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**BYLAWS OF  
SHERWOOD FOREST HOMEOWNERS' ASSOCIATION, INC.  
INCORPORATED AUGUST 11, 2015  
REGISTRY #1136556-90**

**Article 1**

**PLAN OF LOT OWNERSHIP; DEFINITIONS**

**1.1 Bylaws Applicability.** These Bylaws apply to the Lots and the Common Area in Sherwood Forest, a planned community in Klamath County, Oregon, that have been subjected to the Declaration of Conditions, Covenants, and Restrictions of Sherwood Forest recorded on August 23, 2006, at volume and page 2006-16976, the First Amendment To Declaration of Covenants, Conditions, and Restrictions for Sherwood Forest recorded on May 14, 2007, at 2007-008772, and the Second Amendment to Declaration of Covenants and Restrictions for Sherwood Forest recorded on March 24, 2016 at volume and page 2016- 3126 all within the Records of Klamath County, Oregon (the "Declaration"), as well as to the Sherwood Forest Homeowners' Association, an Oregon nonprofit corporation incorporated on August 11, 2015, with the Corporation Division of the Oregon Secretary of State Registry #1136556-90 (the "Association"), and the entire management structure thereof.

**1.2 Lots; Property.** The Lots and the Common Area may be collectively referred to in these Bylaws as the "Property" or "Project" and the Lots individually as a "Lot" or collectively as the "Lots."

**1.3 Personal Application.** All present or future Owners, tenants, Occupants, and their employees, and any other person that might occupy any portion of the Property in any manner, are subject to the provisions set forth in these Bylaws. The acquisition, rental, or occupancy of any of the Lots constitutes acceptance and ratification of these Bylaws and agreement to comply with all the provisions hereof.

**1.4 Definitions.** Capitalized terms used but not defined herein have the meanings attributed to them in Article 1 of the Declaration and amendment thereto.

**1.5 Oregon Planned Community Act.** The Property, all Lots and Owners thereof, and the Association and all Members thereof, are subject to the Oregon Planned Community Act (ORS 94.550-94.783) (the "PCA").

**Article 2**  
**ASSOCIATION MEMBERSHIP; VOTING;**  
**MAJORITY OF OWNERS; QUORUM; PROXIES**

**2.1 Membership in the Association.** Upon recordation of a conveyance or a land sale contract to convey a Lot, the grantee or contract purchaser named in the conveyance or contract will automatically be and will remain a Member of the Association until such time as the person's ownership ceases for any reason. For all purposes of the Declaration and the administration of the Property, Lot ownership will be determined from the records maintained by the Association. The record will be established by the Owner filing with the Association a copy of the deed to or land sale contract for the Owner's Lot, to which must be affixed the certificate of the recording officer of Klamath County, Oregon, showing the date and place of recording of the deed or contract. No person will be recognized as an Owner unless a copy of the deed or contract has been filed with the Association as provided above showing the Owner to be the current Owner or contract purchaser of a Lot. Notwithstanding the foregoing, Successor Declarant is the Owner of all previously unsold Lots, although no deed or land sale contract, with respect to such Lots, has been filed with the Association.

**2.2 Voting Rights.** The Association has two classes of voting Members:

**2.2.1 Class A.** Class A Members include all Owners of Lots other than Successor Declarant, and each Class A Member is entitled to one vote for each Lot owned with respect to all matters on which Owners are entitled to vote.

**2.2.2 Class B.** The Class B Member is Successor Declarant, its successors, and its assigns. The Class B Member has three votes for each Lot owned; however, Class B membership will cease on the Termination Date, as defined in section 3.3. After termination of Class B membership, each Owner (including Successor Declarant) will be entitled to one vote for each Lot owned with respect to all matters on which Owners are entitled to vote, and the total number of votes will equal the total number of Lots annexed to the Property and subjected to these Bylaws.

When more than one person or entity owns a Lot, the vote for the Lot may be cast as the person or entity determines, but in no event will fractional voting be allowed. Fractionalized or split votes will be disregarded, except for purposes of determining a quorum.

**2.3 Majority of Owners.** As used in these Bylaws, the term *majority* means those Owners holding over 50 percent of the voting rights allocated to the Owners in accordance with the Declaration and section 2.2 above. *Majority of Owners present* means Owners holding over 50 percent of the votes present at any legal meeting.

**2.4 Quorum.** Except as otherwise provided in these Bylaws or ORS 94.655(3) or (4), the presence in person or by proxy of Owners holding 35 percent or more of the outstanding votes in the Association, as defined in section 2.2 of this Article, will constitute a quorum.

**2.5 Voting; Proxies.** Owners may cast votes in person, by written ballot, by proxy, or if allowed by the Board of Directors, by electronic ballot in accordance with ORS 94.661. Proxies must be filed with the Secretary of the Association ("Secretary") before or during the appointed meeting. A proxy will expire one year after the date it was signed unless a shorter period is specified in the proxy. The proxies may require the holder to cast a vote for or against any special proposal set forth in the notice calling the meeting. Unless withdrawn, a proxy given to another person to vote at a specific meeting will also be valid at an adjourned meeting called under the provisions of section 3.8. The Association must retain proxies and ballots for one year from the date of the determination of the vote.

**2.6 Authority to Vote.** All Owners, including those who have leased their Lot to a third party, will be entitled to vote. An Owner's right to vote may not be revoked. A purchaser under a land sale contract entitled to immediate possession of the Lot will be deemed the Owner thereof, unless otherwise provided in the contract.

