

DESCHUTES COUNTY OFFICIAL RECORDS
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FIRST AMENDED AND RESTATED
BYLAWS OF DESCHUTES RIVER RANCH COMMUNITY ASSOCIATION, INC.

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These First Amended and Restated Bylaws of Deschutes River Ranch Community Association, Inc. ("Bylaws") are made this 3 day of ~~MA~~ April, 2015, by the Deschutes River Ranch Community Association.

RECITALS

- A. Deschutes River Ranch is a community of Owners established by the following documents recorded in the records of Deschutes County, Oregon:
- 1) Declaration of Protective Covenants, Conditions and Restrictions for Deschutes River Ranch, recorded December 02, 2004, as document number 2004-71959; and
 - 2) Bylaws of Deschutes River Ranch Community Association, recorded March 11, 2003, as document number 2003-16202 ("2003 Bylaws").
- B. The Association is currently governed by the 2003 Bylaws. This document supersedes and replaces, in the entirety, the 2003 Bylaws.

ARTICLE 1
NAME, INCORPORATION, AND LOCATION

The name of the Association is Deschutes River Ranch Community Association, Inc., hereinafter referred to as the "Association". The registered office of the Association is located at 805 S.W. Industrial Way, Suite 9, Bend, Oregon, 97702, 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.

1.1 Incorporation

- (a) The Association is and shall remain incorporated under the Oregon Nonprofit Corporation Act. The Articles of Incorporation shall be consistent with these Bylaws. These Bylaws constitute the bylaws of the incorporated association.
- (b) In the event the Association is at any time dissolved, whether inadvertently or deliberately, it shall automatically be succeeded by an unincorporated association of the same name. In that event, 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 such 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 2
DEFINITIONS

- 2.1 **Act:** means the Oregon Planned Community Act, ORS 94.550 to 94.783.
- 2.2 **Association:** is Deschutes River Ranch Community Association, Inc., an Oregon nonprofit corporation.
- 2.3 **Board:** is the Board of Directors of Deschutes River Ranch Community Association, Inc.
- 2.4 **Common Areas:** shall mean only that portion of the Property which is established for the common use and benefit of the Deschutes River Ranch community and is or is to be conveyed to the Association for the use and benefit of the Owners.
- 2.5 **Common Maintenance Areas:** shall have the definition given it in the Declaration.
- 2.6 **Declarant:** shall mean Deschutes River Ranch Group, LLC, an Oregon limited liability company and/or its successors and assigns who are designated in writing as such by Declarant, and who consent in writing to assume the duties and obligations of Declarant with respect to the Lots acquired by each successor or assign.
- 2.7 **Declaration:** shall mean and refer to the Declaration of Protective Covenants, Conditions, and Restrictions of Deschutes River Ranch, Deschutes County, recorded on October 27, 2004

in the real property records for Deschutes County, Oregon, as document number 2004-71959 and any amendments or supplements thereto made in accordance with its terms.

- 2.8 **Design Review Committee:** shall mean the committee appointed pursuant to the Declaration.
- 2.9 **Director:** shall mean a Director of the Association as described in and elected in accordance with these Bylaws.
- 2.10 **Lot:** shall mean and refer to a Lot as that term is defined in the Declaration.
- 2.11 **Member or Members:** shall mean all Owners, including Declarant or a Builder as that word is defined in the Declaration.
- 2.12 **Officer:** shall mean an officer of the Association as described in these Bylaws.
- 2.13 **Owner:** shall mean (i) the record owner, whether one or more persons or entities, of a fee simple title to any Lot, including contract sellers, but excluding those having an interest merely as a security for the performance of an obligation; and (ii) the lessee of an Estate Lot under a ground lease for so long as the lease is in full force and effect.
- 2.14 **Plat:** shall mean the duly recorded plat of Deschutes River Ranch, recorded in the Records of Deschutes County, Oregon and all future Plats which relate to property annexed into Deschutes River Ranch in accordance with the terms of the Declaration.
- 2.15 **Property:** shall mean the real property described in Exhibit A to the Declaration and such additions thereto as may be brought within the jurisdiction of the Association and be made subject to the Declaration.
- 2.16 **Other Terms:** Capitalized terms used herein without definition shall have the respective meanings given to them in the Declaration. Except as otherwise provided below, the terms herein shall have the meaning set forth in the Oregon Planned Community Act, ORS 94.550, et seq., as amended from time to time, as supplemented by the Declaration.

