to the abatement of nuisance;
 - D) Matters relating to or affecting common property, including but not limited to actions for damage, destruction, impairment or loss of use of any common property;
 - E) Any other matter to which the Association has standing under law or pursuant to the Declaration or Bylaws;
- f) Make contracts and incur liabilities;
- g) Regulate the use, maintenance, repair, replacement and modification of common property;
- h) Cause additional improvements to be made as a part of the common property;
- i) Acquire, hold, encumber and convey in its own name any right, title or interest to real or personal property, except as is provided in the Declaration;
- j) Grant easements, leases, licenses and concessions through or over the common property;

k) Modify, close, remove, eliminate or discontinue the use of common property, including any improvement or landscaping, regardless of whether the common property is mentioned in the Declaration, provided that:

A) Nothing in this paragraph is intended to limit the authority of the Association to seek approval of the modification, closure, removal, elimination or discontinuance by the owners; and

B) Modification, closure, removal, elimination or discontinuance other than on a temporary basis of any swimming pool, spa or recreation or community building must be approved by at least a majority of owners voting on the matter at a meeting or by written ballot held in accordance with the Declaration or Bylaws.

l) Impose and receive any payments, fees or charges for the use, rental or operation of the common property and services provided to owners;

m) Adopt rules regarding the termination of utility services paid for out of assessments of the Association and access to and use of recreational and service facilities available to owners and, after giving notice and an opportunity to be heard, terminate the rights of any owners to receive such benefits or services until the correction of any violation covered by such rule has occurred;

n) Impose charges for late payment of assessments and reimbursement of attorney fees related to the collection of assessments and, after giving written notice and an opportunity to be heard, levy reasonable fines for violations of the Declaration, Bylaws, and Rules and Regulations of the Association if the charge imposed or the fine levied is based on a schedule contained in the Declaration or Bylaws, or an amendment to either that is delivered to each Owner, mailed to the mailing address of each Owner or mailed to the mailing addresses designated in writing by the owners, or based on a resolution of the Association or its Board of Directors that is delivered to each Owner, mailed to the mailing address of each Owner or mailed to the mailing addresses designated in writing by the Owners;

o) Impose reasonable charges for the preparation and recordation of amendments to the Declaration;

p) Provide for the indemnification of its Officers and the Board of Directors and maintain liability insurance for Directors and Officers;

q) Assign its right to future income, including the right to receive common expenses assessments; and

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r) Exercise any other powers necessary and proper for the administration and operation of the Association.

2. a) Before initiating litigation or an administrative proceeding in which the Association and an owner have an adversarial relationship, the party that intends to initiate litigation or an administrative proceeding shall offer to use any dispute resolution program available within the county in which the planned community is located that is in substantial compliance with the standards and guidelines adopted under ORS 36.175. The written offer to use such program must be hand-delivered or mailed by certified mail, return receipt requested, to the address, contained in the records of the Association, for the other party.

b) If the party receiving the offer does not accept the offer within 10 days after receipt by written notice hand-delivered or mailed by certified mail, return receipt requested, to the address, contained in the records of the association, for the other party, the initiating party may commence the litigation or the administrative proceeding. The notice of acceptance of the offer to participate in the program must contain the name, address and telephone number of the body administering the dispute resolution program.

c) If a qualified dispute resolution program exists within the county in which the planned community is located and an offer to use the program is not made as required under paragraph a) of this subsection, litigation or an administrative proceeding may be stayed for 30 days upon a motion of the noninitiating party. If the litigation or administrative action is stayed under this paragraph, both parties shall participate in the dispute resolution process.

d) Unless a stay has been granted under paragraph c) of this subsection, if the dispute resolution process is not completed within 30 days after receipt of the initial offer, the initiating party may commence litigation or an administrative proceeding without regard to whether the dispute resolution is completed.

e) Once made, the decision of the court or administrative body arising from litigation or an administrative proceeding may not be set aside on the grounds that an offer to use a dispute resolution program was not made.

f) The requirements of this subsection do not apply to circumstances in which irreparable harm to a party will occur due to delay or to litigation or an administrative proceeding initiated to collect assessments, other than assessments attributable to fines.

