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Klamath County, Oregon



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Shield Crest Homeowner's Association  
Post Office Box 7331  
Klamath Falls OR 97602

RESTATED  
BYLAWS  
OF  
SHIELD CREST HOMEOWNER'S ASSOCIATION  
An Oregon Non-Profit Corporation

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## 1: IDENTIFICATION AND STATUS

1.1 Name. The name of this corporation is SHIELD CREST HOMEOWNER'S ASSOCIATION, an Oregon nonprofit corporation ("Association").

1.2 Status. The Association is formed and shall be operated to qualify as a "homeowners association" under Section 528 of the Internal Revenue Code, or subsequent laws of similar effect, and pursuant to Chapter 94 of the Oregon Revised Statutes for a Planned Community.

## 2: ASSOCIATION MEMBERS

2.1 Membership. The owners or contract purchasers ("Members") of each Lot in Shield Crest are entitled to one membership in the Association. The rights, powers, and duties of Members are more fully described in these Bylaws.

2.2 Joint Membership. In accordance with Oregon law, when a Lot is owned by two or more persons jointly, the vote of the Lot may be exercised by a co-owner in the absence of protest by another co-owner. If co-owners cannot agree upon the vote, the vote of the Lot shall be disregarded completely in determining the votes given with respect to such matter.

2.3 Voting. Each membership carries the power to vote in the Association. Each Lot is entitled to one vote per issue. Except as otherwise provided by bankruptcy, receivership, and other laws, only Members in whose names memberships entitled to vote stand on the records of the Association on the record date for voting purposes shall be entitled to vote at any meeting or by written ballot without a meeting.

2.4 Membership Approval. A requirement in the Articles of Incorporation, Bylaws, or Declaration for approval of the Members means the affirmative vote or written assent of a majority of the votes represented at a meeting, or cast in an election by written ballot, where a quorum is represented or responds, respectively, unless a different number or portion is specifically prescribed.

2.5 Proxies. Every Member entitled to vote or execute consents shall have the right to do so either in person or by an agent or agents authorized by a written proxy executed by such Member or his/her duly authorized agent and filed with the Secretary of the Association; provided that no such proxy shall be valid after the expiration of eleven (11) months from the date of its execution unless the person executing it specifies therein the length of time for which such proxy is to continue in force, which in no event shall exceed three (3) years from the date of its execution. Such proxy shall be valid as to the following matters only if the general nature of the matter is described in the proxy: removal of director or filling a vacancy on the Board, approving transactions involving directors, amending proxy rights, amending the Articles, selling substantially all Association assets, mergers, dissolution and distributions.

2.6 Quorum. The presence or participation in person, by written ballot, and/or by proxy of 13 memberships, shall constitute a quorum for the transaction of business. The Members present at a duly called or held meeting at which a quorum is present shall be deemed to

constitute a quorum until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum. Every act or decision done or made by a majority of Voting Power voting on an issue at a meeting duly held at which a quorum is present shall be deemed the act of the membership unless a greater number proportion is specifically required. If any meeting is adjourned for lack of a quorum, the quorum requirement at the adjourned meeting shall remain 13 memberships.

2.7 Meetings. All meetings will be conducted following Robert's Rules of Order.

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

2.7(b) Annual Meeting. The annual meeting of the Members for the election of Directors and for the transaction of such other business as may properly come before the Members, shall be held each year at the time and on the day in October or November chosen by the Board.

2.7(c) Special Meetings. Special meetings of the Members for any lawful purpose and at any time, shall be scheduled in response to a call by the President, by the Board, or upon receipt of a written request signed by the owners of ten Lots. Such meetings must be duly noticed and held not less than ten (10) days nor more than fifty (50) days after request therefore is received by the President or Secretary. If notice is not given by the Secretary within twenty (20) days of such receipt by the Association of a request for special meeting, then the person(s) requesting the meeting may give notice. The business conducted at a special meeting shall be confined to the purpose(s) for which the meeting was called, which shall be stated in the notice of the meeting.