ARTICLE 3 MEMBERSHIP AND VOTING RIGHTS

3.1 Membership

The Declarant and every Owner of a Lot by virtue of being an Owner of a Lot shall be a Member of the Association. Membership shall be appurtenant to and shall not be separated from ownership of any Lot. Such membership shall commence, exist, and continue simply by virtue of such ownership, and need not be confirmed or evidenced by any certificate or acceptance of membership.

3.2 Suspension

All voting rights of a Member shall be suspended during any period in which such Member is delinquent in the payment of an assessment duly established pursuant to the Declaration or

is otherwise in default hereunder or under the Declaration or Rules and Regulations of the Association. The Board of Directors may also suspend the Member's right to use of any of the Common Areas during such period of default.

3.3 Voting Rights

Each Lot is entitled to one vote on all Association matters.

3.4 Majority of Owners.

As used in these Bylaws, the term "majority of Owners" shall mean those Owners holding over 50% of the voting rights. "Majority of Owners present" shall mean Owners holding over 50% of the voting rights present in person or by proxy at any legal meeting.

**ARTICLE 4
PROPERTY RIGHTS: RIGHTS OF ENJOYMENT**

4.1 Use and Enjoyment

Each Member shall be entitled to the use and enjoyment of the Common Areas as provided in the Declaration.

**ARTICLE 5
BOARD OF DIRECTORS; ELECTION; TERM OF OFFICE**

5.1 Number

The affairs of the Association shall be governed by a Board of Directors composed of not less than 3, nor more than 5 persons, each of whom must be an Owner or a co-Owner of a Lot. However, if a Lot is owned by more than 1 Owner, only 1 Owner of that Lot may serve on the Board of Directors at any one time. An officer or employee of a corporation, a trustee of a trust, a personal representative of an estate, or an employee of a trust or estate, may serve on the Board of Directors, if such corporation, trust or estate owns a Lot.

5.2 Election of Directors

At the annual meeting, the Owners shall elect Directors. To the extent possible, Directors shall serve staggered terms.

5.3 Removal

Any Director may be removed, with or without cause, by the affirmative majority votes of Owners present and entitled to vote at any meeting of the Owners at which a quorum is present. No removal of a Director is effective unless the matter of removal was included in the notice of the meeting. At any such meeting, the Owners shall elect a replacement Director to serve the remainder of the replaced Director's term.

5.4 Resignation

Any Director may resign at any time by sending a written notice of such resignation to the secretary. Unless otherwise specified in such notice, a resignation shall take effect upon receipt of the notice of the secretary.

5.5 Vacancies

Vacancies on the Board caused by the death, resignation, or removal of a Director shall be filled by a vote of the majority of the remaining Directors, even if they constitute less than a quorum. Any Director so elected shall serve the remainder of the replaced Director's term.

5.6 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.

5.7 Indemnification

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 the person is or was a Director, officer, employee or agent of the Association, or is or was serving at the request of the Association as a Director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including 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 the person acted in good faith and in a manner reasonably believed to be in, or not opposed to, the best interest of the Association, and, with respect to any criminal action or proceedings, had no reasonable cause to believe that the conduct was unlawful.

**ARTICE 6
MEETINGS OF BOARD**

6.1 Board Meetings

The Board shall meet at least annually, and within 30 days after each annual meeting of the Owners.

6.2 Special Meetings

Special Meetings of the Board may be called at any time by the President or 2 Directors. Such meetings shall be scheduled by the Secretary at least 3 but not more than 30 days after the secretary's receipt of written request.

6.3 Place of Meetings

Meetings of the Board shall be held at such place within Oregon as may be designated from time to time by the Board.

6.4 Notice of Meetings

For other than emergency meetings, notice of Board of Directors' meetings shall be given at least 3 days prior to the meeting to each Member of the Association in a manner that is reasonably calculated to inform each Member of such meetings.

6.5 Emergency Meetings

In the event of an emergency, Board of Directors meetings may be conducted by telephonic communication or by the use of a means of communication that allows all Board members participating to hear each other simultaneously or otherwise to be able to communicate during the meeting. No notice to either Directors or Association members shall be required for such meetings of the Board of Directors to be held for any emergency action.

6.6 Voting by the Board

Each Director shall have one vote. So long as a quorum is constituted, the vote of Directors together holding more than 50 percent of the total votes shall be a binding vote of the Board for all purposes, unless a greater percentage is required by law or the Declaration.

