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**AMENDED AND RESTATED
BYLAWS
OF
W. C. E. HOMEOWNERS ASSOCIATION, INC.**

These Amended and Restated Bylaws of W. C. E. Homeowners Association, Inc. are made this 3rd day of March, 2013 by the W. C. E. Homeowners Association, Inc., an Oregon nonprofit corporation ("Association").

RECITALS

A. Willow Creek Estates was created by that certain "Declaration of Covenants, Conditions and Restrictions-Willow Creek Estates" which was recorded in the Official Records of Clackamas County, Oregon as Document No. 9155843 ("Original Declaration"). Attached to the Original Declaration were the "Bylaws of Willow Creek Estates" ("Original Bylaws") and the "Architectural Standards" ("Standards").

B. The members of the Association have voted to amend and restate the Original Declaration, the Original Bylaws and the Standards. Upon the recording of this Amended and Restated Declaration and these Amended and Restated Bylaws of the Association, the Original Declaration, the Original Bylaws and the Standards shall be of no further force or effect. It is anticipated that in addition to the various architectural standards and restrictions contained in the Amended and Restated Declaration, the Association's Board of Directors will adopt and publish an architectural manual by vote and resolution.

ARTICLE 1
DEFINITIONS

When used in these Bylaws, the following terms, whether or not capitalized, have the following meaning:

1.1 "**Act**" means the Oregon Planned Community Act, ORS 94.550 to 94.783, as it may be amended from time to time.

1.2 **“Articles of Incorporation”** means the Articles of Incorporation of the Association as they may be amended or restated from time to time.

1.3 **“Association”** means Willow Creek Estates Homeowners Association, the Oregon nonprofit corporation formed to serve as the Owners association, and its successors and assigns.

1.4 **“Bylaws”** means these Amended and Restated Bylaws of W. C. E. Homeowners Association, Inc., as they may be amended from time to time.

1.5 **“Declaration”** means the Amended and Restated Declaration of Covenants, Conditions and Restrictions for Willow Creek Estates recorded concurrently with these Bylaws as the same may be amended or supplemented from time to time in accordance with the provisions of the Declaration.

1.6 **“Executive Session”** means part of a meeting of the Board of Directors that, at the discretion of the Board, may be closed to persons other than Board members to consider matters specified under ORS 94.640 as provided under Section 6.6 below.

1.7 **“Property,” “Properties”** and **“Planned Community”** mean the property described on the attached **Exhibit A** and all improvements located thereon.

1.8 **Additional Definitions.**

(a) **Incorporation by Reference.** Except as otherwise provided in these Bylaws, unless the context clearly requires otherwise, whether or not capitalized:

(1) Terms defined in the Declaration have the same meaning in these Bylaws.

(2) Term used in these Bylaws that are defined in ORS 94.550 have the meanings set forth in ORS 94.550, unless the term is defined otherwise in the Declaration.

(b) **Other Definitions.** Terms that are not defined in this article but are defined elsewhere in these Bylaws, whether or not capitalized, have the respective meanings given them in the provisions of these Bylaws.

ARTICLE 2
ASSOCIATION IDENTITY, PURPOSES,
POWERS AND OFFICES

2.1 **Name and Location.** These are the Bylaws of the Amended and Restated Bylaws of W. C. E. Homeowners Association, Inc., an Oregon nonprofit corporation. Willow Creek Estates is a planned community located in the City of Canby, Clackamas County, Oregon.

2.2 Purposes; Powers and Governance.

(a) Purposes. The Association was organized to serve as the means through which the Owners may take action with regard to the administration, management and operation of the Planned Community.

(b) Powers. The Association has such powers and duties as may be granted to it by the Act, including each of the powers set forth in ORS 94.630 as the statute may be amended to expand the scope of association duties and powers, together with such additional powers and duties afforded by the Declaration, the Articles of Incorporation, these Bylaws and the Oregon Nonprofit Corporation Act.

(c) Governance. The affairs of the Association shall be governed by the Board of Directors as provided in these Bylaws. Owners have no authority to act on behalf of the Association and may only take action with respect to affairs of the Association as specifically provided under the Declaration, these Bylaws or the Act.

2.3 Principal Office. The principal office of the Association shall be located on the Property, or at another location within the State of Oregon as is determined by the Board of Directors from time to time.

2.4 Applicability of Bylaws. The Association, all Owners and all other persons using any part of the Planned Community are subject to these Bylaws and to all rules and regulations.

2.5 Composition of the Association. The Association is composed exclusively of Owners of lots in the Planned Community as provided in Section 3.1 below.

2.6 Incorporation.

(a) The Association is incorporated under the Oregon Nonprofit Corporation Act. The Articles of Incorporation must be consistent with the Declaration and these Bylaws. These Bylaws constitute the bylaws of the incorporated association.

(b) If the Association is at any time dissolved, whether inadvertently or deliberately, it is automatically succeeded by an unincorporated association of the same name. All of the property, powers and obligations of the incorporated association existing immediately prior to its dissolution automatically vest in the successor unincorporated association. The vesting shall thereafter be confirmed and evidenced by appropriate conveyances and assignments by the incorporated association. To the greatest extent possible, any successor unincorporated association shall be governed by the Articles of Incorporation and Bylaws of the incorporated association as if they had been made to constitute the governing documents of the unincorporated association.

ARTICLE 3

MEMBERSHIP AND VOTING

3.1 Membership in the Association.

(a) Automatic Membership. The Owner of each Lot is automatically a member of the Association, including the Association itself, to the extent it owns a Lot in the Planned Community. The membership commences, exists and continues by virtue of the ownership, and need not be confirmed or evidenced by any certificate or acceptance of the membership.

(b) Determination of Ownership. Ownership is determined, for all purposes of the Declaration and these Bylaws and the administration of the Planned Community and Association by the deed records of Clackamas County, Oregon.

3.2 Voting. Each Lot is allocated one (1) vote in the affairs of the Association in accordance with Section 5.3 of the Declaration. The Board of Directors is entitled to vote on behalf of any Lot that has been acquired by or on behalf of the Association, except the Board of Directors is not entitled to vote on behalf of an acquired Lot in any election of directors.

3.3 Record Date; Owners Entitled to Vote. Unless otherwise determined by resolution of the Board of Directors, the record date required under ORS 65.221 for determining Owners entitled to vote is as follows:

(a) Association Meeting. For any meeting of members, the record date is the time the meeting is called to order.

(b) Action by Written Ballot in Lieu of a Meeting. For action by written ballot in lieu of a meeting conducted under Section 4.8 below, the record date is the day before written ballots are mailed or otherwise delivered. If the Board specifies a different record date, the date shall be included in the solicitation given under Section 4.8(c) below.

(c) Action without a Meeting. For action taken without a meeting under Section 4.9 below, the date is the date specified in the consent, if any.

3.4 Proxies.

(a) Requirements.

(1) Subject to Paragraph (2) of this subsection, a vote may be cast or consent given by proxy. A proxy given by an Owner must:

(A) Be in writing, dated and signed by the Owner.

(B) Name an individual as the proxy holder.

(2) A proxy may be a general proxy or a directed proxy which specifically directs the named proxy holder how to cast a vote or give consent regarding one or more issues.

(3) A proxy must be filed with the secretary or other person designated by the Board of Directors in accordance with procedures adopted by resolution of the Board of Directors. The Board may not require by resolution or other action that a proxy be on a form prescribed by the Board of Directors.

(b) Validity.

(1) A proxy:

(A) Given to an individual to vote at a specific meeting, unless withdrawn, is also valid at an adjourned meeting called under Section 4.7 below.

(B) Is not valid after the meeting for which it was solicited, unless otherwise expressly stated in the proxy. However, a proxy is not valid for more than one (1) year after the date of execution.

(C) Is not valid if it purports to be revocable without notice to the Association.

(D) Automatically revokes all previously given proxies.

(2) A copy of a proxy in compliance with this section provided to the secretary or other person designated by the Board of Directors by facsimile, electronic mail or other means of electronic communication utilized by the Board of Directors is valid.

