

DECLARATION OF COVENANTS,  
CONDITIONS AND RESTRICTIONS  
FOR  
DESCHUTES RIVER RANCH

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS is made by  
PACIFIC NORTHWEST DEVELOPMENT CORPORATION ("Developer" herein).

RECITALS:

1. Developer is the owner of certain parcels of land located in the County of Deschutes, State of Oregon, generally known and described as Deschutes River Ranch, and which real property is described in Exhibit "A" attached hereto and by references incorporated and made a part hereof.
2. Developer desires to create in Deschutes River Ranch a recreational community with open spaces, recreational and other common facilities for the benefit of the said community, and Developer desires to provide for the preservation of the values and amenities in Deschutes River Ranch and for the maintenance of the said open spaces, recreational and other common facilities; and to that end Developer has deemed it desirable for the efficient preservation of the values and amenities in said community to provide for creation of an owners association to which shall be delegated and assigned the powers of maintaining and administering the said open spaces, recreational and other common facilities and the powers of enforcing the covenants and restrictions and of collecting and disbursing the assessments and charges therefor.
3. Developer contemplates the sale and conveyance of undivided interests in Deschutes River Ranch and desires to subject all of Deschutes River Ranch to certain covenants, conditions, restrictions, servitudes and easements for the protection and benefit of Developer and any future owners of undivided interests in Deschutes River Ranch.

DECLARATIONS:

Developer hereby certifies, declares and establishes the following general plan for Deschutes River Ranch and hereby fixes the following covenants, conditions, restrictions, servitudes and easements which shall run with the land, upon each and every undivided ownership interest in Deschutes River Ranch under which restrictions, covenants, servitudes and easements each and every undivided interests in Deschutes River Ranch shall be hereafter held, used, occupied, sold, and/or conveyed. Each and all such restrictions, covenants, conditions, servitudes and easements shall inure to the benefit of, be binding upon and pass with Deschutes River Ranch and each and every undivided interest therein and shall inure to the benefit of, apply to and bind Developer and his respective successors in title or interest.

Such restrictions, covenants, conditions, servitudes, and easements are:

**1. DESCHUTES RIVER RANCH PROPERTY OWNERS' ASSOCIATION.**

Developer has, at his cost and expense, formed a corporation known as "Deschutes River Ranch, Inc." herein referred to as the Deschutes River Ranch Property Owners' Association which has the powers, rights and duties hereinafter set forth. There shall be one membership in Deschutes River Ranch Property Owners' Association, herein called the "Association" for each undivided 1/572nd interest in Deschutes River Ranch, which membership shall be appurtenant to the land. All of such memberships shall initially be the property of the Developer or his successors in interest and shall pass to the respective purchasers of such undivided interests on the transfer of title to each respective undivided 1/572nd interest (automatically transferring the membership rights appurtenant thereto). Each member shall be obligated promptly, fully, and faithfully to comply with the Articles of Incorporation and By-Laws of Deschutes River Ranch Property Owners' Association, and the rules and regulations from time to time prescribed thereunder by its Officers or Directors, and shall promptly pay all dues, fees or assessments levied by the Association. The Developer has the right to sell up to 572 undivided interests.

**2. POWERS OF DESCHUTES RIVER RANCH PROPERTY OWNERS' ASSOCIATION.**  
The Association, in its sole and absolute discretion, and as more fully set forth in its Articles and By-Laws:

(a) Shall have the sole and exclusive right and duty to manage, operate, control, repair, replace or restore all of the improvements, trees, shrubbery, plants and grass on Deschutes River Ranch.

