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Klamath County, Oregon

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**RECORDING COVER SHEET**

PER ORS 205.234

THIS COVER SHEET HAS BEEN PREPARED BY THE PERSON PRESENTING THE ATTACHED INSTRUMENT FOR RECORDING. ANY ERRORS IN THIS COVER SHEET DOES NOT AFFECT THE TRANSACTIONS(S) CONTAINED IN THE INSTRUMENT ITSELF.

**AFTER RECORDING RETURN TO:**

name and address of the person authorized to receive the instrument after recording, as required by ORS 205.180(4) and ORS 205.238

Richard A. Stark  
STARK AND HAMMACK, P.C.  
201 West main Street, Suite 1B  
Medford, OR 97501

1. NAMES OF THE TRANSACTION(S), described in the attached instrument and required by ORS 205.234(A)  
NOTE: Transaction as defined by ORS 205.010 "means any action required or permitted by state law or rule federal law or regulation to be recorded including, but not limited to, any transfer, encumbrance or release affecting title to or an interest in real property".

**Recording of Bylaws required by  
state law.**

2. Grantor(s) as described in ORS 205.160.

**F.B. Owen, Inc.**

**an Oregon Corporation**

**5280 Crater Lake Ave, Space 102**

**Central Point, OR 97502**

3. Grantee(s) as described in ORS 205.160.

**Homedale Homeowners Association**

**an Oregon non-profit corporation**

**5280 Crater Lake Ave, Space 102**

**Central Point OR 97502**

4. TRUE AND ACTUAL CONSIDERATION PAID for instruments conveying or contracting to convey fee title to any real estate and all memoranda of such instruments, reference ORS 93.030.

**Zero**

5. UNTIL A CHANGE IS REQUESTED, ALL TAX STATEMENTS SHALL BE SENT TO THE FOLLOWING ADDRESS: for instruments conveying or contracting to convey fee title to any real estate reference ORS 93.260.

**5280 Crater Lake Avenue, Space 102, Central Point, Oregon 97502**

## **BYLAWS**

### **HOMEDALE TERRACE HOMEOWNERS ASSOCIATION, INC.**

#### **ARTICLE I. GENERAL**

**Section 1. Application.** These Bylaws govern the administration of the real property known as Tract 1407-Homedale Terrace Subdivision, which is the development of the approved Final Plat for the Tract 1407-Homedale Terrace Subdivision (the ASubdivision@), County of Klamath, State of Oregon. The Bylaws also govern the Homedale Terrace Park Homeowners Association, Inc. (the Association), as more particularly described in the Declaration adopted March 9<sup>th</sup>, 2006, and recorded in the Official Records of Klamath County, Oregon (hereinafter called Declaration).

F.B. Owen, Inc., an Oregon corporation, (Owen) is the Owner of the real property described in the Declaration, and is also the Developer and Declarant of the Project.

Declarant hereby approves and adopts these Bylaws. The Declaration, these Bylaws and the Administrative Rules and Regulations of the Association, if any, shall govern the use and operation of the Project.

**Section 2. Definitions.** As used in these Bylaws, the term:

(a) "**Association**" shall mean and refer to the above Homedale Terrace Homeowners Association, Inc., Klamath Falls, Oregon, a nonprofit corporation organized under the laws of the State of Oregon, its successors and assigns.

(b) "**Project**" shall mean and refer to the Property and Common Areas, as set forth in the Declaration.

(c) "**Common Areas**" shall mean all property (including the improvements thereto) for the common use and enjoyment of the Members of the Association and more fully described in the Declaration.

(d) "**Owner**" shall mean and refer to the record Owner, whether one or more persons or entities, of a fee simple title to any Lot which is part of the Property, including Declarant and including contract purchasers, but excluding those having such interest merely as security for the performance of an obligation.

(e) Declaration shall mean the Declaration of Covenants, Conditions, and Restrictions of Tract 1407-Homedale Terrace Subdivision as recorded in the Klamath County Official Records.

(f) "Lot" shall mean and refer to any plot of land shown upon any recorded map of the Project with the exception of the Common Areas.

(g) "Dwelling Unit or Unit" shall mean and refer to the residential Manufactured Home situated on each Lot within the Project designed for residential purposes and intended for use and occupancy as a residence by a single family.

(h) "Member" shall mean and refer to all those Owners and Members of the Association as provided in Article III of the Declaration.

(i) "Common Expenses" means all of the expenses of the Association including administration, maintenance, repair or replacement of the general common elements, and maintenance of the water system that supplies water to each Lot, together with such expenses agreed upon by the Association in the manner provided in these Bylaws and as defined in the Declaration.

(j) "Manager" means the person or firm, if any, hired by the Board of the Association to be in charge of the administration of and to manage the property.

(k) Board shall mean and refer to the Board of Directors of the Association.

(l) Mortgage shall mean and refer to a mortgage or a deed of trust of record encumbering a Lot.

(m) Mortgagee shall include the beneficiary under a deed of trust and the vendor under a recorded land sale contract or recorded memorandum of land sale contract.

Except as otherwise defined in the Declaration, any Supplemental Declaration and/or in these Bylaws or any amendments thereto, the definitions adopted and the terms defined in the Oregon Planned Community Act, ORS 94.550 *et seq* shall apply.