(c) Revocation.

(1) An Owner may not revoke a proxy given except by actual notice of revocation to the person presiding over a meeting of the Association or to the Board of Directors if a vote is being conducted by written ballot in lieu of a meeting under Section 4.8 below.

(2) A proxy given by an Owner is automatically revoked upon sale of the Lot by the Owner.

3.5 Absentee Ballots. At the discretion of the Board of Directors, a vote may be cast or consent given by absentee ballot as provided in this section.

(a) An absentee ballot must set forth each proposed action and provide an opportunity to vote for or against each proposed action.

(b) All solicitations for votes by absentee ballot must include:

(1) Instructions for delivery of the completed absentee ballots, including the delivery location.

(2) Whether or not an absentee ballot may be cancelled if the absentee ballot has been delivered according to the instructions.

(3) Any other information required by the Act.

(c) An absentee ballot shall be counted as an Owner present for the purpose of establishing a quorum.

(d) Even though an absentee ballot has been delivered to an Owner, the Owner may vote in person at a meeting if the Owner has:

(1) Returned the absentee ballot; and

(2) Canceled the absentee ballot, if cancellation is permitted in the instructions given under Subsection (b) of this section.

3.6 Fiduciaries and Joint Owners.

(a) Fiduciaries. An executor, administrator, conservator, guardian, or trustee may vote or grant approval or consent with respect to any Lot owned or held in such capacity, whether or not the Lot has been transferred to the person's name; provided the person satisfies the secretary that the person is the executor, administrator, guardian, or trustee holding the Lot in such capacity.

(b) Joint Owners. Whenever a Lot is owned by two (2) or more persons jointly, according to the records of the Association, the vote (or consent) of the Lot may be exercised by any one of the Owners, in the absence of protest by a co-Owner. If a co-Owner protests, no one co-Owner is entitled to vote without the approval of all co-Owners. If there is a disagreement among the co-Owners, the vote (or consent) of the Lot must be disregarded completely in determining the proportion of votes given with respect to the matter.

3.7 Binding Vote. At an Association meeting of Owners at which a quorum is constituted, the vote of Owners representing a majority of the voting rights, present, in person, by proxy or absentee ballot, if permitted under Section 3.5 above, is binding upon all Owners for all purposes except when a higher percentage vote is required by law, the Declaration, or these Bylaws.

3.8 Mortgagee Rights.

(a) An Owner may pledge or assign the Owner's voting rights to a mortgagee. If voting rights are assigned or pledged, the mortgagee or its designated representative is entitled

to receive all notices to which the Owner is entitled under these Bylaws and to exercise the Owner's voting once the mortgagee has given written notice of the pledge or assignment to the Board of Directors.

(b) Any first mortgagee may designate a representative to attend any or all meetings of the Association.

ARTICLE 4 **ASSOCIATION OWNER MEETINGS**

4.1 Place of Meeting. The Association shall hold meetings at such suitable place convenient to the Owners as may be designated by the Board of Directors from time to time.

4.2 Annual and Special Owner Meetings.

(a) Annual Meetings.

(1) The Association shall hold at least one meeting of the Owners each calendar year. Unless the Board of Directors designates another date, annual meetings of the Association shall be held in the first calendar quarter of each year. The Board shall designate the place and hour of the meeting.

(2) The annual meeting is for the purpose of electing directors as provided under Section 5.2 below and for the transaction of such other business as may properly come before the meeting.

(b) Special Meetings.

(1) Special meetings of Owners may be called by the president or by a majority of the Board of Directors and must be called by the president if required under Sections Section 5.2(a) or 5.4(b) below, or by the president or secretary upon receipt of a written request from at least fifty percent (50%) of the Owners stating the purpose of the meeting. Only matters of business within the purpose or purposes described in the notice given under Section 4.3 below may be conducted at a special meeting.

(2) If a notice for a special meeting requested by Owners under this subsection is not given within 30 days after the date the written request is delivered to the president or secretary, a person signing the request may set the date, time and place of the meeting and give notice as specified in Section 4.3 below.

(c) Effect of Failure to Hold Meetings as Scheduled. The failure to hold an annual or other Association Owners meeting stated in or fixed in accordance with these Bylaws does not affect the validity of any Association action.

4.3 Notice of Owner Meetings.

(a) Requirements. Notice of all meetings of the Owners shall be given by the president or secretary or other person authorized by resolution of the Board of Directors. All notices must be in writing and must be given not less than ten (10) or more than fifty (50) days before the date of the meeting and must:

(1) State the date, time and place of the meeting.

(2) State the items on the agenda, including the general nature of any proposed amendment to the Declaration or Bylaws, any budget changes or any proposal to remove a director of the Association.

(3) Subject to Section 14.2 below, be mailed or hand delivered to the mailing address of each Lot or to the mailing address designated in writing by the Owner, and to all mortgagees who have requested notice. A mailed notice is deemed delivered when deposited in the United States mail, with first class postage fully paid, addressed as provided in this paragraph and Section 14.1 below.

(b) Adjourned Meetings. When a meeting is adjourned for less than thirty (30) days under Section 4.7 below, no notice of the adjourned meeting need be given other than by announcement at the meeting at which the adjournment takes place.

4.4 Quorum

(a) At any Association meeting of Owners, Owners representing twenty percent (20%) of the voting rights, present in person, by proxy or absentee ballot, if permitted under Section 3.5 above, constitute a quorum.

(b) When a quorum is once present to organize a meeting, the quorum cannot be broken by the subsequent withdrawal of an Owner or Owners.

4.5 Order of Business. The order of business at annual meetings of the Association is:

(a) Calling of the roll and certifying of proxies.

(b) Proof of notice of meeting given under Section 4.3(b) above or waiver of notice.

(c) Reading of minutes of preceding meeting.

(d) Reports of officers.

(e) Reports of committees, if any.

- (f) Election of directors in accordance with Section 5.2 below.
- (g) Unfinished business.
- (h) New business.
- (i) Adjournment.

4.6 Meeting Procedure. Unless other rules of order are adopted by resolution of the Board of Directors or the Owners:

(a) Except when inconsistent with these Bylaws, Association meetings of Owners shall be conducted according to the latest edition of *Robert's Rules of Order* published by the Robert's Rules Association.

(b) A decision of the Association may not be challenged because the appropriate rules of order were not used unless a person entitled to be heard was denied the right to be heard and raised an objection at the meeting in which the right to be heard was denied.

(c) A decision of the Association is deemed valid without regard to procedural errors related to the rules of order one year after the decision is made unless the error appears on the face of a written instrument memorializing the decision.

4.7 Adjournment of Meetings.

(a) Lack of Quorum. If any meeting of Owners, except meetings conducted under Section 4.8 below, cannot be organized because of a lack of quorum, the Owners who are present, either in person or by proxy, may adjourn the meeting from time to time until a quorum as specified in Section 4.4 above is present.

(b) Continuation of Business. In accordance with *Robert's Rules of Order* or other rules of order adopted under Section 4.6 above, a meeting may be adjourned until later the same day or some other day and time.

(c) Extension of Date for Action by Written Ballot. If a due date for return of ballots has been specified in a solicitation of a meeting by written ballot conducted under Section 4.8(c) below, the Board of Directors may extend the due date as provided under Section 4.8(e) below.

4.8 Action by Written Ballot in Lieu of a Meeting.

(a) Action by Written Ballot. At the discretion of the Board of Directors, any action that may be taken at any annual, regular or special meeting of Owners may be taken without a meeting upon compliance with this section and ORS 94.647, except action by written ballot may not be conducted under this section for the following meetings:

- 4.2(b) above.
- (1) The annual meeting, unless permitted under ORS 94.647.
 - (2) A special meeting held at the request of Owners under Section 4.2(b) above.
 - (3) A meeting held under Section 5.4(b) below to remove a director.
 - (4) A special meeting held under Section 5.2(a) or 5.4(b) below.
 - (5) Any other meeting ORS 94.647 prohibits from being conducted under this section.

