

BYLAWS
FOR

LITTLE RIVER RANCH
COUNTY OF KLAMATH
STATE OF OREGON

State of Oregon, County of Klamath
Recorded 06/26/2003 10:09 a. m.
Vol M03 Pg 43829-15
Linda Smith, County Clerk
Fee \$ 101.00 # of Pgs 17

TO: THE PUBLIC

THESE BYLAWS having been duly considered by the declarant and approved by the board of directors of Little River Ranch Property Owners' Association on the date set forth herein.

WHEREAS, in accordance with ORS 94.625, the following BYLAWS consisting of 16 pages are hereby adopted.


Kenneth Stevens, Declarant.

After recording return to:

Philip M. Wasley
Wasley Law Office, P.C.
888 NW Hill, Suite 6
Bend, Oregon 97701

Until a change is requested all tax statements shall be sent to:

Little River Ranch Property
Owners' Association
Attention: Eric Hull
POB 2788
La Pine, Oregon 97739

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Article 1. PURPOSE

These bylaws are adopted to govern the procedures of the Little River Ranch Property Owners' Association organized in accordance with ORS 94.625 and 94.630 and to delineate certain statutory requirements including the following:

- A) Holding an initial meeting of members in accordance with Article 11 of these Bylaws; and
- B) The requirement of the association to form a transitional advisory committee to provide for the transition from administrative responsibility by the Declarant of Little River Ranch Property Owners' Association to administrative responsibility by the association under ORS 94 604. However this requirement shall not apply once the turnover meeting described in Article 9 of these Bylaws has been held.

Article 2. OFFICES

2.1 Business Office. The principal office of the corporation shall be located at any place within the state of Oregon as designated in the corporation's most current Annual Report filed with the Oregon Secretary of State. The corporation may have such other offices, either within or without the state of Oregon, as the Board of Directors may designate or as the business of the corporation may require from time to time. The corporation shall maintain at its principal office a copy of the following corporate records:

- (A) All records turned over by the Declarant;
- (B) The Declaration, Resolution, Protective Covenants, and Conditions of Little River Ranch (hereinafter the "Protective Convenants");
- (C) Its Articles or restated Articles of Incorporation and all amendments to them currently in effect;
- (D) Its Bylaws or restated Bylaws and all amendments to them currently in effect;
- (E) The minutes of all Directors' meetings, and records of all action taken by Directors without a meeting, for the past three years;
- (F) A list of names and business addresses of its current Directors and officers;
- (G) The most recent financial statement consisting of a balance sheet and income and expenses statement for the preceding fiscal year;
- (H) Its most recent annual report delivered to the Secretary of State; and

(I) All financial records including the operation budget.

2.2 Registered Office. The registered office of the corporation, required by ORS 65.111, shall be located within Oregon and may be, but need not be, identical with the principal office. The address of the registered office may be changed from time to time.

Article 3. DEFINITIONS

All terms defined in the Protective Covenants shall have that same meaning in this document.

Article 4. MEMBERSHIP AND VOTING RIGHTS

4.1 Membership and Voting Rights. Except as provided for in Section 4.2 of this Article, membership and voting rights shall be as indicated in the Protective Covenants.

4.2 Suspension of Membership. During any period in which a Member shall be in default in the payment of any annual or special assessment levied by the Association, the voting rights and right to use the recreational facilities of such Member may be suspended by the Board of Directors until such assessment has been paid. Such rights of a Member may also be suspended, after notice and hearing, for a period not to exceed thirty days, for each violation of any rule or regulation established by the Board of Directors governing the use of the Common Area and facilities.

Article 5. PROPERTY RIGHTS: RIGHTS OF ENJOYMENT

The property rights and rights of enjoyment shall be as indicated in the Protective Covenants.

Article 6. BOARD OF DIRECTORS

6.1 Number. The affairs of this Association shall be managed by a Board of three Directors; the Directors need not be Members of the Association.

6.2 Nomination. Nomination for election to the Board of Directors shall be made from the floor at the annual meeting of Members or by submitting a request to the Board of Directors to be nominated in writing before the annual meeting which shall automatically qualify a candidate, except no Member may run for office if they are delinquent in payment or in violation of these Bylaws.