## **ARTICLE II. STATUTORY REQUIREMENTS**

Section 1. Organization. The Association of Owners is herewith organized by adoption of these Bylaws on the aforesaid day of March 9, 2006, by the Declarant who holds the majority of the voting rights by reason of Declarant's ownership of Lots in the Project.

Section 2. Transitional Advisory Committee. Upon Declarant's election, or within sixty days (60) after Declarant has conveyed all Lots in the Project, Declarant or Declarant's assignee shall call a meeting of the Owners for the purposes and with the effect as stated in ORS 94.600 through ORS 94.616, however, this Section is subject to the Declarant's rights as provided in the Declaration and pursuant to ORS 94.621.

Section 3. Turn-Over Meeting. The turn-over meeting shall be called for by Declarant not later than one hundred twenty (120) days after Lots representing seventy-five percent (75%) of the votes have been conveyed, by giving not less than ten (10) days, nor more than sixty (60) days prior written notice to all Owners of such meeting. If Declarant fails to call the turn-over meeting, any Owner may call the meeting by giving the same notice as required herein.

Section 4. Other Meetings. All other meetings of Owners shall be called in the manner described in Article III. A quorum for all meetings shall be met by the Owners who are present at the meeting.

Section 5. Election of the Board. The election, number and method of the election of the Board shall be as described in Article IV.

Section 6. Terms of Directors. Until the turn-over meeting, Directors shall serve for a period of one (1) year or until their successors are elected.

Section 7. Method of Calling Meetings of the Board. The method of calling the meetings of the Board is set forth in Article IV, and all meetings of the Board shall be open to all Owners or their designated proxy holders.

Section 8. Officers. Officers selection is set forth herein in Article V.

Section 9. Maintenance. The maintenance program for upkeep and repair of the Common Property and of the landscape areas and external lot and building areas of the units and the method of payment therefore are set forth in Article V of the Declaration.

Section 10. Personnel. The employment of personnel is set forth in Article VII.

Section 11. Expenses. The methodology and the manner of collection of expenses is set forth in Article V of the Declaration.

Section 12. Insurance. The Association shall maintain insurance on all Common Areas and Common Property in the manner required by ORS 94.765 as more fully provided

hereinafter in Article VIII. Each Owner of each Lot shall maintain the insurance required by Article VIII and Article XIII of the Declaration including casualty insurance in an amount equal to the full insurable replacement cost of each Owner's unit. Any insurance maintained by the Association shall not be brought into contribution with insurance bought by Owners or Owner's mortgagees unless otherwise agreed in writing.

Section 13. Financial Statement. The Board shall have the duty to maintain and provide the financial statements required by ORS 94.670. The Board shall make available the documents described in ORS 94.670, to each person described therein. The Board may charge a reasonable fee for copying and gathering the information and records described therein.

Section 14. Administrative Rules. Administrative Rules and Regulations may be adopted by the Board at any meeting of the Board in which the notice includes the adoption, amendment or modification of any Rule or Regulation to which the Owners and their guests and invitees shall be subjected.

### **ARTICLE III. MEMBERSHIP AND VOTING RIGHTS**

Section 1. Membership. The Members are:

(a) Members. Each Owner of a Lot in the Project shall be a Member subject to the Bylaws. Each Member shall be entitled to one vote per Lot owned by such Member (excepting Declarant); provided if there is more than one Member or an entity, such Members or entity shall nevertheless have one vote per Lot and shall designate in writing a natural person who shall exercise the voting right for such Lot.

The rights and privileges of a Membership shall terminate when the holder of any such Membership shall cease to qualify as an Owner.

Section 2. Voting Rights. The Association shall have two classes of voting Membership:

(a) Class A. Class A Members shall be all those Owners as defined in Section 1 with the exception of the Declarant. Class A Members shall be entitled to one vote for each Lot in which they hold the interests required for Membership in Section 1. When more than one person holds such interest or interests in any Lot, all such persons shall be Members, and the vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any such Lot.

(b) Class B. Class B Members shall be the Declarant. The Class B Member shall be entitled to fifteen votes for each Lot in which it holds the interest required for Membership by Section 1, provided that the Class B Membership shall cease and become converted to Class A Membership at the Declarant's turn-over meeting to the Association as set forth under ORS 94.609.

From and after Declarant's turn-over meeting, the Class B Member shall be deemed to be a Class A Member entitled to one (1) vote for each Lot in which it holds the interests required for Membership under Section 1.

Section 3. Proxies. Written proxies designating a natural person to exercise the vote applicable to any Lot shall be accepted. All written proxies shall be signed by all Owners of the applicable Lot and shall designate a natural person to cast the vote. All written proxies shall be effective for a period of not more than one (1) calendar year from the date of execution and thereafter shall be void. A written proxy shall not be revoked except by actual notice of revocation delivered to the person presiding over a meeting of the Association, which said revocation must be in writing, signed by all Owners, or presented orally by such Owner at the meeting.

Section 4. Annual Meetings.

(a) Unless otherwise determined, a meeting of the Members and Association of this corporation shall be held on the second Saturday of January of each year at 1:00 o'clock p.m. Such meeting shall be held at the principal office of the Association, unless a different date, time and date shall be designated in the call. Such meeting shall be held for the purpose of electing Directors for the next ensuing year and for consideration of the annual budget, and for the transaction of such other business as may come before the meeting.

