

90-17809

RESTATED BYLAWS

OF

ALBERELLO OF SUNRIVER HOMEOWNERS' ASSOCIATION, INC.

ARTICLE I

PLANNED COMMUNITY PLAN OF LOT OWNERSHIP

Section 1. Lot Ownership. The Property, located at Sunriver in Deschutes County, Oregon, known as ALBERELLO AT SUNRIVER, has been platted into lots and common area as more fully shown on the plat filed in the Plat Records of Deschutes County.

Section 2. Bylaws Applicability. The provisions of these Bylaws are applicable to the Property, the Homeowners' Association and the entire management structure thereof.

Section 3. Personal Application. All present or future Owners, tenants, occupants, future tenants or their employees, or any other person that might use the facilities of Alberello in any manner, are subject to the regulations set forth in these Bylaws.

Section 4. Definitions. Article I of the Declaration is incorporated herein by this reference and the terms defined therein shall have the same meaning and reference throughout the provisions of these Bylaws.

The acquisition, occupancy or rental of any of the Lots of Alberello or the mere act of occupancy of any said Lots will constitute acceptance and ratification of these Bylaws and agreement to comply with all the provisions hereof.

ARTICLE II

ASSOCIATION MEMBERSHIP, VOTING,
MAJORITY OF OWNERS, QUORUM, PROXIES

Section 1. Membership in the Association. Upon recordation of a conveyance or contract to convey a Lot, the grantee or purchaser named in such conveyance or contract shall automatically be a member of the Association, and shall remain a member of said Association until such time as such person's ownership ceases for any reason. For all purposes of the Declaration, and the administration of the property, Lot ownership shall be determined from the records maintained by the Association. The record shall be established by the Owner filing with the Association a copy of the deed to or land sale contract for his Lot, to which shall be affixed the certificate of the recording officer of the County of Deschutes, Oregon, showing the date and place of recording of such

deed or contract. No person shall be recognized as an Owner unless a copy of the deed or contract has been filed with the Association as provided above showing him to be the current Owner or contract purchaser of a Lot. Membership is appurtenant to and may not be separated from the ownership of any Lot.

Section 2. Voting Rights. Each Owner shall be entitled to one (1) vote for each Lot owned with respect to all matters upon which owners are entitled to vote, and the total number of votes shall be equal to the total number of Lots at Alberello. When more than one (1) person or entity owns a Lot, the vote for such Lot may be cast as they shall determine, but in no event will fractional voting be allowed. Fractionalized or split votes shall be disregarded, except for purposes of determining a quorum.

Section 3. Majority of Owners. As used in these Bylaws, the term "majority" shall mean those Owners holding over fifty percent (50%) of the voting rights allocated to the Owners in accordance with the Declaration and Section 2 above. "Majority of Owners present" shall mean Owners holding over fifty percent (50%) of the votes present at any legal meeting.

Section 5. Proxies. Votes may be cast in person or by proxy. Proxies must be filed with the Secretary before or during the appointed meeting. The proxies may require the holder to cast a vote for or against any special proposal set out in the notice calling the meeting. A meeting of the Association may be by proxy ballot, as the Directors may elect, rather than at a formal gathering. Ballots for such meetings must be properly executed and returned in sufficient quantity to constitute a quorum and to pass the proposal specifically propounded on the ballot. Unless withdrawn, a proxy given to another person to vote at a specific meeting shall also be valid at an adjourned meeting called under the provisions of Article III, Section 6. No proxy shall be valid for a period exceeding twelve (12) months after it was signed. Unsigned proxies are invalid.

Section 6. Authority to Vote. All Owners shall be entitled to vote, including those who have leased their premises to a third party. An Owner's right to vote may not be revoked. A purchaser under a land sale contract entitled to immediate possession of the Lot shall be deemed the Owner thereof, unless otherwise provided in such contract.

Section 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 him in such capacity, whether or not the same shall have been transferred to his name; provided, that he shall satisfy the secretary that he is the executor, administrator, guardian or trustee, holding such 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 such 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 such protest, no one co-owner shall be entitled to vote without the approval of all co-owners. In the event of disagreement among the Owners, the vote of such Lot shall be disregarded for all purposes, except determining the total number of votes present at any meeting.

ARTICLE III

ADMINISTRATION

Section 1. Association Responsibilities. The Owners will constitute the Association which will have the responsibility of administering Alberello, approving the annual budget, establishing and collecting monthly assessments and arranging for the operation, management and maintenance of Alberello, including negotiating and contracting with and supervising any person, persons or business entity with respect to such matters. Except as otherwise provided in the Declaration or these Bylaws, decisions and resolutions of the Association shall require approval by a majority of Owners present at any legal meeting. A legal meeting is one duly called pursuant to these Bylaws where a quorum is present in person or by proxy at a formal gathering, or if the meeting is held by ballot, when ballots are returned representing more than forty percent (40%) of the vote.