**2.7 Fiduciaries and Joint Owners.** An executor, administrator, guardian, or trustee may vote, in person or by proxy, at any meeting of the Association with respect to any Lot owned or held by the person in such capacity, whether or not the Lot has been transferred to the person's name, as long as the person has satisfied the Secretary (in the Secretary's reasonable discretion) that the person is the executor, administrator, guardian, or trustee holding the Lot in such capacity. Whenever any Lot is owned by two or more persons jointly according to the records of the Association, the vote of the Lot may be exercised by any one of the Owners then present, in the absence of protest by a co-owner. In the event of a protest, no one co-owner will be entitled to vote without the approval of all co-owners. In the event of disagreement among the co-owners, the vote of the Lot will be disregarded for all purposes, except for determining whether a quorum is present.

### **Article 3 ADMINISTRATION**

**3.1 Association Responsibilities.** The Owners constitute the Members of the Association. Except as otherwise provided in the Declaration or these Bylaws, decisions and resolutions of the Association will require approval by a majority of the Owners present at any legal meeting. A legal meeting is one duly called under these Bylaws at which a quorum is present, in person or by proxy at a formal gathering or, if a vote is taken by written ballots, when ballots are returned representing more than 50 percent of the vote, unless a larger vote is required to approve a ballot item, in which case the quorum requirements will be the number of votes required to approve the proposal.

**3.2 Place of Meetings.** Formal meetings of the Association must be held at suitable places reasonably convenient to the Owners, as may be designated by the Board of Directors of the Association (the "Board"). If a vote is taken by written ballot, the Board must count the returned written ballots within 48 hours of the ballot return deadline. Each Owner must be notified by mail or other delivery of written notice of the results of the ballot meeting or that a quorum of ballots was not returned within 15 days after the ballot return deadline.

**3.3 Turnover Meeting.** Successor Declarant must call a meeting (which will be the initial meeting) for the purpose of turning over administrative control of the Association from Successor Declarant to the Members within 90 days after of the earliest of the following dates (the "Termination Date"):

**3.3.1 Based on Lot Sales.** The date on which 75 percent of the Lots in Sherwood Forest have been sold and conveyed to Owners other than Successor Declarant; or

**3.3.2 Earliest Date.** The date on which Successor Declarant delivers written notice to the Association of termination of Class B membership.

Successor Declarant must give notice of the Turnover Meeting to each Owner as provided in these Bylaws. If Successor Declarant does not call the meeting as required under this section 3.3, any Owner may do so.

At the Turnover Meeting, Successor Declarant must relinquish control of the administration of the Association and the Owners must assume such control and must elect the Board in accordance with the provisions of Article 4 of these Bylaws. Additionally, Successor Declarant must deliver to the Association all business and financial records, together with all

Association bank accounts, funds, and other assets as required by ORS 94.616. The Turnover Meeting may not be conducted by written ballot.

**3.4 Annual Meetings.** The Board, by a Board action, must cause the first annual meeting of the Association to be held during the calendar year following the calendar year in which the Turnover Meeting is held. The Board, in its discretion, from time to time, may change the meeting date, as long as the meeting is held annually. At the meetings, the Owners must elect new members of the Board in accordance with the requirements of section 4.7 of these Bylaws to replace those Directors whose terms have expired. The Owners also may transact such other business of the Association as may properly come before them. Annual meetings of the Association may not be conducted by written ballot.

**3.5 Special Meetings.** The President must call a special meeting of the Owners if so directed by a resolution of the Board or a petition, presented to the Secretary and signed by 30 percent or more of the Owners. All meetings called because of petition of Owners must be held at a formal gathering, and not by written ballot, within 60 days after the Secretary's receipt of the petition. The notice of any special meeting must state the time and place of the meeting and the purpose thereof. No business other than that stated in the notice may be transacted at a special meeting unless by consent of all the Owners of the Lots or as otherwise set forth in these Bylaws.

**3.6 Notice of Meetings.** The Secretary must mail a notice of each annual and special meeting, stating the purpose thereof and the time and place where the meeting is to be held, to each Owner of record at least 10 but not more than 50 days before the meeting or the date on which ballots for a ballot meeting are required to be returned. The Board of Directors may propose that the Owners take an action by written ballot without a meeting or by electronic ballot as provided by ORS 94.661, according to the provisions of the PCA and the Oregon Nonprofit Corporation Act. The notice must be mailed to the Owner's address last given to the Secretary in writing by the Owner or the Owner's vendee. If Lot ownership is split or the Lot has been sold on a contract, notice will be sent to a single address, of which the Secretary has been notified in writing by the parties. If no address has been given to the Secretary in writing, then mailing to the Project Lot will be sufficient. The mailing of a notice in the manner provided in this section 3.7 will be considered notice served.

**3.7 Adjourned Meetings.** As permitted by ORS 65.214, if any gathering of Owners is not a legal meeting because a quorum has not attended, the Owners who are present, either in person or by proxy, may adjourn the meeting to a time not less than 48 hours nor more than 10 days from the time of the original meeting. The adjournment provisions of this section 3.8 do not apply to actions proposed to be taken by written ballot.

