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CROWN RIDGE PHASE 2, TRACT 1411
(Includes Lot 14 of Tract 1309)

Located within the City of Klamath Falls, Klamath County, Oregon

Developer - AL Bruner

CONDITIONS, COVENANTS AND RESTRICTIONS

1. Statement by Developer. We believe the Crown Ride Subdivision is the best land available for residential development within the City due to its unique combination of geographic features which provide outstanding vistas, its location within the City, and the quality of the surrounding neighborhoods which adjoin it. It is our vision that when complete, the Crown Ridge neighborhood will be viewed as a Crown Jewel of Klamath Falls.

2. Conditions, Covenants, Restrictions and Architectural Review. To help achieve our vision, we have adopted the conditions, covenants and restrictions contained in this document, hereinafter referred to as the covenants, and we have established the Crown Ridge Architectural Review Committee, herein after referred to as the ARC. The function of the ARC is to facilitate reasonable access of view for all property owners, review property owner designs for homes and landscaping to see that all improvements comply with the covenants and are complimentary to and cohesive with the improvements of their neighbors, and to see that all homes built meet or exceed the design and quality of homes which exist in the Crown Ridge Subdivision, Phase I.

2a. Zone. The use of all lots shall be consistent with the City of Klamath Falls single family residential zone. Whenever a requirement of the single family zone is in conflict with requirements of the covenants, the more restrictive document shall govern.

2b. Plan Review Process. Prior to excavation, placement of fill material, applications for building permit, or beginning any construction improvements or alteration upon their property, the property owner is to submit for review, and receive written approval of, plans for construction which will contain at least the following:

A. A topographic site plan which shows the elevations of the land prior to construction on or grading of the land, and that will show the proposed finish grades of the land after completion of construction of the improvements.

B. A site or plot plan which shows the proposed location of the home and accessory buildings, and the dimensions from the closest points of the building(s) to each of the property lines. The plot will also show any proposed driveways, sidewalks, decks, or any other proposed improvements upon the land. Finish floor elevations of basement, first floor, second floor and highest point of the roof will be written upon the site plan, and referenced to the curb elevation at the street.

C. A landscaping plan may be submitted for approval at the same time as other plans, but is not required to be submitted for review until the property owner is within thirty to sixty days of planning to begin construction of landscape improvements.

D. Building elevations that illustrate what each face of the building(s) will look like. The building elevations will be referenced to the existing and proposed elevations of the lot and, at a minimum, will illustrate the location of windows, doors, fireplaces, roof overhangs, siding material, decks and deck materials, roof and roof materials.

E. Applications for placement of fences or walls shall show the proposed locations(s) on the lot height, proposed materials to be used, and a scaled drawing elevation illustrating the proposed appearance of the improvements.

F. The Klamath County Fire District No.1 recommends that homes dependent on public streets that have grades in excess of 10% be provided with fire suppressions systems.

Completed applications for plan review are to be processed through the ARC and sent to the attention of A.L. Bruner and Marilyn Bruner, 607 Avenue de Teresa, Grants Pass, Oregon 97526. The review process will consist of a preliminary and final review of the plans. Letter of approval, corrections, or rejections of the preliminary and/or final plans will be provided by the ARC to the applicant within 30 calendar days of receipt of all required documents. The preliminary and final application for review can occur at the same time. However, the applicant assumes all responsibility for cost and time delays for correction or changes to, or rejection of the plans if the plans or a portion thereof are found not to comply with the intent of the covenants or the Architectural Review Committee.

2c. ARC Members. The architectural review committee consists of A.L. Bruner and Marilyn Bruner, hereinafter referred to as the "Developer". All decisions of the ARC are to be in writing. At their option, Developer may appoint other members to the Committee. The maximum number serving on the committee shall not exceed six people. Any member wishing to resign from the committee may do so. A member of the committee may be removed from the committee by the Developer. In the event all members of the Committee are unable to perform their duties, new Committee members may be appointed by the Developer. Once all lots in Crown Ridge Phase 2 Subdivision are sold, the Crown Ridge Phase 2 Home Owners' Association will govern the ARC.

2d. ARC Design Criteria. The ARC will be guided by the intent of the "Statement by Developer" and these written covenants. It is recognized and agreed to by the developer, the ARC, and the property owners that decisions regarding design, quality, and reasonable access to view are subjective, and that decisions of the ARC will be complied with.