2.7(d) Notice. Written notice of each meeting of the Members shall be given to each Member who, on the date notice of the meeting is given, is entitled to vote there at, either by personal delivery, email, or by mail charges prepaid, addressed to such Member at the record address appearing on the books of the Association or given to the Association by the Member for notice purposes. All such notices shall be sent to each Member entitled thereto no less than ten (10) and not more than fifty (50) days before the subject meeting, and shall specify the place, the date and the time of such meeting, shall also state the general nature of each item of business or proposal to be considered or acted upon at such meeting, and if directors are to be elected, shall include the names of all those in nomination at the time notice is given. In the event of an emergency, homeowners will be contacted by email or telephone.

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

2.7(f) Adjourned Meetings. Any Members' meeting, annual or special, whether or not a quorum is present, may be adjourned from time to time by the vote of a majority of the voting power present in person or by proxy. When (i) any Members' meeting is adjourned for not less than five (5) days and not more than thirty (30) days, (ii) announcement of the time and place of the adjourned meeting is made prior to adjournment, and (iii) there is no change in the record date, then no additional notice need be given. Otherwise, notice of the adjourned meeting shall be given as in the case of an original meeting.

### 3: BOARD OF DIRECTORS

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

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

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

(ii) Management. To conduct, manage and control the affairs and business of the Association, including contracting for such insurance, goods, services, professional management, legal and accounting services as is required by the Declaration as amended from time to time or as restated, Articles of Incorporation, or these Bylaws, provided that such business of the Association, contracting for such insurance, goods, services, professional management, legal and accounting services are not a conflict of interest of any Board member, Lot owner, or officer;

(iii) Rules. To promulgate rules and regulations regarding conduct of Association business, behavior of Members and guests, and use of the Common Area;

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

(v) Enforcement and Discipline. To enforce the Articles, Declaration, Bylaws, Rules, and any other instruments affecting ownership, management and control of the Common Area; and to initiate and execute disciplinary proceedings against Members for violation of the Articles, Declaration, Bylaws or Rules, in accordance with the "Enforcement" section of the Declaration or any amendment or restatement thereof;

(vi) Payments. To pay any taxes, assessments or charges which are or could become a lien on the Common Area; and

(vii) Maintenance. To provide for maintenance of the Common Area including all structures upon the Common Area.

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

- (i) Remove officers, agents or employees of the Association, with or without cause;
- (ii) Change the location of the principal office of the Association within the County;
- (iii) Appoint committees composed of Members to assist it in its duties; and
- (iv) Prescribe fees for use of Common Area facilities.

3.1(c) Limitation of Powers. The Board must obtain the approval of a majority of the Members (with the exception of 3.1(c)(iv), which requires approval by 52 memberships) for taking any of the following actions:

(i) Contracts. Entering into a contract with a third person for goods or services for a term greater than one (1) year, except a contract with a public utility for the shortest possible term and at rates regulated by the Oregon Public Utilities Commission, or a contract for prepaid casualty and/or liability insurance not to exceed two (2) years and which allows short rate cancellation by the insured. All Board members and Lot owners present at a meeting where a contract is approved and who have a direct or indirect interest, as defined in ORS 65.361, shall declare a conflict of interest at the meeting and refrain from participating in the discussion and voting on any motion to approve or reject the contract. Further, if any Board member or Lot owner not present at the meeting has a direct or indirect interest in the proposed contract, then if known to the President or other person in control of the meeting, he/she shall announce such interest prior to closing discussion on any motion to approve or reject the contract. If reasonably possible, the Board or its designee shall request not less than two competitive quotes for repairs, maintenance, or supplies.

(ii) Compensation. Directors and/or officers or their representatives or employees shall not be compensated but shall be reimbursed for actual supplies or Member-approved expenses incurred in pursuing the business of the Association. All Board and Committee positions are non-compensated volunteer positions.

(iii) Selling any common property of the Association.

3.2 Number. There shall be five (5) directors of the Association.

3.3 Qualifications. All directors must be Members of the Association.

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

3.4(a) Term of Office. Terms of office for directors shall begin at the conclusion of the meeting at which directors are elected and shall expire at the conclusion of the meeting at which successor director(s) are elected. Commencing with the first annual meeting of the Members following the recording of these Restated Bylaws, the Board of Directors shall be elected by position. Positions 1 and 2 shall each serve a three-year term; positions 3 and 4 shall each serve a two-year term; and position 5 shall serve a one-year term. Thereafter, each position shall be for a term of three years.