(b) Shall levy and collect fees, dues and assessments from its members, in an amount of not more than \$190.00 annually from the owner of each undivided interest in Deschutes River Ranch to provide funds for payment of taxes, assessments, and maintenance and repair of improvements on Deschutes River Ranch, which maximum for the annual assessment shall be automatically adjusted as follows: (1) Each month at the time the Consumer's Price Index (All items, United States, 1967 equals 100) figure is published by the Department of Labor, Bureau of Labor Statistics, the maximum assessment shall be multiplied by a fraction; the denominator of which is 199.3 (the index figure for the month of September 1978) and the numerator of which is the new index figure as published by said agency; and (2) Each tax assessment year after 1978-1979 (the base year) the real property tax and assessment increases over the base year shall be computed and said increases over the base year shall thereupon be divided by the then number of undivided interests in Deschutes River Ranch which said sum, together with the product of (1) next preceding, shall be added to the said maximum assessment.

(c) May establish and maintain a reserve fund for these and other purposes.

(d) Shall care for open space areas in Deschutes River Ranch and remove and destroy any noxious weeds, underbrush, rodents and any unsightly or obnoxious thing therefrom and all other things and perform any labor necessary or desirable to keep and maintain said open spaces and the land contiguous and adjacent thereto neat and in good order.

(e) Shall pay the taxes and assessments, if any, which may be levied by

any governmental authority upon Deschutes River Ranch and improvements thereon.

(f) Shall enforce charges, restrictions, conditions and covenants existing upon and created for the benefit of Deschutes River Ranch or the owners thereof, and shall pay all expenses incidental thereto; shall enforce the decisions and rulings of the Association and pay all of the expenses in connections therewith; and shall reimburse any declarant under any declaration of conditions, covenants, restrictions, assessments or charges affecting Deschutes River Ranch, or any part thereof, for all costs and expenses incurred or paid by it in connection with the enforcement, of any of the conditions, covenants, restrictions, charges, assessments or terms set forth in any such declaration.

(g) Shall provide for the maintenance of the ranch houses, circulating pool, tennis courts, recreational building, barns, stables and riding facilities, and other community features constructed on the land set aside for the recreational use of the members of the Association, and improve, provide for, beautify and maintain private roads and driveways, parks and other open spaces, including all grass plots, park strips, and other planted areas and trees and shrubs in and bordering upon Deschutes River Ranch as shall be maintained for the general use of its members.

(h) Shall provide for public liability insurance with cross-liability endorsement to cover negligent injury by one owner to another.

(i) May expend the monies collected by the Association from assessments or charges and other sums received by the Association for the payment and discharge of all proper costs, expenses and obligations incurred by the Association in carrying out any or all of the purposes for which the Association is formed.

(j) Subject to the written consent therefor from fifty-one percent (51%) of the members, after Developer has sold more than twenty-five percent (25%) of the undivided interests, including the vote of the Developer, may borrow money, may mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred; and do any and all things that a corporation organized under the laws of the State of Oregon may lawfully do, and generally may do and perform any and all other acts which may be either necessary for, or proper or incidental to, the exercise of any of the foregoing powers, and such powers are granted by the provisions of the laws of the State of Oregon to a corporation.

(k) May purchase products and supplies common to a ranch operation such as supplies, cattle and household ranch and food products. May acquire by gift, purchase, or otherwise may own, hold, enjoy, lease, operate, maintain, and may convey, sell, lease, transfer, mortgage, or otherwise encumber, dedicate for public use, or otherwise dispose of real or personal property in connection with the business of the Association; provided, however, that the Association shall not acquire any real property by purchase or lease without first obtaining the written consent, therefore, from fifty-one percent (51%) of the members; after the Developer has sold more than twenty-five percent (25%) of the undivided interests, including the vote of the Developer.

(l) May, without limitation of its general powers, contract with others for the

maintenance, operation, construction or reconstruction of Deschutes River Ranch or any improvements thereon; provided, however, the Association shall not enter into any such contract with the Developer for his successors in interest which binds the Association or its members for a period in excess of one (1) year, unless reasonable cancellation provisions are included in the contracts.

(m) Shall establish rules and regulations covering the use of all of Deschutes River Ranch and the facilities under its control or management.