Section 2. Place of Meetings. Formal meetings of the Association shall be held at a location in Sunriver or such other suitable place convenient to the Owners as may be designated by the Board. The vote of a ballot meeting shall be determined by the Board within forty-eight (48) hours of the deadline for return of ballots. Each Owner shall 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 ten (10) days after the ballots have been counted.

Section 3. Annual Meetings. Annual meetings of the Association shall be held during Labor Day weekend. At the discretion of the Board, the date for the annual meetings may be changed from time to time. Any change of the regular date shall require at least sixty (60) days prior notice to the Members. At such meetings, new members of the Board shall be elected by the Owners in accordance with the requirements of Section 5 of Article IV of these Bylaws, to replace those directors whose terms have expired. The Owners may also transact such other business of the Association as may properly come before them.

Section 4. Special Meetings. It shall be the duty of the President to call a special meeting of the Owners as directed by resolution of the Board or upon a petition signed by ten percent (10%) or more of the Owners having been presented to the Secretary. All meetings called because of petition of Owners shall be held at a formal gathering and not by ballot, and shall be held within sixty (60) days after receipt of the petition. The notice of any

special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice unless by consent of all the Owners of the Lots or as otherwise set out in these Bylaws.

Section 5. Notice of Meetings. It shall be the duty of the Secretary to mail a notice of each annual, special or meeting by ballot, stating the purpose thereof and the time and place where it is to be held, to each Owner of record at least seven (7) but not more than fifty (50) days prior to such meeting or the date when ballots for a ballot meeting are required to be returned. The mailing shall be to the Owner's address last given the Secretary in writing by the Owner or his vendee. If Lot ownership is split or the Lot has been sold on a contract, notice shall be sent to a single address, of which the Secretary has been notified in writing by such parties. If no address has been given the Secretary in writing, then mailing to the Alberello Lot shall be sufficient. The mailing of a notice in the manner provided in this Section shall be considered notice service.

Section 6. Adjourned Meetings. 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 forty-eight (48) hours nor more than ten (10) days from the time the original meeting was called. The adjournment provisions of this Section do not apply to meetings by ballot.

Section 7. Order of Business. The order of business at all meetings of the Owners of Lots shall 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.

Section 8. Nominating Committee. At least 60 days prior to the Annual Meeting, the Board shall appoint a three-member Nominating Committee consisting of at least one non-board member. The committee shall elect its own chairman, and at least 30 days prior to the Annual Meeting shall inform the Board of Directors of the names of the owners the committee has nominated as candidates for the Board of Directors. The nominations of the nominating committee shall not be exclusive. Additional owners may be nominated from the floor at the Annual Meeting.

ARTICLE IV

BOARD OF DIRECTORS

Section 1. Number and Qualification. The affairs of the Association shall be governed by a Board composed of five (5) persons, all of whom must be an Owner or the co-owner of a Lot. An officer or employee of a corporation, or the trustee of a trust, or personal representative of an estate, or an employee of the trust or estate may serve on the Board, if the corporation, trust or estate owns a Lot.

Section 2. Powers and Duties. The Board shall have the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are not by law or by these Bylaws directed to be exercised and done by the Owners.

Section 3. Other Duties. In addition to duties imposed by these Bylaws or by resolutions of the Association, the Board shall have authority to carry out and be responsible for the following matters:

(a) Care, upkeep and supervision of the Common Property.

(b) Establishment and maintenance of replacement reserve accounts and such other reserve accounts as are permitted by these Bylaws and may seem prudent to the Board.

(c) Designation and collection of monthly assessments from the Owners, in accordance with these Bylaws and the Declaration.

(d) Establishment of a budget, payment of all common expense of the Association and institution and maintenance of a system for payment of all invoices, which shall require a sufficient number of signatories thereon as may be reasonably necessary to prevent any misuse of Association funds.

(e) Obtaining and maintaining insurance policies and payment of premiums therefor out of the common expense funds in respect to both the Common Property and Living Units as more specifically provided in Article VIII of these Bylaws.

(f) Designation and dismissal of the personnel necessary for the maintenance and operation of Alberello.

(g) Causing the preparation and distribution of annual financial statements of the Association to each of

the Owners as more specifically provided in Article X, Section 5. and filing the Association's income tax returns as may be required by federal and state laws.

(h) Adoption and amendment of administrative rules and regulations governing the details of operation and use of the Common Property. Provided, however, any such rules or regulations shall always be subject to rescission or amendment by the Association upon majority vote of Owners present at any properly called meeting.

(i) Create and maintain reasonable records of the Association's affairs including proper financial records and copies of the Declarations, Bylaws and any rules and regulations.