6.7 Quorum of the Board

The presence in person, or telephonically, of a majority of the Directors shall constitute a quorum for voting at a Board meeting. The Board shall have the power to adjourn a meeting even if less than a quorum is present.

6.8 Right of Owners to Attend

Except as provided in Section 6.9, all meetings of the Board of Directors shall be open to all Members of the Association. No Owner who is not a member of the Board of Directors shall have a right to participate in the Board of Directors' meetings, but the Chairperson may permit any person to address the Board of Directors during a meeting on any matter relating to the Association. The Chairperson shall have authority to exclude any Owner who disrupts the proceedings at a meeting of the Board of Directors.

6.9 Executive Session

At the discretion of the Board, the following matters may be considered in executive sessions:

- (a) Consultation with legal counsel concerning rights and duties of the Association regarding existing or potential litigation or criminal matters;
- (b) Personnel matters, including salary negotiations and employee discipline;

- (c) Negotiations of contracts with third parties;
- (d) Collection of unpaid assessments; and
- (e) Any other matters for which ORS Chapter 94 permits.

ARTICLE 7 NOMINATION AND ELECTION OF DIRECTORS

7.1 Nomination

At the Board of Directors' discretion, a nominating committee may be established for the purpose of nominating candidates for the Board of Directors, otherwise, nomination for candidates to the Board of Directors shall be from the floor at the annual owners meeting.

7.2 Election

Election to the Board of Directors may be by secret written ballot (or any other voting method) cast at the annual meeting. At such election the Members or their proxy holders may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Articles of Incorporation. The person(s) receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE 8 POWERS AND DUTIES OF THE BOARD OF DIRECTORS

8.1 Powers

The Board of Directors shall have the power:

- (a) To adopt and publish rules and regulations governing the use of the Lots and Common Area and facilities, and the personal conduct of the Owners and their guests thereon, and to establish penalties for the infraction thereof;
- (b) To exercise for the Association all power, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation, and the Declaration;
- (c) To declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from 3 consecutive regular meetings of the Board of Directors without just cause having been furnished to and accepted by the Board;
- (d) To establish, and disburse and maintain such petty cash fund as is necessary for efficiently carrying on the business of the Association;
- (e) To engage the services of a manager, an independent contractor, or such employees as it

deems necessary, and to prescribe the conditions, compensation and duties of their work. Such power shall include authority to enter into management agreements with other parties to manage, operate or perform all or any part of the affairs and business of the Association;

- (f) To exercise powers of a nonprofit corporation pursuant to the general nonprofit Association laws of the State of Oregon and of a homeowners association pursuant to ORS 94.550 et seq., as amended from time to time;
- (g) To exercise any additional or different powers necessary or desirable for the purpose of carrying out the functions of the Association pursuant to the Declaration or otherwise promoting the general benefit of the Owners within the Property; and
- (h) To establish committees and appoint Owners to committees as the Board of Directors in its sole judgment deems necessary or appropriate to assist the Board in its duties,

8.2 Duties

It shall be the duty of the Board of Directors:

- (a) To supervise all Officers, agents and employees of this Association, and to see that their duties are properly performed;
- (b) To cause to be kept a complete record of all its acts and corporate affairs.
- (c) To establish membership fees or assessments;
- (d) To procure and maintain adequate liability and hazard insurance on property owned by the Association as described in these Bylaws and, if deemed appropriate, insurance on the behalf of any Director, Officer, employee, or agent of the Association against any liability asserted against him and incurred by him in any such capacity or arising out of his status as such;
- (e) To cause all Officers, employees or agents, having fiscal responsibility to be bonded, as it may deem appropriate;
- (f) To cause the Common Maintenance Areas to be maintained, repaired and, when necessary, replaced;
- (g) To maintain a current mailing list of the Association; and
- (h) To prepare and adopt an annual budget. Within 30 days of adopting each budget, the Board shall provide a summary of the same to all Owners.

8.3 Standards of Conduct

In the performance of their duties, Directors are governed by ORS 94.640, 65.357, 65.361 and 65.369.

ARTICLE 9
MEMBERSHIP MEETINGS

9.1 Annual Meeting

The annual meeting, the date of which may be changed from time to time, at the discretion of the Board of Directors, must be held annually under the rules and regulations as set out in the Bylaws. At such meetings, new members of the Board of Directors shall be elected by the Owners in accordance with the requirements of Section 5.2 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. Annual meetings of the Association may not be conducted by written ballot.