6.3 Election. At the first annual meeting, the Members shall elect one Director for a term of one year, one Director for a term of two years, and one Director for a term of three years; and at each annual meeting thereafter the Members shall elect Directors for a term of three years to fill the position of any Director whose term has expired.

Election to the Board of Directors shall be by secret written ballot. At such election the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

6.4 Removal. Any Director may be removed from the Board with or without cause by a majority vote of the Members of the Association at which a quorum is present. However, no removal of a Director is effective unless otherwise provided in the declaration or Bylaws, the Owners may remove any member of the board of directors, other than members appointed by the Declarant or persons who are ex officio directors, with or without cause, by a majority vote of all owners present and entitled to vote at any meeting of the owners at which a quorum is present. 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 required under Article 11.3. In the event of death, resignation, or removal of a Director, his successor shall be selected by the remaining Members of the Board and shall serve for the unexpired term of his predecessor.

6.5 Compensation. No Director shall receive compensation for any service he may render to the Association. However, any Director may be reimbursed for his actual expenses incurred in the performance of his duties.

6.6 Action Taken Without a Meeting. The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

Article 7. MEETING OF DIRECTORS

7.1 Regular Meetings. Regular meetings of the Board of Directors shall be held at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

7.2 Open Meetings. All meetings of the Board of Directors of the Association shall be open to Owners, except that at the discretion of the Board the following matters may be considered in executive session:

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

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

7.3 Executive Meetings. Except in the case of an emergency, the Board of Directors of the Association shall vote in an open meeting whether to meet in executive session. If the Board of Directors votes to meet in executive session, the presiding officer of the Board of Directors shall state the general nature of the action to be considered and, as precisely as possible, when and under what circumstances the deliberations can be disclosed to Owners.

7.4 Notice of Meetings. For other than emergency meetings, notice of Board of Directors' meetings shall be posted at a place or places on the property at least three days prior to the meeting or notice shall be provided by a method otherwise reasonably calculated to inform Lot Owners of such meetings.

Emergency Meetings may be held without notice, if the reason for the emergency is stated in the minutes of the meeting. Only emergency meetings of the Board of Directors may be conducted by telephonic communication.

7.5 Quorum. A majority of the 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 duly held meeting at which a quorum is present shall be regarded as the act of the Board.

7.6 Requirements. The meeting and notice requirements in this Article may not be circumvented by chance or social meetings or by any other means.

Article 8. POWERS AND DUTIES OF THE BOARD OF DIRECTORS

8.1 Powers. The Board of Directors shall have power to:

- (A) Adopt and publish rules and regulations governing the use of the Common Area and Facilities, and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof;
- (B) Exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these Bylaws, The Articles of Incorporation, or the Declaration;
- (C) Declare the office of a Member of the Board of Directors to be vacant in the event such Member shall be absent from three consecutive regular meetings of the Board of Directors; and

(D) Employ a manager, an independent contractor or such other employees as they deem necessary, and to prescribe their duties.

8.2 Duties. It shall be the duty of the Board of Directors to:

(A) Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members or at any special meeting, when such statement is requested in writing by one-fourth of the Members who are entitled to vote;

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

(C) As more fully provided herein and in the Declaration, to:

1) Fix the amount of the annual assessment against each Lot at least thirty days in advance of each annual assessment period as hereinafter provided in Article XII; and

2) Send written notice of each assessment to every Owner subject thereto at least thirty days in advance of each annual assessment period;

(D) Procure and maintain adequate liability and hazard insurance on property owned by the Association and at least annually review such insurance coverage;

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

(F) Cause the Common Area to be maintained;

(G) Cause the exterior or any other part of any building on Said Properties to be maintained;

(H) Cause to be filed any necessary income tax returns for the Association;

(I) Maintain a current mailing list of the Association; and

(J) Adopt a budget for the planned community. Within thirty days after adopting the annual budget for the planned community, the Board of Directors shall provide a summary of the budget to all Owners. If the Board fails to adopt a budget, the last adopted annual budget shall continue in effect.

(K) Provide within ten business days of receipt from an Owner a written statement that provides:

1) The amount of assessments due from the Owner and unpaid at the time the request was received, including:

- a) Regular and special assessments;
- b) Fines and other charges;
- c) Accrued interest; and
- d) Late payment charges.