**3.8 Ballot Meetings.** Unless prohibited or limited by the Articles of Incorporation of the Association or the PCA, any action that may be taken at any annual or special meeting of the Owners may be taken without a meeting if the Association delivers a written ballot to every Owner entitled to vote on the matter as provided in ORS 94.647 or delivers an electronic ballot to every Owner entitled to vote on the matter as provided in ORS 94.661. The ballot must set forth each proposed action and provide an opportunity to vote for or against each proposed action. A proposed action will be deemed to be approved by written or electric ballot when the number of votes cast by ballot equals or exceeds any quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot. The Board must provide Owners with at least 10 days' notice as required by ORS 94.647(2)(b) before written ballots are mailed or otherwise

delivered. If, at least three days before ballots are scheduled to be mailed or otherwise distributed, at least 10 percent of the Owners petition the Board requesting secrecy procedures, a written ballot must be accompanied by a secrecy envelope, a return identification envelope to be signed by the Owner, and instructions for making and returning the ballot. If electronic ballots are used, the electronic ballot must be secret. Written ballots that are returned in secrecy envelopes may not be examined or counted before the deadline for returning ballots has passed. An electronic ballot is effective when it is electronically transmitted to the address, location, or system designated by the Board of Directors for that purpose.

**3.9 Order of Business.** The order of business at all annual meetings will be as follows:

- (a) Roll call.
- (b) Proof of notice of meeting or waiver of notice.
- (c) Reading of minutes of the preceding meeting.
- (d) Reports of officers.
- (e) Reports of committees.
- (f) Election of inspectors of election.
- (g) Election of Directors.
- (h) Unfinished business.
- (i) New business.
- (j) Adjournment.

#### **Article 4 BOARD OF DIRECTORS**

**4.1 Number and Qualification.** The Board will be composed of three persons, all of whom must be an Owner or a co-owner of a Lot; however, if a Lot is owned by more than one owner, only one owner of that Lot may serve on the Board of Directors at any one time. An officer or employee of a corporation, the trustee of a trust, the personal representative of an estate, or an employee of a trust or estate may serve on the Board if the corporation, trust, or estate owns a Lot.

**4.2 Powers and Duties.** The Board has the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things that are not by law or by these Bylaws directed to be done by the Owners.

**4.3 Other Duties.** In addition to duties imposed by these Bylaws or by resolutions of the Association, the Board has authority to carry out and be responsible for the following matters:

**4.3.1 Upkeep of Common Area and Commonly Maintained Property.** Care, upkeep, and supervision of the Common Area and the Commonly Maintained Property.

**4.3.2 Reserves.** Establishment and maintenance of replacement Reserve Accounts that the Board deems prudent for replacement of Common Area improvements or facilities and the Commonly Maintained Property.

**4.3.3 Assessment Collection.** Designation and collection of assessments from the Owners, in accordance with these Bylaws and the Declaration.

**4.3.4 Budget; Voucher System.** Establishment of a budget, payment of all common expenses of the Association, and institution and maintenance of a voucher system for such payment, which must require a sufficient number of signatories thereon as may be reasonably necessary to prevent any misuse of Association funds, in accordance with these Bylaws and the Declaration.

**4.3.5 Insurance.** Procurement and maintenance of insurance policies and payment of premiums therefor out of the common expense funds in respect to the Common Area, as more specifically provided in Article 8 of these Bylaws.

**4.3.6 Personnel.** Designation and dismissal of the personnel necessary for the maintenance and operation of the Project.

**4.3.7 Financial Statements.** Causing the preparation and distribution of annual financial statements of the Association to each of the Owners, as more specifically provided in ORS 94.670(4) to (6), as applicable. If subject to ORS 94.670(5), the Association may elect on an annual basis not to comply with ORS 94.670(5) by an affirmative vote of at least 60 percent of the Owners other than Successor Declarant.

**4.3.8 Rules.** Adoption and amendment of administrative rules and regulations governing the details of operation and use of Common Area A and administration of the Association, including a fine schedule for violations of these Bylaws, the Declaration, or any rules or regulations promulgated thereunder. However, any such rules and regulations must be subject to rescission or amendment by the Association on a majority vote of Owners present at any properly called meeting.

**4.3.9 Copies of Documents; Bank Accounts.** Causing the Association to comply with ORS 94.670 relating to maintenance within the State of Oregon of documents delivered to the Association by Successor Declarant, depositing all assessments in a separate bank account in the name of the Association, payment of all expenses of the Association from the Association's bank account, maintenance and distribution of financial statements, and maintenance of copies suitable for duplication of the following: the Declaration, the Articles of Incorporation, the Bylaws, the Association Rules and Regulations and any amendments thereto, the most recent annual financial statement, and the current operating budget of the Association. Furthermore, the Board of Directors must cause to be maintained and kept current the information required to enable the Association to comply with ORS 94.670.

**4.3.10 Tax Returns.** Causing the Association to file the necessary tax returns of the Association.

**4.3.11 Mailing Address.** Establishing and maintaining a current mailing address for the Association.

**4.3.12 Professional Services.** Employment of legal, accounting, and other personnel or consultants for reasonable compensation to perform such services as may be required for the proper administration of the Association, and preparing and filing the required income tax returns or forms.

**4.4 Limited Authority.** The Board may not take any of the following actions, except with the vote or written assent of a majority of the voting power of the Owners other than Successor Declarant:

**4.4.1 Third-Party Contracts.** Enter into a contract with a third party wherein the third person will furnish management or other services for the Common Area, [the Commonly Maintained Property,] or the Association for a term longer than three years with the following exceptions:

(a) Management contracts, service contracts, or employment contracts made by or on behalf of the Association, the Board of Directors or the Owners; however, if entered into before the Turnover Meeting, such contracts may not exceed three years and may be terminated without penalty to the Successor Declarant, the Association, or the Board of Directors if the Board of

Directors gives not less than 30 days' written notice of termination to the other party not later than 60 days after the Turnover Meeting.

(b) Performance-based energy or water efficiency contracts, or contracts relating to renewable energy facilities or output serving the planned community, including facilities leased to the association; however, such contracts may not have an initial term of more than 20 years and must be recorded in the deed records of Klamath County. "Renewable energy facilities" has the meaning provided in ORS 94.700(2)(c).