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ARTICLE III MEMBERSHIP MEETINGS

1. **Transitional Advisory Committee:** A transitional advisory committee shall be created to provide for transition from the Declarant administration to Association administration. The Declarant shall call a meeting of Owners for the purpose of creating such committee within 60 days of the later of conveying 50% of the lots to other than a Successor Declarant, or selling 10 lots to other than a Successor Declarant. The committee shall consist of at least 3 members. The Declarant may select no more than one Member; the Owners other than the Declarant shall select the others. The Committee shall have reasonable access to all information and documents which the Declarant is required to provide to the Association as set forth in the following subsection. If the Declarant fails to establish the meeting to create the Committee as provided for herein, any Owner may do so.

2. **Initial/Turnover Meeting:** Within 60 days of such time as the Declarant has conveyed 75% percent of the lots to Members, the initial meeting of the Association shall be convened by the Declarant, and each Member shall be notified of same as provided hereafter regarding annual meetings. At the initial meeting, the first order of business will be to elect the Board, which shall assume administrative responsibility immediately thereafter. The Declarant shall at that time provide to the newly elected Board:

a) The original or a photocopy of the recorded Declaration and copies of the Bylaws and the Articles of Incorporation of the planned community and any supplements and amendments to the Articles or Bylaws;

b) A deed to the common property in the planned community;

c) The minute books, including all minutes, and other books and records of the Association and the Board of Directors;

d) All Rules and Regulations adopted by the Declarant;

e) Resignations of officers and members of the Board of Directors who are required to resign because of the expiration of any period of Declarant control;

f) A report on the present financial position of the Association, consisting of a balance sheet and an income and expense statement for the 12-month period or a period following the recording of the Declaration, whichever period is less;

g) All funds of the Association and control of the funds, including all bank records;

h) All tangible personal property that is property of the Association, and an inventory of

the property;

i) Records of all property tax payments for the common property to be administered by the Association;

j) Copies of any income tax returns filed by the Declarant in the name of the Association, and supporting records for the returns;

k) All bank signature cards;

l) The reserve account established in the name of the Association;

m) The reserve study, including all updates and other sources of information that serve as a basis for calculating reserves;

n) An operating budget for the portion of the planned community turned over to Association administration and a budget for replacement and maintenance of the common property;

o) A copy of the following, if available:

A) The as-built architectural, structural, engineering, mechanical, electrical and plumbing plans;

B) The original specifications, indicating all subsequent material changes;

C) The plans for underground site service, site grading, drainage and landscaping together with cable television drawings;

D) Any other plans and information relevant to future repair or maintenance of the property; and

E) A list of the general contractor and the electrical, heating and plumbing subcontractors responsible for construction or installation of common property;.

p) Insurance policies;

q) Copies of any occupancy permits issued for the planned community;

r) Any other permits issued by governmental bodies applicable to the planned community in force or issued within one year before the date on which the owners assume administrative responsibility;

s) A list of any written warranties on the common property that are in effect and the names of the contractor, subcontractor or supplier who made the installation for which the warranty is in effect;

t) A roster of owners and their addresses and telephone numbers, if known, as shown on the records of the Declarant;

u) Leases of the common property and any other leases to which the Association is a party;

v) Employment or service contracts in which the Association is one of the contracting parties or service contracts in which the Association or the owners have an obligation or responsibility, directly or indirectly, to pay some or all of the fee or charge of the person performing the service; and

w) Any other contracts to which the Association is a party.

In order to facilitate an orderly transition, during the three-month period following the turnover meeting, the Declarant or an informed representative shall be available to meet with the Board of Directors on acceptable dates to review the documents delivered.

If the Declarant has complied, and unless the Declarant has sufficient voting rights as a lot owner to control the Association, the Declarant is relieved from further responsibility for the administration of the Association, except as a lot owner.

If the Declarant fails to convene the meeting within the time specified, the meeting may be called, and notice given, by any Member or first mortgagee of a lot. Until the initial meeting of the Association, all affairs of the planned community shall be controlled by the Declarant.

3. Annual Meetings: The initial/turnover meeting shall constitute the first annual meeting of the Association. Future annual meetings shall be held on the anniversary date of the first annual meeting. At all meetings of the Association, the duly elected President shall preside.

4. Special Meetings: Special meetings of the Members may be called at any time by the President, by a majority of the Board, or upon written request of at least 30 percent of the Members. Notice of such meeting must be hand delivered or mailed to each lot not less than 10 nor more than 50 days before the meeting. Business transacted at a special meeting shall be confined to the purposes stated in the notice.