(b) Written notice of the annual meeting of the Members shall be mailed by the Secretary not less than ten (10) days nor more than fifty (50) days prior to the date of such meeting, to each Member, and such notice shall be deemed sufficient within the meaning of these Bylaws if the same is deposited at the United States Post Office, addressed to each Member of record at their last known place of residence, at least ten (10) days prior to the date of such meeting.

(c) In the event that the annual meeting of the Members shall not be held as prescribed herein, the election which might have taken place at such meeting and all other business, may be transacted at the adjournment thereof, or at any special meeting of the Members.

(d) Notice shall be deemed sufficient if the same is given to all Owners of record on the Association books as of and at the time of giving of the notice of any meeting, whether of the annual or any special meeting.

Section 5. Special Meetings. Special meetings of the Members may be called by the President or the Secretary or any other officer by giving the same notice as is required for the annual meeting. Members holding at least twenty percent (20%) of the total outstanding votes of the Association shall also have the right to call a special meeting by application to the President, who shall forthwith order a meeting called.

Section 6. Quorum. At any meeting of the Members those present at the meeting shall constitute a quorum for the transaction of business.

Section 7. Cumulative Voting. Subject to the Declarant's rights contained in the Declaration and these Bylaws, there shall be cumulative voting in the election of all Directors by the Members.

Section 8. Voting Lists. The officer in charge of the Membership Register of the Association shall make, at least ten (10) days before each meeting of the Members, a complete list of the Members entitled to vote at such meeting or any adjournment thereof. Such list shall be arranged in alphabetical order, with the address of each Owner; which list, for a period of ten (10) days prior to each meeting, shall be kept on file at the office of the Association. That list shall be subject to inspection by any Member or any Mortgagee of any interest in any Lot, at any time during usual business hours. Such list shall also be produced and kept open at all meetings of the Board and of the Association. That list shall be prima facie evidence as to who are the Members entitled to examine such list and to vote. The principal office of the Association shall be located at 6707 South Sixth Street, Klamath Falls, Klamath County, Oregon 97603.

#### **ARTICLE IV. BOARD OF DIRECTORS**

Section 1. Number. All business and property of the Association shall be controlled and managed by a Board of three (3) Directors. Commencing with the turn-over meeting, the Board must all be Owners of a platted Lot in the Project. The Board shall have the power and authority to make Rules and Regulations not inconsistent with Chapter 94 of the Oregon Revised Statutes, the Articles, the Declaration of the Association and these Bylaws. Such Rules and Regulations shall be adopted for the guidance of the officers, employees, Owners, guests and invitees of the Association. The Board shall have the sole and exclusive authority to manage, direct and operate all business of the Association and to perform all duties, rights and obligations of the Association. It is expressly determined that

nothing herein contained shall be deemed to limit or restrict the general authority vested in the Board for the management and control of the Association and its business.

Section 2. Election and Term. The Directors shall be elected at the annual meetings by a majority of the voting Members in attendance at the meeting. The term of office of each Director shall commence immediately upon election, and each Director shall serve for at least one (1) year and/or until their successors are elected.

Section 3. Initial Directors - Voting Rights. The initial Board shall consist of the Fred T. Owen, Jr., Joanna Justus, and Richard A. Stark until their successors are elected and qualified as elsewhere provided in these Bylaws.

Section 4. Number of Directors at the Turn-Over Meeting. When the turn-over meeting occurs pursuant to ORS 94.616, the Board shall consist of five (5) Members who shall be elected thereat, and who shall serve terms as follows:

- (a) Three (3) Directors shall be elected by Declarant.
- (b) Two (2) Directors shall be elected by Members other than the Declarant.

Commencing with the turn-over meeting, the Directors terms shall be staggered, to-wit three (3) positions shall serve for one (1) year, and two (2) positions shall serve for two (2) years. Declarant shall elect at least one (1) Director for each such terms.

Section 5. Vacancies. Subject to the foregoing provisions regarding the first Board, whenever any vacancy shall occur in the Board by death, resignation, disqualification or from any other cause, the vacancy shall be filled at a special meeting of the Members called for that purpose, without undue delay. Such Director shall be elected at such special meeting by the same majority and in the same manner as provided for in the annual election of Directors. The Director so elected to fill the vacancy shall hold office for the unexpired term of the Director whom he/she succeeds, and until his/her successor shall have been elected and shall have qualified. Vacancies may be filled on an interim basis by the Board.

Section 6. Meetings.

- (a) A regular meeting of the Board shall be held at the location designated by the Board immediately following the annual meeting of the Members, and no notice of such meeting shall be required unless such meeting be held at a place different from that of the Members.



(b) Regular meetings of the Board shall occur on the second Saturday of each calendar month at the hour of 2:00 o'clock p.m., unless a different time is selected by the Board. Said regular meetings shall be held at the location designated by the Board and no notice thereof shall be required unless the meeting is to be held at a different time and place.

Section 7. Board of Directors' Quorum. At all meetings of the Board, at least three (3) Directors shall be in attendance to constitute a quorum for the transaction of business, and the acts of the majority of the Directors in attendance at said meeting shall be the act of the Board. If at any meeting of the Board of Directors there be less than a quorum present, the majority of those present may adjourn the meeting from time to time without notice until a quorum shall attend. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 8. Compensation. By resolution of the Board, Directors may be paid their expenses, if any, for attendance of meetings. Nothing shall preclude a Director from serving the corporation in any other capacity or receiving reasonable compensation therefore.