(b) Delivery, Form and Effect of Ballot. Subject to Subsection (d) of this section, a written ballot:

(1) Must be delivered to every Owner entitled to vote on the matter at least ten (10) days before the deadline for return of ballots specified in the solicitation described under Subsection (c) of this section.

(2) Must set forth each proposed action and provide an opportunity to vote for or against each proposed action.

(3) May be revoked before the final return date of the ballots unless the vote is by secrecy procedure under Subsection (d) of this section or revocation is prohibited under the solicitation given under Subsection (c) of this section.

(c) Information Required in Ballot Solicitations. All solicitations for votes by written ballot must comply with ORS 94.647.

(d) Secrecy Procedure. Except as otherwise provided under the Act, unless the vote will be conducted according to secrecy procedure specified in ORS 94.647, the Board of Directors shall provide Owners with at least ten (10) days' notice before written ballots are mailed or otherwise delivered. The notice must:

(1) Be delivered in the manner prescribed by the Board.

(2) Inform the Owners that if at least three (3) days before written ballots are scheduled to be mailed or otherwise distributed, which date must be stated, at least ten percent (10%) of the Owners petition the Board of Directors requesting the secrecy procedure, the procedure specified in ORS 94.647 must be followed.

(e) Extension of Deadline; Determination of Vote.

(1) If a due date for return of ballots has been specified in a solicitation of a meeting by written ballot conducted under Subsection (c) of this section, the Board of Directors may extend the due date in one or more extensions, for up to ninety (90) days after the originally specified return of ballots date.

(2) The outcome of a vote conducted by written ballot in lieu of a meeting must be determined by the Board of Directors within forty-eight (48) hours of the deadline for return of ballots. Matters that may be voted on by written ballot are deemed approved or rejected as provided under ORS 94.647.

(f) Counting of Votes. Unless otherwise provided in ORS 94.647:

(1) Except as provided in Paragraph (2) of this subsection, votes may be counted from time to time before the final return date to determine whether the proposal has passed or failed by the votes already cast on the date they are entered.

(2) Written ballots that are returned in secrecy envelopes may not be examined or counted before the deadline for returning ballots has passed.

4.9 Action Without a Meeting.

(a) Any action that may be taken at any Association annual, regular or special meeting of Owners, may be taken without a meeting and without solicitation of written ballots under Section 4.8 above, if the action is taken by all of the Owners entitled to vote on the action.

(b) The action must be evidenced by one or more written consents describing the action taken, signed by all of the Owners entitled to vote on the action, and delivered to the Association for inclusion in the minutes or filing with the Association records.

(c) Action taken under this section is effective when the last Owner signs the consent, unless the consent specifies an earlier or later effective date. A consent signed under this section has the effect of a meeting vote and may be described as such in any document.

ARTICLE 5 BOARD OF DIRECTORS

5.1 Number; Designation; Term; Qualifications.

(a) Number; Designation of Position. The affairs of the Association shall be governed by a Board of Directors composed of five (5) directors elected as provided in Section 5.2 below. For convenience of reference, the Board shall by resolution designate the director positions by number, letter or other identification.

(b) Term. The term of each director is two (2) years, but a director's term will automatically be extended until such time as his or her successor is elected. The terms of the directors are staggered so that at least two directorships come up for election every year.

(c) Qualifications. All directors must be an Owner or the co-Owner of a Lot. However, multiple Owners of the same Lot may not serve as directors simultaneously even if one of the multiple Owners has an interest in another Lot. An officer or employee of a corporation, the members of a limited liability company, a partner of a partnership, a trustee of a trust, a personal representative of an estate or an employee of a trust or estate, may serve on the Board if the corporation, limited liability company, partnership, trust or estate owns a Lot.

5.2 Election

(a) Election at Annual Meeting

(1) At the annual meeting held under Section 4.2 above, Owners shall elect directors to succeed directors whose terms expire.

(2) If the Owners fail to elect directors at the annual meeting, the Board shall adjourn the meeting under Section 4.7 above to a future date. In this instance, the directors whose terms have expired shall remain directors until their successors are elected by the Owners at an adjournment of the annual meeting. If any director does not wish to continue his or her directorship beyond the expiration of their term, that director shall be required to resign, in which case the provisions of Sections 5.3 and 5.4 shall apply.

(b) Nomination. The Board of Directors shall determine the method of nominating directors. The method must include the right of an Owner to nominate a director from the floor at any meeting at which an election of directors is held.

(c) Manner of Election

(1) The Board of Directors shall determine the manner of election of directors. The method may include the election of directors by a single ballot, with each Owner permitted to vote for the number of vacant director positions. If election is by single ballot, the nominees receiving the highest number of votes equal to the number of vacant director positions are directors.

(2) Election of directors is by plurality. Cumulative voting is not permitted.

5.3 Resignation; Removal of Directors

(a) Resignation. Any director may resign at any time by giving written notice to the Board of Directors, president or secretary. A resignation is effective upon receipt of the

notice or at any later time specified in the notice. Unless otherwise specified in the notice, acceptance of the resignation is not necessary.

(b) Removal of Directors by Owners.

(1) At any annual or special meeting, other than a meeting by written ballot conducted under Section 4.8 above, any one or more of the directors may be removed, with or without cause, by a vote of a majority of Owners. The notice of the meeting must state that the removal will be considered. Any director whose removal has been proposed by the Owners must be given an opportunity to be heard at the meeting.

(2) The agenda of the meeting called under this subsection must include the election of a successor to fill the vacancy created as provided under Section 5.4(b) below.

(c) Removal by Board for Failure to Attend Board Meetings. A director who fails to attend three (3) successive meetings of the Board of Directors that have been properly called, or who has failed to attend more than one-third (1/3) of the Board of Directors meetings during a twelve (12) month period that have been properly called, may be removed by a majority of the remaining directors. The vacancy created by the removal shall be filled as provided in Section 5.4(a) below.

5.4 Filling of Vacancies on Board; Term.

(a) Filling of Vacancies by Board of Directors. Except as provided in Subsection (b) of this section, vacancies on the Board of Directors shall be filled by vote of a majority of the remaining directors even though they may constitute less than a quorum.

(b) Filling of Vacancies Created by Removal of Director by Owners.

(1) A vacancy created by the removal of a director by the Owners at a meeting held under Section 5.3(b) above, shall be filled by the Owners at the meeting in accordance with the meeting notice. However, if Owners fail to fill a vacancy created by the removal of a director, the president shall call a special meeting in accordance with Section 4.2 above for the purpose of electing a director to fill the vacancy.

(2) If the Owners fail to elect a director at a special meeting called under Paragraph (1) of this subsection, any unfilled director position shall be filled by the Board of Directors in the same manner as a vacancy under Subsection (a) of this section.

(c) Term of Director Elected to Fill Vacancy. Each person elected to fill a vacancy under this section serves for the remainder of the term of the vacated director position.

5.5 Powers and Duties. The Board of Directors has all the powers and duties necessary for the administration of the affairs of the Association, except such powers and duties

as by law or by the Declaration or these Bylaws may not be delegated to the Board of Directors by the Owners.

5.6 Specific Powers and Duties. The powers and duties to be exercised by the Board of Directors include, without limitation, the following:

(a) Maintenance of Common Property. Operation, care, upkeep, maintenance, repair and replacement of Common Property in accordance with the Governing Documents.

(b) Maintenance Plans. Preparation and update, as necessary, of the maintenance plan described in ORS 94.595 and required under Section 9.1(b) of the Declaration.

(c) Bank Accounts. Opening and maintenance of accounts on behalf of the Association in accordance with Section 11.3 below and designating the signatories required therefore in accordance with these Bylaws.

(d) Budgets and Reserve Studies. Preparation and adoption of Association budgets and preparation, review and update of reserve studies, all in accordance with these Bylaws.

(e) Reserves. Establishing and maintaining a reserve account.

(f) Assessment Collection. Designation and collection of assessments from the Owners in accordance with these Bylaws, the Declaration and the Act.

(g) Personnel.

(1) Designation, employment and dismissal of such personnel as necessary for the efficient maintenance, upkeep and repair of the Common Property and any other property for which the Association has maintenance, repair or replacement responsibility in accordance with the Declaration and these Bylaws.