2e. Variance from Covenants. A property owner or the ARC may request a variance for compliance with a portion of the covenants. The ARC reserves the right to accept or reject modifications to the covenants on a case by case basis which, in its view,

helps achieve the overall vision of the "statement by Developer," and which, in the view of the ARAC, does not harm the interest of the applicant nor any other property owner.

3. Restriction, Use and Maintenance

3a. Dwelling Quality and Size. No building, other than a single-family dwelling for private use, may be constructed on any lot. No mobile home or trailer may be used as a residence. No more than one single-family dwelling, not to exceed two stories in height, shall be constructed on any lot. Basements, daylight basements, split entry, and split levels, shall not be considered in determining the number of stories in the dwelling. No building structure shall be taller than 28 feet above the average elevation underneath the building footprint, or 28 feet as defined in Section 12.010 of the City of Klamath Falls Community Development Regulations, whichever is most restrictive. Accessory buildings incidental to residential use shall be of the same or acceptable architecture as the main home. Minimum square footage per single family dwelling is 2,000 square feet, excluding the garage and porches. All homes are to be constructed with a minimum of a two-car garage which must be constructed at the same time as the home.

3b. Utility Connections. No above ground utilities, pipes, or wires shall be used to connect a telephone system, power system, or other improvement to a serving utility. Exposed antennas and reception disks larger than 24 inches in diameter are prohibited. Placement of reception dishes are to be in as inconspicuous of location as reasonably possible. No irrigation or drain lines shall be exposed for more than 12" in length. The intent of this section is to eliminate exposure of utilities, pipes, wires, or anything of similar appearance to view. A small amount of exposure at the beginning or termination of a utility, pipe or wire is allowed.

3c. Temporary Structures and Site Cleanup. No structure of a temporary character including, but not limited to, trailers, motor homes, tents, shacks, garages, barns or other outbuildings shall be used on any lot, utility easement, area between the curb and property line, nor any street within the subdivision at any time as a temporary or permanent residence, nor as a guest facility. However, a builder or his agents may park a construction trailer on the street in front of or onto the property, but only for the duration of the construction period. The Builder shall keep streets and sidewalks neat, clean, and safe for passage at all times, and shall promptly repair or replace to original condition any improvements damaged during construction for which he may either be directly or indirectly responsible for the damage thereof. The Builder shall maintain an organized worksite and shall work to confine all his processes and materials to the lot upon which he is building upon. The Builder shall maintain his worksite reasonably free of refuse and debris, and shall promptly and completely remove and dispose of any debris or refuse originating from his worksite which finds its way to any other lots or streets in Crown Ridge or adjoining neighborhoods. In the event a Builder fails to comply with this section of the covenants, the ARC may hire and direct others, as it deems necessary, to complete the work of this section and shall hold the property owner responsible for the cost thereof. The property owner agrees to pay for such work as required by the ARC.

3d. Fences and Walls. Generally, the use of fences or walls is discouraged, but may be installed if approved by the ARC. The application and approval process is described in section 2b of these covenants. Construction of fences or walls is not to be started until written approval of the ARC is obtained by the lot owner. Walls for purposes of retaining earth are not limited in height or location. No fence, wall, or hedge taller than forty-two inches (42") shall be permitted to extend from the minimum front setback line of the house to the property line of the street. All fences or walls greater than 42" in height must be placed 20 feet or more away from a property line which borders a street. Fences may occur next to a property line which separates one lot from another. No fence shall exceed six feet in height on any portion of the lot. All fences shall be made of materials that are in compliance with the main dwelling. The provisions of this paragraph shall not apply to fences, if any, built on the exterior boundary of the subdivision. Such boundary fences, if any, shall be constructed of good materials and, at all times, shall be well maintained.

3e. Nuisances. No noxious or offensive activity shall be carried on upon any lot nor shall anything be done thereon, which may be or may become an annoyance or nuisance to the neighborhood.

3f. Livestock and Poultry. No animals, livestock, or poultry of any kind shall be raised, bred, or kept on any lot, except that dogs, cats, or other household pets may be kept, provided that they are not kept, bred, or maintained for any commercial purpose. No animals are to be allowed to roam outside owner's premises without being controlled by owner or on a leash.

3g. Maintenance of Lot. Each lot and its improvements shall be maintained in a clean and attractive condition, in good repair, and in such fashion as to not create a fire hazard or visual pollution. In addition to the requirements of these covenants, the City has additional requirements regarding keeping lots free of noxious weeds in the growing season which must be complied with.