Section 9. Order of Business. Business at meetings of the Board shall be transacted in such order as the Board from time to time may determine by resolution.

Section 10. Open Meetings. Except as prohibited by statute or when confidentiality is required regarding employment and similar matters, all meetings of the Board shall be open to all Members then entitled to vote.

Section 11. Special Meetings - Waivers.

(a) Special meetings of the Board may be called by an officer or Member of the Board thereof, at any time, by giving forty-eight (48) hours notice, either orally, in writing, by telephone or telegraph, or any other means directed to the last known place of business or residence of each Director, as the case may be. Such notice shall specify the date, time and place of the meeting. The attendance of any Director at any meeting shall constitute a waiver of notice thereof.

(b) Whenever the action taken by the Board shall be signed by all of the Directors, such action shall be deemed valid and effective as though taken by the Board at a duly called and constituted meeting.

(c) At all meetings of the Board, the President, or in his/her absence the Vice President, of the Association shall preside.

Section 12. Removal of Directors. All or any number of the Directors may be removed with or without cause at a meeting expressly called for that purpose by a vote of a majority of the Members then entitled to vote at an election of Directors. A successor may then, or at any other annual or special meeting of the Owners, be elected to fill the vacancy thus created for the remainder of the term vacated.

Section 13. Duties of the Board.

(a) The Board shall perform the duties required of it in the Planned Community Act, ORS Chapter 94, the Oregon Nonprofit Corporation Act, ORS Chapter 65, and in the Declaration and these Bylaws.

(b) Specifically, the Board shall act upon behalf of the Association, except as limited by the Declaration and these Bylaws.

(c) The Board shall review the insurance coverage of the Association at or prior to each annual meeting of the Board.

(d) The Board shall timely file income tax returns and information.

(e) Except for the meeting of the Board after the annual meeting of Members, the Board shall cause notice of all meetings of Directors to be posted at a public place within or upon the Association Property at least three (3) days prior to the meeting, or the Board shall cause notice to be provided by a method reasonably calculated to inform all Lot Owners of such meeting in accordance with the said Planned Community Act or the Oregon Nonprofit Corporation Act.

(f) The Board may call emergency meetings without notice provided the reason for the emergency is stated in the Minutes of the meeting.

(g) The Board shall cause the appropriate Association officers to maintain the records and to deliver the information and copies as required in ORS 94.670.

Section 14. Presumption of Assent. A Director who is present at a meeting of the Board at which action on any matter is taken, shall be presumed to have assented to the action taken unless his/her dissent shall be entered in the minutes of the meeting or unless he/she shall file his/her written dissent to such action with a person acting as the Secretary of the meeting before the adjournment thereof or shall forward such dissent by certified mail to the Secretary immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favor of such action.

## **ARTICLE V. OFFICERS**

Section 1. Designation. The principal officers of the Association shall be a President, a Vice President, a Secretary and a Treasurer, all of whom shall be elected by and from the Board. The Board may appoint an assistant treasurer, and an assistant secretary, and such other officers as in their judgment may be necessary. The Board may also appoint a general manger whose duties shall be designated by resolution of the Board. Any person may hold more than one office, except that one person may not simultaneously hold the office of President and Secretary. All officers shall hold office solely at the pleasure of the Board.

Section 2. Election and Term of Office. The officers shall be elected annually by the Board at the first meeting of the Board held after each annual meeting of the Lot Owners. If the election of the officers shall not be held at such meeting, such election shall be held as soon thereafter as is convenient. Each officer shall hold office until his/her successor shall have been duly elected and shall have qualified, or until his/her death, or until he/she shall resign or shall have been removed in the manner herein provided.

Section 3. Removal of Officers. Any officer or agent designated by the Board may be removed by the Board whenever, in its judgment, the best interests of the Association will be served thereby; but such removal shall be without prejudice to the contract right, if any, of the person so removed.

Section 4. Vacancies in Office of Officers. A vacancy in any office because of death, resignation, removal, disqualification, or otherwise, shall be filled by the Board for the unexpired portion of a term.

Section 5. President. The President shall, when present, preside at all meetings of the Lot Owners and the Board and shall perform all duties incident to such office and such other duties as may be prescribed by the Board. He/she shall be the principal executive officer of the Association and subject to the control of the Board. The President shall, in general, supervise and control all of the business and affairs of the Association, and if requested sign with the Secretary, or any other proper officer of the Association authorized by the Board, any deeds, mortgages, bonds, contracts, or other instruments which the Board has authorized and execution thereof shall be expressly delegated by the Board or by these Bylaws to some other officer or agent of the Association, or shall be required by law to be otherwise signed or executed.

Section 6. Vice President. The Vice President shall take the place of the President and perform his/her duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board in attendance shall appoint the

Secretary, Treasurer, or another Member of the Board to do so on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed by the Board.

Section 7. Secretary. The Secretary shall:

- (a) Keep the minutes of the meetings of Members and the Board in one or more books provided for that purpose.
- (b) See that all notices are duly given in accordance with the provisions of these Bylaws, or as required by law.
- (c) Be custodian of the Association records.
- (d) In general, perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned by the President or the Board.