3.4(b) Nomination. The Board shall prescribe reasonable procedures and opportunities for nomination of directors, communication by nominees with the Members as to qualifications and reasons for candidacy and solicitation of votes, and for elections.

3.4(c) Election. The Directors for vacant or expiring position(s) shall be elected or reelected at each annual meeting of the Members. If for any reason any such annual meeting is not held, or not all the authorized number of directors are elected there at, or it is necessary for the Members to fill a vacancy on the board, directors may be elected at any special meeting of Members held for that purpose.

3.4(d) Vacancies.

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

(ii). Filling. Vacancies in the Board may be filled by the vote of a majority of the remaining directors, though less than a quorum, or by a sole remaining director, or by the Members; provided, however, that a vacancy on the Board created by the removal of a director can only be filled by the Members. If the Board accepts the resignation of a director tendered to take effect at a future time, the Board or the Members shall have power to temporarily elect a successor, pursuant to the provisions hereof, to take office when the resignation is to become effective. Each temporary director so appointed or elected shall hold office until the next Members' meeting, at which a successor will be elected to fill that position for the remainder of the term of the position to which he or she is elected.

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

### 3.5 Meetings.

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

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

3.5(c) Notice. Notice shall be given to each Director at least ninety-six (96) hours prior to the meeting by personal delivery, telephone, email, first-class mail, postage prepaid, addressed to the Director at his or her address as shown on the Association's records, or other form of written communication reasonably calculated to inform the Board member of the meeting. Notice of Board meetings shall be posted in prominent places in the Common Area at least ninety-six (96) hours prior to the meeting. If the Board takes any action by unanimous written consent or at a meeting for which notice was not posted, other than action in executive sessions or disciplinary hearings, then an explanation of such action shall be posted at a prominent place or places within the Common Area within three (3) days after such resolution is adopted.

3.5(d) Attendance. Directors may participate in any emergency meeting, and shall be deemed present, through the use of conference or speaker telephone equipment, so long as all participants in the meeting can hear one another. Members may attend Board meetings, and may participate in discussions or deliberations when authorized by a majority of the Board members present at the meeting.

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

3.5(f) Quorum. A majority of the authorized number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board unless a greater number be required by law or by the Articles or Declaration. A meeting at which a quorum is present may continue to transact business, notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of a quorum or such greater number as may be required by law, the Articles, Bylaws or Declaration.

3.5(g) Adjournment. A majority of the directors present, whether or not a quorum is present, may adjourn any meeting to another time and place; provided, however, that in the absence of a quorum a majority of the directors present at any directors' meeting, either regular

or special, may adjourn from time to time until the time fixed for the next regular meeting of the Board. Notice of the time and place of holding an adjourned meeting need not be given to absent directors if the time and place be fixed at the meeting adjourned.

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

#### 4: OFFICERS

4.1 Election/Term. Each officer shall be elected by the Board and shall hold his/her office until he/she shall resign, shall be removed or otherwise disqualified to serve, or his/her successor shall be elected and take office.

4.2 Qualifications. One person may hold two (2) or more offices, except that the same person may not serve as both President and Secretary.

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

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

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

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

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



meetings, and the proceedings thereof. Minutes of Annual and Special meetings of the Homeowners shall be distributed to Members in a timely manner.

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

The Secretary shall give, or cause to be given, notice of all meetings of the Members and of the Board required by these Bylaws or by law to be given.

4.4(d) Chief Financial Officer. The Chief Financial Officer shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the Association, including accounts of its assets, liabilities, receipts, disbursements, gains or losses. Following reasonable notice to the Chief Financial Officer, the books of account shall be open to inspection by any director or individual Member. Such services may be contracted out consistent with Section 3.1(c)(i), Contracts.