3h. Replacement. If a home is partially damaged by fire or other hazard, the home is to be repaired to the approval of the ARC within eight months. If a home is totally destroyed by fire or other hazard, either the home is to be rebuilt to the satisfaction of the ARC within 12 months, or the lot is to be cleared of all building rubble and put into a clean and attractive condition.

3i. Garbage and Refuse Disposal. No lot or home shall be used or maintained as a dumping ground for rubbish, trash, or garbage, and other waste shall not be kept on site, except in sanitary containers at all times. All equipment for the storage or disposal of such material shall be kept in clean and sanitary condition. No rubbish may be burned or buried on the subdivision, nor shall any lot or home be used for the storage of any property or thing that will cause such property to appear in an unclean or untidy condition, including, but not limited to, firewood which must be stored in an orderly manner and not be covered with colored coverings, or which will be obnoxious to the eye, nor shall any substance, thing, or material be kept upon any lot that will, or might,

disturb the peace, comfort, or serenity of owners of surrounding property. All lots must be maintained at all times to control and prevent grass fires upon the property. All garbage containers, cuttings, refuse, and other service facilities must be screened from view of neighboring lots except on the days refuse is picked up and disposed of by the local refuse disposal service.

3j. Lighting. No offensive exterior lighting or noise making devices shall be installed or maintained on a lot or home.

3k. Signs. No sign of any kind shall be displayed to the public view on any lot, except one professional sign of not more than four square feet to advertise the art, craft, or hobby of the owner, or one sign of not more than six square feet advertising the property for sale or rent. During construction of a dwelling, the Builder may display a sign of not more than six square feet. Signs which are attached to Builder, Subcontractor, or Supplier vehicles and trailers are exempt from this provision. Signs by the Developer for purposes of marketing the subdivision are exempt from this provision.

3l. Building Location. No structure shall be located on any lot nearer than twenty feet to the street front property line or nearer than fifteen feet to an interior side lot line, nor twenty feet where abutting on the side lot line which abuts a street or highway. No structure shall be located nearer than twenty feet from a rear lot line. The ARC can approve minor adjustments to these setbacks according to Section 2e of the covenants.

3m. Landscaping. Prior to beginning of excavation, fill, or any other process associated with the landscaping of a lot, landscaping plans are to be submitted by the lot owner to the ARC. The process for application and design criteria is outlined in Sections 2b and 2d of the covenants. Front yards shall be fully landscaped within one year and rear yards finished within two years after the exterior of the main building is finished. The use of fast growing tall trees is discouraged. Trees must not exceed twenty-five feet in height, and should be planted in locations to minimize the impact of neighboring views. Areas subject to erosion must be landscaped for purposes of erosion control not later than six months after substantial completion of the home. The topography of the subdivision may allow for selective placement of some trees, which may be allowed to exceed twenty-five feet in height. However, approval by the ARC of placement of such trees and their locations shall be on a case by case basis and must comply with the intent of the Statement of Developer.

3n. Driveways. All driveways shall be of asphalt, concrete, or other approved hard durable surface. Dirt or gravel driveways are not allowed.

3o. Surface Drainage. Special attention shall be given to site surface drainage so that surface waters will not significantly adversely affect neighboring properties.

3p. Completion of Construction. All dwellings shall be completed within one (1) year from beginning of construction. Upon completion of the exterior of all buildings under construction, the owner may petition the ARC for permission to leave certain

interior portions unfinished. The ARC is not obligated to allow an extension of time to complete construction or to allow portions of a structure to be left unfinished. It is the intent of the ARC that all homes be completed and receive Klamath County Certificate of Occupancy prior to being occupied.

3q. Parking. Parking of recreational vehicles is not permitted on the street or space between the street and property lines. The streets shall not be used for parking vehicles except on a temporary basis. No parking or storage of motor homes, trailers, campers, boats, boat trailers, snowmobiles, or other off road vehicles shall be permitted unless they are garaged, screened, or concealed from the view of any neighbor.

3r. Easements. No building, fences, walls, wood piles, debris, fill material or any other obstruction shall be constructed or placed within the slope of utility easement without prior written approval of the City and/or the utility companies which occupy said easement.

3s. All homes are to be built by contractors registered with the State of Oregon.