(c) A prepaid casualty or liability insurance policy, or a casualty and liability insurance policy, the term of which does not exceed three years, as long as the policy permits short-rate cancellation by the insured.

**4.4.2 Capital Expenditures.** Incur aggregate expenditures for capital improvements (as opposed to maintenance, repair, and replacement costs) to the Common Area [and the Commonly Maintained Property] during any fiscal year in excess of five percent of the budgeted gross expenses of the Association for that fiscal year.

**4.4.3 Compensating Board Members.** Pay compensation to members of the Board or officers of the Association for services performed in the conduct of the Association's business; however, the Board may cause a member or officer to be reimbursed for expenses incurred in carrying on the business of the Association.

**4.5 Management Agent.** The Board may employ a management agent, to be compensated in an amount established by the Board, to perform such duties and services as the Board authorizes, including, but not limited to, the duties listed in section 4.3 of these Bylaws.

**4.6 Interim Board and Officers.** Successor Declarant hereby reserves administrative control of the Association until the Turnover Meeting. Successor Declarant, in its sole discretion, may appoint and remove members of the Board and officers of the Association whose terms of service will end on or before the date of the Turnover Meeting. However, at the Turnover Meeting, at least one Director must be elected by Owners other than Successor Declarant, even if Successor Declarant otherwise has voting power to elect all three Directors.

**4.7 Election and Term of Office.** At the Turnover Meeting of the Association, the term of office of two Directors will be fixed for two years. The term of office of one Director will be fixed at one year. Should the number of Directors serving on the Board be increased, the same sequential election terms will apply as nearly as is practicable. Upon expiration of the initial term of office of each respective Director, the Director's successor will be elected to serve a term of two years. The Directors will hold office until their successors have been elected and hold their first meeting. At the Turnover Meeting, upon agreement by vote of the Owners, the Owners may elect Directors by using a ballot that permits each Owner to vote for three nominees. In that event, the two nominees receiving the highest number of votes will be the two-year Directors and the nominee receiving the next highest number of votes will be the one-year Director.

**4.8 Vacancies.** Vacancies on the Board caused by any reason other than the removal of a Director by a vote of the Association will be filled for the balance of the term of each directorship by vote of a majority of the remaining Directors, even though they may constitute less than a quorum. Each person so elected will be a Director until a successor is elected upon expiration of the term for which the person was elected to serve by the other Directors.

**4.9 Removal of Directors.** At any legal annual or special meeting (not including actions proposed to be taken by written ballot without a meeting), any one or more of the Directors may be removed with or without cause, by a majority vote of the total voting power of

the Owners, and a successor may be then and there elected to fill the vacancy thus created; however, the notice of meeting must specifically indicate that the removal of one or more named Directors is an agenda item for the meeting. Any Director whose removal has been proposed by the Owners must be given an opportunity to be heard at the meeting.

**4.10 Organizational Meeting.** The first meeting of a newly elected Board must be held within 10 days of election at a place fixed by the Directors at the Association meeting at which the Directors were elected, and no notice will be necessary to the newly elected Directors in order to hold the meeting legally, as long as a majority of the newly elected Directors are present.

**4.11 Regular Meetings.** Regular meetings of the Board may be held at such time and place as determined, from time to time, by a majority of the Directors. Regular meetings of the Board may be called by the President on at least three days' notice to each Director, given personally or by mail, telephone, e-mail, or facsimile, which notice must state the time, place (as hereinabove provided), and purpose of the meeting.

**4.12 Special Meetings.** Special meetings of the Board may be called by the President or Secretary or on the written request of at least two Directors. Special meetings of the Board may be called on at least three days' notice to each Director, given personally or by mail, telephone, e-mail, or facsimile, which notice must state the time, place (as hereinabove provided), and purpose of the meeting.

**4.13 Waiver of Notice to Directors.** Before, at, or after any meeting of the Board, any Director may, in writing, waive notice of the meeting, and the waiver will be deemed equivalent to the giving of the notice. Attendance by a Director at any meeting of the Board will be a waiver of notice by the Director of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice to Directors will be required, and any business may be transacted at the meeting.

**4.14 Board of Directors' Quorum.** At all meetings of the Board, a majority of the existing Directors will constitute a quorum for the transaction of business, and the acts of the majority of the Directors will be the acts of the Board. If quorum requirements are not met at any meeting of the Board, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business that might have been transacted at the meeting as originally called may be transacted without further notice.

**4.15 Board Meetings Open to All Association Members.** Except for executive sessions, all meetings of the Board will be open to any and all Members of the Association; however, no Association Member will have a right to participate in the Board's meetings unless the Member is also a member of the Board. The President will have authority to exclude any Association Member who disrupts the proceedings at a meeting of the Board. At the discretion of the Board, the following matters may be considered in executive sessions: (a) consultation with legal counsel concerning rights and duties of the Association regarding existing or potential litigation or criminal matters; (b) personnel matters, including salary negotiations and employee discipline; (c) negotiations of contracts with third parties; (d) collection of assessments; and (e) any other matters permitted by the PCA.

Except in the case of an emergency, the Board must vote in an open meeting whether to meet in executive session. If the Board votes to meet in executive session, the presiding officer of the Board must state the general nature of the action to be considered, as precisely as possible, and when and under what circumstances the deliberations can be disclosed to Owners. The statement, motion, or decision to meet in executive session must be included in the minutes of



the meeting. A contract or an action considered in executive session does not become effective unless the Board, following the executive session, reconvenes in open meeting and votes on the contract or action, which must be reasonably identified in the open meeting and included in the minutes.