Section 4. 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 shall authorize, including, but not limited to, the duties listed in Section 3 of this Article.

Section 5. Election and Term of Office. Directors shall be elected to serve terms of three (3) years. The terms shall alternate so that the terms of two directors expire in one year, the term of two directors in the following year and the term of the remaining director shall expire the following year. The Directors shall hold office until their successors have been elected and hold their first meeting. The Association may increase or decrease the number of Directors and length of terms for which each is elected upon amendment of this Section 5.

Section 6. Vacancies. Vacancies on the Board caused by any reason other than the removal of a Director by a vote of the Association shall 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; and each person so elected shall be a Director until a successor is elected upon expiration of the term for which such person was elected by the other Directors to serve.

Section 7. Removal of Directors. At any legal annual or special meeting, other than a meeting by ballot, any one or more of the Directors may be removed with or without cause, by a majority vote and a successor may be then and there elected to fill the vacancy thus created. Any Director whose removal has been proposed by the Owners shall be given an opportunity to be heard at the meeting. Any Director or Directors who fail(s) to attend three (3) successive meetings of the Board which have been properly called, or who has failed to attend more than one-third (1/3) of the Board meetings during a twelve (12) month period which have been properly called, may be removed by a majority of the remaining Directors.

Section 8. Regular Meetings. Regular meetings of the Board may be held at such time and place as shall be determined, from time to time, by a majority of the Directors. Notice of regular meetings of the Board may be called by the President on three (3) days' notice to each Director, given personally or by mail, telephone or telegraph, which notice shall state the time, place (as hereinabove provided) and purpose of the meeting.

Section 9. Special Meetings. Special meetings of the Board may be called by the President or Secretary or on the written request of at least three (3) Directors. Special meetings of the Board may be called on three (3) days' notice to each Director, given personally or by mail, telephone or telegraph, which notice shall state the time, place (as hereinabove provided) and purpose of the meeting.

Section 10. Waiver of Notice to Directors. Before, at or after any meeting of the Board, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice to Directors shall be required and any business may be transacted at such meeting.

Section 11. Board of Directors' Quorum. At all meetings of the Board, a majority of the existing Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors shall be the acts of the Board. If at any meeting of the Board there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 12. Board of Directors Meetings Open to All Association Members. All meetings of the Board shall be open to any and all members of the Association. Provided, however, no Association member shall have a right to participate in the Board meetings unless such member is also a member of the Board. The President shall have authority to exclude any Association member who disrupts the proceedings at a meeting of the Board.

Section 13. Telephonic Meetings. In the event Board members cannot reasonably assemble to deal with a time critical issue, a telephonic meeting may be held by the Board. Such telephonic meetings shall be carried on by means of a "conference call" in which each Director may speak with any of the other Directors. The Directors shall keep telephone numbers on file with the President to be used for telephonic meetings. No notice to either Directors or Association members shall be required for a telephonic meeting of the Board to be held for any emergency action. Provided, however, no such telephonic meeting shall occur unless at least sixty percent (60%) of the Board participate in the same and after

an attempt has been made to call each Director at the telephone number maintained on file with the Board for such purpose.

Section 14. Compensation of Directors. No Director shall be compensated in any manner, except for out-of-pocket expenses, unless such compensation is approved by vote of the Owners.

ARTICLE V

OFFICERS

Section 1. Designation. The principal officers of the Association shall be a President, a Vice President, a Secretary and a Treasurer, all of whom shall be elected by the Directors. The Directors may appoint an assistant treasurer and an assistant secretary, and any such other officers as in their judgment may be necessary.

Section 2. Election of Officers. The officers of the Association may be elected by the Board, and shall hold office at the pleasure of the Board.

Section 3. Removal of Officers. Upon an affirmative vote of a majority of the members of the Board, any officer may be removed, either with or without cause, and his successor elected at any regular or special meeting of the Board.

Section 4. President. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the Board. He shall have all of the general powers and duties which 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 he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association.

Section 5. Vice President. The Vice President shall serve as the chief executive officer of the Association in the absence of the President. The President may designate certain other duties to be performed by the Vice President including delegation of one or more of the duties of the President.

Section 6. Secretary. The Secretary shall keep the minutes of all meetings of the Board and the minutes of all meetings of the Association; he shall have charge of such books and papers as the Board may direct; and he shall, in general, perform all the duties incident to the office of Secretary.

Section 7. Treasurer. The Treasurer shall have responsibility for Association funds and securities not otherwise held by the managing agent, and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He shall be 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.

Section 8. Directors as Officers. Any Director may be an officer of the Association.

ARTICLE VI

OBLIGATIONS OF THE OWNERS

Section 1. Assessments. All Owners are obligated to pay monthly assessments imposed by the Association to meet all the Association's general common expenses, which shall include premiums for insurance required or permitted under Article VIII of these Bylaws.