9.2 Special Meetings

Special meetings of the Owners may be called at any time by the president or by a majority of the Board of Directors, or upon written request of 20% of the Owners. Business transacted at a special meeting shall be confined to the purposes stated in the notice of such special meeting.

9.3 Notice of Meetings

Except as otherwise provided in the Articles of Incorporation, or these Bylaws, 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 or emailing a copy of such notice, postage prepaid, at least 10 days before such meeting, but no more than fifty (50) 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 the items on the agenda, including the general nature of any proposed amendment to the Declaration or these Bylaws, any budget changes, or any proposal to remove a Director or Officer. The notice shall also include a statement that if quorum is not reached, the meeting may be adjourned and immediately resumed with a reduced quorum of 20%, pursuant to ORS 94.655. Notice of any such meeting may be waived by any Owner at any time. No Owner who is present at a meeting may object to the adequacy or timeliness of the notice given. Copies of the notice of meeting shall be sent to all mortgagees who have requested the same.

9.4 Order of Business. The order of business at the annual meeting of the Owners shall be as follows unless the Board of Directors sets a different agenda:

- a. Report of the credentials chairperson;
- b. Proof of notice of meeting or waiver of notice;
- c. Election of directors;
- d. Approval of minutes of the preceding meeting;

- e. Reports of officers;
- f. Reports of committees;
- g. Approval of inspectors of election;
- h. Unfinished business; and
- i. New business.

9.5 Rules of Procedure

Unless other rules of order are adopted by resolution of the Board of Directors, all meetings described in these Bylaws must be conducted according to the latest edition of Robert's Rules of Order published by the Robert's Rules Association.

9.6 Quorum

For all meetings of the Owners, at least 1/3 of the Owners must be present in person or by proxy to constitute a quorum. In the event a quorum is not achieved at an Owner meeting, the Owners present in person or proxy may elect to adjourn the meeting and immediately resume with a reduced quorum. In accordance with ORS 94.655, the reduced quorum is 20% of the Owners present in person or by proxy.

9.7 Ballot Meetings

Unless prohibited or limited by the Articles of Incorporation of the Association, the Declaration or the Oregon Planned Community Act, any action that may be taken at any annual or special meeting of the Owners may be taken without a meeting if the Association delivers a written or electronic ballot to every Owner entitled to vote on the matter. Such ballot shall set forth each proposed action and provide an opportunity to vote for or against each proposed action.

A proposed action shall be deemed to be approved by ballot when the number of votes cast by ballot equals or exceeds any quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot. The Board must provide Owners with at least 10 days' notice as required by ORS 94 before written or electronic ballots are mailed or otherwise delivered.

If, at least 3 days before ballots are scheduled to be mailed or otherwise distributed, at least 10% of the Owners petition the Board requesting secrecy procedures, a written ballot must be accompanied by a secrecy envelope, a return identification envelope to be signed by the Owner and instructions for making and returning the ballot, and if an electronic ballot is

used, secrecy procedures must be put into place to protect the identity of the Owner from the vote cast. The Secretary shall mail by first class or certified mail, shall hand deliver, or shall deliver via electronic communication, ballots for ballot meetings to each Owner of record not less than 20 but not more than 50 days prior to the date on which such ballots must be received by the Association in order to be counted.

Written ballots that are returned in secrecy envelopes or electronic ballots which use secrecy procedures may not be examined or counted before the deadline for returning ballots has passed. The outcome of a ballot meeting shall be determined by the Board of Directors within 48 hours of the deadline for return of ballots, or in the event the ballot return date is postponed, within 48 hours of the postponed date. Each Owner shall be notified within 10 days after the ballots have been counted, by mail or other delivery of written notice, of the results of the ballot meeting or that a quorum of ballots was not returned.

9.8 Electronic Ballots

The board of directors, in its discretion, may provide that a vote, approval or consent of an Owner may be given by electronic ballot. An electronic ballot shall comply with the requirements of this section and the Declaration or Bylaws or ORS 94.550 to 94.783.

- 9.8.1 An electronic ballot may be accompanied by or contained in an electronic notice in accordance with ORS 94.652.
- 9.8.2 If the electronic ballot is posted on a website, a notice of the posting shall be sent to each Owner and shall contain instructions on obtaining access to the posting on the website.
- 9.8.3 A vote made by electronic ballot is effective when it is electronically transmitted to an address, location or system designated by the board of directors for that purpose.
- 9.8.4 Unless otherwise provided in the declaration or bylaws or rules adopted by the board of directors, a vote by electronic ballot may not be revoked.