**4.16 Notice to Association Members of Board Meetings.** For other than emergency meetings, notice of special Board meetings must be mailed to each Owner at least seven days before the meeting by first-class mail, or at least three days before the meeting by hand-delivery to each Lot Owner's address or by facsimile transmission. The Board must give Owners notice of regular Board meetings at the beginning of each year by first class mail or other reasonable means setting forth the time and place of the regular meetings. For any changed time or place, the notice requirements for special meetings will apply.

**4.17 Emergency Meetings.** In the event of an emergency, Board of Directors meetings may be conducted by telephonic communication or by the use of a means of communication that allows all Board members participating to hear each other simultaneously or otherwise to communicate during the meeting. No notice to either Directors or Association members will be required for such meetings of the Board of Directors to be held for any emergency action. However, no such meeting may occur unless at least 75 percent of the Directors participate in the meeting and after an attempt has been made to reach each Director.

**4.18 Compensation of Directors.** No Director may be compensated in any manner, except for out-of-pocket expenses.

## **Article 5 OFFICERS**

**5.1 Designation.** The principal officers of the Association will be a President, a Secretary, and a Treasurer, all of whom must be elected by the Directors. The Directors may appoint an assistant treasurer and an assistant secretary, and any other officers as in their judgment may be necessary.

**5.2 Election of Officers.** The officers of the Association may be elected by the Board at the organizational meeting of each new Board or any Board meeting thereafter, and will hold office at the pleasure of the Board.

**5.3 Removal of Officers.** Upon an affirmative vote of a majority of the Board, any officer may be removed, either with or without cause, and the officer's successor may be elected at any regular or special meeting of the Board.

**5.4 President.** The President is the chief executive officer of the Association and will preside at all meetings of the Association and of the Board. The President has all of the general powers and duties that are usually vested in the office of president of an association, including, but not limited to, the power to appoint committees from among the Owners from time to time as the President may, in the President's discretion, decide is appropriate to assist in the conduct of the affairs of the Association.

**5.5 Secretary.** The Secretary must keep the minutes of all meetings of the Board and the minutes of all meetings of the Association and will have charge of such books and papers as the Board may direct. The Secretary will, in general, perform all the duties incident of the office of secretary.

**5.6 Treasurer.** The Treasurer has responsibility for Association funds and securities not otherwise held by the managing agent and is responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. The Treasurer is responsible for the deposit of all monies and other valuable effects in the name, and to the

credit, of the Association in such depositories as may from time to time be designated by the Board.

**5.7 Directors as Officers.** Any Director may be an officer of the Association.

## **Article 6**

### **OBLIGATIONS OF THE OWNERS**

**6.1 Assessments.** All Owners must pay assessments imposed by the Association to meet all the Association's general common expenses, as more particularly set forth in the Declaration. Assessments will be payable on a periodic basis, not more frequently than monthly, as determined by the Board. Successor Declarant (before turnover) and the Board (after turnover) may, but will not be required to, impose interest or a service charge for late installment payments or allow a discount for payment of the annual assessment or any installment in advance.

**6.2 Investment of Reserve Account Funds.** Assessments paid into Reserve Accounts must be kept with a safe and responsible depository and must be accounted for separately. If invested, the obligation or security must be fully guaranteed as to principal by the United States of America or one of its agencies. Assessments paid into the Reserve Accounts are the property of the Association and are not refundable to sellers of Lots. However, nothing contained herein will prevent sellers of Lots from treating their outstanding allocable share of Reserve Accounts as a separate or reimbursable item in a sales agreement. No Owner will have any individual rights in any of these reserves.

**6.3 Initial Assessment.** The amount of the initial assessment due from Lot owners will be determined by Successor Declarant. The amount of the annual assessment thereafter will be subject to review and modification by the Board of Directors.

**6.3.1 Contribution to Working Capital.** At closing of the sale of each Lot, each purchaser must contribute to the Association a sum equal to one-sixth of the annual assessments, with respect to the Lot being purchased, as a one-time contribution to the working capital of the Association. Within 60 days after the first conveyance by Successor Declarant of the first Lot in Sherwood Forest, Successor Declarant must make such contribution with respect to all Lots that have not yet been conveyed to a purchaser. If Successor Declarant has made the contribution, no further contribution will be required to the Association, but each purchaser must reimburse Successor Declarant at closing for the amount of the contribution made by Successor Declarant with respect to the Lot conveyed to the purchaser. If the amount of the assessments is reduced under the authority granted to Successor Declarant herein, the initial deposit to the Association budget, equal to one-sixth of the annual assessment, will be based on the projected amount of the annual assessments after substantial or full occupancy of the Lots rather than on the reduced amount. The working capital contribution must be allocated to the general operating reserve referenced in section 10.6.2.1 of the Declaration. The working capital contribution is in addition to regular assessments and may not be used as a prepayment of assessments by any Owner. Successor Declarant may not use the working capital funds to defray any of its expenses, reserve contributions, or construction costs, or to make up any budget deficits while Successor Declarant is in control of the Association. All working capital contributions must be disbursed to the Association at or before the Turnover Meeting and must be credited to the operating reserve account.

**6.3.2 Procedures.** If Successor Declarant or any other person pays all of the operating expenses of the Association or subsidizes the expenses, the assessment will be reduced by that amount, but will not be reduced to a sum less than the total amount of the replacement reserve items. With respect to Lots not yet conveyed by Successor Declarant, Successor Declarant may

accrue the replacement reserve items. At the time of conveyance of the Lot for which the replacement reserve has been accrued, the accrued reserves must be paid to the Association.