The monthly assessment of Lots shall include the following items, which shall be common expenses:

(a) Expense Items:

- (i) Expenses of administration.
- (ii) Expenses of maintenance, repair or replacement of all improvements and buildings on the Common Property.
- (iii) Any deficit in common expenses for any prior period.
- (iv) Utilities for the Common Property and other utilities with a common meter or commonly billed, such as water and sewer.
- (v) The cost of any professional management desired by the Board.
- (vi) Premiums for insurance policies procured by the Association.
- (vii) Any other items properly chargeable as an expense of the Association.

(b) Reserve Items:

- (i) A Common Property Reserve Account for replacements by the allocation and payment quarterly to such reserve account of an amount determined by the Directors, which amount shall be assessed against all Lots, regardless of whether they have been improved with a substantially completed Living Unit. The Common Property Reserve Account is for the purpose of effecting replace-

ments of structural elements, mechanical equipment and other improvements to the Common Property. Payment into this account shall be deemed a contribution to capital improvement as and when made. The purpose of the Common Property Reserve Account is to create a fund for replacement of those improvements to the Common Property all or part of which will normally require replacement in more than three (3) years and less than thirty (30) years. The Common Property Reserve Account created hereunder shall be funded by assessment against the individual Lots. Such reserve accounts shall take into consideration the estimated remaining life of the items for which the reserves are created and the estimated replacement cost of such items. The amount of the periodic payments to the reserve accounts shall be adjusted at regular intervals to recognize changes in replacement costs over a period of time. The reserve accounts shall be used only for replacement of improvements to the Common Property and shall be kept separate from accounts for maintenance.

(ii) A Living Unit Reserve Account for replacements by the allocation and payment quarterly to such reserve account of an amount determined by the Directors, which amount shall be assessed against all Lots, regardless of whether they have been improved with a substantially completed Living Unit. The Living Unit Reserve Account is for the purpose of creating a fund to pay for the maintenance, painting, staining, resurfacing, repair and replacement of the exterior of living units, including without limitation, the siding, trim, rain gutters, roofs and chimneys, but not including the windows, window frames, doors, door frames, and door jambs (excepting for the painting of these excluded items). Payment into this account shall be deemed a contribution to capital improvement as and when made. This Living Unit Reserve Account is intended to provide for replacement of those exterior portions of the Living Units described above all or part of which will normally require replacement in more than three (3) years and less than thirty (30) years. The Living Unit Reserve Account created hereunder shall be funded by assessment against the individual Lots. Such reserve accounts shall take into consideration the estimated remaining life of the items for which the reserves are created and the estimated replacement cost of such items. The amount of the periodic payments to the reserve accounts shall be adjusted at regular intervals to recognize changes in replacement costs over a period of time. This reserve account shall be used only for maintenance, repair and maintenance of improvements of those portions of the Living Unit described above and shall be kept separate from accounts for maintenance.

(iii) A general operating reserve account by allocation and payment thereto quarterly of an amount determined by the Board. The existence of this reserve fund shall be discretionary with the Board.

(iv) Such other special reserve funds as may be set up by the Directors by special assessments of the Owners who benefit thereby as may be required by the Declaration or otherwise determined by the Association to be appropriate.

The reserve accounts shall be kept in an account with a safe and responsible depository, shall be accounted for separately from the Association's operating funds and, if invested, the obligation or security shall 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. Provided, however, nothing herein shall 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 shall have any individual rights in any of these reserves, although it is understood that the value of their respective Lots may increase in proportion to each Lot's right to receive repair, maintenance and replacement therefrom.

Section 2. Budget; Income Tax Returns; Determination of Fiscal Year.

(a) The fiscal year of the Association shall be the calendar year unless otherwise determined by the Board.

(b) The Board, in its sole discretion, shall determine the manner in which all necessary income tax returns are filed and of selecting any and all persons to prepare such tax returns.

(c) At least sixty (60) days before the beginning of each fiscal year, the Board shall adopt a budget for the Association containing an estimate of the total amount considered necessary to pay the cost of maintenance, management, operation, repair and replacement of the Common Property and the cost of wages, materials, insurance premiums, services, supplies and other expenses that may be declared to be common expenses by the Declaration, Bylaws, or a resolution of the Association and which will be required during the ensuing fiscal year for the administration, operation, maintenance and repair of Alberello and the rendering to the Owners of all related services.

Such budget shall also include such reasonable amounts as the Board considers necessary to provide working capital, a general operating reserve and reserves

for contingencies and replacements. The amount designated for replacement reserves shall be adjusted annually to reflect current replacement costs. At least thirty (30) days before the beginning of each fiscal year, the Board shall send to each Owner a copy of the budget in a reasonably itemized form which sets forth the amount of the common expenses and any special assessment payable by each Owner. Such budget shall constitute the basis for determining each Owner's assessment for the common expenses of Alberello.