Section 8. Treasurer or Secretary/Treasurer. The Treasurer shall:

- (a) The Treasurer may also be the Secretary of the corporation or the Treasurer may be a separate party. The Treasurer (or Secretary/Treasurer) shall have charge and custody of and be responsible for all funds of the Association.
- (b) Receive and give receipts for monies due and payable to the Association from any source whatsoever.
- (c) Deposit all monies in the name of the Association in such banks, trust companies, or other depositories as shall be selected by the Board.
- (d) In general, perform all the duties incident to the office of the Treasurer and such other duties as from time to time may be assigned to by the President or by the Board.

Section 9. Salaries of Officers. Officers shall not be paid any sums or salaries in performance of their duties unless reasonable, and agreed by the Board in writing. Officers shall, however, be reimbursed for all reasonable and proper expenses incurred by them in the business of the Association.

**ARTICLE VI.  
MAINTENANCE AND PAYMENT OF EXPENSES**

Section 1. Assessments of Common Expenses.

(a) Each Lot Owner shall be assessed, is liable for and shall pay a proportionate share of the Common Expenses of the Project that the Owner's number of Lots bears to the total number of Lots in the Project. In addition each Lot Owner will be responsible for his or her cost of monthly water usage as described below. The Common Expenses are those set forth in Article I, of these Bylaws; and as set forth herein, (including real property taxes and maintenance of the Project's water system).

(b) The costs of maintaining the Common Areas and the water system and/or any fees, penalties, or any other charge owing by an Owner of a Lot that is not timely paid by them) shall be assessed and charged to said Lot Owner separately and in accordance with such individual costs, and shall be a lien upon said Lot as set forth in the Declarations.

(c) All streets in the Project are owned by the Association and are to be maintained by the Association.

Section 2. Operating Funds. The Association shall establish and maintain an operating fund (bank account) into which shall be deposited all monies paid to the Association as regular, special and emergency assessments, and miscellaneous fees, and from which fund the Association shall make disbursements in the performance of its rights and duties provided for in this Declaration, and as set forth below.

(a) All expenditures of the Association for its performance of its rights and duties under this Declaration shall be paid from the operating accounts, and said costs shall be shared among the Owners as provided for the payment of assessments in this Article VI.

(b) Such assessments shall be fixed, established, assessed and collected from time to time as provided in this Declaration or in the Bylaws, or by resolution of the Board of the Association. Except as provided in Section 4 below, such assessments with respect to any particular Lot shall commence to be due upon conveyance of a Lot to an Owner from the Declarant, or its successors and assigns. Upon commencement of assessment, the regular and special assessments, together with interest, costs, and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the Property against which each such assessment is made. Until changed by the Board pursuant to the Declaration and these By Laws the monthly assessment for Common Expenses for each lot shall be \$20.00

(c) Such assessments, whether deemed to be regular or special, shall be used for the purposes of maintenance, repair, replacement, and improvement of the Common Areas and Facilities, and services, including but not limited to the maintenance, repair, and replacement and improvements set forth in Article IV Section 7(e) of the Declaration

including utility obligations for the landscaping and lighting, which may include power bills, and/or other utility bills.

(d) The Declarant shall pay the expenses for the maintenance, repair or replacement of the items as expressed in Section 1, above, hereinafter "Common Expenses" of the Project, until such time as individual Units are sold and recorded. At that time the individual Lot Owners will begin to be assessed for their share of the Common Expenses.

(e) The household water delivery system shall be operated by the Association in accordance with all laws applicable to the operation of such water delivery systems. All water delivery costs used by the Owner(s) of each Lot shall be billed to such Owner(s) on a monthly basis and the Association shall pay the water cost for the whole Project to the City of Klamath Falls on a monthly basis. The Association shall take the necessary steps to have each lot=s water meter read on a monthly basis.

(f) Upon commencement of assessments, each such assessment together with interest, cost, and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such Lot at the time when the assessment fell due.

Section 3. Reserve Account. The Board will maintain a reserve account pursuant to the provisions of ORS 94.595, and shall conduct a reserve study or review and update such study as required by such statute.

Section 4. Creation of the Lien and Personal Obligation of Assessments. The assessments levied by the Association shall be for the purpose of making provisions for the payment of all expenses related to the Common Areas and the Common Expenses and water usage. Such assessments shall be used exclusively for such purposes including the health, safety, and welfare and visual pleasure of the residents in the Project.

(a) In addition to the foregoing assessments, an amount shall also be assessed for the procurement and maintenance of a general liability policy insuring the Association, its Members, and Directors, against liability arising out of any accident, occurrence, or event upon or within the Common Areas. This policy shall be deemed a blanket or excess liability policy.

(b) Further, the assessments shall also provide for the payment of all real or personal property taxes as pertains to the Common Areas.

(c) In addition to the foregoing, assessments may be levied by the Association against the Members for the purpose of improving or maintaining any other aspect of the

Project as so determined by the Board, and as otherwise approved by the Members, in accordance with the Bylaws.

(d) In addition to the foregoing, assessments for failure to maintain landscaping, lighting, and fencing may be levied by the Association by a Lot Owner if such Lot Owner fails to maintain his or her landscaping, lighting, and fencing in a reasonable manner as provided in the Declaration.