(n) May do any and all lawful things which may be advisable, proper, authorized or permitted to be done by the Association under and by virtue of any condition, covenant, restriction, reservation, charge or assessment affecting Deschutes River Ranch, or any portion thereof, and to do and perform any and all acts which may be either necessary for or incidental to the exercise of any of the foregoing powers, or for the peace, health, comfort, safety, or general welfare of its members.

(o) Shall collect assessments from members, and pay mortgage or deed or trust payments, property taxes, and procure and provide fire and other hazard insurance and pay premiums thereon for improvements located within Deschutes River Ranch; and procure and provide liability insurance coverage.

(p) Shall be entitled to receive all notices, claims and demands relative to taxes and assessments and other public charges and in respect all insurance affecting Deschutes River Ranch; and by accepting title to an undivided interest in Deschutes River Ranch and/or by becoming a member, all purchasers' interest thereof and all members of Deschutes River Ranch, waive all rights to receive such notices, claims and demands, and designate the Association as his or their exclusive agent, and attorney in fact, for receipt of such notices, claims, demands, and all insurance proceeds.

(q) Shall operate and maintain the water supply system for Deschutes River Ranch. The Association may on not less than the affirmative vote of fifty-one percent (51%) of its members create a water supply district. For such purposes, all members not so consenting shall be deemed to have waived their right to remonstrate against the creation of such a district and by the terms of this Declaration herewith consent to the creation of such district as may be approved by such majority.

3. PROVISIONS FOR COSTS OF MAINTENANCE AND OPERATION. All expenses of maintaining and operating Deschutes River Ranch and the improvements and facilities thereon as described or set forth herein, shall be borne proportionately by each membership pro-rata. To-wit: Each shall bear his, its or their proportionate part of the whole cost for such purposes and such obligation shall include the Developer, and his successors in interest.

However, each purchaser of an undivided 1/572nd interest in Deschutes River Ranch from the Developer, or his successors in interest, shall not be required to make any payments for the maintenance and operation of Deschutes River Ranch or the improvements thereon (except for such purchaser's proportionate

interest in the real property taxes), for the first six (6) months after the date of the recordation of this Declaration of Covenants, Conditions and Restrictions. Instead, Developer, or his successors in interest, shall make all of such payments for said six (6) month period for the maintenance and operation of Deschutes River Ranch on behalf of each such purchaser.

If the Developer should elect to reduce the total number of undivided interests in Deschutes River Ranch, said number shall not be reduced to less than 400.

#### 4. USE OF DESCHUTES RIVER RANCH.

(a) The entire Deschutes River Ranch shall be used solely for ranching, grazing, hiking, housing, horseback riding, farming, fishing, swimming, sports and other recreational uses, all as authorized by the Association. No hunting will be allowed on the property.

(b) No above-ground or underground structure or fixture of any kind or nature and no fences of any kind shall be created, maintained, or permitted upon any portion of Deschutes River Ranch, (excepting only the existing fences, improvements and structures) without prior permission of the Board of Directors of the Association. No owner, guest, or person whomsoever shall place, store or keep or permit to be placed, stored or kept, upon any portion of the Deschutes River Ranch any vehicle or any building material or materials of any kind or nature without the prior permission of the Board of Directors of the Association.

(c) A non-exclusive and reciprocal right and easement is reserved to each membership and every undivided interest in Deschutes River Ranch to use and enjoy each and every portion of Deschutes River Ranch for the purpose of hiking, horseback riding, fishing, swimming, sports and other recreational uses authorized by the Association. No person, firm or company shall enter or obstruct or materially interfere with the lawful use and enjoyment thereof by any other membership, owner or his guests for such recreational purposes.

(d) No portion of Deschutes River Ranch shall be used in such manner as to obstruct or interfere with the enjoyment of members or owners of undivided interests in the real property, or annoy them by unreasonable noises or otherwise, nor shall any nuisance or immoral or illegal activity be committed or permitted to occur on Deschutes River Ranch. No dogs will be allowed to roam unattended.