(d) The failure of the Board to timely prepare and/or to present a budget to the Owners shall not be cause for any Owner to fail or refuse to pay assessments. Assessments shall continue, based upon the last adopted or accepted budget, until a new budget is created and announced. Retroactive increases and/or special assessments may be made by the Board to make up for any deficiency.

(e) In the event the Board fails to timely adopt a budget for a new fiscal year, Owners holding a majority of the votes of the entire Association, at any general or specially called meeting, may adopt such a budget, announce it to the Owners and immediately commence assessments based on the newly-adopted budget. Additionally, at any general or specially called meeting, Owners holding a majority of the votes of the entire Association may amend any budget adopted by the Board. Thereafter, assessments to Owners shall be based on the budget as so amended until a new budget is adopted in accordance with this Section 2.

Section 3. Default. Failure by an Owner to pay any assessment of the Association shall be a default by such Owner of his obligations pursuant to these Bylaws and the Oregon Planned Community Act. In addition to the interest which may be charged on delinquent assessments, the Board, at its option, may impose a late charge penalty in respect to any monthly assessment not paid within ten (10) days from the due date. Such penalty may not exceed the sum of ten percent (10%) of the monthly assessment. The Association shall be entitled to a lien which may be enforced upon compliance with the provisions of the Oregon Planned Community Act. (It is not intended that the Oregon Planned Community Act generally be adopted and applied to Alberello. However, the enforcement and collection of assessments and foreclosure of assessment liens shall follow the provision of that Act.) In any foreclosure suit by the Association with respect to such lien, the Association shall be entitled to collect reasonable rent from the defaulting Owner for the use of his Lot or shall be entitled to the appointment of a receiver.

Section 4. Maintenance and Repair.

(a) Except as otherwise specifically provided in the Declaration and Bylaws, every Owner must perform promptly all maintenance and repair work within his own Lot, which if omitted would affect the party wall(s) or Common Property, and shall be responsible for the damages and liabilities that his failure to do so may cause.

(b) All repairs of internal installations of each Living Unit, such as water, lights, gas, power, sewage, telephones, air conditioners and sanitary installations, doors, windows, lamps and all other accessories belonging to the Living Unit area shall be at the sole expense of the Owner of such Living Unit.

(c) An Owner shall reimburse the Association for any expenditures incurred in repairing or replacing any Common Property and/or facility damaged through his fault, not otherwise covered by insurance policies carried by the Association for the Owner's and Association's benefit.

Section 5. Right of Entry; Encroachments; Easements for Maintenance.

(a) In case of an emergency originating in or threatening his Lot, an Owner shall grant the right of entry to the management agent or to any other person authorized by the Board or the Association, whether the Owner is present at the time or not.

(b) An easement is reserved to the Association in and through any Lot and the Common Property providing access at reasonable times and with reasonable notice for purposes of maintenance, repair and replacement of the Common Property. If, in the process of such repair and maintenance by the Association, it is necessary to alter or damage any Lot or Common Property, such alterations or damages will be permitted without compensation, provided the Lot and/or Common Property are promptly restored to substantially their prior condition by the Association.

ARTICLE VII

USE AND OCCUPANCY RESTRICTIONS; RULES OF CONDUCT

Failure by an Owner (his family, invitees or lessees) to comply with the rules of conduct and restrictions set forth hereinafter or others promulgated by the Board shall be cause for which the Board may deny or restrict such Owner's right to use any

common element facility with respect to which such Owner otherwise had a right of use.

Section 1. Use as Private Dwelling Only. Each of the Living Units will be occupied as a single household private dwelling or vacation home by its Owner or his tenants, visitors and guests and for no other purpose. All Common Property shall be used in a manner conducive to such purpose. No Owner shall be permitted to lease his Lot or Living Unit for a period of less than sixty (60) days. No Owner may lease less than the entire Living Unit. Any lease agreement shall be required to provide that the terms of the lease shall be subject in all respects to the provisions of the Declaration and the Bylaws and that any failure by the lessee to comply with the terms of such documents shall be a default under the lease. All leases shall be required to be in writing, and shall be subject to such other restrictions as are set forth in the Declaration and Rules and Regulations of the Association.

Section 2. Use of the Common Property. No Owner shall place or cause to be placed on any portion of the Common Property any trash, structure, equipment, improvement, furniture, package or object of any kind. Such areas shall be used for no purpose other than what is normal.