2) The percentage rate at which interest accrues on assessments that are not paid when due.

3) The percentage rate used to calculate the charges for late payment or the amount of a fixed charge for late payment.

(L) Ensure all assessments are deposited in a separate bank account, located in this state, in the name of the Association and pay expenses of the Association from the Association bank account.

Article 9. TURNOVER MEETING

9.1 Time. Not later than 1 month after the adoption of these Bylaws either the Declarant, the transitional advisory committee formed under ORS 94.604, or an owner shall call for a turnover meeting.

9.2 Notice. If the Declarant does not call a meeting under this section within the required time, the transitional advisory committee formed under ORS 94.604 or any owner may call a meeting and give notice as required in this section.

Not less than 5 or more than 30 days before the turnover meeting called under this section, the entity or person calling the turnover meeting shall cause notice to be hand delivered or mailed to the mailing address of each Lot or to the mailing address designated in writing by the Owner, and to all mortgagees that have requested such notice. Mortgagees may designate a representative to attend a meeting called under this section. The notice of the meeting shall state the time and place of the meeting and the items on the agenda.

9.3 Election of Board of Directors. The Board of Directors shall be elected at the turnover meeting as set forth in Article 6.

9.4 Duties of Declarant. At the meeting the Declarant shall deliver to the association and shall be available or have an informed representative available to meet with the Board of Directors on at least 3 mutually acceptable dates to review the following:

- (A) The original or photocopy of the recorded declaration and copies of the Bylaws and the Articles of Incorporation, if any, 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, unless otherwise provided in the declaration;
- (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 reserved pursuant to ORS 94.600;
- (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 under ORS 94.595;
- (M) The reserve study described in ORS 94.595, including all updates and other sources of information that serve as a basis for calculating reserves in accordance with ORS 94.595;

(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:

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

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

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

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

5) 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 homeowners association is a party.

Article 10. COMMITTEES

10.1 Formation. The Board of Directors shall recognize such committees as it deems necessary to assist in the operation of the affairs of the Association. Members shall have the right to request the formation of committees. If the Board denies such a request, a special committee can be formed, if a petition with 20% of the Members signatures are presented. The findings of the special committee will be presented to the Board and to Membership. Such committees shall exercise all powers and be subject to all duties which the Board of Directors shall give them. Committee Members need not be Members of the Board of Directors, but shall be Members of the Association. The ratio of Board Members allowed in any committee will be one Board Member to three Members. A majority of the Members of any committee shall fix its procedures.

10.2 Duties. It shall be the duty of each committee to receive complaints from Members on any matter involving Association functions, duties, and activities within its field of responsibility. It shall dispose of such complaints as it deems appropriate or refer them to such other committee, Director, or officer of the Association as is further concerned with the matter presented.

Article 11. MEETING OF MEMBERS

11.1 Annual Meetings. The first annual meeting of the Members shall be held within one month from the date of Adoption of these Bylaws, and each subsequent regular annual meeting of the Members shall be held on the same day of the same month of each year thereafter, at the hour of 7:30 o'clock PM. If the day for the annual meeting of the Members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

11.2 Special Meetings. Special meetings of the Members may be called at any time by the president or by the Board of Directors, or upon written request of 30% of the Members who are entitled to vote. Business transactions at a special meeting shall be confined to the purposes stated in the notice.

11.3 Notice of Meetings. Not less than 10 or more than 50 days before any meeting called under this section, the Secretary shall cause notice to be hand delivered or mailed to the mailing address of each Lot or to the mailing address designated in writing by the Owner, and to all mortgagees that have requested such notice. Mortgagees may designate a representative to attend a meeting called under this section.

The notice of a meeting shall state the time and place of the meeting and 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.

11.4 Quorum. The presence at the meeting of Members entitled to cast, or of proxies entitled to cast 20% of the votes shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Protective Covenants, or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

11.5 Absentee Ballots and Proxies. At all meetings of Members, each Member may vote in person, by absentee ballot, or by proxy. All proxies shall be in writing and filed with the secretary. Every proxy shall be revocable and shall automatically cease when said Member no longer owns an interest in any Lot.