4. Enforcement. These covenants may be enforced by the undersigned, any owners of any lot in the subdivision, or any member of the ARC. Should suit or action be instituted to enforce any of the foregoing conditions or restrictions, after written demand for discontinuance of a violation thereof, and any failure to do so, then whether said suit be reduced to decree or not, the owner seeking to enforce or to restrain any such violations, shall be entitled to have and recover from such defendant or defendants, in addition to the costs and disbursements allowed by law, such sum as the Court may adjudge reasonable as attorney's fees in said suits or actions.

BYLAWS
OF
CROWN RIDGE PHASE 2, Tract 1441 LOT OWNERS ASSOCIATION, INC.
(Including lot 14 of Phase 1)
A CLASS III PLANNED COMMUNITY

**ARTICLE 1
PRINCIPAL OFFICE AND PLANNED COMMUNITY**

The principal office of the Corporation shall be at 607 AVE De Teresa, or at Grants Pass OR 97526, such location within the State of Oregon as may be designated from time to time by resolution of the Board of Directors. This community is a Type III Planned Community.

**ARTICLE 2
BOARD OF DIRECTORS**

All meetings of the Board of Directors shall be open to lot owners in the Crown Ridge Phase 2 subdivision.

2.1 General Powers. The Crown Ridge Phase 2 Lot Owners Association, Inc. ("Corporation") is a homeowners association formed pursuant to the provisions of the Oregon Planned Community Act, ORS 94.550 - 94.785. The Corporation shall have all powers and duties as set forth in the Act and shall at all times comply with the provisions of said Act. The affairs of the Corporation shall be managed by its Board of Directors (the "Board").

2.2 Number. The number of Directors may vary between a minimum of three and a maximum of seven, the exact number of which may be fixed from time to time by the resolution of the Board. Initially, the Board shall consist of three individuals. Each Director shall serve for a period of one (1) year term. The Board of Directors shall be elected by the shareholders.

2.3 Vacancies. Vacancies on the Board and newly created Board positions shall be filled by the affirmative vote of a majority of the remaining Directors even though a less than a quorum of the Board may exist.

2.4 Quorum; Majority Vote. A majority of the Directors then in office shall constitute a quorum for the transaction of business. The act of the majority of the Directors present at the meeting at which a quorum is present shall be the act of the Board.

2.5 Removal of Directors. A director may be removed with or without cause by act of the Board at a meeting expressly called for that purpose. Such vote must be by a majority. 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. Removal of a director is not effective unless the matter of removal is an item on the agenda and stated in the notice for the meeting required under ORS 94.650.

2.6 Meetings. All meetings of the Board shall be open to any owner of a lot in Crown Ridge.

2.6.a. Annual Meeting. The annual meeting of the Board shall be held each year on the second Tuesday of May; Notice of such meeting shall be provided to each Director personally or by mail not less than seven (7), nor more than thirty (30) days prior to the meeting. Such Notice of the meeting shall also be posted in a public place in the Crown Ridge Phase 2 Homeowners Association.

2.6.b. Regular Meetings/Notices. A regular meeting of the Board shall be held on the second Tuesday of each month at 7:00 p.m. at the principal office. Such meeting shall be held with or without any Notice other than these Bylaws. The Board may provide by resolution the time and place for holding of additional regular 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. Notice for additional regular meetings shall be done in conformance with ORS 94.640.

2.6.c. Special/Emergency Meetings. Special or Emergency meetings of the Board may be called by the Chairman of the Board or by a majority of the Directors then in office. Notice of special meetings shall be provided to each Director personally or by mail not less than three (3) days prior to the meeting; provided that, in the case of any Special meeting to be held by conference telephone or similar communications equipment, Notice of such meeting may be given five (5) days, personally or by telephone, to each Director not less than twenty-four (24) hours before the time at which the meeting is to be held. Except as otherwise specifically provided in these Bylaws, neither the business to be transacted, nor the purpose of, any regular or Special meeting of the Board of Directors need be specified in the Notice of the meeting.

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 or by the use of a means of communication that allows all members of the Board of Directors participating to hear each other simultaneously or otherwise to be able to communicate during the meeting. A member of the Board of Directors participating in a meeting by this means is deemed to be present in person at the meeting.

