

AS AMENDED

P.O. Box 1477

CRR. OR 97720

BY-LAWS  
98-11776  
OF

486 • 0258

*Susan L. Flaherty*

CROOKED RIVER RANCH CLUB AND MAINTENANCE ASSOCIATION

ARTICLE I.

NAME AND LOCATION

The name of the corporation is CROOKED RIVER RANCH OWNERS ASSOCIATION, hereinafter referred to as the "Association." The principal office of the corporation shall be located at Crooked River Ranch, Terrebonne, Oregon, but meetings of members and directors may be held at such places within the State of Oregon as may be designated by the Board of Directors.

ARTICLE II.

DEFINITIONS

Section 1. "Association" shall mean and refer to CROOKED RIVER RANCH OWNERS ASSOCIATION, its successors and assigns.

Section 2. "Properties" shall mean and refer to that certain real property described in EXHIBIT "A" to the Declaration of Covenants, Conditions and Restrictions hereinafter referred to, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 3. "Common Area" shall mean all real property and appurtenances thereto owned by the Association for the common use and enjoyment of the members of the Association.

Section 4. "Lot" shall mean and refer to any platted Lot within the properties, as shown on a recorded subdivision plat, except for any common area.

Section 5. "Members" shall mean and refer to every person or entity who holds a membership in the Association.

Section 6. "Owner" shall mean and refer to the record owner whether one or more persons or entities of the fee simple title to any part of the properties, but excluding those having such interest merely as security for the performance of an obligation and contract vendors. Owner shall also mean contract vendees of record.

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*Vern Bowers*

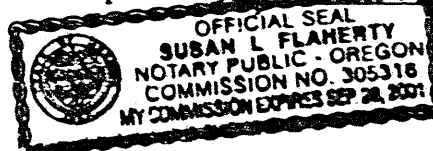
PRESIDENT/Vern Bowers

Signed this 16<sup>th</sup> day of March 19 98,

Notary Public for the State of Oregon

My Commission expires: SEP 28, 2001

Exhibit 3



Section 7. "Declarant" or "Developer" shall mean and refer to W.R. MacPherson, Trustee, his successors, heirs and assigns, if such successors, heirs or assigns should acquire more than ten undeveloped Lots or building sites from the Declarant for the purpose of development.

Section 8. "Declaration" or "Covenants" shall mean and refer to the covenants, conditions, easements and restrictions applicable to the Properties recorded in Book 48, Page 382, Deed Records of Jefferson County, Oregon.

Section 9. "Building Site" shall mean and refer to a Lot, or to any parcel of the properties under one ownership which consists of a portion of one of such lots or contiguous portions of two or more contiguous lots, provided the same

#### ARTICLE 111

#### ANNEXATION OF ADDITIONAL PROPERTY

Real property, in addition to that described in EXHIBIT "A" may be made subject to the jurisdiction of the Association, in the manner set forth in the Covenants, whereupon automatically it shall be included in any reference herein to "said property" or "said properties."

#### ARTICLE IV

#### MEMBERSHIP

Every person or entity who is an owner of a lot or building site located upon any part of the properties shall, by virtue of such ownership, be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any such lot or building site made subject to the jurisdiction of the Association. Such ownership shall be the sole qualification for membership, and shall automatically commence upon a person becoming such owner and shall automatically terminate and lapse when such ownership in said property shall terminate or be transferred.

#### ARTICLE V

#### VOTING RIGHTS

The voting rights shall be as prescribed in the Articles of Incorporation of the Association, and the covenants.

#### ARTICLE VI

#### PROPERTY RIGHTS: RIGHTS OF ENJOYMENT

Section 1. Each member shall be entitled to the use and enjoyment of the Common Area

and facilities as provided in the Protective Covenants. Any member may delegate his rights of enjoyment of the Common Area and facilities to the members of his family, his tenants or contract purchasers, who reside on the property. Such member shall notify the secretary in writing of the name of any such delegee. The rights and privileges of such delegee are subject to suspension to the same extent as those of the member.

Section 2. Irrespective of the fact that the Protective Covenants give the Association the right to charge reasonable admission and other fees for the use of any recreational facilities situated upon the Common Area, this right shall not be exercised as to members (except special fees for exclusive use of facilities consented to by those assessed, in circumstances prescribed in the Covenants), for a period of five (5) years from the date of the recordation of the Declaration, and after this period, except upon written approval of members entitled to cast two thirds (2/3) of the voting power exclusive of voting powers held by the Developer.

## ARTICLE VII

### BOARD OF DIRECTORS: ELECTION: TERM OF OFFICE

Section 1. Number. The affairs of the Association shall be managed by a Board of Nine (9) Directors; the Directors need not be members of the Association.