(e) Motorcycles, snowmobiles, trail bikes and other motorized vehicles shall not be operated except for normal transportation use, and then only within the prescribed rules and regulations of the Board.

(f) The entire Deschutes River Ranch shall be used solely for the purposes which do not provide for exemption or exceptions from the real property taxation laws of the State of Oregon, except that area used exclusively for farming and cattle grazing as filed for exemption with Deschutes County prior to 1978.

5. RULES. The Association may adopt such reasonable rules, not inconsistent with this declaration, as may be necessary or convenient to discharge the duties

and responsibilities imposed upon them. Such regulations may, among other things, control any activities which might otherwise detract from the appearance of Deschutes River Ranch or offend or cause any inconvenience or danger to persons visiting therein. Such rules may further provide for suspension of rights or privileges or for charges or assessments for violation of such rules including, without limitation, the cost of correcting any violation thereof; that no suspension shall be effective for more than thirty (30) days, without a hearing before a committee designated by the Board of Directors of the Association.

6. **BREACH.** The result of every act or omission whereby any of the provisions contained herein, or in the By-Laws, Rules and Regulations are violated in whole or in part is hereby declared to be and constituted a nuisance, and every remedy allowed by law or equity against a nuisance, either public or private, shall be available in such case and may be exercised by any member or owner of an undivided interest in Deschutes River Ranch, by Developer or his successors in interest or by the Association.

7. **LIABILITY AND LIENS.** In each instance wherein a membership or owner of an undivided interest in Deschutes River Ranch is made liable to the Association pursuant to these restrictions and the implementation thereof, such liability shall be a personal liability of all such members or owners. In the event such liability is not satisfied when due, it shall be and become delinquent and interest at the rate of ten percent (10%) per annum, a late charge of \$10.00 and all costs, including a reasonable sum for attorney's fees, shall be added thereto. If such delinquency is not cured within ten (10) days after it becomes delinquent, the Association, to which such sum is owing:

(a) May file for record in the Office of the Deschutes County Recorder and mail to the record owner at his last known address a notice of delinquency as to such charges which notice shall state all amounts which have become delinquent with respect to such membership or interest (including interests, costs and attorney's fees), a description of the land or interest in respect to which the delinquent payment is owed and the name of the record or reputed owner of such land or interest. Such notice shall be signed by an authorized agent of the Association and acknowledged in the manner required for a construction lien. In the event the sums stated as due and payable in said notice of delinquency are paid prior to foreclosure of the lien created thereby, the Association shall record a further notice similarly executed and acknowledged stating the lien created by said notice is satisfied.

(b) May collect all rents, issues, royalties and profits from any undivided interest in Deschutes River Ranch, to the extent of the sums claimed pursuant to the notice described in (a) above and the person making payment of any such rents, issues, royalties or profits in respect to any undivided interest which is the subject of a notice as in (a) above described shall be fully exonerated and released to the extent of the payments made to the Association prior to the issuance of a satisfaction of said lien as aforesaid.

(c) Immediately upon recordation of a notice of delinquency, the amounts delinquent as set forth in such notice, shall be and become a lien upon the land and/or undivided interest with respect to which such notice was recorded, which

lien shall also secure all future liabilities of the owner therefor which shall become due and payable with respect to such land or undivided interest following such recording. The lien shall continue until all amounts secured thereby are fully paid or satisfied. The lien shall be subordinate to any prior bona fide mortgage or deed of trust made in good faith and for value on the land or interest described in said lien.