2.6.d. Consent in Lieu of Meeting. Any action required by law to be taken at a meeting of the Board, or any action that may be taken at a Board meeting, may be taken without a meeting if consent in writing, setting forth the action to be taken, is signed by all Directors of the Corporation

2.6.e. Telephonic Meetings. Only Special and Emergency Meetings of the Board may be held by means of conference, telephonic or similar communications equipment, or means by which all persons participating in the meeting can hear each other, and such participation shall constitute presence in person at the meeting.

2.7 Compensation. Compensation, if any, of the members of the Board shall be fixed by the Board and approved by majority vote.

2.8 Insurance.

2.8.1 Pursuant to ORS 94.675 the Board shall obtain 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. The Board shall further procure public liability policy covering all common property and all damage or injury caused by the negligence of the association. Premiums for insurance obtained under this section 2.8.1 shall be a common expense of the Association. 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.

2.8.2 There are no units subject to this Association and therefore the provisions of ORS 94.680 and therefore there will be no procurement of blanket all-risk insurance.

2.8.3 Owners of lots in the Crown Ridge Phase 2 Association shall be responsible to procure and pay for their own policy of insurance upon their residences. There is no prohibited policies of insurance which the owners of the lots in the subdivision may obtain. The Board will not obtain nor pay for any policy of insurance other than those described in this Section 2.8.

2.8.4 Power of Board of Directors. The Board of Directors of an association may act on behalf of the association except as limited by the declaration and the bylaws. In the performance of their duties, officers and members of the Board of Directors are governed by this section and the applicable provisions of ORS 65.357, 65.361, 65.367, 65.369 and 65.377, whether or not the association is incorporated under ORS chapter 65. Unless otherwise provided in the bylaws, the Board of Directors may fill vacancies in its membership for the unexpired portion of any term. At least annually, the Board of Directors of an association shall review the insurance coverage of the association. The Board of Directors of the association annually shall cause to be filed the necessary income tax returns for the association. The Board of Directors of the association may record a statement of association information as provided in ORS 94.667.

ARTICLE 3 COMMITTEES

3.1 Appointment and Authority.

3.1.a. Standing Committees. The Board may, by resolution, appoint one or more committees, each of which shall consist of two or more Directors or homeowners. The Board shall, by resolution, define the extent of the authority of such committees. These committees, subject to the limitations of the Board's resolution and ORS Chapter 94, shall have and exercise the authority of the Board in the management of the Corporation for which it is appointed.

3.1.b. Ad Hoc Committees. The Board of the President may appoint other committees consisting of homeowners, who do not have the authority of the Board in the management of the Corporation. Members of these committees shall act on behalf of the Board or the President.

3.1.c Budget Committee. The Board may designate two (2) or more Directors to a Budget Committee to prepare a budget in accordance with ORS 94.645. Such Budget Committee shall also be responsible for the upkeep, maintenance, repair and replacement of the common property of the detention ponds. The detention ponds are the only property owned by the association.

Such committee shall also be responsible for collecting the assessments from the owners. Unless otherwise provided in the bylaws, the Board of Directors at least annually shall adopt a budget for the planned community. Within 30 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. The Budget Committee shall also be responsible to review and approve all payment vouchers. Each assessment shall be paid on a monthly basis and in accordance with the budget developed. Such committee shall also be required to prepare and distribute the annual financial statement required under ORS 94.670. In preparing the annual financial statement the Budget Committee and the Treasurer shall work with the certified public accountant designated for the Association.

3.2 Transitional Advisory Committee. A Transitional Advisory Committee shall be formed pursuant to ORS 94.604 not later than the 60th day after the declarant has conveyed the lots representing 50 percent (50%) of the votes in Crown Ridge Phase 2. A meeting of lot owners shall be called by the declarant, in accordance with these Bylaws, for the purpose of selecting a Transitional Advisory Committee. The committee shall conform with the provisions of ORS 94.604. This requirement for a Transitional Advisory Committee shall not apply once the turnover meeting called under ORS 94.609 has been held.

3.3 Assessments. The expenses of maintaining and repairing the detention pond shall be paid equally by the shareholders. Maintenance shall be performed at least annually on said detention pond. Repairs will be made when needed. The expenses of maintaining the detention pond shall constitute a charge on the property of the owners (shareholders), and shall be a continuing lien upon their respective properties until paid.