Section 3. Domestic Animals. No poultry, fowl, livestock, horses or other animals shall be kept on any Lot, except that the Owner of each Lot may keep not more than two pets, only dogs or cats, which shall be confined to enclosed areas on such Owner's Lot or shall be kept on a leash in the Owner's presence. Additionally, Owners of pets shall abide by all applicable leash laws and sanitary regulations and the pet rules and regulations adopted by SROA. Dogs and cats shall not be kept, bred or raised for commercial purposes. The Board shall have the right to require any Owner to remove any pet that is a nuisance or that disturbs the right of occupants of the Property to the quiet enjoyment of the Property. Any dispute arising out of this Section shall be decided by a majority of the Board. Any decision of the Board on this matter shall be binding upon the member or members affected.

Section 4. Appearance of Living Units. No Owner will cause anything to be hung, displayed, or placed on the walls, doors, windows, roof or exterior of any Living Unit or otherwise change the appearance of any Living Unit without compliance with the Declaration and Bylaws. No "For Sale" signs will be allowed on any part of the Property without the prior written consent of the Board, except that the Declarant may post reasonable signs in reasonable places on the Property advertising any unsold Lot for sale.

Section 5. Nuisances. No nuisances will be allowed upon the Property, nor any use or practice that is the source of annoyance to residents or which interferes with the peaceful possession and proper use of the Property by its residents. Residents shall exercise extreme care about creating disturbances, making noises or

using musical instruments, radios, televisions and amplifiers that may disturb other residents. All parts of Alberello will be kept in a clean and sanitary condition, and no rubbish, refuse or garbage allowed to accumulate, nor any fire hazard allowed to exist. All such garbage and trash shall be placed inside disposal containers. No Owner will permit any use of his Lot or make any use of the Common Property that will increase the cost of insurance upon the Common Property.

No Owner shall hang garments, rugs and similar items from the windows or from any of the facades, decks or doors of the Living Units, nor shall any Owner hang or shake dust rags, mops and similar items from the windows or porches or decks, or clean such items by beating on an exterior part of the Living Unit.

Section 6. Improper, Offensive or Unlawful Use. No improper, offensive or unlawful use will be made of the Property nor any part of it; all valid laws, zoning ordinances and regulations of governmental bodies having jurisdiction will be observed. The responsibility of meeting the requirements of governmental bodies for maintenance, modification or repair of the Property will be carried out and paid for in the same manner as the responsibility for the maintenance and repair of the Property concerned.

Section 7. Parking. The parking spaces located on the Common Property are intended for use of automobiles of Owners and guests. The Directors may make such rules as may be necessary to govern the use of any Common Property parking areas by which all Owners and other users shall be bound.

Section 8. Vehicle Restrictions. Vehicular traffic on the parking areas and driveways on Property shall be limited to ten (10) miles per hour as a safety precaution. This speed limit shall apply to bicycles, motor scooters, motorcycles, automobiles and trucks. No recreational vehicles, campers, trailers, boats, boat trailers, vehicles in disrepair or similar objects may be parked or kept outdoors on any Lot or the Common Property. Motorcycles used by owners as a principal means of transportation may be parked in appropriate areas of the Common Property. Provided, however, recreational vehicles and equipment may be temporarily parked in appropriate areas of the driveway and parking portions of the Common Property.

Section 9. Skateboards Prohibited. No skateboards shall be permitted on any portion of the Property, including, without limitation, any street, sidewalk, driveway or any other portion of any Lot or Common Property.

Section 10. Storage of Recreational Vehicles. Recreational vehicles and equipment, including but not limited to, motorcycles, motor homes, campers, boats, boat trailers, utility trailers, snowmobiles, rafts, canoes, tents and camping equipment may be stored by an owner in his garage, provided the garage door is kept closed. During the daylight hours, bicycles may be temporarily

parked for short periods of time on the common Property and may be parked on the decks or patios of living units if placed in such a manner as to be generally out of sight from the sidewalks and pathways of the Common Property and from other living units.

Section 11. Use of Recreation and Common Facilities. Recreational buildings and facilities and play areas, and all other Common Property are provided for the use of the Owners and their guests. Rules and regulations may be adopted by the Board, setting out the hours the various facilities will be available for use, and the conditions attendant thereto. Compliance with such rules as determined by the Board is essential to the harmonious operation of the facilities.

Section 12. Additional Rules. Rules and regulations concerning other use of the Property may be made and amended from time to time by the Board of Directors. Copies of such rules and regulations will be furnished to all Owners and residents of Alberello, upon request.

ARTICLE VIII

INSURANCE

The Board shall obtain and maintain at all times insurance of the type and kind and in the amounts hereinafter provided, and including insurance for such other risks of a similar or dissimilar nature as are or shall hereafter customarily be covered with respect to other planned unit developments similar in construction and design, which insurance shall be governed by the provisions in this Article.

Section 1. Types of Insurance Policies. For the benefit of the Association and the Owners, the Board shall obtain and maintain at all times, and shall pay for out of the common expenses fund, the following insurance:

(a) A policy or policies of all-risk insurance, including, without limitation, fire and hazard insurance, with extended coverage and special form endorsement, including vandalism and malicious mischief, for the full insurable replacement costs of repair and reconstruction, if available at reasonable cost, of all insurable buildings and improvements located on the Property, including, without limitation, all improvements upon the Common Property and all Living Units.