Section 5. Maximum Annual Assessment. Upon the sale of each Lot the Buyer shall become responsible for the annual regular assessment, any special assessment, and for the assessment for water usage for each Lot purchased. Unless otherwise changed by the Association the assessment and water usage fee for each Lot shall be a monthly assessment to be paid by all Members, as determined by the Association as set forth below:

(a) After the annual assessment is determined by the Board, the annual assessment may be increased each year by not more than twenty-five percent (25%) above the assessment for the previous year without a vote of Membership.

(b) From and after January 1 of each year the annual assessment may be increased above twenty-five percent (25%) by a vote of two-thirds (2/3) of each class of Members who are voting in person or by proxy, at a meeting duly called for this purpose.

(c) The Board may apportion the annual assessment after consideration of the current maintenance costs and further needs of the Association.

(d) In any event the monthly assessment for each Lot's water usage will be billed by the Association and paid by each Lot owner.

(e) At all times the Lot Owners will only be responsible for their pro rata share of the assessments and their actual usage of water, and the Declarant prior to the turn-over meeting shall be responsible for maintaining all Common Areas if the amount paid by Lot Owners is insufficient for that purposes. Upon the turn-over meeting the Association will take over the duty of maintaining the Common Areas as set forth in the Declaration and these Bylaws, and the Declarant will be responsible for Declarant's pro rata share of the assessment as determined by the number of Lots which Declarant owns at that time.

Section 6. Special Assessments. In addition to the annual regular assessments as authorized by Section 5 hereof, the Board may levy any special assessment, applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, unexpected repair or replacement of any matter involving the Common Areas or water delivery system, for payment of any repairs, replacement, and maintenance of the

Common Areas or water delivery system, provided that any such assessment shall have the assent of a majority of the votes of each class of Members who are voting in person or by proxy at a meeting duly called for that purpose.

Section 7. Notice and Quorum for Any Action Authorized Under Sections 5 and 6. Written notice of any meeting called for the purpose of taking any action authorized under Section 5 or 6 shall be sent to all Members not less than ten (10) days nor more than fifty (50) days in advance of the meeting. At the meeting called, a quorum will be the Members who are present in person or by proxy.

(a) The Board shall annually adopt a budget for the Project and within thirty (30) days shall deliver to each Owner a summary of that budget. If the Board is petitioned by Owners representing twenty percent (20%) of the Members, the Board shall call a meeting of the Members to consider rejection or modification of the budget. Said meeting shall be not less than fourteen (14), nor more than thirty (30) days after the aforesaid summary is provided to the Members.

(b) At the meeting designated above in Section 7(a), the Association through a majority vote of the Members present may reject or amend the aforesaid budget or adopt a new budget.

(c) The Board may call a special meeting of the Association for the purpose of adopting or approving any special assessment. The notice of call shall be given not less than twenty (20) nor more than fifty (50) days in advance of the meeting and shall be accompanied by a summary of the amount and the reasons for any special assessment. At any such meeting a majority vote of the Members may reject, amend or adopt a new special assessment and/or budget.

(d) A budget passed by the Board that is not rejected or amended under this Section shall be deemed as accepted by the Association.

Section 8. Uniform /Rate of Assessment. Except as otherwise provided herein, both annual and special assessments must be fixed at a uniform rate for all Lots (36 total), provided however water usage will be billed to each Lot Owner on a monthly basis based on usage.

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Section 9. Date of Commencement of Assessments: Due Dates.

(a) The regular annual assessment year shall be on a calendar year basis, payable from January 1, and shall commence as provided in this Article. Special assessments shall commence, and be due and payable, as fixed by the Board.

(b) Accordingly, the first regular annual assessment shall be imposed for the balance of the then calendar year from the date of commencement. The amount of the regular annual assessment which may be levied for the balance remaining in the first year of assessment shall be an amount which bears the same relationship as the remaining number of months in that year bear to twelve. The same reduction in the amount of the assessment shall apply to the first assessment levied against any property which is hereafter added to the properties now subject to assessment at a time other than the beginning of any assessment period.

(c) All assessments and water usage assessments, excepting for special assessments, shall be due and payable monthly on the date or dates as may be fixed by the Board.

(d) The due date of any special assessment under Section 6 hereof shall be fixed in the resolution authorizing such assessment.

Section 10. Duties of the Board of Directors.

(a) The Board shall fix the date of commencement and the amount of the assessment against each Lot for each assessment period at least thirty (30) days in advance of such date or period and shall, at that time, prepare a roster of the properties and assessments applicable thereto which shall be kept by the Board and shall be open to inspection by any Owner.

(b) Written notice of the regular assessment accompanied by a summary thereof shall be sent to every Owner subject thereto. The due dates shall be established by the Board. The Board shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid.

Section 11. Effect of Nonpayment of Assessment or Fines: Remedies of the Association.

(a) If the assessments or Rules and Regulation violation fines are not paid on the date when due (being the dates specified in Section 9 hereof) or as determined by the Board,

then such assessments or bills (including water usage assessments) or fines shall become delinquent and shall, together with such penalty and interest thereon and cost of collection thereof as hereinafter provided, become a continuing lien on the Lot which shall bind such Lot in the hands of the then Owner, their heirs, devisees, personal representatives and assigns. Such assessments or fines shall also be personal obligations of Owner.