Section 2. Election. At the first annual meeting the members shall elect one Director for a term of one year, one Director for a term of two years, and one Director for a term of three years; and at each annual meeting thereafter the members shall elect Directors for a term of three years to fill the position of any Director whose term has expired.

Section 3. Removal. Any Director may be removed from the Board with or without cause, by a majority vote of the members of the Association. In the event of death, resignation or removal of a Director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

Section 4. Compensation. No Director shall receive compensation for any service he may render to the Association. However, any Director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 5. Action Taken Without a Meeting. The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

## ARTICLE VIII

MEETING OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held monthly (or less frequently if the Directors desire) without notice at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Association, or by any two Directors, after not less than three (3) days notice to each Director.

Section 3. Quorum. A majority of the number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors shall be regarded as the act of the Board.

## ARTICLE IX

NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the members, to serve from the close of such annual meeting of the members until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among members or non-members.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot. At such election the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

## ARTICLE X

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have power to:

- ( a ) adopt and publish rules and regulations governing the use of the Common Area and facilities, and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof;
- ( b ) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation, or the Declaration;
- ( c ) declare the office of a member of the Board of directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors; and
- ( d ) employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties.

Section 2. Duties. It shall be the duty of the Board of Directors to:

- ( a ) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members or at any special meeting, when such statement is requested in writing by one fourth (1/4) of the members who are entitled to vote,
- ( b ) supervise all officers, agents and employees of this Association and to see that their duties are properly performed;
- ( c ) as more fully provided herein, and in the Declaration, to:
  - 1) fix the amount of the assessment against each Lot at least thirty (30) days in advance of each assessment period, as hereinafter provided, and
  - 2) send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each assessment period;
- ( d ) issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;
- ( e ) procure and maintain adequate liability and hazard insurance on property owned by

the Association;

( f ) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;

( g ) cause the Common Area to be maintained; and

( h ) cause the exterior or any other part of any building on said Properties to be maintained.

## ARTICLE XI

### COMMITTEES

Section 1. The replacements for the Architectural Committee shall be appointed as provided in the Protective Covenants, and a Nominating Committee shall be appointed by the Directors as provided in these By-Laws. In addition, the Board of Directors may appoint other committees as deemed appropriate in carrying out its purposes, such as:

( a ) A Recreation Committee which shall advise the Board of Directors on all matters pertaining to the recreational program and activities of the Association and shall perform such other functions as the Board, in its discretion, determines;

( b ) A Maintenance Committee which shall advise the Board of Directors on all matters pertaining to maintenance, repair and improvement of the Properties, and shall perform such other functions as the Board in its discretion determines;

( c ) A Publicity committee which shall inform the members of all activities and functions of the Association, and shall, after consulting with the Board of Directors, make such public releases and announcements as are in the best interest of the Association; and

( d ) An Audit committee, which shall supervise the annual audit of the Association's books and approve the annual budget and statement of income and expenditures to be presented to the membership at its regular annual meeting, as provided in Article XIII, Section 8 (d). The Treasurer shall be an ex officio member of the Committee.

## ARTICLE XII

### MEETING OF MEMBERS

Section 1. Annual Meetings. The annual meeting of members shall be held at a date and time and place prescribed by members at the proceeding year's annual meeting.

Section 2. Special Meetings. Special meetings of the members may be called at any time

by the President or by the Board of Directors or upon written request of the members who are entitled to vote one fourth (1/4) of all the votes of the entire membership.

**Section 3. Notice of Meetings.** Written notice of each meeting of the members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least 15 days before such meeting to each member entitled to vote thereat, addressed to the member's address last appearing on the books of the Association, or supplied by such member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting and, in the case of a special meeting, the purpose of the meeting.

**Section 4. Quorum.** The presence at the meeting of members entitled to cast, or of proxies entitled to cast, one-tenth (1/10) of the votes of the membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Protective Covenants, or these By-Laws. If, however, such a quorum shall not be present or represented at any meeting, the members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until quorum as aforesaid shall be present or be represented.

**Section 5. Proxies.** At all meetings of members. Each member except as otherwise provided in this Section, the Articles, the Covenants, or other provisions of the By-Laws, may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically cease when said member no longer owns an interest in any Lot or Building Site upon said Properties, or is in default in payment of Association assessments. No proxy may be voted at any meeting unless validated for that meeting, by the Secretary or his designate. No proxy may be validated for the purpose of voting at any meeting unless presented to the secretary at least three (3) days and not more than one month prior to the meeting. No member may vote in person, or by proxy, when in default in payment of an Association assessment.