5. Notice of Meetings: Written notice of each meeting of the Members shall be given by the Secretary by personally delivering, faxing, or mailing a copy of such notice, at least 10 days, but not more than 50 days, prior to such meeting to the Members' addresses or fax numbers last

appearing on the books of the Association, or supplied by such Member to the Association for the purpose of this notice. Such notice shall specify the place, day, and hour of the meeting, and, in the case of the special meeting, the purpose of the meeting. It shall also state the items on the agenda, including the general nature of any proposed amendment to the Declaration or Bylaws, any budget changes, or any proposal to remove a Director or Officer. The Secretary shall give 3 days written notice of special meetings except as otherwise provided in these Bylaws. Notices shall be similarly delivered to all mortgagees that have requested such notice and each may designate a representative to attend the meetings.

6. Quorum: The presence at the meeting of Members representing 20% percent of the votes of the membership, the use of proxies being permitted, shall constitute a quorum for any action except as otherwise provided in these Bylaws.

7. Votes and Proxies: At all meetings of Members, each Member may vote in person, absentee ballot, or by proxy. All proxies shall be in writing, executed by the Member and dated and filed with the Secretary. Every proxy shall be revocable and is deemed revoked one year from execution if not revoked before. Each Member shall be entitled to vote on the basis of one vote per lot; if a Member holds title to in excess of one lot, he or she shall possess more than one vote. An executor, administrator, guardian or trustee may vote, in person or by proxy, at a meeting of the Association with respect to a lot owned in a fiduciary capacity, so long as the Secretary is satisfied as to the fiduciary's appointment. Co-owners of a lot may vote or grant a proxy in the absence of protest by the other co-owners. Any disagreement between co-owners concerning the vote will either result in the vote being disregarded in its entirety, or a court may establish the authority of co-owners to vote.

8. Actions Taken Without Meeting:

a) Any action that may be taken at any annual or special meeting of the Association may be taken without a meeting if the Association delivers a written ballot describing each proposed action to every Member that is entitled to vote on the matter. The Board must provide Members with at least 10 days' notice before written ballots are mailed or otherwise delivered. If, at least 3 days before written ballots are scheduled to be mailed or otherwise distributed, at least 10 percent of the owners petition the Board for secrecy, a written ballot must be accompanied by a secrecy envelope, a return identification envelope to be signed by the Member and instructions for marking and returning the ballot. Written ballots that are returned in secrecy envelopes may not be examined or counted before the deadline for returning ballots has passed. A written ballot shall set forth each proposed action and provide an opportunity to vote for or against each proposed action.

b) Matters that may be voted on by written ballot shall be deemed approved or rejected as follows:

1) If approval of a proposed action otherwise would require a meeting at which a certain quorum must be present and at which a certain percentage of total votes cast is required to authorize the action, the proposal shall be deemed to be approved when the date for the return of ballots has passed, a quorum of owners has voted and the required percentage of approving votes has been received. Otherwise, the proposal shall be deemed to be rejected;

2) If approval of a proposed action otherwise would require a meeting at which a specified percentage of owners must authorize the action, the proposal shall be deemed to be approved when the percentage of total votes cast in favor of the proposal equals or exceeds such required percentage. The proposal shall be deemed to be rejected when the number of votes cast in opposition renders approval impossible or when both the date for return of ballots has passed and such required percentage has not been met. The votes may be counted from time to time before the final return date to determine whether the proposal has passed or failed by the votes already cast on the date they are counted.

c) All solicitations for votes by written ballot shall state the following:

1) If approval of a proposal by written ballot requires that the total number of votes cast equal or exceed a certain quorum requirement, the number of responses needed to meet such quorum requirement; and

2) If approval of a proposal by written ballot requires that a certain percentage of total votes cast approve the proposal, the required percentage of total votes needed for approval.

d) All solicitations for votes by written ballot shall specify the period during which the Association shall accept written ballots for counting, which period shall end on the earliest of the following dates:

1) If approval of a proposed action by written ballot requires that a certain percentage of the owners approve the proposal, the date on which the Association has received a sufficient number of approving ballots;

2) If approval of a proposed action by written ballot requires that a certain percentage of the owners approve the proposal, the date on which the association has received a sufficient number of disapproving ballots to render approval impossible; or

3) In all cases, the date certain on which all ballots must be returned to be counted.

e) A written ballot may not be revoked.

8. Robert's Rules of Order:

a) Meetings of the Association shall be conducted according to the latest edition of Robert's Rules of Order published by the Robert's Rules Association.

b) A decision of the Association may not be challenged because the appropriate rules of order were not used unless a person entitled to be heard was denied the right to be heard and raised an objection at the meeting in which the right to be heard was denied.

c) A decision of the Association is deemed valid without regard to procedural errors related to the rules of order one year after the decision is made unless the error appears on the face of a written instrument memorializing the decision.