(b) A policy or policies insuring the Association, its Board and the Owners individually, against any liability to the public or the Owners and their invitees or tenants, incident to the ownership, supervision, control or use of the Common Property. Limits of liability under such insurance shall be not less than

\$1,000,000 per occurrence for bodily injuries and property damage liability. Such limit and coverage shall be reviewed at least annually by the Board which may increase the limit of and/or coverage, in its discretion. Said policy or policies shall be issued, if possible, on a comprehensive liability basis and shall provide cross liability endorsements wherein the rights of named insured under the policy or policies shall not be prejudiced as respects his, her or their action against another named insured.

(c) 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. Provided, however, the Board shall require that all officers and employees of the Association handling or responsible for Association funds obtain fidelity bonds in an amount not less than a sum equal to three (3) months' assessments against all Lots. The premiums on such bonds shall be paid by the Homeowners' Association.

The Association shall not be responsible for any loss or damage to personal property of any Owner, whether stored on the Common Property or in the Owner's Living Unit. Nor shall the Association maintain any insurance coverage for such loss.

Section 2. Insurance Companies Authorized. All policies shall be written by a company represented by the Association's insurance agent to be of sufficient size and financial strength to assure that it will have the financial capacity to pay any claims made by the Board, the Association or any authorized unit owner in respect to any insurance policies issued by such company. Further, any company writing a policy issued to the Association under this Article VIII shall be reasonably acceptable to mortgagees of any Unit.

Section 3. Authority to Adjust Losses. All losses under policies hereafter in force regarding the Property shall be settled exclusively with the Board or its authorized representative, provided, however, that where a first mortgagee has been designated as a loss payee by an Owner, such mortgagee shall be entitled to settle losses as to the mortgaged Living Unit, provided that the loss which occurs is severable. Releases and proofs of loss shall be executed by at least two (2) directors.

Section 4. Prohibition of Contribution. In no event shall the insurance coverage obtained and maintained by the Board hereunder be brought into contribution with insurance purchased by the Association, individual Owners or their mortgagees.

Section 5. Value of Owner Improvements. Each Owner must inform the Board of the value of improvements made to his Living

Unit in excess of One Thousand Dollars (\$1,000) so that the Board may make any desired adjustments in insurance coverage.

Section 6. Provisions in Insurance Policies. The Board shall make every effort to secure insurance policies that will provide for the following:

(a) A waiver of subrogation by the insurer as to any claims against the Board, the manager, the Owners and their respective servants, agents and guests.

(b) A provision that the master policy cannot be cancelled, invalidated or suspended on account of the conduct of any one or more individual Owners.

(c) A provision that the master policy cannot be cancelled, invalidated or suspended on account of the conduct of any officer or employee of the Board without prior demand in writing that the Board or manager cure the defect.

(d) A provision that any "no other insurance" clause in the master policy exclude individual owners' policies from consideration.

Section 7. Review of Documents by Insurance Agent and/or Company. Prior to procuring any new insurance policies, and prior to the renewal date of existing policies, the Board shall ask the Association's insurance agent and/or company to review the insurance provisions of these Bylaws and advise the Board whether existing or proposed policies fulfill such insurance requirements.

Notwithstanding anything to the contrary in this Article VIII, the Board shall not be obliged to obtain insurance to the extent that the types of insurance policies, clauses or coverage otherwise required herein are not available at reasonable cost.

ARTICLE IX

AMENDMENT

Except as otherwise provided in this Article, 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 owners. Any amendment must be executed, recorded and certified as provided by law. Provided, however, no amendment of the Bylaws may effect an amendment of the Declaration or the Articles of Incorporation without compliance with the provisions of such documents and the Oregon non-Profit Corporation Act.

ARTICLE X

RECORDS AND AUDITS

Section 1. General Records. The Board and the managing agent or manager, if any, shall keep detailed records of the actions of the Board and the managing agent or manager, minutes of the meetings of the Board and minutes of the meetings of the Association. The Board shall maintain a list of Owners entitled to vote at meetings of the Association and a list of all mortgagees of Lots.

Section 2. Records of Receipts and Expenditures. The Board or its designee shall keep detailed accurate records in chronological order of the receipts and expenditures affecting the Common Property, itemizing the maintenance and repair expenses of the Common Property and any other expenses incurred. Such records and the vouchers authorizing the payments shall be available for examination by the Owners and mortgagees at convenient hours of weekdays.