ARTICLE 10 OFFICERS AND THEIR DUTIES

10.1 Enumeration of Officers

The Officers of this Association shall be a president (who must be a full-time resident at the Property) and a 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.

10.2 Election of Officers

The Officers of the Association shall be elected annually by the Board and shall hold office at the pleasure of the Board and until their successors are elected and qualified. If any office becomes vacant, the Board shall elect a successor to fulfill the unexpired term at a special meeting of the Board called for such purpose.

10.3 Term

The Officers of this Association shall be elected annually by the Board and shall hold office for two (2) years unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

10.4 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.

10.5 Resignation and Removal

Any Officer may be removed from office with or without cause by the Board and a successor may be elected at a special meeting of the Board called for such purpose. Any Officer may resign at any time by giving 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; the acceptance of such resignation shall not be necessary to make it effective.

10.6 Vacancies

A vacancy in any office may be filled by election at a special meeting of the Board called for such purpose. The Officer elected to such vacancy shall serve for the remainder of the term of the Officer he replaces.

10.7 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 offices except in the case of special offices created pursuant to Section 10.4.

10.8 Duties

The duties of the Officers are as follows:

- (a) **President.** The president shall be a Director and 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 (together with either the vice-president or treasurer) all promissory notes of the Association.

- (b) **Vice-President.** The vice-president shall be a Director and act in the place and stead of the president in his absence or inability or refusal to act, shall co-sign (together with either the president or treasurer) all promissory notes of the Association and shall exercise and discharge such other duties as may be required of him by the Board.
- (c) **Secretary.** 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 the 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 required by the Board.
- (d) **Treasurer.** The treasurer shall oversee the receipt and deposit of funds in appropriate bank accounts of the Association and shall disburse such funds as directed by resolution of the Board of Directors, shall sign all checks and payment vouchers, and (together with either the president or vice-president) co-sign all promissory notes of the Association, keep proper books of account, and shall prepare an annual budget and a statement of income and expenditures to be presented to the Membership at its regular annual meeting and deliver a copy of each to the Members.

10.9 Compensation

Other than reimbursement of out-of-pocket expenses incurred on behalf of the Association, neither the president, nor the treasurer, nor the secretary, nor the vice-president, nor any other officer shall receive any compensation from the Association for acting as an Officer, unless such compensation is authorized by Board.

10.10 Professional Management

In the event that the Board employs professional management for the Association, the professional manager(s) shall manage the day-to-day operations of the Association, subject to the direction and oversight of the Board. The Declaration provides additional terms relating to professional management.

ARTICLE 11 ASSESSMENTS

11.1 Conformance with Declaration

The Association shall levy, collect, and enforce the payment of assessments in accordance with all relevant provisions of the Declaration.

11.2 Basis of Annual Assessments

The maximum annual assessment for any Lot shall not exceed an amount determined in good faith by the Board.

The maximum annual assessment for the Lots may be increased each year by a percentage above the prior year's assessment determined to be reasonable by the Board (but not in excess of a 15% increase), without a vote of the Members.

11.3 Assessments to be Levied by Board

After consideration of current operating costs, maintenance, repair and replacement costs and all other future needs and obligations of the Association, the Board of Directors may levy the annual assessments at an amount not in excess of the maximum set forth in Section 11.2. The Board of Directors shall have the authority to adjust the amount of annual assessments during any assessment period, upon not less than 30 days' notice to the Owners, subject to the limitations as set forth in Section 11.2. Assessments may be used to fund all costs incurred by the Association pursuant to the Declaration, these Bylaws, the Act or otherwise in the reasonable discretion of the Directors, including without limitation, maintenance, insurance, taxes, management and administrative costs.

11.4 Special Assessments for Working Capital, Operating Expenses, Non-recurring Maintenance and Capital Improvements

In addition to the annual assessments authorized above and any other assessments authorized by the Declaration, the Board of Directors may levy special assessments as follows:

- (a) In any assessment year, a special assessment applicable to the year for any purpose or reason consistent with the Declaration, these Bylaws or Oregon law.
- (b) The Board of Directors shall determine the necessity and the amount of any special assessment. Special assessments shall not be effective unless approved by a majority of the Board of Directors. Written notice of such meeting shall be sent to each such Member not less than 10 days nor more than 50 days in advance of the meeting.