(2) Employment of legal, accounting or other personnel for reasonable compensation to perform such services as may be required for the proper administration of the Association. The Board of Directors may employ or enter into a contract with a management agent as provided under Section 5.8 below.

(h) Insurance.

(1) Obtaining and maintaining the insurance required or permitted under Article 12 below.

(2) At least annually, the review of the insurance coverage of the Association as provided in Article 12 below.

(i) Matters Relating to Property in the Area of the Planned Community. Act on behalf of the Owners and the Association regarding matters relating to property in the area of the Planned Community as provided in Articles 3& 4 of the Declaration and elsewhere in the Declaration and Bylaws.

(j) Purchase of Lots. Purchasing Lots of the Planned Community at foreclosure or other judicial sales in the name of the Association, or its designee, on behalf of all Owners as provided in these Bylaws.

(k) Annual Financial Statement. The preparation and distribution of an annual financial statement of the Planned Community to each Owner in accordance with Section 11.6 below.

(l) Annual Report with Secretary of State. The filing of the Annual Report with the Oregon Secretary of State in accordance with ORS Chapter 65.

(m) Income Tax Returns. Preparing or causing to be prepared and filed any required income tax returns or forms.

(n) Association Records. Compliance by the Association with ORS 94.670 relating to maintenance of Association records and maintenance of copies suitable for duplication of the documents specified in ORS 94.670.

(o) Association Mailing Address. Maintenance of a current mailing address for the Association.

(p) Rules and Regulations. Promulgation, adoption, amendment and repeal of rules and regulations, as provided in the Declaration, these Bylaws and the Act.

(q) Enforcement. Enforcement by legal means of the provisions of the Act, the Declaration, these Bylaws and any rules and regulations.

(r) Committees. Establishment, by Board resolution, of committees and appointment of members thereof as the Board of Directors, in its sole discretion, deem necessary or appropriate to assist the Board in its duties. Unless otherwise provided by the Act, authority of the Board of Directors may only be granted to a committee in accordance with ORS 65.354.

5.7 Standards of Conduct. Unless otherwise provided in the Act, in the performance of their duties, members of the Board of Directors are governed by ORS 94.640, 65.357, 65.361, 65.367, 65.369 and 65.377.

5.8 Managing Agent or Manager.

(a) On behalf of the Association, the Board of Directors may employ or enter into a contract with a management agent to perform such duties and services as the Board of Directors authorizes, including, without limitation, the duties listed in Section 5.6 above. The Board shall establish the compensation of any employee or management agent to be paid under a contract.

5.9 Compensation of Directors. A director may not be compensated in any manner, except for out-of-pocket expenses, unless the compensation is approved by a binding vote of the Owners under Section 3.7 above.

ARTICLE 6 **MEETINGS OF THE BOARD OF DIRECTORS**

6.1 Organization Meeting of Board.

(a) Location, Date and Time. Unless otherwise agreed by the Board of Directors, the Board shall hold an organization meeting immediately following the annual meeting of the Association at the same location as the annual meeting. No further notice of the organization meeting to the directors is necessary. If the date, time and place of the organization meeting are announced at the annual meeting, no further notice to Owners of the organization meeting is necessary.

(b) Procedure and Business. Until the election of new officers, the organization meeting shall be chaired by the outgoing president, or, in the absence of the outgoing president, the outgoing vice-president, regardless of whether the outgoing president or vice-president is a member of the newly constituted Board. At the organization meeting, the Board of Directors shall elect officers in accordance with Section 7.2 below and may conduct any other Association business.

6.2 Calling of Board Meetings; Notice to Directors.

(a) Calling of Meetings.

(1) Regular Meetings. The Board of Directors may determine to hold regularly scheduled meetings to be held on such date and at such time and place as is fixed, from time to time, by a majority of the directors.

(2) Special Meetings. Special meetings (including emergency meetings) of the Board of Directors may be called by the president or the secretary and must be called by the secretary within ten (10) days of a written request of at least two (2) directors. The secretary or other person designated by the Board of Directors shall cause notice to be given in accordance with Subsection (b) of this section.

(b) Notice to Board of Directors.

(1) Regular Meetings. Requirements for notice to directors of regular meetings of the Board of Directors shall be determined, from time to time, by a majority of the directors.

(2) Special Meetings. Subject to Paragraph (3) of this subsection, unless otherwise determined, from time to time, by a majority of the directors, notice of any special meeting shall be given to each director at least ten (10) days prior to the day named for the meeting. The notice shall be given, personally or by mail, telephone or other means, including, without limitation, electronic communication, as approved by the director to be noticed. The notice must state the date, time, place and purpose of the meeting.

(3) Emergency Meetings. Notice requirements to directors for emergency meetings of the Board of Directors shall be as determined, from time to time, by a majority of the directors.

6.3 Quorum and Acts.

(a) At all meetings of the Board of Directors, a majority of the existing directors constitutes a quorum for the transaction of business and the acts of the majority of the directors present are the acts of the Board of Directors, unless a greater number is required by law or these Bylaws.

(b) If at any meeting of the Board of Directors less than a quorum of directors is present, the majority of the directors present may adjourn the meeting from time to time. At any adjourned meeting at which a quorum is present, any business that might have been transacted at the meeting as originally called may be transacted without further notice to directors or Owners.

6.4 Meeting Definition; Mode of Board Meetings.

(a) Definition. As used in this article, “meeting” has the definition given the term in ORS 94.640 or other applicable provision of the Act.

(b) Mode of Board Meetings.

(1) Subject to Paragraph (2) of this subsection, meetings of the Board of Directors shall be by a gathering of directors in person at a designated location.

(2) Emergency meetings and other meetings of the Board of Directors may be conducted in any other manner permitted under the Act as it may be amended from time to time.

(c) Circumvention Prohibited. As provided under ORS 94.640, the meeting and notice requirements of ORS 94.640 may not be circumvented by chance or social meetings or by any other means.

6.5 Board Meeting Procedure.

(a) Director Assent Presumed. Unless otherwise provided under the Act, a director who is present at a meeting of the Board of Directors at which action is taken on any Association matter is presumed to have assented to the action unless the director votes against the action or abstains from voting on the action because the director claims a conflict of interest.

(b) Recording of Votes; Proxies and Secret Ballots Prohibited. A vote or abstention for each director present must be recorded in the minutes. Directors may not vote by proxy or by secret ballot at Board meetings, except officers may be elected by secret ballot.

(c) Rules of Procedure. Unless other rules of order are adopted by resolution of the Board of Directors:

(1) Meetings of the Board of Directors must be conducted according to the latest edition of *Robert's Rules of Order* published by the Robert's Rules Association.

(2) A decision of the Board of Directors may not be challenged because the appropriate rules of order were not used unless a person entitled to be heard was denied the right to be heard and raised an objection at the meeting at which the right to be heard was denied.

(3) A decision of the Board of Directors is deemed valid without regard to procedural errors related to the rules of order one (1) year after the decision is made unless the error appears on the face of a written instrument memorializing the decision.

6.6 Open Meetings; Executive Sessions.

(a) Open Meetings. Unless otherwise provided under the Act, except as provided in Subsection (c) of this section, all meetings of the Board of Directors are open to Owners for observation. An Owner has no right to participate in the meeting of the Board unless the Owner is also a member of the Board. The president or presiding officer has the authority to exclude an Owner who disrupts the proceedings at a Board meeting.

(b) Executive Sessions. Unless otherwise provided under the Act, in the discretion of the Board of Directors, the following matters may be considered in executive session:

(1) Consultation with legal counsel concerning the rights and duties of the Association regarding existing or potential litigation or criminal matters.

(2) Personnel matters, including salary negotiations and employee discipline.

(3) The negotiation of contracts with third parties.

- (4) Collection of unpaid assessments.
- (5) Any other matters permitted under ORS 94.640 as it may be amended from time to time.

(c) Executive Session Procedure.