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

## 5: ASSESSMENTS AND SPECIAL CHARGES

5.1 Annual Assessment. Each year the Board shall consider the current and future needs of the Association as to its operation, the operation and maintenance of the Common Area, the Roads and any personal property maintained by the Association, including reasonable reserves for capital improvements and replacements, payment of taxes not allocated to Lots, and protecting and promoting the common interest of the Members pursuant to the Articles of Incorporation, Declarations, Bylaws and Rules, and, in light of such needs, determine the annual budget of the Association. The Board shall submit the budget to the Members at their annual meeting for review and confirmation. Any increase in the annual assessment shall not exceed 15 percent (15%) of the previous year's assessment. In the event that the total disbursements of the Association for insurance, goods, services, capital expenditures, professional management, legal and accounting services, are likely to exceed the total amount of the budgeted expenditures by 10 percent (10%), the Board of Directors shall adopt and submit a supplemental budget to the members at a special meeting called for that purpose.

5.1(a) Components. The budget and annual assessments shall include the following elements:

(i) General Association administration; and

(ii) Road reserves and maintenance

5.1(b) Reserves. The Association shall maintain reserve funds adequate to cover maintenance, repair and replacement of the Roads and other common elements for which the Association is responsible, which are subject to major maintenance or repair or replacement on a periodic basis. Such reserves shall be funded from the payments of assessments, charges, and other income, and shall be segregated from the general operating assessments.

5.2 Special Assessments. Special assessments may be levied at any time upon determination by the Board and approval by a majority of the Association Memberships present at a special meeting that such assessments are necessary for capital improvements or major expenses, repairs or acquisitions for which no reserves have been established or for deficiencies in such reserves, or for any purposes related to the mutual health, safety and welfare of the Members pursuant to the Articles, Declarations, Bylaws and Rules.

5.3 Statement. The Secretary shall mail to each Member, first class postage prepaid, at such Member's record address, a written statement of each annual or special assessment or special charges at least thirty (30) days prior to the date such assessment or charge shall become due and payable. Such statement shall set forth:

(a) Amount of the installment or payment of assessments, fines or charges due from that Member;

(b) Date such payment or installment is due;

(c) Date such payment or installment becomes delinquent [thirty (30) days past due];

(d) Where and to whom payment is to be made;

(e) Purpose for the charge or levy; and

(f) Dates when late charges and interest begin to accrue and are payable, when membership rights will be suspended as to annual and special assessments, and when collection costs and attorneys' fees must be paid.

5.4 Payment. Every such assessment shall be paid to the Association or its designated agent for collection in lawful money of the United States, on or before the date or period established by the Board pursuant to the resolution adopted by the Board fixing the amount of such assessment. Annual assessments shall be paid in such periodic payments as the Board shall prescribe.

5.5 Late Charges/Costs. Any such assessment not paid within thirty (30) days of its due date, shall be deemed delinquent and shall be subject to the following: (a) a late charge in the

amount of twenty five dollars (\$25) to compensate the Association generally for the added cost of collection, plus (b) interest at the rate of 1 percent (1%) per month on any such unpaid installment, which interest shall accrue from the day after the due date. A late charge may be imposed only once for a particular payment. A Member shall also be liable to the Association for actual costs and attorney fees incurred in collecting the delinquent assessments.

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

5.7 Lien/Foreclosure. The Board may enforce collection of delinquent assessments by suit, action, and exercise of any other lawful rights. In addition to collecting delinquent assessments and charges, late fees, and interest, the Association shall also be entitled to collect recording fees incurred in recording and releasing a Notice of Lien, foreclosure title policy premiums, and all other out-of-pocket costs, together with reasonable attorney's fees incurred in preparing and recording the Notice of Lien, foreclosing the lien, and/or collecting such charges, assessments, interest, fees, and costs, and those incurred on appeal.

5.8 Disposition of Funds. The funds arising from assessments, insofar as possible, shall be applied toward the payment of expenses pursuant to the annual budget adopted by the Board and confirmed by the Members. The payment of expenses and disbursements shall be approved by a majority of the Board members in attendance at each Board meeting. Excess assessments, after making allowance for budgeted reserves for replacement, may be returned to the Members on an equitable basis.