Article 12. OFFICERS AND THEIR DUTIES

12.1 Enumeration of Officers. The officers of the Association shall be a President and Vice-president, who shall at all times be Members of the Board of Directors, a Secretary, and a Treasurer, and such other officers as the Board may from time to time by resolution create. A person may hold more than one office at one time but all officers must be Members of the Association in good standing.

12.2 Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members.

12.3 Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

12.4 Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

12.5 Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the president or the secretary. Such resignation shall take effect on the date of 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.

12.6 Vacancies. A vacancy in any office may be filled in the manner prescribed for regular election. The officer elected to such vacancy shall serve for the remainder of the term of the officer he replaces.

12.7 President. The president shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes.

12.8 Vice-President. The vice-president shall act in the place and stead of the president in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as maybe required of him by the Board.

12.9 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 appropriate current records showing the Members of the Association together with their addresses, and shall perform such other duties as are required by the Board.

12.10 Treasurer The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the Members.

Article 13. ASSESSMENTS

13.1 Creation of the Lien and Personal Obligation of Assessments. By the Declaration, each Member is deemed to covenant and agree to pay to the Association: (a) annual assessments or charges, and (b) if duly voted on, special assessments for capital improvements. The annual and special assessments, together with such interest thereon and costs of collection thereof, as hereinafter provided, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with such interest, costs, and reasonable attorneys' fees incurred in any collection action shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment was accrued. The lien upon said property for such charges shall affect the interest of any successor in title, but shall not be the personal obligation of any person who was not the Owner thereof at the time the same accrued unless expressly assumed by such person.

13.2 Purpose of Assessments. The assessments levied by the Association shall be used exclusively for the purpose of promoting the recreation, health, safety, and welfare of the residents in the Said Properties and in particular for the improvement and maintenance of the Said Properties, services and facilities devoted to this purpose and related to the use and enjoyment of the Common Area, and of the homes situated upon the Said Properties including

costs of attorney fees for the formation, maintenance, and enforcement of this Bylaws of the Protective Covenants as deemed necessary by the Board of Directors.

13.3 Basis and Maximum of Annual Assessments. Until the first regular meeting of the Board of Directors immediately following the adoption of these Bylaws, the maximum regular monthly assessment shall be \$ 20.00 for each Lot subject thereto.

After consideration of current maintenance costs and future needs of the Association, the Board of Directors, in its discretion, may fix a regular flat assessment upon a monthly, quarterly, or annual basis.

13.4 Uniform Rate. Both regular periodic flat charges and any special assessments must be fixed at a uniform rate for all Lots and may be collected upon an annual, quarterly or monthly basis in the discretion of the Directors.

13.5 Date of Commencement of Annual Assessments: Due Dates. The annual assessment provided for herein shall commence as to all Lots on the first day of the month following the conveyance of any Common Area to the Association. The first regular assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty days in advance of each annual assessment period. *Written notice of the annual assessment shall be sent to every Owner subject thereto.* The due dates shall be established by the Board of Directors. The Association shall upon demand at any time furnish a certificate in writing, signed by an officer of the Association, setting forth whether the assessments on a special Lot have been paid. A reasonable charge may be made by the Board for the issuance of these certificates. Such certificate shall be conclusive evidence of payment of any assessment therein stated to have been paid.

13.6 Exempt Property. The following property subject to the Declaration shall be exempt from the assessments created therein: (a) all Said Properties dedicated to and accepted by a local public authority, (b) the Common Areas, and (c) all other Said Properties owned by the Association.

Article 14. BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member. The Declaration, the Articles of Incorporation, and the Bylaws of the Association shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable cost.

Article 15. AMENDMENTS

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A majority of the Board of Directors or 30% of the Owners may propose an amendment to these Bylaws. Effective approval requires a majority vote of the Members at a duly constituted meeting of Members in accordance with Article 11, a certificate by the President and Secretary of the Association stating the amendment was adopted in accordance with the Bylaws and ORS 94.625, and recordation in the Klamath County records office.

Article 16. CONFLICTS

In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

Article 17. MISCELLANEOUS

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of Incorporation and end on December 31st of the year.

IN WITNESS WHEREOF, we, being all of the Directors of Little River Ranch Property Owners' Association have hereunto set our hands this 15th day of June, 2003.

Kenneth D. Stevens Pres.

Patricia A. Stevens

and Alonso