ARTICLE IV BOARD OF DIRECTORS

1. The affairs of this Association shall be managed by a board of 3 directors selected from among the Members.

2. Election: At the first annual/turnover meeting, the Members by majority vote shall elect one director for a term of one year, one director for a term of 2 years, and one director for a term of 3 years. At each annual meeting thereafter, the Members shall elect a director to fill the position of any director whose term has expired. Subsequent to the first annual meeting, each newly elected director's term shall be of 3 year's duration.

3. Officers: The director elected to the one year term shall serve as President of the Association; the one to the 2 year term as Treasurer; and, the one elected to the 3 year term shall serve as Secretary. Following the expiration of the Association's first fiscal year, the Treasurer shall succeed to the presidency and the Secretary to the treasurership. Thereafter, the directors shall rotate among these offices in the above order. A newly elected director shall assume the duty of Secretary each year.

4. Removal: Any director may be removed from the Board, with or without cause, by a majority vote of the Members of the Association. No removal of a director is effective unless the matter of removal is an item on the agenda and stated in the notice for the meeting. Any director shall also be considered suspended from the directorship for such period of time, as that director's Association membership is suspended pursuant to Article I above. In the event of the death, resignation, suspension or removal of a director, his or her successor shall be elected by the Association membership, and shall serve for the unexpired term of the parting director.

5. Compensation: No director shall receive compensation for any service rendered to the Association as a director. However, any director shall be reimbursed for actual expenses incurred in the performance of duties.

6. Qualification: To qualify for participation on the Board, each director shall be a Member in good standing of the Association and shall be current in his or her assessment payments account. There is no restriction upon a director's re-election.

7. Duties: Duties of the specific officers of the Board are as follows:

(a) President: The President shall preside at all meetings of the Board; shall see that orders and resolutions of the Board are carried out; shall as circumstances require, sign all leases, mortgages, deeds, contracts, instruments of conveyance or any other written instruments pursuant to the instructions of the Board; and shall perform such duties of the other directors as circumstances may require from time to time.

(b) Secretary: The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; serve notice of meetings of the Board and of the Members; keep current records showing the membership of the Association, together with addresses; perform such other duties as required by the Board; and serve as President of the Association in the event of the President's absence or incapacity pending the election of a successor.

(c) Treasurer: The Treasurer shall receive and deposit, in appropriate bank accounts, all moneys of the Association, and shall disburse such funds as directed by resolution of the Board; shall sign all checks and promissory notes of the Association; shall keep proper books of account; and shall prepare an annual budget and statement of income and expenditures to be presented to the membership at its regular meetings. Checks in excess of \$500 must also be signed by another officer.

ARTICLE V DIRECTORS' MEETINGS

1. Regular Meetings: Regular meetings of the Board shall be held monthly and at such place, date, and hour as may be fixed from time to time by resolution of the Board. Except in an emergency, and if the Board desires to meet without the other Members present, the Board shall first vote in an open meeting whether to meet in executive session. If the Board votes to do so, the presiding officer of the Board shall state the nature of the action to be considered and, as precisely as possible, when and under what circumstances the deliberations can be disclosed to Members. Otherwise, all meetings of the Board of Directors shall be open to all members. Executive session shall be appropriate for:

a) Consultation with legal counsel concerning the rights and duties of the Association regarding existing or potential litigation, or criminal matters;

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- b) Personnel matters, including salary negotiations and employee discipline; and
- c) The negotiation of contracts with third parties.

2. **Emergency Meetings:** Emergency meetings of the Board shall be held when called by the President of the Association, or by any 2 directors. The meeting and notice requirements in this section may not be circumvented by chance or social meetings or by any other means.

3. **Quorum:** A majority of the Board shall constitute a quorum for the transaction of business. Every act done, or decision made, by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

4. **Notice:** For other than emergency meetings, notice of meetings of the Board shall be provided to all Members. Such delivery may be by hand or fax no less than 3 days prior to each meeting, or may be made by regular mail no less than 5 days prior to each meeting. Emergency meetings of the Board may be held only with actual notice to each director and may be conducted by telephonic communication. For all emergency meetings held without notice to the Members, the reason for the emergency must be stated in the Minutes of the meeting. The board shall maintain a current mailing list of all members.