(b) If the assessments or fines are not paid within thirty (30) days after the delinquency date, a late charge in the amount of ten percent (10%) of the assessments or fines due will be levied and the assessments or fines shall bear interest from the date of delinquency at the rate of twelve percent (12%) per annum, and the Board may bring an action at law against the Owner personally obligated to pay the same or to foreclose the lien against the Lot, and there shall be added to the amount of such assessments or fines, the costs of preparing and filing the complaint in such action, and in the event a judgment is obtained, such judgment shall include interest on the assessments or fines as above provided and a reasonable attorney's fee to be fixed by the court together with the costs of the action.

(c) In addition to the aforesaid rights, the Association shall have all rights as set forth allowed or provided by statute.

(d) In addition, the voting rights of delinquent Owners shall be suspended during any period where any assessments or fines remain unpaid.

Section 12. Subordination of the Lien to Mortgages. Any lien created or claimed under the provisions of Oregon law or of this Declaration is expressly made subject and subordinate to the rights of any First Mortgage that encumbers any Lot or other portion of the Project, made in good faith and for value, and no such lien shall in any way defeat, invalidate or impair the obligation or priority of such First Mortgage, unless the First Mortgagee expressly subordinates his interest, in writing, to such lien.

Section 13. Exempt Property. The following property subject to this Declaration shall be exempt from the assessments, fines, charges, and lien created herein:

(a) All properties dedicated to and accepted by a local public authority.

(b) All Common Area real property defined in the Declaration and set forth on Exhibit "A".

Section 14. Authorization of Common Expenses and Approval of Vouchers.

(a) Vouchers covering public utility expenses and other similar recurring Common Expenses may be paid upon the approval of the President or the Treasurer.

(b) Non-recurring items of Common Expense totaling less than Five Hundred Dollars (\$500.00) may be authorized by any officer. Vouchers covering such items may be paid upon the approval of the President or Treasurer.

(c) Items of Common Expense totaling Five Hundred Dollars (\$500.00) or more, but less than Ten Thousand Dollars (\$10,000.00), may not be authorized or incurred, and the vouchers covering such items may not be paid, except by the affirmative vote of a majority of the Board.

(d) Except as provided in subsection (a), items of Common Expense totaling Ten Thousand Dollars (\$10,000.00) or more, may not be authorized or incurred, except by the affirmative vote of a majority of the Owners present at a meeting held in accordance with the provisions of Article III. No vouchers covering such items shall be paid except by the affirmative vote of a majority of the Board.

(e) Any item of Common Expense totaling not more than Fifteen Thousand Dollars (\$15,000.00) which is in the nature of an emergency expense, such as repair or replacement of destroyed Common Areas or the satisfaction of a lien on the property which would cause substantial inconvenience to the Owners, may be authorized or incurred, and the vouchers covering such items paid, by the affirmative vote of a majority of the Board without regard to the limitations of subsections (a), (b), (c) and (d).

Section 15. Checks, Drafts, Vouchers, Etc. All checks, drafts, vouchers, or other orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the Association shall be signed by such officer or officers, agent or agents, of the Association and in such manner as shall from time to time be determined by the resolution of the Board.

Section 16. Deposits. All funds of the Association not otherwise employed shall be deposited from time to time to the credit of the Association in such banks, savings and loan associations, or other depositories as the Board may select.

Section 17. Loans. No loan shall be contracted on behalf of the Association, and no evidence of indebtedness shall be issued in its name unless authorized by a resolution of the Board and approved by the affirmative vote of the Owners holding a majority of the voting power of the Association. Such authority may be general or confined to specific instances.

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## **ARTICLE VII. CONTRACTS - EMPLOYMENT**

### Section 1.    Contracts.

(a)    The Board may authorize any officer or Director, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association; and such authority may be general or confined to specific instances.

(b)    The Board shall have authority to employ such personnel including a Manager as are necessary for the maintenance, upkeep and repair of the Common Areas. Such personnel shall be authorized and employed by the Board by resolution thereof. The Board shall have power to enter into an employment, maintenance or management contract with such individuals or entities as the case may be.

## **ARTICLE VIII. INSURANCE**

Section 1.    Insurance.    The Association shall obtain and maintain insurance as required elsewhere herein, all subject to the requirements set forth in the Declaration.

(a)    The Board shall obtain insurance for all insurable improvements in the Common Areas against loss or damage by fire or other hazards including extended coverage, vandalism and malicious mischief. Such insurance shall cover the full replacement cost of any repair or reconstruction in the event of damage or destruction from any such hazard only if such insurance is available at reasonable cost in the sole discretion of the Board.

(b)    The Board shall maintain public liability insurance covering the Common Areas and all damage or injury caused to any person or entity by the negligence of the Association or any of its agents or employees.

(c)    All premiums for all insurance shall be a Common Expense. The Board may obtain policies of insurance with reasonable deductibles as in the Board's discretion it shall determine.

(d)    All Lot Owners shall maintain full insurance coverage on all improvements on each Lot. Such insurance shall be for full replacement value and shall insure against damage by fire and other hazards including extended coverage, vandalism and malicious mischief. Insurance maintained by the Board may not be brought into contribution with insurance bought by Owner or Owner's Mortgagees respecting any individual Unit except as may otherwise be provided in the Declaration.