(d) Each lien established pursuant to the foregoing may be foreclosed as and in the same manner as the foreclosure of a construction lien upon real property in the State of Oregon, and the Association shall have the right to institute such proceedings for foreclosure as shall seem appropriate under the circumstances. However, the notice rights required of the Association shall be only as follows: The Association shall give written notice of intent to foreclose to the owners of the lands sought to be charged by the filing of said notice of delinquency and lien more than fifteen (15) days prior to the institution of such foreclosure proceedings. No other notice need be given. All such notices shall be directed to each owner of an undivided interest, or owner of the land sought to be charged by said notice and lien, as the case may be by registered or certified mails directed to such persons at their last known address as the same appears on the Association records.

(e) A breach of the Covenants or Restrictions contained herein shall not affect or impair the lien or charge of any bona fide mortgage or deed or trust made in good faith and for value on any undivided interest herein; however any subsequent owner of such property shall be bound by such Covenants and Restrictions, whether such owner's title was acquired by foreclosure or deed in lieu of foreclosure or in a trustee's sale or otherwise. A lender who acquires title by foreclosure or deed in lieu of foreclosure or by a trustee's sale shall not be obligated to cure any breach of title if such breach was or is not practical or feasible to cure.

(f) Each member and/or owner of any interest in Deschutes River Ranch shall keep his respective interest free of all liens and charges which are or may become superior to the rights of the other members or the Association. The Association shall have the right to settle, compromise, pay or otherwise discharge any such lien or charge after ten (10) days written notice of intent so to do, to the affected member or owner. In the event of such payment or discharge, the member and/or owner of the affected unit shall be personally obligated to the Association for any such payment and the Association shall have a lien for such amount against the affected unit.

(g) All sums billed or otherwise required to be paid by any member or owner pursuant to these By-Laws, the Declaration of Conditions and Restrictions or the regulations of the Board shall be due immediately on billing by the Association unless otherwise provided.

8. PAYMENT ON TAXES. Association shall promptly pay all real and personal property taxes and assessments before they become delinquent on behalf of the members and/or owners of the undivided interests in Deschutes River Ranch, and shall bill each membership at his or its last known address as shall be shown on the Association's records, or to such other addresses as such respective members or owners may subsequently notify the Association in writing; all for such members proportionate share of the taxes and assessments affecting Deschutes River Ranch.



9. INDIVIDUALS TO OWN UNDIVIDED INTERESTS. No undivided interest in Deschutes River Ranch shall be owned by more than one person or other entity, except as follows, and only subject to the following provisions:

- (a) A husband and wife may jointly own an undivided interest.
- (b) Developer may be comprised of any form of business entity, or may convey his right, title and interest to any form of business entity.
- (c) If legal title or an equitable interest is acquired by any corporation, partnership, joint venture or other entity; then such entity shall be entitled to have a ownership of such undivided interest issued to only one individual living person.
- (d) An interest may pass under the estate of a deceased person to more than one person; provided, that within six (6) months of death, only one individual living person shall be entitled to have ownership of such undivided interest.

10. RIGHT OF ENTRY. The Association shall have the right to enter upon any portion of Deschutes River Ranch to the extent such entry is necessary or convenient to carry out duties of the Association. Such right of entry shall be exercised in such manner as to interfere as little as is reasonably possible with the possession and the enjoyment of the owners of Deschutes River Ranch.

11. NO WAIVER. A waiver of a breach of any of the foregoing conditions or restrictions, including the waiver of any rights under paragraph 7 hereof, shall not be construed as a waiver of any succeeding breach or violation, and no such waiver shall result in or impose any liability on Developer, or his successors in interest.

12. AMENDMENTS. Subject to review and compliance with the conditional use provisions of Deschutes County and compliance with the Real Estate Law of the State of Oregon, these Restrictions and Covenants may be amended at any time and from time to time by an instrument in writing signed by the owners of fifty-one percent (51%) or more of the undivided interest in Deschutes River Ranch, which instrument shall become effective upon the recordation thereof in the Office of the Deschutes County Recorder.

13. SEVERABILITY. Should any Covenant or Restriction contained herein be void or be or become unenforceable in law or equity, the remaining portions hereof shall remain in full force and effect.