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

## 6. RECORDS AND REPORTS

### 6.1 Inspections.

6.1(a) Members. The Articles of Incorporation, Bylaws, Declarations, Amendments and Restatements, Rules, membership register or duplicate membership register, the books of account, and minutes of proceedings of the Members, the Board or any committees, shall be made available for inspection and copying, upon written demand and reasonable notice, by any Member or his/her duly-appointed representative, at any reasonable time and for a

purpose reasonably related to his/her interests as a Member. An original or copy of the Declarations, Articles of Incorporation, and Bylaws, as amended or restated to date, shall be kept at the principal office of the Association and shall be open to inspection by the Members at all reasonable times during office hours.

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

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

6.2 Accountings and Reports. The Board shall cause to be prepared and distributed to the Members the following:

6.2(a) Budget. A pro forma operating budget, distributed not less than forty-five (45) days before the beginning of each fiscal year, containing the following:

- (i) Estimated revenue and expenses on an accrual basis;
- (ii) The amount of the total cash reserves of the Association currently available for replacement or major repair of the Common Area facilities and for contingencies;
- (iii) An itemized estimate of the remaining life of, and the methods of funding to defray repair, replacement or additions to major components of the Common Area and facilities for which the Association is responsible; and
- (iv) A general statement setting forth the procedures used by the governing body in the calculation and establishment of reserves to defray the costs of repair, replacement or additions to major components of the Common Area and facilities for which the Association is responsible.

6.2(b) Annual Report. Thereafter, within one hundred twenty (120) days after the last day of the Association's fiscal year, an Annual Report containing the following:

- (i) A balance sheet as of the last day of the fiscal year;
- (ii) An operating (income) statement for the fiscal year;
- (iii) A statement of changes in financial position for the fiscal year;
- (iv) A statement of where the names and addresses of current Members are located; and

(v) A description of any transaction or series of transactions by the Association involving \$10,000 or more in which a director, officer, or holder of 10 percent (10%) or more of the Voting Power had a direct or indirect financial interest.

The Annual Report shall be prepared from the books and records of the Association.

## 7: INSURANCE

7.1 Generally. Where practicable, insurance policies shall be blanket policies covering the Common Area properties, any properties located within the Development owned or administered by the Association, and activities of the Association and its employees and agents, within or without the Development. With respect to insurance proceeds paid in connection with a loss of Association property only, the Board shall be deemed trustee of the interests of all Members in any insurance proceeds paid to it under any such policies, and shall have full power to receive and to receipt for their interest in such proceeds and to deal therewith as set forth in the Declaration and Bylaws. The limits and coverage should be reviewed at least every two (2) years.

7.2 Policies. The Board shall obtain and maintain in force the following policies of insurance:

7.2(a) Fire and extended coverage insurance on all personal property, Structures and Improvements, including building service equipment, in the Common Area, insuring 100 percent (100%) of the aggregate full insurable value, meaning actual replacement value, exclusive of the cost of land, excavations, foundations and footings from an insurance carrier designated Class A or better in Best's Key Rating Guide, or any successor or similar guide. Such insurance shall insure the Association, shall contain a deductible clause of no more than \$500, shall contain an inflation guard endorsement, and shall insure against loss or damage by fire, theft and other hazards covered by the standard extended coverage endorsement, and by sprinkler leakage, debris removal, cost of demolition, vandalism, malicious mischief, windstorm, water damage and other risks customarily insured against in similar projects;

7.2(b) Public liability insurance, with limits of not less than Five Hundred Thousand Dollars (\$500,000) per person, One Million Dollars (\$1,000,000) per occurrence, and a deductible of not more than One Thousand Five Hundred Dollars (\$1,500), insuring against liability for bodily injury, death and property damage, including water damage, arising from the activities of the Association or with respect to property under its jurisdiction or used for its benefit or business, such as nonowned and hired automobiles, and for such other risks as are customarily covered in similar projects.

Liability insurance shall name as separately protected insureds, the Association and the Board, and their representatives, Members and employees, with respect to any liability arising out of the maintenance or use of any Common Area or Association property;

7.2(c) Workers' compensation insurance to the extent necessary to comply with applicable law; and

7.2(d) Such other insurance, including indemnity and other bonds, as the Board shall deem necessary or expedient to carry out the Association's functions as set forth in the Declaration, Articles, and Bylaws.