Such lien shall also include all interest, costs of collection and reasonable attorney fees in collecting and enforcing same. As well, such assessment together with the aforesaid costs and fees shall be the personal obligation of the individual owner of such property as of the date when the assessment for expenses fell due. The assessment for the expenses shall become due as of thirty (30) days after presentment of the invoice for the repairs and maintenance. The assessment shall bear interest at the rate of ten (10) percent per annum from thirty (30) days after the presentment date until paid. Any owner who shall have paid his share of the assessment may bring an action in equity to foreclose the lien against the non-paying owner's property or an action at law against the non-paying owner personally.

The lien of assessments provided for herein shall be subordinate to the lien of any first mortgage or trust deed or like encumbrance upon any of the owners' properties. Sale or transfer of any of the owners' properties shall not affect the assessment lien; PROVIDED, HOWEVER, the sale or transfer of any such property pursuant to a mortgage foreclosure or any proceeding in lieu thereof shall extinguish the lien of such assessment as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such property from liability for any assessments thereafter becoming due or from the lien thereof.

ARTICLE 4 OFFICERS

4.1 In General. The officers of the Corporation shall be a President, a Secretary and a Treasurer and such other Vice-Presidents or officers as the Board may appoint from time to time. The office of the President and Secretary may be held by the same person concurrently.

4.2 Election and Term. The Board, at its annual meeting, shall elect the officers to serve a one-year term commencing the date of such annual meeting. Officers may serve successive terms without limit.

4.3 Vacancies. A vacancy in any office may be filled by act of the Board for the unexpired portion of the term.

4.4 President. The President shall be the executive officer of the Corporation, shall have responsibility for the general management of the Corporation, and shall see that all orders and resolutions of the Board are carried into effect. The President shall from time to time report to the Board all matters within the President's knowledge affecting the Corporation that should be brought to the attention of the Board. The president and secretary will be A.L. Bruner until such time A.L. Bruner no longer owns lots in the Crown Ridge Phase 2 subdivision.

4.5 Vice President. The Vice President, if any, shall perform all such duties and services as shall be assigned to or required of such person from time to time, by the Board or the President. Should the President be unable to act, the Vice-President shall act in the President's stead with all the President's powers and perform all of the President's duties during the President's absence or disability.

4.6 Secretary. The Secretary shall have overall responsibility for all corporate record keeping. The Secretary shall perform, or cause to be performed, the following duties: (a) official recording of the minutes of all Board meetings and actions; (b) providing all notices required by these Bylaws or by law; (c) maintain insurance coverage for the Association in accordance with ORS 94.675 and 94.685; and (d) undertaking any other duties as may be prescribed by the Board.

4.7 Treasurer. The Treasurer shall have overall responsibility for all corporate funds. The Treasurer shall perform, or cause to be performed, the following duties; (a) taking custody of and responsibility for all funds of the Corporation; (b) depositing all monies and other valuable affects in the name and to the credit of the Corporation in such depositories as may be designated by the Board; (c) disbursing funds when proper to do so; (d) keeping all books of account relating to the Corporation and rendering statements of the Corporation's financial condition whenever required to do so by the Board or the President; (e) collect and account for all assessments upon the homeowners pursuant to the protective covenants and restrictions of Crown Ridge Phase 2; (f) prepare and distribute the annual financial statement required by ORS 94.670; and (g) undertaking any other duties as may be prescribed by the Board.

4.8 Compensation. The compensation, if any, for any agents and employees of the Corporation shall be fixed by the Board.

4.9 Removal. Any of the agents, employees and officers of the Corporation may be removed by a majority vote of the Board, to be replaced by such agent, employee or officer to serve the remaining one-year term.

W. Bruner

**ARTICLE 5
SHAREHOLDERS**

40026

5.1 Annual Meeting. The initial meeting of owners shall be held upon the sale of all lots in Crown Ridge Phase 2. The method of calling such meeting shall be in accordance with Article 5.6 below. The annual meeting of the shareholders shall be held on the second Tuesday in the month of May in each year, beginning with the year 2005, at the hour of 7:00 p.m., for the purpose of electing Directors and for the transaction of such other business as may come before the meeting. The notice to shareholders of the initial meeting shall be these Bylaws. If the date fixed for the annual meeting shall be a legal holiday in the State of Oregon, such meeting shall be held on the next succeeding business day. Failure to hold the annual meeting at the designated time shall not work a forfeiture dissolution of the Corporation.