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

(2) A contract or an action considered in executive session is not effective unless the Board, following the executive session, reconvenes in open meeting and votes on the contract or action. The contract or action must be reasonably identified in the open meeting and included in the minutes of the meeting.

6.7 Notice to Owners of Meetings of Board. Unless otherwise provided under the Act, for other than emergency meetings, notice of each meeting of the Board of Directors must be posted at a place or places in the Planned Community at least three (3) days prior to the meeting, or notice must be provided by a method otherwise reasonably calculated to inform the Owners of the meeting.

6.8 Waiver of Notice by Directors. Unless otherwise provided under the Act, waiver by a director of any notice required to be given a director under the Declaration, Articles of Incorporation, these Bylaws, the Act or Oregon Nonprofit Corporation Act is governed by ORS 65.347.

ARTICLE 7
OFFICERS

7.1 Designation and Qualifications.

(a) Designation. The principal officers of the Association are a president, a vice-president, a secretary and a treasurer. The Board may establish any other offices as in their judgment may be necessary or appropriate.

(b) Qualifications. The president and vice-president and treasurer must be members of the Board of Directors. The secretary must be an Owner, but need not be a member of the Board. Any other officers need not be members of the Board or Owners. Any two offices may be held by the same person except the offices of president and vice -president and president and secretary.

7.2 Election of Officers; Term; Vacancies.

(a) Election; Term. The principal officers of the Association shall be elected annually by the Board of Directors at the organization meeting of each new Board held in accordance with Section 6.1 above to serve until their respective successors are elected at the next organization meeting. Other officers may be elected at any meeting of the Board.

(b) Vacancies. If any office becomes vacant, the Board shall elect a successor to fill the unexpired term at any meeting of the Board of Directors.

7.3 Removal; Resignation.

(a) Removal. Officers hold office at the pleasure of the Board of Directors. When in the judgment of the Board of Directors the best interest of the Association will be served, by an affirmative vote of a majority of the members of the Board, any officer may be removed with or without cause.

(b) Resignation. Any officer may resign at any time by giving written notice to the Board of Directors, president or secretary. A resignation is effective upon receipt of the notice or at any later time specified in the notice. Unless otherwise specified in the notice, acceptance of the resignation is not necessary.

7.4 President. The president:

(a) Is the chief executive officer of the Association.

(b) Shall preside at all meetings of the Association and of the Board of Directors.

(c) Has all of the general powers and duties that are usually vested in the chief executive officer of an association.

(d) Has such other powers and duties as may be prescribed by these Bylaws or resolution of the Board of Directors.

7.5 Vice-President. The vice-president:

(a) Shall in the absence or disability of the president, exercise the powers and perform the duties of the president.

(b) Has such other powers and duties as are prescribed by resolution of the Board of Directors.

7.6 Secretary. The secretary:

(a) Shall keep or cause to be kept the minutes of all proceedings of the Board of Directors and the minutes of all meetings of the Association.

(b) Shall give or cause to be given such notice of meetings of the Association and the Board of Directors as is required by these Bylaws or by law.

(c) Is responsible for all books, records and papers of the Association except those that are in the care of the treasurer or other person designated in a resolution of the Board of Directors.

(d) Shall, in general, perform all the duties incident to the office of secretary.

(e) Has such other powers and duties as may be prescribed by these Bylaws or resolution of the Board of Directors.

7.7 Treasurer. The treasurer:

(a) Has responsibility for the Association's funds and securities not otherwise held by the managing agent, if any.

(b) Shall keep and maintain, or cause to be kept and maintained, chronological, adequate and correct accounts of the properties and business transactions of the Association, including accounts of its assets, liabilities, receipts and disbursements.

(c) 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 of Directors. He or she shall disburse the funds of the Association in accordance with these Bylaws.

(d) Shall perform all other duties incident to the office of treasurer of an association.

(e) Has such other powers and duties as may be prescribed by these Bylaws or resolution of the Board of Directors.

7.8 Appointment of Temporary Officer. If neither the president nor the vice president is able to act, the Board of Directors shall appoint another member of the Board to exercise the powers and perform the duties of the president until the president or vice president is able to act or the office becomes vacant.

7.9 Execution of Documents; Checks.

(a) Documents. All agreements, contracts, deeds, leases and other instruments of the Association, except checks and other evidences of indebtedness, shall be executed by such person or persons as may be required by law or designated by resolution of the

Board of Directors. In the absence of a law or resolution applicable to any instrument, then the instruments shall be executed by the president.

(b) Checks, Drafts and Other Evidences of Indebtedness. All checks, drafts, vouchers and other orders for payment of money, notes, or other evidences of indebtedness in excess of a reasonable amount set by the Board of Directors as adopted by resolution, issued in the name of the Association, shall be signed or endorsed by two (2) persons who are authorized by a resolution of the Board of Directors to act under this subsection, or may be electronically transacted in any manner determined by the Board of Directors.

7.10 Standards of Conduct. Unless otherwise provided in the Act, in the performance of their duties, officers are governed by ORS 94.640 and 65.377.

7.11 Compensation of Officers. An officer who is a member of the Board of Directors may not receive any compensation from the Association for acting as an officer, unless the compensation is authorized by a binding vote of the Owners under Section 3.7 above. The Board of Directors may fix any compensation to be paid to any officers who are not also directors.

ARTICLE 8
INDEMNIFICATION OF DIRECTORS,
OFFICERS EMPLOYEES AND AGENTS

8.1 Liability. The directors and officers are not liable to the Association for any mistake of judgment, negligence, or otherwise except for their own willful misconduct or bad faith.

8.2 Indemnification.

(a) The Association shall indemnify and hold harmless each director and officer against all contractual liability to others arising out of contracts made by the Board of Directors, officers, manager, or managing agent on behalf of the Association unless the contract was made in bad faith or contrary to the provisions of the Declaration or these Bylaws.

(b) The Association shall indemnify each director and officer all expenses and liabilities, including attorneys fees reasonably incurred or imposed upon them in connection with any proceeding to which they may be a party or to which they may become involved, by reason of being or having been a director or officer. The director or officer shall be indemnified upon any reasonable settlement thereof. However, there may be no indemnity if the director or officer is adjudged guilty of willful nonfeasance, misfeasance, or malfeasance in the performance of his or her duties.

8.3 Termination of Legal Proceeding.

(a) The termination of any action, suit proceeding by judgment, order, settlement, conviction, or with a plea of nolo contendere or its equivalent does not, of itself, create a presumption that a person did not act in good faith and in a manner that he or she 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 his or her conduct was unlawful.

(b) Payment under this article 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, should it be proven at a later time that the person had no right to the payments.

8.4 Contribution. All persons who are ultimately held liable for their actions on behalf of the Association as a director or officer have a right of contribution over and against all other directors, officers, employees or agents and members of the Association who participated with or benefitted from the acts that created the liability.

ARTICLE 9 **RULES AND REGULATIONS**

9.1 Adoption of Rules and Regulations. Pursuant to the Act, in addition to the other provisions of the Declaration and these Bylaws, the Board of Directors from time to time may, by resolution, adopt, amend, or revoke such rules and regulations governing the conduct of persons and the operation and use of the Lots and Common Property as it may deem necessary or appropriate in order to assure the peaceful and orderly use and enjoyment of the Planned Community and the management and administration of the Association, including the interpretation of the Governing Documents.

9.2 Modification by Owners. Action by the Board under Section 9.1 above may be modified by Owners by a vote of not less two-thirds (66%) of voting rights present, in person or by proxy, at any meeting of the Association, the notice of which must have stated that the amendment or revocation of rules will be under consideration.

9.3 Distribution of Copies. The secretary shall cause a copy of the rules and regulations, upon adoption, and a copy of each rule or regulation amendment or revocation, to be provided promptly to each Owner and is binding upon all Owners and occupants of all Lots from the date of delivery.

ARTICLE 10 **ASSESSMENTS: BUDGET**

10.1 Assessments.

(a) In accordance with Article 10.1 of the Declaration, the Board of Directors shall assess and collect from every Owner assessments in the manner described in the Declaration.