## 8. GENERAL BYLAWS

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

8.2 Approval Procedures. Any proposed action which requires approval or consent of the Board or Association shall be submitted to the Board in duplicate in writing. The Board shall thereafter review such proposal and respond to the applicant setting forth a request for additional information or documentation, its approval, its approval subject to conditions, or its denial of the proposal, and setting forth generally the reasons for such denial. The Board will respond within 90 days.

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

8.4 Indemnification. If any action or proceeding is brought against any person because such person is or was an agent of the Association, then upon approval of (a) a majority of a quorum of directors who are not parties to such proceeding; (b) the Members, excluding those who are parties to such action; or (c) the court in which such action is or was pending; the Association shall indemnify such person against expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with such proceeding or action, if such person acted in good faith and in a manner such person reasonably believed to be in the best interests of the Association and, in the case of a criminal proceeding, had no reasonable cause to believe the conduct of such person was unlawful. The termination of any proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the person did not act in good faith and in a manner which the person reasonably believed to be in the best interests of the Association or that the person had reasonable cause to believe that the person's conduct was unlawful. If the Association is required to incur any cost or expense hereunder, the Association shall be entitled to levy a special assessment for the amount so expended.

8.5 Distributions. There shall be no distribution of gains, profits or dividends to any Member except upon dissolution or upon the lawful redemption of a membership.

8.6 Dissolution. Upon dissolution and winding up of the Association, the Board shall, after payment or after making provision for the payment of all liabilities of the Association, distribute all of the remaining assets to the Members in equal shares, based upon one (1) equal share per Lot held.

8.7 Amendments. New Bylaws may be adopted, or these Bylaws may be amended or repealed, only by the affirmative vote or written assent of a majority of the membership of the Association.

9: CERTIFICATION

I, the undersigned, do hereby certify:

9.1 That I am the duly elected and acting Secretary of SHIELD CREST HOMEOWNER'S ASSOCIATION, an Oregon nonprofit corporation; and

9.2 That the foregoing Restated Bylaws, comprising 15 pages, plus the attached Homeowner Member Proxy page, constitute the Restated Bylaws of said corporation as duly adopted by written ballot of the Members completed on the 3<sup>rd</sup> day of September, 2010.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said corporation this 14<sup>th</sup> day of September, 2010.

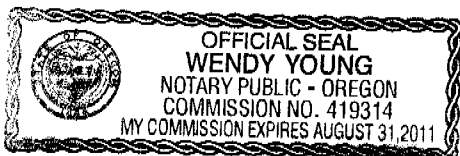
Jennifer L. Kelly  
Secretary

STATE OF OREGON, County of Klamath) ss.

This instrument was acknowledged before me on Sept. 14, 2010 by Jennifer L. Kelly, as Secretary of Shield Crest Homeowner's Association, an Oregon nonprofit corporation.

WITNESS my hand and official seal.

Wendy Young  
Notary Public for Oregon  
My Commission Expires: 8.31.2011





Shield Crest Homeowner's Association  
Post Office Box 7331  
Klamath Falls OR 97602



## Homeowner Member Proxy

I, \_\_\_\_\_, hereby authorize \_\_\_\_\_  
\_\_\_\_\_ to serve as my proxy and vote on my behalf as provided  
in Section 2.5 of the Restated Bylaws of Shield Crest Homeowner's  
Association, an Oregon non-profit corporation, at the meeting of homeowners  
to be held on \_\_\_\_\_.

This proxy is valid for:

\_\_\_\_\_ All Matters voted on at the Meeting

\_\_\_\_\_ Specific Issue/Matter (please explain)

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A voting member wishing to vote via proxy shall personally contact the individual whom the member wishes to exercise the proxy and must complete the proxy form in its entirety. Failure by the member to sign the form and complete all sections by hand will invalidate the proxy. A separate proxy form shall be completed for each individual meeting.

Lot Owner's Name: \_\_\_\_\_

Lot Owner's Signature: \_\_\_\_\_

Date: \_\_\_\_\_