14. TERM. These Covenants, Restrictions and Agreements shall run with the land and shall continue in full force and effect until January 1, 1989, at which time the same shall be automatically extended for successive periods of ten (10) years, unless by a duly executed and recorded statement, the then owners of fifty-one percent (51%) or more of the undivided interests in Deschutes River Ranch elect to terminate or amend said restrictions in whole or in part.

15. The various restrictive measures and provisions of this Declaration are declared to constitute mutual equitable covenants and servitudes for the protection



and benefit of Deschutes River Ranch and the members and owners thereof, and failure by the Developer, or any other person or persons entitled to do so, to enforce any measure or provisions, upon violation thereof, shall not estop or prevent enforcement thereafter or be deemed a waiver of the right so to do.

16. **ACCEPTANCE OF DUTIES:** Each grantee of a conveyance or purchaser under a contract or agreement of sale, by accepting a deed or a contract of sale or agreement of purchase, accepts the same subject to all of the Covenants, Restrictions, Easements, and Agreements set forth in this Declaration, and agrees to be bound by the same.

17. **WAIVER OF RIGHT OR PARTITION.** There shall be no right of partition in Deschutes River Ranch. By accepting title to an undivided interest in Deschutes River Ranch, and/or by becoming a member thereof, all such persons, or himself and his successors in interest waive all rights to partition.

18. **POWER OF SALE.** The members shall have the power to sell and convey all or any portion of Deschutes River Ranch together with the improvements and personal property pertaining thereto upon the affirmative vote of not less than fifty-one percent (51%) thereof in the following manner:

(a) Developer shall be excluded from voting until Developer has sold and conveyed at least twenty-five percent (25%) of the undivided interests in Deschutes River Ranch, or until January 1, 1981, whichever occurs earlier.

(b) Notwithstanding the provisions of paragraph (12) hereof, this paragraph (19) may not be amended until January 1, 1981, excepting on the written consent of fifty-one percent (51%) of the members entitled to vote, including Developer.

(c) This right and power of sale shall not be exercised prior to January 1, 1981, unless Developer shall have sold and conveyed at least twenty-five percent (25%) of the undivided interests in Deschutes River Ranch.

(d) If at least fifty-one percent (51%) of the members entitled to vote on this issue shall have voted affirmatively or shall have given their written consent to sell all or any portion of Deschutes River Ranch and the other provisions hereof have been met, then the Directors of the Association shall direct the Officers of the Association to effect such sale, and to do all acts and execute and deliver all documents necessary, appropriate and convenient in order to do so.

(e) If, by a vote of the members entitled to vote on this issue in the manner and subject to the provisions hereof, the Association shall have determined to sell all or any portion of Deschutes River Ranch, then any two (2) Officers of the Association shall execute and file for record in the Official Records of Deschutes County, indexed as a power of attorney, a certificate stating that the terms hereof have been complied with, and that they are hereby authorized and directed to execute and deliver any and all deeds, contracts, documents and instruments, necessary, appropriate or convenient to effect the sale of all or a portion of Deschutes River

Ranch. Recordation of such certificate shall constitute conclusive evidence that any two (2) of the Officers of the Association are authorized, directed and empowered to execute and deliver any deed, contract, document or instrument necessary, appropriate or convenient to effect the transfer of title to all or a portion of Deschutes River Ranch.

(f) By accepting title to an undivided interest in Deschutes River Ranch, the purchaser thereof, for himself and his successors in interest, hereby makes, constitutes and appoints each of the Officers of the Association and each of their successors in interest who shall then hold office at the time of execution of the certificate referred to in subparagraph (e) above, his true and lawful agent and attorney, for and in his name, place and stead and for his use and benefit, to effect any sale of all or any portion of Deschutes River Ranch, and to do all acts and execute and deliver any certificate, deed, contract, document or instrument necessary, appropriate or convenient to effect the transfer of title to all or any portion of Deschutes River Ranch, or otherwise to carry out the purposes and intent hereof.