(b) Statement of Assessments Payable. The Board of Directors shall advise each Owner in writing of the amount of assessments payable by the Owner in accordance with this article. The Board shall promptly provide any Owner who makes a request in writing with a written statement of the Owner's unpaid assessments.

10.2 Budgets.

(a) Adoption of Budget. The Board of Directors shall, from time to time and at least annually, prepare and adopt a budget for the Association (the "annual budget") based on an estimate of the common expenses expected to be incurred, any expected revenue and any surplus available from the prior year's budget.

(b) Continuation of Prior Adopted Budget. If the Board of Directors fails to adopt an annual budget, the last adopted budget continues in effect.

(c) Amended Budget. Subject to Subsection (d) of this section, if all or any part of a budget adopted under Subsection (a) of this section is or will become inadequate to meet common expenses incurred for any reason, as soon as practicable, the Board of Directors shall determine the approximate amount of the inadequacy and adopt by resolution an amended budget. The resolution shall identify the reason for the inadequacy.

(d) Special Budget. If all or any part of a budget adopted under Subsection (a) of this section is or will become inadequate to meet common expenses incurred for any reason, in lieu of adopting an amended budget under Subsection (c) of this section, the Board may adopt a special budget. As soon as practicable, the Board of Directors shall determine the approximate amount of the inadequacy and adopt by resolution a special budget. The resolution shall identify the reason of the inadequacy.

(e) Surplus Funds. If the estimated or collected funds exceed the amount necessary to meet the Associations budgetary needs, the Board of Directors may reduce the amount being assessed or allocate the excess to the Association operating and/or reserve accounts as deemed appropriate.

ARTICLE 11 ASSOCIATION RECORDS AND ACCOUNTS

11.1 General Records.

(a) The Board of Directors and managing agent or manager, if any, shall keep records of the actions of the Board of Directors and managing agent or manager, minutes of the meetings of the Board of Directors and minutes of meetings of the Association.

(b) The Board of Directors shall maintain a Book of Resolutions containing the rules and regulations adopted by the Association and the Board of Directors.

(c) The Board of Directors shall maintain a list of Owners. The list must indicate the name, address and Lot number of the Owner.

(d) Unless otherwise provided in ORS 94.670, the Association shall retain within this state the documents, information and all other records of the Association for not less than the period specified in ORS 65.771 or any other applicable law, except that:

(1) The documents described in ORS 94.616(3)(o), if received, must be maintained as permanent records of the Association.

(2) Proxies and ballots must be retained for one (1) year from the date of determination of the vote.

11.2 Financial Records.

(a) Required Records. The Board of Directors or its designee shall keep within the State of Oregon financial records sufficient for proper accounting purposes.

(b) Assessment Roll. An assessment roll shall be maintained in a set of accounting books in which there is an account for each Lot. The account shall designate the Lot number, the name and address of the Owner or Owners, the amount of each assessment against the Owners and Lot, the dates and amounts in which the assessment is due, the amounts paid upon the account, and the balance due on the assessments.

11.3 Association Funds and Accounts.

(a) Deposit of Funds. All assessments and other funds of the Association shall be deposited in accounts described in Subsection (c) of this section. The Board shall cause to be allocated to the accounts those amounts from the assessments deemed necessary by the Board for the purposes set forth in the Declaration and these Bylaws.

(b) Distribution of Funds. All expenses of the Association shall be paid from accounts of the Association. The Association shall maintain a voucher or payment system that requires a sufficient number of signatories as is reasonably necessary to prevent any misuse of the Association's funds.

(c) Association Accounts. The Association shall maintain two (2) primary accounts and such other accounts as the Board of Directors deems necessary or appropriate to manage the Association's funds. The accounts shall be in the name of the Association with a financial institution in accordance with ORS 94.670. The primary accounts shall be generally identified as the:

(1) General Operating Account.

(2) Planned Community Reserve Account established under Section

11.4(a) below.

(d) General Operating Reserve Account.

(1) Establishment of Account. The Board of Directors may establish and maintain a general operating reserve account by allocation and payment periodically of an amount determined by the Board of Directors to be appropriate.

(2) Use of Funds. A general operating reserve account may be used for the purposes the Board of Directors determines appropriate, including, without limitation:

(A) Expenses that exceed budgeted amounts.

(B) Deductibles under property damage insurance in accordance with Article 12 below.

(C) Contribution to the Planned Community Reserve Account established under Section 11.4(a) below.

11.4 Major Maintenance, Repair and Replacement Reserve Accounts; Reserve Study.

(a) Establishment of the Reserve Account.

(1) The Board of Directors shall establish and maintain a Reserve Account for major maintenance, repair and replacement of all items of Common Property that will normally require replacement in whole or in part, in more than one (1) or less than thirty (30) years, for the Common Property, for major maintenance, repair and replacement of all other property for which the Association has maintenance, repair or replacement responsibility, and for such other items as may be required by the Declaration or these Bylaws. The reserve fund need not include items:

(A) That can reasonably be funded from nonreserve items in the annual budget.

(b) Determination of Reserve Accounts; Reserve Study.

(1) The Board of Directors shall annually conduct a reserve study, or review and update an existing study, to determine the reserve account requirements and may:

(A) Adjust the amount of payments in accordance with the study or review; and

(B) Provide for other reserve items that the Board of Directors, in its discretion, may deem appropriate.

(2) The reserve study must include the information required under ORS 94.595 or other applicable provision of the Act in effect when the study or update is conducted.

(c) Use of Reserve Fund.

(1) The reserve accounts established under this section may be used only for the purposes for which the reserves have been established and must be kept separate from each other and from other Association funds.

(2) The Board of Directors may borrow funds from the Reserve Account to meet high seasonal demands on the nonreserve items in the annual budget or to meet unexpected increases in expenses if the Board has adopted a resolution authorizing the borrowing of funds. The resolution may be an annual continuing resolution.

(3) Not later than the adoption of the budget for the following year, the Board of Directors shall adopt by resolution a written payment plan providing for repayment within a reasonable time of any unpaid funds borrowed under Paragraphs (2) of this subsection.

(4) The Board of Directors may use reserve account funds allocated to one reserve item to meet unexpected expenses of another reserve item in the same reserve account. The re-allocation of funds must be reflected in the next reserve study or reserve study update conducted under Subsection (b) of this section.

(5) The reserve account may be invested by the Board of Directors subject to normal prudent investment standards, as permitted by the Planned Community Act.

(d) The Board of Directors has authority with respect to the reserve account as specified under Subsection (b) of this section. Any action by Owners regarding the reserve account is governed by ORS 94.595 in effect when the action is taken.

11.5 Fiscal Year. Unless otherwise provided by resolution adopted by the Board of Directors, the fiscal year of the Association begins on the first day of January and ends on December 31 of each calendar year.

11.6 Financial Reports and Audits.

(a) Annual Financial Statement. In accordance with ORS 94.670, within ninety (90) days after the end of the fiscal year, the Board of Directors shall:

(1) Prepare or cause to be prepared an annual financial statement consisting of a balance sheet and income and expenses statement for the preceding fiscal year; and

(2) Distribute to each Owner a copy of the annual financial statement and to all mortgagees of Lots who have requested in writing a copy.

(b) Review of Annual Financial Statement. If required by ORS 94.670, the Board of Directors shall cause the financial statement required under Subsection (a) of this section to be reviewed by an independent certified accountant licensed in this state as provided in ORS 94.670.

(c) Audit of Books and Records.

(1) From time to time the Board of Directors, at the expense of the Association, may cause an audit, review, compilation or other financial examination of the books and records pertaining to the Association to be conducted and may furnish copies thereof to the Owners and mortgagees of Lots.

(2) Subject to any rules adopted under Section 11.11 below, upon written request and notification, at any time an Owner or mortgagee may, at the Owner's or mortgagee's own expense, cause an audit, review, compilation or other financial examination of the books and records of the Association to be made.

11.7 Copies of Documents Required to be Maintained by Association. Except as otherwise provided under the Act:

(a) The Board of Directors shall maintain a copy, suitable for the purposes of duplication, of the following:

(1) The Declaration, Bylaws and any amendments or supplements thereto, and rules and regulations of the Association currently in effect.