Successor Declarant must give 10 days' written notice to Owners before their obligation to pay the full assessment begins. Thereafter, each owner, including Successor Declarant or the other person, must pay the assessments to the Association. In the event that Successor Declarant has collected initial assessments from Lot purchasers at closing and thereafter elects to pay or subsidize the operating expenses, thereby causing the amount of the assessment to be reduced, the one-time initial contribution collected from Lot purchasers must be held by Successor Declarant in a separate Association account. On the date on which Lot owners are required to pay full assessments, the aggregate sums held in the separate account must be deposited in the Association's general account to be used as working capital.

**6.3.3 Temporary Reduction of Assessment Amount.** If the Association expenses are temporarily less than projected by Successor Declarant because some or most of the Lots are not yet sold or occupied, Successor Declarant will have the authority to reduce temporarily the amount of the assessment to reflect the lower expenses of the project.

**6.4 Income Tax Returns; Determination of Fiscal Year.**

**6.4.1 Fiscal Year.** The fiscal year of the Association will be the calendar year unless otherwise determined by the Board.

**6.4.2 Tax Returns.** The Board, in its sole discretion, will determine the manner in which all necessary income tax returns are filed and of selecting any and all persons to prepare the tax returns.

**6.5 Statement of Assessments.**

**6.5.1** The Association must provide, within 10 business days of receipt of a written request from an owner, a written statement that provides:

**6.5.1.1** The amount of assessments due from the owner and unpaid at the time the request was received, including (a) regular and special assessments, (b) fines and other charges, (c) accrued interest, and (d) late payment charges.

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

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

**6.5.2** The Association is not required to comply with section 6.5.1 if the Association has commenced litigation by filing a complaint against the owner and the litigation is pending when the statement would otherwise be due.

**6.6 Default.** Failure by an Owner to pay any assessment of the Association is a default by the Owner of the Owner's obligations under these Bylaws and the Declaration. The Association will be entitled to the remedies set forth in the Declaration.

**6.7 Maintenance and Repair.**

**6.7.1 Lots.** Except as otherwise specifically provided in the Declaration and these Bylaws, every Owner must promptly perform all maintenance and repair work to the Owner's Lot and the exterior of the improvements thereon and keep the same in good repair and sanitary and neat condition.

**6.7.2 Common Area and Commonly Maintained Property.** The Association must repair and maintain the Common Area and the Commonly Maintained Property, subject to the provisions of subsection 6.7.3.

**6.7.3 Reimbursement of Association.** An Owner must reimburse the Association for any expenditures incurred in repairing or replacing any portion of the Common Area or of any Commonly Maintained Property that was damaged through the Owner's fault and that is not otherwise covered by insurance policies carried by the Owner or the Association for the Owner's and the Association's benefit. In such circumstances, the insurance obtained by the Owner will be deemed to be the primary coverage. The Board of Directors will have the unfettered discretion to refuse to make a claim on the Association's policy even though coverage may pertain. The discretion is for the purpose of maintaining the Association's insurability and controlling the amount of the premiums for the Association's insurance. The charge will be collectible as a Reimbursement Assessment as provided in the Declaration.

#### **Article 7**

### **USE AND OCCUPANCY RESTRICTIONS; RULES OF CONDUCT**

**7.1 Additional Rules.** In addition to the rules set forth in the Declaration, the Board may promulgate and amend, from time to time, Rules and Regulations concerning other use of the Property and must furnish copies of the Rules and Regulations to any Owner or Occupant requesting such copies.

**7.2 Enforcement.** The Association, through its Board of Directors, has the power to enforce the covenants and restrictions in these Bylaws and in the Declaration. Owners have the right to bring actions or suits regarding covenants and restrictions, but Owners have no right or power to require the Association or Board of Directors to take any enforcement action.

**7.3 Fines.** The Board of Directors may, after giving written notice and an opportunity to be heard, levy reasonable fines for violations of the Declaration, Bylaws, and Rules and Regulations of the Association, as long as fines levied are based on a schedule previously adopted by Board resolution that is mailed to the mailing address of each Lot or mailed to the mailing address designated in writing by the Owner(s).

#### **Article 8**

### **INSURANCE**

**8.1 General.** The Board must obtain and maintain at all times insurance of the type and kind and in the amounts hereinafter provided and additional insurance for such other risks of a similar or dissimilar nature as are now or as will be hereafter customarily covered by insurance obtained by other planned communities similar in construction and design. The additional insurance is governed by this Article 8.

**8.2 Types of Insurance Policies Maintained by the Association.** For the benefit of the Association and the Owners, the Board must obtain and maintain at all times, and pay for out of the common expense funds, the following insurance to the extent that it is available at reasonable cost:

**8.2.1 Property Insurance.** A policy or policies of property insurance, including, but not limited to, fire, extended coverage, vandalism, and malicious mischief, for the full insurable replacement value of all substantial improvements on the Common Area to the extent such insurance is available and, if available at a reasonable cost, building-code and actual-replacement-cost endorsements and earthquake insurance.

**8.2.2 Liability.** A policy or policies insuring the Association, its Board, the Owners individually, and the manager against any liability to the public or the Owners and their invitees or tenants, incident to the ownership, supervision, control, or use of the Property. Limits of liability under such insurance must be not less than \$1 million per occurrence for bodily injuries

and property damage liability. The limit and coverage must be reviewed at least annually by the Board, which may increase the liability limits, coverage, or both, in its discretion. The policy or policies must be issued on a commercial general liability form and must provide cross-liability endorsements wherein the rights of the named insured under the policy or policies will not be prejudiced in his, her, or their action against another named insured.