## DEVELOPER/DECLARANT

PACIFIC NORTHWEST DEVELOPMENT CORPORATION

Date May 17, 1979By [Signature]

President

STATE OF OREGON, County of Deschutes.

Before me appeared Guille M. Wilson and sworn, for himself, did say that he is the Development Corporation president of Pacific Northwest, a corporation, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors; and he acknowledged said instrument to be his voluntary act and deed.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed by official seal the day and year last above written.


[Signature]  
 Notary Public for Oregon
My commission expires: 7-6-80

BY-LAWS  
OF  
DESCHUTES RIVER RANCH  
PROPERTY OWNERS' ASSOCIATION

ARTICLE I  
Identification

Section 1. Name. The name of this corporation is DESCHUTES RIVER RANCH, INC. which shall be referred to herein for convenience as Deschutes River Ranch Property Owners' Association or as the "Association".

Section 2. Principal office. The principal office of the Association shall be in the County of Deschutes, at 20210 Swalley Road, Bend, Oregon 97701.

ARTICLE II  
Purpose and Powers

Section 1. Purpose. The primary purpose of the Association shall be to further and promote the common interests and welfare of its members within the land area situated in Deschutes County, Oregon, known and to be known generally as Deschutes River Ranch, referred to herein for convenience as Deschutes River Ranch.

Section 2. Powers. The Association shall do whatever is necessary, conducive, incidental or advisable to accomplish and promote its object and purposes, except carrying on a business or trade for profit, and in connection therewith shall have, but shall not be limited to, the following powers:

- (a) To acquire real or personal property by gift, purchase or other means.
- (b) To own, hold, enjoy, lease, operate, maintain, convey, sell, assign, transfer, mortgage, or otherwise encumber, or dedicate for public use, real or personal property.
- (c) To exercise the powers and functions granted to it in the recorded restrictions of Deschutes River Ranch.
- (d) To construct, maintain and operate recreational facilities of all kinds within Deschutes River Ranch.
- (e) To maintain, rebuild, repair, beautify and otherwise care for all streets of Deschutes River Ranch not subject to maintenance by governmental authority.
- (f) To pay taxes and assessments, if any, levied by any governmental authority on property owned by it and by its members collectively.
- (g) To enforce charges, easements, restrictions, conditions and agreements existing upon or created for the benefit of the real property in Deschutes River Ranch.

(h) To appoint such committees as may be necessary to, or convenient in, the discharge of any of its obligations or powers.

(i) To levy assessments and charges upon its members and to declare the same a lien against the property subject thereto in accordance with the recorded restrictions of Deschutes River Ranch.

(j) To prescribe and enforce motor vehicle speed limits within Deschutes River Ranch.

(k) To sue and collect any charges not paid, and in connection therewith to foreclose any lien granted to it.

(l) To borrow money, contract debts, and issue bonds, notes and debentures, and secure the payment or performance of its obligation.

(m) To expend its moneys for the payment and discharge of all proper costs, expenses and obligations incurred in carrying out all or any of these powers in furtherance of its purposes and objectives.

(n) To contract and pay premiums for fire, casualty, liability and other insurance, including indemnity and other bonds.

(o) To contract and pay for maintenance, gardening, utilities, materials, supplies and services relating to property or facilities owned or operated by it and to employ personnel reasonably necessary for the administration of its affairs including legal counsel and accountants.

(p) To operate and maintain any ditches or improvements on the water supply system for Deschutes River Ranch.

(q) To do all other acts necessary or expedient for the administration of its affairs and to exercise all the powers granted to it by the Declaration of Deschutes River Ranch and to perform any act granted to an Oregon non-profit corporation.

### ARTICLE III Membership

Section 1. Classes. There shall be two (2) classes of membership in the Association, i.e., (a) General members and (b) Associate members.