(2) The most recent financial statement prepared in accordance with ORS 94.670.

(3) The current annual budget of the Association.

(4) The reserve study required under Section 11.4 above.

(5) Any other records required by ORS 94.670.

(b) The Association, within ten (10) business days after receipt of a written request by an Owner, shall furnish the requested information required to be maintained under Subsection (a) of this section.

11.8 Statement of Occupancy Information.

(a) All Owners shall provide the Board of Directors with a Statement of Occupancy Information. The statement must be kept on file with the books and records of the Association. The Statement of Occupancy Information shall:

(1) Be on a form prescribed by resolution of the Board.

(2) Contain a statement of whether or not the Lot is occupied by the Owner. If not, state the name of the occupants.

(3) State the day and night telephone numbers of the Owner, tenant or other occupant.

(4) State the term of any rental or lease agreement.

(5) Be kept current by the Owner.

(6) Include any other information the Board deems necessary and appropriate.

(b) Under ORS 94.670(8)(g), Statements of Occupancy and specific information contained in the forms are not available for inspection or duplication by Owners.

11.9 Inspection of Records by Owners; Restricted Owner Information.

(a) Except as otherwise provided in ORS 94.670 or other section of the Act, all records of the Association must be reasonably available for examination and, upon written request, available for duplication by an Owner and any mortgagee of a Lot that makes a request in good faith for a proper purpose in accordance with rules adopted by resolution of the Board of Directors under Section 11.11 below.

(b) Unless otherwise provided in the Act, the following information of an Owner or occupant of a Residential Unit is part of an Owner's individual file under 94.670(8)(g) and is not available for examination or duplication under ORS 94.670(8) or use by the Association for a purpose other than for which the information was maintained or provided, without the consent of the Owner or occupant, even if the Association maintains a separate list of Owners, including a list provided under ORS 94.616(3)(t), indicating the information:

(1) Telephone numbers, cellular phone numbers and facsimile numbers.

(2) Electronic mail addresses.

(3) Any other form of telephonic or electronic communication number or address.

(c) The rules adopted by the Board under Section 11.11 below may specify the method of providing consent of an Owner or occupant required under Subsection (b) of this section or the actions of an Owner or occupant that constitute consent for specified purposes.

11.10 Notice of Sale; Records Update Fee. Immediately upon the sale of any Lot, the current Owner ("seller") shall promptly inform the secretary or manager of the name and address of the purchaser or vendee. As soon as practicable after receipt of the notice or other information evidencing the sale of the Lot, the Board shall provide the new Owner a Statement of Occupancy

Information form described in Section 11.9 above and notice of any records update fee due under Section 11.11 below.

11.11 Rules Governing Association Records and Documents. Pursuant to Article 9 above, the Board of Directors, by resolution, may adopt reasonable rules that:

(a) Govern the frequency, time, location, notice and manner of examination and duplication of Association records.

(b) Prescribe a reasonable fee for furnishing copies of any requested documents, information or records. The fee may include reasonable personnel costs incurred to furnish the information.

(c) Impose a records update fee to cover the administrative costs incurred by the Association when there is a change in Lot occupancy. Unless specifically permitted under the Act, the fee may not exceed the reasonable costs of updating records of the Association, providing copies of association information and documents and any inspections required to determine if the Lot is in compliance with the Governing Documents.

ARTICLE 12 **INSURANCE**

12.1 Types of Association Insurance. The Board of Directors shall obtain and maintain at all times the insurance specified in this section.

(a) Property Damage Insurance.

(1) The Association shall obtain and maintain property insurance covering loss or damage from occurrences including, without limitation, fire, vandalism, and malicious mischief with extended coverage endorsement; and such other coverage such as flooding and earthquake, that the Association may deem desirable.

(2) The amount of coverage shall be for not less than the one hundred percent (100%) of the current replacement cost of the improvements on the Common Property (exclusive of land, foundation, excavation and other items normally excluded from coverage), subject to a reasonable deductible.

(3) The policy or policies shall include all fixtures and building service equipment to the extent that they are part of the Common Property and all personal property and supplies belonging to the Association.

(b) Liability Insurance.

(1) The Association may obtain and maintain comprehensive general liability insurance coverage insuring the Association, the Board of Directors and managing

agent, if any, against liability to the public or to the Owners and their invitees or tenants incident to the operation, maintenance, ownership or use of the Common Property. There may be excluded from the policy or policies coverage of an Owner (other than as a member of the Association or the Board of Directors) for liability arising out of acts or omission of the Owner and liability incident to the ownership or use of the part of the property as to which the Owner has the exclusive use or occupancy.

(2) Limits of liability under the insurance may not be less than One Million Dollars (\$1,000,000) on a combined single limit basis.

(3) The policy or policies obtained under this subsection shall be issued on a comprehensive liability basis and must provide cross liability endorsement wherein the rights of named insured under the policy or policies may not be prejudiced as respects his, her or their action against another named insured.

(c) Workers' Compensation Insurance. The Association shall obtain and maintain workers' compensation insurance to the extent necessary to comply with any applicable laws.

(d) Fidelity Insurance.

(1) The Association may maintain fidelity insurance for all officers, directors, trustees and employees of the Association and all other persons handling or responsible for funds of or administered by the Association. If the Association has retained a management agent, the agent shall maintain fidelity insurance for its officers, employees and agents handling or responsible for funds of, or administered on behalf of, the Association.

(2) The total amount of fidelity insurance coverage required shall be based upon the best business judgment of the Board of Directors.

(3) The fidelity insurance shall name the Association as obligee and shall contain waivers by the issuers of the insurance of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees" or similar terms or expressions. The insurance shall provide that it may not be cancelled or substantially modified (including cancellation for nonpayment of premium) without at least ten (10) days' prior written notice to the Association.

(e) Directors' and Officers' Liability Insurance. The Association shall maintain a policy of directors' and officers' liability insurance with coverage in the amount of not less than One Million Dollars (\$1,000,000).

12.2 Additional Requirements. Insurance policies obtained by the Association are governed by the following provisions:

(a) All policies shall be written with the State of Oregon or a company licensed to do business in the State of Oregon that falls into a B general policy holder's rating or a financial performance index of 6 or better, as designated in Best's Key Rating Guide, or an A or better rating from Demotech.

(b) All losses under policies hereafter in force regarding the property shall be settled exclusively with the Board of Directors or its authorized representative. Proceeds of the policies shall be paid to the Association as trustee for the Owners and mortgagee as their interests may appear, or upon demand of any mortgage, to an insurance trustee acceptable to the Association and mortgagees of Lots.

12.3 Insurance Deductible.

(a) Determination of Deductible; Notice.

(1) Determination of Deductible by Board. Subject to Paragraph (2) of this subsection, the Board of Directors shall determine the amount of the deductible for property loss insurance policies, and any other insurance policies obtained by the Association under the Declaration, these Bylaws or law. In determining the deductible under the policies, the Board, among other factors, shall take into consideration the availability, cost, and loss experience of the Association. In making the determination, as in other Board responsibilities, the Board members shall exercise their reasonable business judgment.

(2) Maximum Deductible. The deductible for property loss insurance policies may not exceed the maximum deductible acceptable to Federal National Mortgage Association ("Fannie Mae"). However, by a binding vote of the Owners under Section 3.7 above, the Owners may authorize the deductible for property loss insurance to exceed the maximum acceptable to Fannie Mae.

(b) Responsibility for Payment of Deductible. The Board of Directors shall adopt a resolution that specifies the responsibility for payment of the deductible amount. The resolution must include, but need not be limited to:

(1) Under what circumstances the deductible will be assessed against:

(A) An individual Lot or Owner or Owners affected by a loss.

(B) All Owners.

(2) The allocation of the deductible assessed under Paragraph (1) of this subsection.

(c) Notice. The Board of Directors shall:

(1) Give written notice to the Owners of the amount of the deductible under the Association policies and any change in the deductible proposed in renewal or replacement insurance policies not later than ten (10) days after the effective date of the change.