**8.2.3 Workers' Compensation.** Workers' compensation insurance to the extent that it is necessary to comply with any applicable laws.

**8.3 Fidelity Bond.** For the benefit of the Association and Owners, the Board may obtain a fidelity bond naming such persons as may be designated by the Board as principals and the Association and the Owners as obligees, for the amount determined by the Board. The Board may pay for the bond out of the common expenses of the Association. In addition, the Board must require all officers and employees of the Association handling or responsible for Association funds to obtain adequate fidelity bonds, and the Board may pay for the premiums thereon.

**8.4 Insurance Companies Authorized.** All policies obtained under this Article 8 must be written by a company licensed to do business in Oregon and holding a "Commissioner's Rating" of "A+" and a size rating of "AAA" or better, by *Best's Insurance Reports*, or as may be otherwise acceptable to all mortgagees and Directors.

**8.5 Provisions in Insurance Policies.** The Board must make every reasonable effort to secure insurance policies that will provide for the following:

**8.5.1 Waiver of Subrogation.** A waiver of subrogation by the insurer on any claims against the Board, the officers, the manager, the Owners, and their respective servants, agents, guests, and tenants.

**8.5.2 Noncancellation for Owner Conduct.** A provision that the master policy on the Property cannot be canceled, invalidated, or suspended on account of the conduct of any one or more individual Owners.

**8.5.3 Noncancellation without Opportunity to Cure.** A provision that the master policy on the Property cannot be canceled, invalidated, or suspended on account of the conduct of any officer or employee of the Board or the manager without prior demand in writing that the Board or manager cure the defect.

**8.5.4 "No Other Insurance" Clauses.** A provision that any "no other insurance" clause in the master policy exclude individual Owners' policies and not otherwise prevent such individual policies from providing coverage for damage to Homes, Lots, or Common Area.

**8.6 Home and Lot Insurance Maintained by Each Owner.** The Association will have no responsibility to procure or to assist Owners or Occupants in procuring property loss insurance or liability insurance other than as expressly stated in this Article 8. Owners and Occupants must procure all other insurance coverage that they deem necessary or prudent for their protection, and are obligated to carry property insurance with extended coverage endorsements in the amount of the replacement value of the Owners' Homes and with minimum combined limits of \$100,000 per occurrence. Insurance coverage obtained and maintained by the Board of Directors may be brought into contribution with that obtained and maintained by Owners or mortgagees only in the Board of Directors' sole and unfettered discretion.

**8.7 Review of Insurance Policies.** At least annually, the Board must review all insurance carried by the Association, which review must include a consultation with a representative of the insurance carrier writing the master policy.

## **Article 9 AMENDMENT**

Except as otherwise provided in this Article 9 and the restrictions set forth elsewhere herein, these Bylaws may be amended at any time by an instrument approved by at least a majority of the total votes of the Lots, without regard to any enhanced voting rights of Successor Declarant as a Class B Member. Any amendment must be executed, recorded, and certified as provided by law. However, no amendment of these Bylaws may cause an amendment of the Declaration or the Articles without compliance with the provisions of those documents and the Oregon Nonprofit Corporation Act, and no amendment deleting or affecting any right of Successor Declarant or its successor or assignee, including, without limitation, an amendment to this Article 9, may be adopted without the prior written consent of Successor Declarant or its successor or assignee.

## **Article 10 RECORDS AND AUDITS**

**10.1 General Records.** The Board and the managing agent or manager, if any, must preserve and maintain minutes of the meetings of the Association, the Board, and any Board committees as required by ORS 94.670. The Board must maintain a list of Owners entitled to vote at meetings of the Association. The minutes of the Association, the Board, and Board committees, and the Association's financial records must be reasonably available for review and copying by the Owners. A reasonable charge may be imposed by the Association for providing copies. Proxies and ballots must be retained by the Association for one year from the date of determination of the vote.

**10.2 Assessment Roll.** The Board and the managing agent or manager, if any, must maintain the assessment roll in a set of accounting books in which there must be an account for each Lot. Each account must designate the name and address of the Owner or Owners, the amount of each assessment against the Owner, the dates on which and the amounts in which the assessment comes due, the amounts paid on the account, and the balance due on the assessments.

**10.3 Payment of Vouchers.** The Treasurer or management agent must pay all expenses authorized by the Board. The Treasurer or management agent must maintain and follow reasonable procedures to ensure that the accounts and records are proper, and to ensure that all expenditures are proper. Except in cases when an emergency exists (e.g., a repair must be made immediately to prevent further damage), any voucher for nonbudgeted items must require the signature of the President; however, any withdrawal from Reserve Accounts must require the signature of two Board members or one Board member and an officer of the Association who is not a Board member.

## **Article 11 COMPLIANCE WITH THE PLANNED COMMUNITY ACT; CONFLICTS**

These Bylaws are intended to comply with the provisions of the PCA, the provisions of which apply to Sherwood Forest. In case of any conflict among the provisions of the PCA, the Articles, the Declaration, or these Bylaws, the provisions of the PCA will control over those of the Articles and Declaration, and the provisions of the Declaration will control over those of the Articles and these Bylaws.