5. **Robert's Rules of Order:**

a) Meetings of the Board of Directors shall be conducted according to the latest edition of Robert's Rules of Order published by the Robert's Rules Association.

b) A decision of the Board of Directors may not be challenged because the appropriate rules of order were not used unless a person entitled to be heard was denied the right to be heard and raised an objection at the meeting in which the right to be heard was denied.

c) A decision of the Board of Directors is deemed valid without regard to procedural errors related to the rules of order one year after the decision is made unless the error appears on the face of a written instrument memorializing the decision.

ARTICLE VI POWERS AND DUTIES OF THE BOARD OF DIRECTORS

1. **Powers:** The Board shall have power to:

- (a) Recommend to the membership at annual or special meetings administrative Rules and Regulations governing the details of the maintenance, operation, and use of the Units and common

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property. Said Rules and Regulations shall be adopted by majority vote of the Members, including proxies, and amended in similar fashion. Once adopted, said Rules and Regulations shall be published and distributed to all Members;

(b) Exercise all powers, duties and authority not reserved to the membership by other provisions of these Bylaws so that Association business and affairs may be effectively managed on a daily basis, always exercising the care required of fiduciaries;

(c) Employ such person, persons, or corporation as it may deem necessary for the proper administration, management and maintenance of the Common Property and affairs of the Association, as well as to obligate the Association to reasonable compensation for same. Any such contract shall provide for termination upon 30 days written notice, with or without cause, and shall not be for a term in excess of 3 years;

(d) Borrow money for Association purposes, and on behalf of the Association, provided that such liability shall not exceed twice the Association's monthly assessment income unless the Board has first obtained the approval of 85% percent of the Association membership either at a special meeting convened for that purpose, or at a quarterly meeting.

2. Duties: It shall be the duty of the Board to:

(a) Cause to be compiled a record of all acts of the Board and Association affairs, and to present a statement thereof to the Members at the annual meetings of the membership;

(b) Supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;

(c) Within 90 days after the end of the fiscal year, distribute to each Member, and to each mortgagee upon written request, a copy of an annual financial statement consisting of a balance sheet and income and expense statement for the preceding fiscal year, as well as the current operating budget. Additionally, the Board shall timely prepare or have prepared all necessary income tax returns for the Association.

(d) As more fully provided herein, adopt an annual budget and fix the amount of the regular lot assessment at least 30 days in advance of the close of the Association's fiscal year. Written notice of the budget and regular lot assessment shall be sent by regular mail to every Member at least 30 days in advance of the close of the Association's fiscal year.

(e) Issue, upon demand of any Member, secured party, or bona fide purchaser, a certificate setting forth the state of the Member's assessment account. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

(f) Upon written request of a prospective purchaser, make available for examination and duplication, the most recent financial statement and current operating budget of the Association;

(g) Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;

(h) Maintain all Common Property in a clean and orderly state and correct any dangerous conditions which may be discovered upon the premises. The Board shall be responsible for payment of the expenses incurred thereby and may delegate such authority to the treasurer who, in such event, shall submit payment vouchers for the Board's ratification at each regular meeting. The board shall repair, maintain, or replace common property as it shall deem appropriate;

(i) Enforce, among the Members and the Association in general, any and all restrictive covenants to which the Members and the Association may be lawfully subject;

(j) Within 14 days after receiving a written request from a Member, the Declarant, or a prospective purchaser, furnish a copy of the Statement of Planned Community Information prepared in accordance with ORS 94.750.

3. Insurance: At least annually, the Board shall review the insurance coverage of the Association. The Board shall procure insurance for all insurable improvements in the Common Property against loss or damage by fire or other hazards, including extended coverage, vandalism and malicious mischief. The insurance shall cover the full replacement costs of any repair or

reconstruction in the event of damage or destruction from any such hazard if the insurance is available at reasonable cost, as well as a public liability policy covering all Common Property and all damage or injury caused by the negligence of the Association. Premiums shall be a common expense of the Association and the policy may contain a reasonable deductible and the amount thereof shall be added to the face amount of the policy in determining whether the insurance equals at least the full replacement cost. Each Member must maintain the equivalent insurances respecting that Member's property from the point at which it bears improvements. The insurance maintained by the Association shall not be brought into contribution with insurance bought by Members or their mortgagees. The Board shall obtain, if reasonably available, insurance policies which provide for a waiver of subrogation by the insurer as to any claims against the Board or any Member or guest of a Member. The policies shall also contain a waiver by the insurer of its right to repair and reconstruct instead of paying cash. The policies shall further provide that they shall not be cancelled, invalidated, or suspended because of any action of a Member or of a director, officer, or employee of the Association unless the insurer gives the Association a prior written demand that the Association correct the defect and allow the Association a reasonable time to make the correction. Further, any "other insurance" clause in any policy shall exclude from its coverage all Members' policies.