11.5 Uniform Rate

Except as otherwise provided in the Declaration, both annual and special assessments must be fixed at a uniform rate for each Lot and may be collected on a monthly, quarterly, semi-annually or annual basis as determined by the Directors at least thirty (30) days in advance of each assessment period.

11.6 Date of Commencement of Annual Assessments: Due Dates

The annual assessment provided for herein as it relates to operating expenses shall commence as to all Lots on the date the first Lot is conveyed to a Class A Member. The annual assessment in connection with the reserve fund specified in the Declaration shall begin accruing on the date the first Lot assessed is conveyed. The first annual 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 annual assessment against each Lot at least 30 days in advance of each annual assessment period; provided, however, that the Board of Directors shall have the right to adjust the annual assessment as long as any such adjustment does not exceed the maximum permitted hereunder with 30 days' written notice given to each Owner. Written notice of the annual 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 assessments on a specified Lot have been paid. A reasonable charge may be made by the Board of Directors for the issuance of these certificates. Such certificates shall be conclusive evidence of payment of any assessment therein stated to have been paid.

11.7 Effect of Non-payment of Assessments: Remedies of the Association

Any assessments due hereunder or under the Declaration which are not paid when due shall be delinquent. If the assessment is not paid within 10 days after the due date, the Association shall have the remedies set forth herein and in the Declaration. To secure payment and satisfaction of each Owner's obligations hereunder, and under the Declaration, there is hereby reserved a lien on such Owner's Lot in favor of the Association. The Association or its agents shall have the right and power to bring all actions against the defaulting Owner personally for the collection of such charges and/or satisfaction of such obligations (together with all cost incurred by the Association as a result of such Owner's failure to pay or otherwise comply) as a debt and to enforce the Association's lien by all methods available for the enforcement of such liens, including foreclosure by an action brought in the name of the Association in like manner as a mortgage or deed of trust lien on real property.

The lien provided for in this section shall be in favor of the Association and shall be for the benefit of all other Owners. The provisions regarding the attachment, notice, recordation and duration of liens established on real property under ORS 87.352 to 87.382 shall apply to the Association lien. The lien shall be foreclosed in accordance with the provisions regarding the foreclosure of liens under ORS Chapter 88. The lien shall be subordinate to any prior recorded deed of trust securing payment for the house on the subject Lot and to any ground leases created by Declarant. The Association acting on behalf of the Owners shall have the power to bid on an interest foreclosed at foreclosure sale and to acquire and hold, lease, mortgage and convey the Lot.

If any assessment is payable in installments, the full amount of the assessment is a lien from the date the first installment of the assessment becomes due. The Association acting on behalf of the Owners shall have the power to bid on an interest foreclosed at foreclosure sale and to acquire and hold, lease, mortgage and convey the same; and to subrogate so much of its right to such liens as may be necessary or expedient to an insurance company continuing to give total coverage notwithstanding non-payment of such defaulting Owner's portion of the premium. An election by the Association to pursue any remedy provided for herein shall not prevent concurrent or subsequent exercise of another remedy permitted hereunder. The remedies provided herein are not exclusive but shall be in addition to all other remedies, including actions for damages and suits for injunctions and specific performance, available under applicable law to the Association.

11.8 No Reimbursement to Declarant

The proceeds of the regular annual assessments shall not be used to reimburse Declarant for any capital expenditures incurred in construction or other improvements of common facilities, if any.

11.9 Reallocation Upon Annexation or Withdrawal

If new property is added to the Property by annexation or withdrawal from the Property, common expenses shall be reallocated as set forth in the Declaration.

**ARTICLE 12
BOOKS AND RECORDS**

12.1 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 Owner. The Board of Directors may adopt policies or rules requiring the inspecting Owner to pay for any administrative costs or photocopy charges in accordance with the Act. The Article of Incorporation and the Bylaws of the Association shall be available for inspection by any Owner at the principal office of the Association, where copies may be purchased at reasonable cost.

12.2 Financial Records

The Association shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of the Board and committees having any of the authority of the Board and shall keep at its registered or principal office a record giving the name and address of the Directors. All books and records of the Association may be inspected by any Owner for any proper purpose at any reasonable time.