(e) Each Owner, shall, on request furnish to the Association a true copy of the declarations page of all policies of insurance on each Unit.

(f) The Board shall provide Worker's Compensation insurance for each employee of the Association subject thereto.

(g) The Board shall in their sole discretion determine whether and the amount of fidelity bonds to be obtained on all officers and employees and agents of the Association. The premiums for such fidelity bonds shall be a Common Expense.

## **ARTICLE IX. BOOKS & RECORDS**

### Section 1. Books and Records.

(a) The books and records of the Association shall be maintained at the Association offices and shall be open to inspection by the Members and all Members=Mortgagees holding a lien of record on any Lot.

(b) The Board may from time to time appoint a certified public accountant or public accountant to act as a review officer or auditor as the Board may determine. The said CPA conducting any review or audit shall not be an officer of the Association, nor own any interest in any Lot.

(c) The Board shall cause to be produced an annual financial statement regarding the complete financial affairs of the Association on a calendar basis. The Board shall distribute a copy of the annual financial statement consisting of the balance sheet and income and expense statement for the preceding calendar year to each Owner not later than May 1 of each year. Upon written request, the Board shall cause to be furnished to each Mortgagee holding a recorded mortgage on any Lot, a copy thereof.

## **ARTICLE X. ADMINISTRATIVE RULES AND REGULATIONS**

Section 1. Power To Adopt. The Board shall have power to adopt, modify, amend or repeal administrative and other rules and regulations. The same shall be binding on all Members, their guests and invitees thirty (30) days after the date of adoption thereof and promulgation by due notice thereof to each Member.

Section 2. Power To Object. The Members shall have the same rights to object to any adopted rule or regulation as in the case of the annual budget. For such objections, the

meeting thereon and the notice and time of the meeting shall in all respects conform to the procedures utilized as in the case of the annual budget and the vote shall be taken in like manner with like result.

## **ARTICLE XI. MORTGAGES**

Section 1. Notice To Association. Any Owner who mortgages his/her interest in a Lot or Unit shall notify the Association, through the Board or a managing agent, if any, of the name and address of his/her Mortgagee, and the Secretary shall maintain such information in the record of ownership of the Association.

## **ARTICLE XII. COMPLIANCE**

Section 1. Subordination. These Bylaws are subordinate and subject to the provisions of the Declaration, and all amendments thereto and to the Oregon Planned Community Law; and in case of any conflict, the latter shall control. All terms herein (except where clearly repugnant to the context) shall have the same meaning as in the Declaration or said Oregon Planned Community Law.

Section 2. Interpretation. In case any provision of these Bylaws shall be held invalid, such invalidity shall not render invalid any other provision hereof which shall be given effect. Nothing in these Bylaws shall be deemed or construed to authorize the Association or Board to conduct or engage in any act or business for profit on behalf of any of, or all, the Lot Owners.

## **ARTICLE XIII. WAIVER OF NOTICE**

Whenever any notice is required to be given to a Lot Owner or a Director, a waiver thereof in writing signed by the person entitled to such notice, whether before or after the time stated therein, shall be equivalent to the giving of such notice to that person.

## **ARTICLE XIV. AMENDMENTS TO BYLAWS**

Section 1. Proposal Procedure. Amendments to these Bylaws may be proposed by resolution of the Board or by Lot Owners holding a seventy-five percent (75%) majority of the total voting power of the Association. Proposed amendments shall be reduced to writing and delivered with the notice of any Board meeting or of any Association meeting. Each

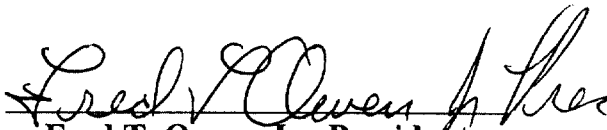
such notice shall be delivered to each Board Member and each Owner not less than ten, nor more than fifty (50) days before the date of the meeting at which the proposed amendment will be voted upon. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the Owner or recipient at his/her last known address on the records of the Association, with postage thereon prepaid. No amendment of the Bylaws shall be effective unless approved by an affirmative vote of said seventy-five percent (75%) majority of the entire voting power of the Association. Upon such approval, the Board shall require the appropriate officers to certify the same and redraft these Bylaws incorporating such amendments.

## ARTICLE XV. RECORDATION

Section 1. Recordation. These Bylaws will be recorded in the Klamath County Official Records.

The undersigned Declarant (Developer) herewith adopts these Bylaws on the 9th day of March, 2006.

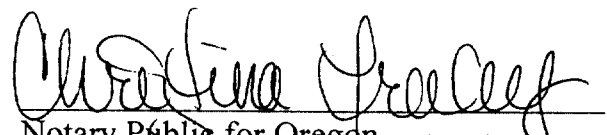
**F. B. OWEN, INC., an Oregon corporation**  
**OWNER AND DECLARANT**

By:   
Fred T. Owen, Jr., President

STATE OF OREGON                    )  
  )ss.  
COUNTY OF KLAMATH            )

The foregoing instrument was acknowledged before me this 8th day of May, 2006, by Fred T. Owen, Jr., acting in his capacity as President of F.B. Owen, Inc., an Oregon corporation.



  
Notary Public for Oregon  
My Commission expires: 4/10/2010