ARTICLE VII COLLECTION OF ASSESSMENTS

1. **Payment:** Regular monthly Association assessments shall become due and payable on the first day of each month. In the event of nonpayment, the Board Treasurer shall notify each Member of his or her failure to remit the assessment to the Treasurer within 10 days of its due date. Such notification shall be written and delivered personally to the Member or mailed or faxed to same at the address to which notices of meetings are mailed. The Declarant may defer payment of accrued assessments required for a lot until the lot is conveyed, but not beyond the date when administrative control shifts to the Association or the Members.

2. **Request for Accounting:** At the request of any Member, the Association shall provide a written statement of the Member's account within 10 business days of receipt of the request. The statement shall provide amount of assessments due and unpaid, interest rate on assessments unpaid and late payment charges accruing. The Association need not comply with such a request if it has commenced litigation against the Member, and such litigation is pending when the statement is due.

3. **Special Assessments:** Special assessments as assessed by the Board shall be paid and collected in a manner specified by the Board at the time the assessment is made.

4. **Default:** Failure by a Member to pay any assessment of the Association shall be a default by such Member of his or her obligations pursuant to these Bylaws and the Oregon Planned Community Act. In addition to the interest which may be charged on delinquent

assessments, the Board, at its option, may impose a late charge penalty in respect to any monthly assessment not paid within 10 days from the due date. Such penalty may not exceed the sum of 10 percent of the monthly assessment. The Association shall be entitled to a lien which may be enforced upon compliance with the provisions of the Oregon Planned Community Act. In any foreclosure suit by the Association with respect to such lien, the Association shall be entitled to the appointment of a receiver if the Member is generating rent from the Unit.

5. **Attorney Fees:** Members shall be obliged to pay reasonable fees and costs including, but not limited to, attorney fees incurred in connection with efforts to collect any delinquent unpaid assessments. In addition to the monthly assessment for operating expenses, such assessments may include fees, late charges, fines and interest imposed pursuant to the Oregon Planned Community Act. In the event suit or action is commenced by the directors for the collection of any amounts due pursuant to these Bylaws or for the enforcement of any provisions of the Declaration, Bylaws or of the Oregon Planned Community Act, the Member or Members, jointly and severally, will in addition to all other obligations, pay the costs of such suit or action, including reasonable attorney fees to be fixed by the trial court and, in the event of an appeal, the cost of the appeal, together with reasonable attorney fees in the appellate court to be fixed by such court.

ARTICLE VIII BOOKS AND RECORDS

The books, records, and papers of the Association shall at all times be retained within this state, and shall be subject to inspection and duplication by any Member or mortgagee during reasonable business hours. The Declaration, Association rules and the Bylaws of the Association along with all amendments or supplements to them, shall be available for inspection and duplication by any Member, mortgagees or prospective purchasers at the principal office of the Association and copies may be purchased at a reasonable cost. In particular, the Association shall maintain a copy of the Declaration, Bylaws, Rules and Regulations, amendments to these, most recent financial statement, and the current operating budget.

ARTICLE IX AMENDMENTS

Amendments to these Bylaws may be proposed by a majority of the Board or by at least 30 percent of the Members of the planned community. The Bylaws may be amended, at annual or special meetings of the Members, by the majority vote, in person or by proxy, of all Members or by ballot vote. Any such amendment shall not be effective until a copy of the Bylaws as amended, or the amendment thereto, certified by the President and Secretary of the Association as having been adopted in accordance with the Bylaws and applicable law, is recorded in the official records of Klamath County, Oregon.

12034

CERTIFICATION

I, the undersigned, do hereby certify:

That the undersigned is the Declarant of Lakewoods Planned Community; and,

That the foregoing Bylaws constitute the original Bylaws of Lakewoods Owners Association, Inc.

LAKEWOODS DEVELOPMENT, LLC

By: 

STATE OF OREGON)

) §

COUNTY OF JACKSON)

On this 20 day of ^{February} ~~January~~, 2002, personally appeared the above-named Dave Hammonds, who is the managing member of Lakewoods Development, LLC, and acknowledged the foregoing instrument to be a voluntary act. Before me:



Notary Public for Oregon

My Commission Expires July 29, 2005