12.3 Financial Statements

The Board shall appoint a certified public accountant or certified public accounting firm, who shall not be an Officer or own any interest in any Lot, to review the books and financial records of the Association in compliance with ORS 94.670. Within ninety (90) days after the end of each fiscal year, the Board shall distribute to each Owner and, upon request, any mortgage of a Lot a copy of the annual financial statement of the Association, consisting of a balance sheet and income and expense statement for the preceding fiscal year. The Association shall make available to Owners and to holders, insurers or guarantors of any mortgage on a Lot, for their inspection and copying, upon request, during normal business hours or under other reasonable circumstances, current copies of: (i) the Declaration, Articles of Incorporates, Bylaws, and rules concerning the property, (ii) the Association's most recent financial statement, (iii) the current operating budget of the Association, and (iv) all other records of the Association. Upon written request of a prospective purchaser of a Lot, the Association shall make available for examination and duplication during reasonable hours the documents and items described in items (i) through (iii) in the preceding sentence. The Association may charge a reasonable fee for furnishing copies of any documents, information, or records described in this Article 12.

12.4 Tax Returns

The board shall cause to be filed the necessary income tax returns for the Association.

ARTICLE 13 ELECTRONIC NOTICE

13.1 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.
- (3) Action the Association may take against the Owner.
- (4) Offer to use dispute resolution program required under ORS 100.

(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 Declaration, these Bylaws, the Act or applicable law.

ARTICLE 14 FISCAL YEAR

The Fiscal Year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

ARTICLE 15 INSURANCE

15.1 By the Association

The Board shall obtain, and maintain in effect, the insurance required by the Declaration and applicable law. At least annually, the Board of Directors shall review the insurance coverage of the Association.

15.2 By the Owners

Each Owner of a Lot shall obtain, and maintain in effect the insurance required by the Declaration.

15.3 Insurance for Annexed Lots

The Board and Owners of annexed Lots shall be responsible for obtaining any additional insurance coverage specified in any Declaration of Annexation made pursuant to the Declaration Annexation.

15.4 Director and Officer Insurance

At the discretion of the Board, the Association may purchase and maintain insurance on behalf of any person who is or was a Director, Officer, employee, or agent of the Association, or is or was serving at the request of the Association, against any liability asserted against them and incurred by them in any such capacity, or arising out of their status as such, whether or not the Association would have the power to indemnify them against such liability under the provisions of the Articles of Incorporation of the Association.

15.5 General Provisions

Premiums for insurance obtained by the Board pursuant to the Article 15 shall be a common expense of the Association. At least annually, the Board shall review the insurance coverage of the Association.

ARTICLE 16 RULES AND REGULATIONS

The Board shall have power to adopt and publish rules and regulations governing the conduct of persons and the operation and use of the Lots and Common Area as it may deem necessary or appropriate to assure the peaceful and orderly use and enjoyment of the Property, and to establish penalties for the infraction thereof. Such rules and regulations may be adopted upon a majority vote of the members of the Board present at a meeting at which there is a quorum of Board members and as to which notice has been given as provided in these Bylaws. Such notice shall include a verbatim copy of all proposed rules and regulations.

No rule or regulation shall be adopted without a copy thereof first having been delivered or mailed to each Owner at the last address for such Owner in the records of the Association. Upon adopting any such rules and regulations, the Board shall cause copies thereof to be delivered to each Owner. All such rules and regulations become binding on all Owners and occupants of the Lots upon the date of

delivery. Any rule or regulation which conflicts with these Bylaws or the Declaration shall be null and void.

ARTICLE 17 SHARES OF STOCK AND DIVIDENDS PROHIBITED

17.1 Stock and Dividends

The Association shall not have or issue shares of stock. No dividends shall be paid and no part of the income of the Association shall be distributed to its Directors or Officers, or the Owners.

ARTICLE 18 DESIGN REVIEW

The Design Review Committee shall perform and shall be empowered to perform all acts relating to building restrictions as provided in the Declaration on behalf of the Association.

ARTICLE 19 WAIVER OF NOTICE

Whenever any notice is required to be given under the provisions of the nonprofit corporation laws of the State of Oregon, as it exists or may be amended in the future, or under the provisions of the Articles of Incorporation or these Bylaws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE 20 ACTION WITHOUT A MEETING

Any action which applicable law, the Declaration or these Bylaws require or permit the Owners or the Board to take at a meeting may be taken without a meeting if a consent in writing setting forth the action so taken is signed by all of the Owners or Directors entitled to vote on the matter. The consent, which shall have the same effect as a unanimous vote of the Owners or the Board, as the case may be, shall be filed in the records of minutes of the Association.