5.2 Failure to Hold Annual Meeting. If the annual meeting is not held at the designated time, the President or the Board may call the annual meeting at a time fixed by them not more than sixty (60) days after such designated time by proper notice designating the meeting as the annual meeting. If the annual meeting is not held at the designated time or during the sixty (60) day period thereafter, the annual meeting may be called by the holders of not less than one-tenth of all the shares entitled to vote at the meeting. In such event, notice shall be given not more than fifteen (15) days after the expiration of such sixty (60) day period. Such notice shall fix the time of the meeting at the earliest date permissible under the applicable notice requirements.

5.3 Special Meetings. Special meetings of the shareholders, for any purpose or purposes, unless otherwise prescribed by the Directors, may be called by the President or by the Board, and shall be called by the President at the request of the holders of not less than one-tenth of all the outstanding shares of the Corporation entitled to vote at the meeting.

5.4 Turnover Meeting. Pursuant to ORS 94.635(3) a turnover meeting shall be held, not later than ninety (90) days after lots representing 75 percent (75%) of the votes have been conveyed by the Declarant. Notice for this meeting shall be given in conformance with these Bylaws for a special meeting of the shareholders. Any lot owner may call the turnover meeting under ORS 94.609. The purpose of the turnover meeting shall be to conform to the provisions of ORS 94.609.

5.5 Place of Meeting. The Board may designate any place, either within or without the State of Oregon, as the place of meeting for any annual meeting or for any special meetings called by the Board. A waiver of notice signed by all shareholders entitled to vote at a meeting may designate any place, either within or without the State of Oregon, as the place for holding of such meeting. If no designation is made, or if a special meeting is otherwise called, the place of meeting shall be at the principal offices of the Corporation in the State of Oregon.

5.6 Notice of Meeting. Written notice stating the place, day, and hour of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not fewer than ten (10) nor more than fifty (50) days before the date of the meeting, either personally or by mail, by or at the direction of the President, Secretary, or the persons calling the meeting, to each shareholder of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the shareholder's address as it appears on the stock transfer books of the Corporation, with first class postage paid.

5.7 Quorum. A majority of the outstanding shares of the Corporation entitled to vote, represented in person or by proxy, shall constitute a quorum at a meeting of shareholders. If less than a majority of the outstanding shares are represented at a meeting, a majority of the shares so represented may adjourn the meeting from time to time without further notice until a quorum is present or represented. At such adjourned meeting during which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally noticed. The shareholders present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough shareholders to leave fewer than a quorum.

5.8 Proxies. At all meetings of shareholders, a shareholder may vote in person, by proxy executed in writing by the shareholder, or by the shareholder's duly authorized attorney-in-fact. Such proxy shall be filed with the secretary of the Corporation before, or at the time of, the meeting. No proxy shall be valid after 11 months from the date of its execution, unless otherwise provided in the proxy.

5.9 Voting of Shares. The owner of each lot shall be entitled to one share for each lot owned.

Each outstanding share entitled to vote shall be entitled to one vote upon each matter submitted to a vote at a meeting of shareholders, except as otherwise provided in the Articles of Incorporation. No cumulative voting for Directors shall be permitted. The vote of the holders of a majority of the shares present and entitled to vote at any duly organized meeting shall decide any question unless the vote of a greater number shall be required by law or the Articles of Incorporation.

5.10 Voting of Shares by Certain Holders. Shares standing in the name of another corporation may be voted by such officer, agent, or proxy as the Bylaws of such corporation may prescribe or, in the absence of such provision, as the Board of Directors of such corporation may determine. Shares held by an administrator, executor, guardian, or conservator may be voted by such administrator, executor, guardian, or conservator, either in person or by proxy, without a transfer of such shares into such person's name. Shares standing in the name of a trustee or custodian may be voted by such trustee or custodian, either in person or by proxy, but no trustee or custodian shall be entitled to

vote shares held by such trustee or custodian without a transfer of such shares into the trustee's or custodian's name.

5.11 Informal Action by Shareholders. Any action required to be taken at a meeting of the shareholders, or any other action which may be taken at a meeting of the shareholders, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all shareholders entitled to vote with respect to the subject matter of the action.

ARTICLE 6

CONTRACTS, LOANS, CHECKS, DRAFTS AND DEPOSITS

6.1 Contracts. The Board may authorize any officer, agent, or employee to execute and deliver any instrument, in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.

6.2 Loans. No loans shall be contracted on behalf of the Corporation and no evidences of indebtedness shall be issued in its name, unless authorized by a resolution of the Board. Such authority may be general or confined to specific instances.