Section 3. Assessment Roll. The assessment roll shall be maintained in a set of accounting books in which there shall be an account for each Lot. Such account shall designate the name and address of the Owner or Owners, the amount of each assessment against the Owners, the dates and amounts in which the assessment comes due, the amounts paid upon the account and the balance due on the assessments.

Section 4. Payment of Invoices. The Treasurer shall pay all invoices up to \$3,000 approved by the President, managing agent, manager or other person authorized by the Board. Any check in excess of \$3,000 shall require the signature of a second authorized signer for the account on which the check is drawn.

Section 5. Reports and Audits. The Board shall prepare or cause to be prepared an annual report of the receipts and expenditures of the Association and a balance sheet and income and expense statement setting forth the financial condition of the Association as at the end of each year. The report shall be prepared according to generally accepted accounting procedures and shall be distributed to all Owners and to all mortgagees of Lots within ninety (90) days after the end of each fiscal year. At any time any Owner or mortgagee may, at his own expense, cause an audit or inspection to be made of the books and records of the Association.

Section 6. Notice of Sale, Mortgage, Rental or Lease. Immediately upon the sale, mortgage, rental or lease of any Lot, the Owner shall promptly inform the Secretary or manager of the name and address of said vendee, mortgagee, lessee, or tenant.

ARTICLE XI

COMPLIANCE

These Bylaws are intended to comply with and to supplement the provisions in the Alberello Declaration. In case of any conflict between the provisions hereof and the Declaration, the provisions in the Declaration shall apply.

ARTICLE XIIINDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES AND AGENT

The Association shall 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, whether civil, criminal, administrative or investigative (other than an action by the Association) by reason of the fact that he 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 attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by said person in connection with such suit, action or proceeding if he acted in good faith and in a manner he 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 his 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, shall not of itself create a presumption that a person did not act in good faith and in a manner which he 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 conduct was unlawful. Payment under this clause may be made during the pendency of such 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 said person had no right to such payments. All persons who are ultimately held liable for their actions on behalf of the Association as a Director, officer, employee or agent shall 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 which created said liability.

ARTICLE XIIIASSESSMENT COLLECTION COSTS; SUITS AND ACTIONS

Owners shall be obliged to pay reasonable fees and costs including, but not limited to, attorney's fees incurred in connection with efforts to collect delinquent and unpaid assessments. In addition to the monthly assessment for operating expenses and the

funding of reserves, such assessments may include fees, late charges, fines and interest imposed pursuant to ORS 94.630(4)(j), (k) and (L).

In the event suit or action is commenced by the Directors for the collection of any amounts due pursuant to these Bylaws or for the enforcement of any provisions of the Declaration, Bylaws or any rules and regulations promulgated thereunder, the Owner or Owners, jointly and severally, will in addition to all other obligations, pay the costs of such suit or action, including reasonable attorneys' fees to be fixed by the trial court and, in the event of an appeal, the cost of the appeal, together with reasonable attorneys' fees in the appellate court to be fixed by such court.

ARTICLE XIV

MISCELLANEOUS

Section 1. Notices. All notices to the Association or to the Board 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 may hereafter designate from time to time. All notices to any Owner shall be sent to such address as may have been designated by him from time to time, in writing, to the Board, or if no address has been designated, then to the Owner's Lot.

Section 2. Waiver. No restriction, condition, obligation or provision contained in these Bylaws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches thereof which may occur.

Section 3. Invalidity; Number; Captions. The invalidity of any part of these Bylaws shall not impair or affect in any manner the validity, enforceability or effect of the balance of these Bylaws. Provided, however, that 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 such provision shall be deemed to remain in effect only for the maximum period permitted by law, or in the event the rule against perpetuities applies, until twenty-one (21) years after the death of the last survivor of the now living descendants of President George Bush. As used herein, the singular shall include the plural, and the plural the singular. The masculine and neuter shall each include the masculine, feminine and neuter, as the context requires. All captions used herein are

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intended solely for convenience of reference and shall in no way limit any of the provisions of these Bylaws.

DATED this 27th day of May, 1990.

The undersigned President and Secretary of the Association certify that these Restated Bylaws were adopted by the Owners at a meeting of the Association held on the 27th day of May, 1990.

Dated June 4, 1990

Thomas R. Buss
President

Dated June 1, 1990

Betty Rae Brigham
Secretary

STATE OF OREGON)
COUNTY OF DESCHUTES) ss.

I, MARY SUE PENHOLLOW, COUNTY CLERK AND
RECORDER OF CONVEYANCES, IN AND FOR SAID
COUNTY, DO HEREBY CERTIFY THAT THE WITHIN
INSTRUMENT WAS RECORDED THIS DAY:

90 JUN 21 PM 12:43

MARY SUE PENHOLLOW
COUNTY CLERK

BY: [Signature] DEPUTY
NO. 90-17809 FEE 110
DESCHUTES COUNTY OFFICIAL RECORDS