## ARTICLE XIII

### OFFICERS AND THEIR DUTIES

**Section 1. Enumeration of Officers.** The officers of this Association shall be a President and Vice-President, who shall at all times be members of the Board of Directors, a Secretary, and a Treasurer, and such other officers as the Board may from time to time by resolution create.

**Section 2. Election of Officers.** The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the members.

**Section 3. Term.** The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

**Section 4. Special Appointments.** The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

**Section 5. Resignation and Removal.** Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

**Section 6. Vacancies.** A vacancy in any office may be filled in the manner prescribed for regular election. The officer elected to such vacancy shall serve for the remainder of the term of the Officer he replaces.

**Section 7. Multiple Offices.** The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

**Section 8. Duties.** The duties of the officers are as follows:

**President**

(a) The President shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes.

**Vice-President**

(b) The Vice-President shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

**Secretary**

(c) The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; keep the corporate seal of the Association and affix it on all papers requiring said seal, serve notice of meetings of the Board and of the members; keep appropriate current records showing the members of the Association together with their addresses, and shall perform such other duties as are required by the Board.

**Treasurer**

(d) The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall

sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and statement of income and expenditures to be presented to the membership at its regular meeting, and deliver a copy of each to the members.

## ARTICLE XIV

### ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. By the Declaration each member is deemed to covenant and agree to pay to the Association:

- (1) Assessments or charges, and
- (2) Special assessments for capital improvements. The assessments and special assessments, together with such interest hereon and costs of collection thereof, as hereinafter provided, shall be a charge on the land and shall be continuing lien upon the property against which each assessment is made. Each such assessment, together with such interest, costs and reasonable attorney fees shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment was accrued. The lien upon said property for such charges shall affect the interest of any successor in title, but shall not be the personal obligation of any person who was not the Owner thereof at the time the same accrued unless expressly assumed by such person.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively for the purpose of promoting the recreation, health, safety and welfare of the residents in the Properties and for the purposes set forth in the Covenants.

Section 3. Basis and Maximum of annual assessments. Until January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum regular monthly assessment shall be \$15.00 for each Lot subject thereto.

(a) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum monthly assessment may be increased effective January 1 of each year by the Directors of the Association without a vote of the membership in performance with the rise, if any, of the Consumer Price Index (published by the Department of Labor, Washington, D.C., or successor U.S. Governmental Agency) from the month preceding the month in which the Covenants are recorded to the month preceding the month in which such increase becomes effective.

(b) From and after January 1 of the year immediately following the conveyance of the first Lot to an owner, the maximum monthly assessments may be increased above that determined by reference to the Consumer Price Index, as aforesaid, by a vote of the members, provided that any such increase shall be approved by the affirmative vote of not less than two thirds (2/3) of the

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votes of each class of members who are voting in person or by proxy, at a meeting duly called for this purpose, written notice of which shall be sent to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting setting forth the purpose of the meeting. The limitations hereof shall not apply to any change in the maximum flat charge and basis of the assessments undertaken as an incident to a merger or consolidation in which the association is authorized to participate under its Articles of Incorporation.

(c) After consideration of current maintenance costs and future needs of the Association, the Board of Directors, in its discretion, may fix a regular flat assessment upon a monthly, quarterly, or annual basis at an amount not in excess of the maximum specified above.

Section 4. Method of Computation when Using the Consumer Price Index. The Consumer Price Index establishes the United States City Average numerical rating (1967=100) for the month of January 1972 as 123.2. This will be the base rating. To determine the percentage to be applied to the maximum annual assessment for each subsequent year, divided this base rating into the numerical rating established by the Consumer Price Index for the month preceding the proposed assessment month. This adjustment percentage, if in excess of 100 percentum, is multiplied by the original maximum annual assessment to obtain the maximum assessment for the subsequent year.

Section 5. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy in any assessment year, a special assessment applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a described capital improvement upon the Common Areas, including the necessary fixtures and personal property related thereto, provided that any such special assessment for structural alterations, capital additions or capital improvements shall require the assent of a two-thirds (2/3) majority of the votes of each class of members who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be sent to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting setting forth the purpose of the meeting. This section shall not prohibit the Directors from authorizing capital expenditures for replacements or repairs or improvements from funds generated by regular assessments.

Section 6. Uniform Rate. Both regular periodic flat charges and any special assessments must be fixed at a uniform rate for all Lots and may be collected upon an annual, quarterly or monthly basis in the discretion of the Directors.