ARTICLE 21 AMENDMENTS

21.1 Amendments

Except as expressly provided in the Declaration, these Bylaws may be amended or repealed and new Bylaws may be adopted by a majority of the Directors present at any regular meeting or at any special meeting, if at least 2 days' written notice is given of intention to amend or repeal and adopt new bylaws at such meeting accompanied by a copy or summary

of the amendment; provided however, that the Board shall have no authority to amend or repeal any provision of these Bylaws relating to the election, qualifications, powers, duties or terms of Directors without the approval of the Owners given at a special meeting called for such purpose. Notwithstanding any provisions hereof to the contrary, the Declarant may, at its sole discretion and without consent being required of anyone, modify, amend or repeal these Bylaws at any time before the closing of the sale of the first Lot to an Owner. The Department of Housing and Urban Development (HUD) and the Veterans' Administration (VA) shall have the right to veto amendments to these Bylaws.

21.2 HUD/VA Approval

If neither HUD nor VA notifies Declarant, or the Board of Directors, of objections to any amendment or intent to repeal these Bylaws within 15 days of the date of Declarant's or the Board of Directors' request for approval, such approval shall be deemed to have been granted.

**ARTICLE 22
GENDER AND GRAMMAR**

The singular wherever used herein shall be construed to mean the plural when applicable, and the necessary grammatical changes required to make the provision hereof apply either to corporations or individuals, men or women, shall in all cases be assumed as though in each case fully expressed.

**ARTICLE 23
ENFORCEMENT**

If the Association institutes legal action to enforce any restrictive covenant or other condition of the Declaration, Articles of Incorporation or Bylaws, and the violator voluntarily corrects or abates such violation after litigation has been filed, the Association shall not dismiss or abandon such legal action until it has been reimbursed all of its expenses, including reasonable attorney's fees and court costs.

**ARTICLE 24
LOANS TO DIRECTORS AND OFFICERS PROHIBITED**

24.1 No Loans to Directors or Officers

No loan shall be made by the Association to its Directors or Officers. The Directors of the Association who vote for or assent to the making of a loan to a Director or Officer of the Association, and any Officer or Officers participating in the making of such loan, shall be jointly and severally liable to the Association for the amount of such loan until the repayment thereof.

24.2 Contribution; Subrogation

Any Director against whom a claim shall be asserted under or pursuant to this Article 24 shall be entitled to contribution from the other Directors who voted for the action upon which the claim is asserted. To the extent that any Director is required to pay such claim, he shall be subrogated to the rights of the Association against the debtor on the loan.

ARTICLE 25
CONFLICTS AND PARTIAL INVALIDITY

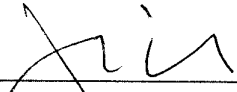
25.1 Conflicts

These Bylaws are intended to comply with applicable law and the Declaration. In case of any irreconcilable conflict, applicable law and the Declaration shall control over these Bylaws (unless the Bylaws expressly provided otherwise) and any amendments hereto, and any rules or regulations adopted hereunder.

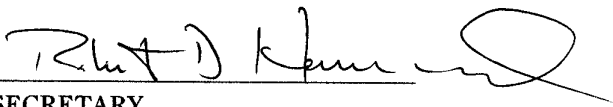
25.2 Partial Invalidity

The invalidation of any one of the provisions of these Bylaws by judgment or court order shall not affect any other provisions, which shall remain in full force and effect.

Deschutes River Ranch Community Association, Inc.



PRESIDENT



SECRETARY

CERTIFICATION

The undersigned President and Secretary of the Deschutes River Ranch Community Association, Inc., an Oregon nonprofit corporation, hereby certify that the within Bylaws have been adopted and approved in accordance with Article 21 of the 2003 Bylaws.

Deschutes River Ranch Community Association, Inc.

By:

President

By:

Secretary

STATE OF OREGON)
)ss
County of Deschutes)

The foregoing instrument was acknowledged before me on 3 day of APRIL, 2015, by Joe Von Heideken, President, and the person acknowledged that (he/she) signed this instrument and acknowledged it to be (his/her) free and voluntary act for the uses and purposes mentioned in the instrument.

Theresa K Trudeau

Notary Public for Oregon
My Commission Expires: 6.19.17



STATE OF OREGON)
)ss
County of Deschutes)

The foregoing instrument was acknowledged before me on 3 day of APRIL, 2015, by Robert Hamman, Secretary, and the person acknowledged that (he/she) signed this instrument and acknowledged it to be (his/her) free and voluntary act for the uses and purposes mentioned in the instrument.

Theresa K Trudeau

Notary Public for Oregon
My Commission Expires: 6.19.17