**Article 12**  
**INDEMNIFICATION OF DIRECTORS, OFFICERS,**  
**EMPLOYEES, AND AGENTS**

The Association must indemnify any Director, officer, employee, or agent who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding. Indemnification will be made regardless of whether the action is civil, criminal, administrative, or investigative (other than an action by the Association) by reason of the fact that such person is or was a Director, officer, employee, or agent of the Association or is or was serving at the request of the Association as a Director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, against expenses (including attorney fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by the person in connection with the suit, action, or proceeding. This indemnification applies if the person acted in good faith and in a manner that the person reasonably believed to be in, or not opposed to, the best interest of the Association, and, with respect to any criminal action or proceedings, had no reasonable cause to believe that the person's conduct was unlawful. The termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or with a plea of nolo contendere or its equivalent, will not of itself create a presumption that a person did not act in good faith and in a manner that the person reasonably believed to be in, or not opposed to, the best interest of the Association, and, with respect to any criminal action or proceedings, had reasonable cause to believe that the person's conduct was unlawful. Payment under this Article 12 may be made during the pendency of the claim, action, suit, or proceeding as and when incurred, subject only to the right of the Association to reimbursement of the payment from the person, should it be proven at a later time that the person had no right to the payment. All persons who are ultimately held liable for their actions on behalf of the Association as a Director, officer, employee, or agent will have a right of contribution over and against all other Directors, officers, employees, or agents and Members of the Association who participated with or benefited from the acts that created the liability.

**Article 13**  
**ASSESSMENT COLLECTION COSTS;**  
**SUITS AND ACTIONS**

An Owner must pay reasonable fees and costs (including, but not limited to, attorney fees) and actual administrative costs incurred in connection with efforts to collect any delinquent unpaid assessments from the Owner, whether or not suit or action is filed. Assessments against Owners may include fees, late charges, fines, and interest imposed by the Board, in addition to amounts owed toward operating expenses and the funding of reserves. If the Association brings against any Owner or Owners a suit or action for the collection of any amounts due under or for the enforcement of any provisions of the Declaration, the Articles, or these Bylaws, the Owner or Owners, jointly and severally, must pay, in addition to all other obligations, the costs of the suit or action, including actual administrative expenses incurred by the Association because of the matter or act that is the subject of the suit, reasonable attorney fees to be fixed by the trial court, and, in the event of an appeal, the cost of the appeal, together with reasonable attorney fees in the appellate court to be fixed by the appellate court.

**Article 14**  
**MISCELLANEOUS**

**14.1 Notices.** All notices to the Association or to the Board must be sent in care of the managing agent or, if there is no managing agent, to the principal office of the Association or to such other address as the Board hereafter may designate from time to time. All notices to any Owner must be sent to such address as may have been designated by the Owner from time to time, in writing, to the Board, or if no address has been designated, then to the Owner's Lot. In the discretion of the Board of Directors, any notice, information, or other written material required to be given to an Owner or Director may be given by electronic mail, facsimile, or other form of electronic communication ("Electronic Communication") acceptable to the Board of Directors. Notwithstanding the foregoing sentence, Electronic Communication may not be used to give notice of (a) failure to pay an assessment; (b) foreclosure of an association lien; (c) an action the Association may take against an Owner; or (d) an offer to use the dispute resolution program under ORS 100.405(11). An Owner or Director may decline to receive notice by Electronic Communication and may direct the Board of Directors to provide notice as required elsewhere in these Bylaws, the Declaration, or the PCA.

**14.2 Waiver.** No restriction, condition, obligation, or provision contained in these Bylaws will be deemed to have been abrogated or waived by reason of any failure to enforce it, irrespective of the number of violations or breaches thereof that may have occurred and the number of times that the pertinent restriction, condition, obligation, or provision was not enforced.

**14.3 Invalidity; Number; Captions.** The invalidity of any part of these Bylaws will not impair or affect in any manner the validity, enforceability, or effect of the balance of these Bylaws; however, if any of the provisions of these Bylaws would violate the rule against perpetuities or any other limitation on the duration of the provisions herein contained imposed by law, then the provision will be deemed to remain in effect only for the maximum period permitted by law, or if the rule against perpetuities applies, until 21 years after the death of the last survivor of the now living descendants of Jamie H. Jackson. As used herein, the singular includes the plural, and the plural the singular. The masculine and neuter each include the masculine, feminine, and neuter, as the context requires. All captions used herein are intended solely for convenience of reference and in no way limit any of the provisions of these Bylaws.

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**Article 15**  
**ADOPTION**

It is hereby certified that these Bylaws have been adopted by Sherwood Forest Homeowners Association, Inc., an Oregon nonprofit corporation, Successor Declarant of Sherwood Forest, and will be recorded in the Deed Records of Klamath County, together with the Declaration for said planned community.

DATED: March 16, 2016.

Sherwood Forest Homeowners'  
Association, an Oregon Non-Profit  
Corporation

By Robert A. Stewart Sr. S.L.  
Robert A. Stewart Sr.  
Its Successor Declarant

STATE OF Hawaii )  
County of Hawaii ) ss.

Personally appeared Robert A. Stewart Sr. who, being duly sworn, did say that he is a Successor Declarant, and that the foregoing instrument was signed in behalf of Jamie H. Jackson and Sherrie A. Jackson and Robert A. Stewart Sr. and Marilyn J. Stewart, husband and wife collectively known as "Successor Declarant" of Sherwood Forest Homeowners' Association, an Oregon Planned Community in Klamath County, Oregon and acknowledged said instrument to be the voluntary act and deed of the Successor Declarant of Sherwood Forest.

Doc. Date: 03/16/2016 # Pages: 17  
Notary Name: Ashlee Manila 3rd Circuit

Doc. Description: Bylaws of Sherwood Forest Homeowners' Assn. (Stamp or Seal)  
Notary Signature: [Signature] Date: 03-16-16

/s/ [Signature]  
Notary Public for Hawaii