(2) Not later than ten (10) days after the adoption of a resolution under Subsection (b) of this section, cause a copy of the adopted resolution to be delivered to each Lot or mailed to the mailing address of each Lot or to the mailing address designated in writing by the Owner.

12.4 Board Resolution Governing Insurance.

(a) In addition to the resolution required under Section 12.3 above, the Board of Directors may adopt a resolution specifying:

(1) A procedure for processing insurance claims that may require all claims against the Association's insurance to be processed through and coordinated by the Board of Directors or any managing agent.

(2) If there is duplicate insurance coverage by the Association and any Owner, which insurance policy is considered primary when not otherwise specified in the Declaration or these Bylaws.

(3) Responsibility for payment of charges for handling claims, including any charges by a management agent.

(b) Not later than ten (10) days after adoption of a resolution under Subsection (a) of this section, the Board of Directors shall cause a copy of the adopted resolution be delivered to each Lot or mailed to the mailing address of each Owner or to the mailing address designated in writing by the Owner.

ARTICLE 13 **AMENDMENTS**

13.1 Proposal of Amendments. Amendments to the Bylaws may only be proposed by a majority of the Board of Directors or by Owners holding thirty percent (30%) or more of the voting rights. The proposed amendment must be reduced to writing and must be included in the notice of any meeting at which action is to be taken thereon.

13.2 Adoption.

(a) Amendments may be approved by the Owners at a constituted Association meeting or by written ballot in lieu of a meeting in accordance with Section 4.8 above. Subject to Subsection (b) of this section, a vote of a majority of the Owners is required for approval of any amendment.

(b) In accordance with ORS 94.635(18), if any provision required to be in a declaration under ORS 94.580 (2007 Edition) is included in these Bylaws, the voting requirements for amending the Declaration also govern the amendment of the provision in these Bylaws.

13.3 Execution; Recording. An amendment is not effective until the amendment is:

(a) Executed and acknowledged by the president and secretary of the Association;

(b) Certified by the president and secretary of the Association as being adopted in accordance with these Bylaws and the applicable provisions of the Act; and

(c) Recorded in the office of the recording officer of Clackamas County, Oregon.

ARTICLE 14 **GENERAL PROVISIONS**

14.1 Notices.

(a) Association. All notices to the Association or the Board of Directors shall be sent 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 of Directors may designate from time to time.

(b) Owners. All notices to any Owner shall be sent to such address as may be designed in writing by an Owner, from time to time, to the Board of Directors. If no address has been designated, then notice shall be sent to the Owner's Lot. If a Lot is jointly owned or the Lot has been sold under a land sale contract of sale, notice shall 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 Lot is sufficient.

(c) Waiver. Whenever any notice is required to be given under the Act or the Oregon Nonprofit Corporation Act, as they exist or may be amended in the future, or under the provisions of the Declaration, Articles of Incorporation or these Bylaws, a waiver of notice in writing signed by the person or persons entitled to the notice, whether before or after the time stated in the document or law, is deemed equivalent to the giving of the notice.

14.2 Electronic Communications.

(a) Subject to Subsections (b) and (c) of this section, notwithstanding any requirement under the Declaration, these Bylaws, the Act or Oregon Nonprofit Corporation Act, in the discretion of the Board of Directors, any notice, information or written material required to be provided an Owner under the Declaration, these Bylaws or law, may be given by electronic mail, facsimile or other form of electronic communication acceptable to the Board of Directors

in accordance with rules prescribed by resolution of the Board, except notices relating to the following matters:

- (1) Failure to pay an assessment.
- (2) Foreclosure of the Association lien under ORS 94.709.
- (3) Action the Association may take against the Owner.
- (4) Offer to use dispute resolution program required under ORS 94.630.

(b) At the time notice, information or written material is to be provided an Owner under subsection (a) of this section, to the extent that this section conflicts with a provision of the Act or Oregon Nonprofit Corporation Act prescribing the method or form of notice for specific actions or for delivery of information or other matter the applicable act governs.

(c) An Owner may not be required to receive any notice, information or material by any form of electronic communication. Any rules adopted under Subsection (a) of this section must provide for Owners to receive the notice, information or written material in the manner required under the Governing Documents, the Act or applicable law.

14.3 Compliance and Enforcement.

- (a) Compliance. Each Owner and occupant (including tenants) of a Lot shall comply with the provisions of these Bylaws and the rules and regulations and the Act.
- (b) Violations of Bylaws. The violation of any provision of these Bylaws or rule or regulation gives the Board of Directors, acting on behalf of the Association, the right to, in addition to any other rights set forth in the Declaration or these Bylaws, the remedies specified in Article 11 of the Declaration.
- (c) Action by Owners. An aggrieved Owner may bring an action against another Owner or the Association for violations of, or for failure to comply with, these Bylaws or any rules or regulations as provided under Article 11 of the Declaration.

14.4 Waiver, Precedent and Estoppel. No restriction, condition, obligation, or provision contained in these Bylaws or rules and regulations adopted pursuant to these Bylaws may be deemed to have been abrogated or waived by the Association or an Owner by reason of any failure to enforce the same, irrespective of the number of violations or breaches thereof that may occur. Any failure to enforce the same may not be deemed to constitute precedent or estoppel impairing the right of the Association as to any similar matter.

14.5 Severability; Number; Construction; Captions.

(a) Severability. The invalidity of any part of these Bylaws does not impair or affect in any manner the validity, enforceability, or effect of the balance of these Bylaws.

(b) Number; Construction. As used in these Bylaws:

(1) The singular includes the plural and the plural the singular as the context requires.

(2) "May not" and "shall not" are equivalent expressions of an absolute prohibition.

(3) The masculine and neuter each include the masculine, feminine, and neuter, as the context requires.

(c) Captions. All captions used in these Bylaws are intended solely for convenience of reference and in no way limit any of the provisions of these Bylaws.

14.6 Conflicts

(a) These Bylaws are intended to comply with the Act to the extent applicable, the Oregon Nonprofit Corporation Act, and the Declaration. In case of any irreconcilable conflict, the acts, subject to ORS 65.959 and 94.770, and the Declaration control over these Bylaws or any rules and regulations.

(b) In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles control to the extent consistent with the Act and the Oregon Nonprofit Corporation Act.

IN WITNESS WHEREOF, the President and Secretary of W.C.E. Homeowners Association, Inc., an Oregon nonprofit corporation hereby certify that the Amended and Restated Bylaws of W.C.E. Homeowners Association, Inc. were approved by the required percentage of Owners.

**W.C.E. HOMEOWNERS ASSOCIATION,
INC.**, an Oregon nonprofit corporation

By: 

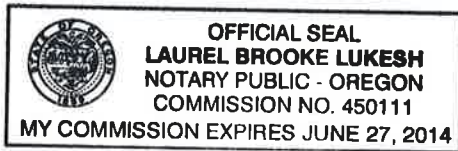
Its President

By: 

Its Secretary

STATE OF OREGON)
) ss. March 03, 2013
County of Clackamas)

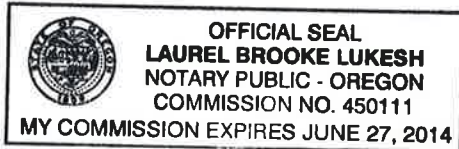
Personally appeared before me the above-named David J. Koch and who, being duly sworn, did say that he is the President of W.C.E. HOMEOWNERS ASSOCIATION, INC., and that said instrument was signed in behalf of said corporation by authority of its Board of Directors; and they acknowledged said instrument to be its voluntary act and deed.



Laurel Lukesh
Notary Public for Oregon

STATE OF OREGON)
) ss. March 03, 2013
County of Clackamas)

Personally appeared before me the above-named Viki Carlin and who, being duly sworn, did say that she is the Secretary of W.C.E. HOMEOWNERS ASSOCIATION, INC., and that said instrument was signed in behalf of said corporation by authority of its Board of Directors; and they acknowledged said instrument to be its voluntary act and deed.



Laurel Lukesh
Notary Public for Oregon