6.3 Checks, Drafts, Etc. All checks, drafts, or other orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the Corporation, shall be signed by such officer, agent, or employee of the Corporation and in such manner as shall from time to time be determined by resolution of the Board.

6.4 Deposits. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies, or other depositories as the Board may select.

ARTICLE 7

FISCAL YEAR

The fiscal year of the Corporation shall be on the calendar year, commencing January 1 and ending December 31 of each year.

ARTICLE 8 WAIVER OF NOTICE

Whenever any notice is required to be given to any shareholder or Director of the Corporation under the provisions of these Bylaws, under the provisions of the Articles of Incorporation, or under the provisions of the Oregon Business Non-Profit Corporation Act, a waiver of the notice in writing, signed by the person or persons entitled to the notice, whether before or after the time stated in the notice, shall be deemed equivalent to the giving of the notice.

ARTICLE 9 INDEMNIFICATION; INTERESTED PARTIES

9.1 Indemnification. The Corporation shall indemnify to the fullest extent permitted by the Oregon Business Corporation Act any person who has been made, or is threatened to be made, a party to any action, suit, or proceeding, whether civil, criminal, administrative, investigative, or otherwise by reason of the fact that the person is or was a Director or officer of the Corporation, or a fiduciary of the Corporation. Such individuals may also be those who serve or served at the request of the Corporation as a Director or as an officer or as a fiduciary of the Corporation, partnership, joint venture, trust, or other enterprise. The right to and the amount of indemnification shall be determined in accordance with the provisions of the Oregon Business Corporation Act in effect at the time of the determination.

9.2 Interested Parties. A Director of the Corporation shall not be disqualified by the Director's office from contracting with the Corporation as vendor, purchaser, or otherwise; nor shall any contract or arrangement entered into by or on behalf of the Corporation in which any Director is in any way interested be avoided on that account, provided that such contract or arrangement shall have been approved or ratified by a majority of the Board without counting in such majority the Director so interested, although such Director may be counted toward a quorum, or shall have been approved or ratified by the affirmative action of the holders of a majority of the outstanding shares of the Corporation, and the interest shall have been disclosed or known to the approving or ratifying Directors or shareholders.

ARTICLE 10 MAINTENANCE, UPKEEP AND REPAIR OF COMMON PROPERTY

The Association has been formed for the purpose of operation, upkeep, maintenance and repair of the drainage and detention facilities located on Lot 14 of Crown Ridge Phase 1 subdivision, and the detentions facilities in Common Area A. Said facilities consisting of landscaping, flow control structure and conveyance pipe. The Association shall be responsible for the upkeep, maintenance and repair of said facilities.

- At the end outlet of the detention pond, a siphon catch basin with a sump will collect storm water and release surface water at a metered rate.
- Ponds should be inspected once a year (in the fall) and debris removed which could clog the flow control catch basin grate and outlet pipe.
- All structure sumps will be cleaned.
- Any excessive amounts of silt collecting in the bottom of the pond should be removed.
- Dead plants should be removed.

Spill prevention is an important factor of a storm water management system. Never dump waste materials into the storm water collection/treatment system. Be observant of potential contamination material.

A determination that any provision of these Bylaws is for any reason inapplicable, invalid, illegal, or otherwise ineffective shall not affect or invalidate any other provision of these Bylaws.

These Bylaws may be altered, amended, or repealed, and new Bylaws may be adopted by the Association members by a majority vote of the Shareholders at any regular or special meeting. Furthermore, the Association may adopt administrative rules and regulations supplementing these Bylaws for the purpose of governing the details for the operation and use of the common property in accordance with the protective covenants, conditions and restrictions of Crown Ridge Phase 2.

1. The Bylaws are duly adopted as the Bylaws of the Association.

R. L. Branner
President: May 24, 2005

Secretary: Marilyn V Bruner

STATE OF OREGON)
County of Klamath) ss.

40031

Personally appeared, Al Bruner and Marilyn Bruner, who being duly sworn, stated he is the President and Secretary of Crown Ridge Phase 2 Lot Owners Association, Inc. and that said instrument was signed on behalf of said corporation by authority of its Board of Directors; and he acknowledged said instrument was its voluntary act and deed.

Before me:

May 24, 2005

Kathryn L Tobin
Notary Public for Oregon
My commission expires: 12-15-2006