Section 7. Quorum for any Action Authorized Under Sections 3 and 5. At the first meeting called, as provided in Sections 3 and 5 hereof, the presence at the meeting of members or of proxies entitled to cast 60% of all the votes of each class of membership shall constitute a quorum. If the required quorum is not forthcoming at any meeting, another meeting may be called, subject to the notice requirement set forth in Sections 3 and 5, and the required quorum at any such subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the

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preceding meeting.

Section 8. Date of Commencement of annual assessments: Due Dates. The assessment provided for herein shall commence on the first day of the month following the conveyance of any Common Area to the Association. The first regular assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the assessment against each Lot at least thirty (30) days in advance of each assessment period. Written notice of the assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall upon demand at any time furnish a certificate in writing, signed by an officer of the Association, setting forth whether the assessment on a special Lot have been paid. A reasonable charge may be made by the Board for the issuance of these certificates. Such certificates shall be conclusive evidence of payment of any assessment therein stated to have been paid.

Section 9. Effect of Non-Payment of Assessments: Remedies of the Association. Any assessments which are not paid when due shall be delinquent. If assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of twelve (12%) percent per annum. The Secretary of said Association shall file in the office of the County Clerk, or appropriate recorder of conveyances of the County in which said covenants are recorded within two (2) years after delinquency, a statement of the amount of such charges or assessments, together with interest as aforesaid, which have become delinquent with respect to any lot or building site, on said properties, and the costs, expenses and attorney fees for filing said statement and upon payment in full thereof, shall execute and file proper property release of the lien, securing the same. The aggregate amount of such assessment, together with interest, costs, and expenses and reasonable attorneys fees for the filing and enforcement thereof, including fees on appeal, if any, shall constitute a lien upon the whole Lot (including any undivided interest in the common elements of any Lot and any Condominium), with respect to which it is fixed from the date the notice of deficiency thereof is filed in the office of the County Clerk, or other appropriate recording office, until the same has been paid or released as herein provided, such lien may be enforced by said Association in the manner provided by law with respect to liens upon real property. The owner of said property at the time said assessment is levied shall also be personally liable for the expenses, costs and disbursements including reasonable attorneys fees of the declarant or of the Association, for processing and if necessary enforcing such lien, all of which expenses, costs, and disbursements and attorneys fees, including fees on appeal, if any, shall be secured by said lien and such owner at the time of such assessment is accrued shall also be liable for any deficiency remaining unpaid after any foreclosure sale. No owner may waive or otherwise escape liability for the assessment provided for herein by non-use of the Common Areas or abandonment on his Lot.

Section 10. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any mortgage or mortgages or Deed of Trust. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot which is subject to any mortgage, pursuant to a decree of foreclosure under such mortgage or any proceeding in lieu of foreclosure thereof, shall extinguish the lien of such

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assessments as to amounts thereof which became due prior to such sale or transfer, and such lien shall attach to the net process of such foreclosure sale, if any, remaining after such mortgages and other prior liens and charges have been satisfied. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

Section 11. Exempt Property. The following property subject to the Declaration shall be exempt from the assessments created therein: ( a ) all properties dedicated to and accepted by a local public authority; ( b ) the Common Areas; ( c ) all other properties owned by the Association; and ( d ) property owned by the Declarant prior to the time a dwelling unit or other building is constructed thereon and occupied. However, no land or improvements devoted to dwelling use shall be exempt from such assessments.

## ARTICLE XV

### BOOKS AND RECORDS

The books, records and papers of the Association shall at all times during reasonable business hours, be subject to inspection by any member. The Declaration, the Articles of Incorporation, and the By-Laws of the Association shall be available for inspection by any member at the principal office of the Association, where copies may be purchased at a reasonable cost.

## ARTICLE XVI

### CORPORATE SEAL

The Association shall have no seal.

## ARTICLE XVII

### AMENDMENTS

Section 1. These By-Laws may be amended, at a regular or special meeting of the members by a vote in person or by proxy of members entitled to exercise a majority of the total eligible voting power of the membership.

Section 2. In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles shall control; and in the case of any conflict between the Covenants and the By-Laws, the Covenants shall control.

## ARTICLE XVIII

### MISCELLANEOUS

The fiscal year of the Association shall begin on the first day of May and end on the 30th day of April of every year, except the first fiscal year.

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STATE OF OREGON )  
COUNTY OF DESCHUTES ) SS.

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

98 MAR 25 PM 2:07

MARY SUE PENNOLLO,  
COUNTY CLERK

BY: *M. S. Pennolloy* DEPUTY  
NO. 98-11776 FEE 1.00

DESCHUTES COUNTY OFFICIAL RECORDS