Section 2. Members. General membership shall be appurtenant to undivided interests in the real property comprising Deschutes River Ranch and all persons who become owners thereof shall, by reason of such ownership, become and hereby are made General members of the Association. The Developer of Deschutes River Ranch shall be a General member by reason of its inventory of unsold undivided interests in Deschutes River Ranch.

General membership shall be limited to the owners of not less than an undivided 1/572nd interest in Deschutes River Ranch. Each undivided interest in Deschutes

River Ranch shall qualify the owner or owners for one (1) membership only, to be issued in such name as the owners thereof shall direct in writing. Each membership shall be issued in the name of the husband in the case of ownership by husband and wife, unless otherwise directed.

Ownership of more than one undivided 1/572nd interest in Deschutes River Ranch shall entitle the owner to all rights and privileges of membership and shall subject such owner to all the liabilities and duties thereof that are attendant to the ownership of each separately; provided, however, that the Association may issue a single certificate or other evidence of membership relating to all of such interests; and provided further that the owner of more than one undivided 1/572nd interest in Deschutes River Ranch shall be considered as a single member only for purposes of notice and determination of Associate memberships.

Section 3. Associate members. The following shall be entitled to Associate membership in the Association.

(a) The spouse and/or children of a member who also have the same residence as the member.

(b) Officers and Directors of the Association not otherwise a member by reason of ownership pursuant to Section 2 of this ARTICLE III.

Persons qualifying under more than one (1) of the above categories shall, nevertheless, be entitled to only a single Associate membership.

Associate members shall have no vote or right to notice of any meeting of members, regular or special. Associate members shall be entitled to enjoy all the other privileges of membership, subject however, to the Declarations, By-Laws, Rules and Regulations governing the conduct of members.

Associate membership shall cease automatically upon termination of the status giving rise to such membership.

Section 4. Privileges.

(a) All members including Associate members and their guests, shall have the use of the ranch, streets, parks and recreational facilities in Deschutes River Ranch and any other property or facilities from time to time owned in common by the members, or which may be acquired by the Association, subject to the provisions of the restrictive covenants of Deschutes River Ranch and such other rules for the use of the ranch, streets, parks, recreational facilities or other property or facilities as may be adopted by the Board of Directors of the Association.

(b) Each member in good standing of an undivided interest shall be entitled to the use of one of the dwelling units for two (2) one (1) week periods of each year. The dwelling unit and time shall be determined by drawings held at the Ranch Office annually. A reservation certificate shall be issued showing the member's name, undivided ownership number, dwelling unit number, and dates of use. This certificate is non-assignable except to another member in good standing.

ARTICLE IV  
Evidence of Membership and Transfer

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Section 1. Membership certificates. Certificates of membership in the Association shall be issued to members only. They shall be in such form as the Board of Directors shall designate and shall be issued under the signature of the President or Vice-President and Secretary. A certificate book shall be maintained in which shall be shown the name of the member, the certificate number, and date of issue. Membership of the Developer of Deschutes River Ranch need not be evidenced by certificates of membership.

Section 2. Transfer. Membership in the Association is transferable only upon the conveyance of the undivided interest or real property giving rise to such membership and any other attempted transfer or assignment of membership shall be null and void. Transfers of record which occur by reason of the conveyance of any interest or property subsequent to the initial conveyance from the Developer shall be subject to a fee of \$50.00 and to the payment of all indebtedness to the Association arising under the Declaration of these By-Laws which said indebtedness shall be paid by the transferor and for failure thereof by transferee.

Section 3. Issuance. Members shall be entitled to exercise all of the rights and privileges of membership and they shall be subject to all of the obligations and liabilities thereof, without the actual issuance and possession of certificates of membership; provided, however, that the Association shall incur no liability for failure to give adequate notice to members not of record; nor shall any lack of notice, refusal of entry rights and/or refusal of any privilege of membership caused by a member's loss of or failure to possess the membership identification instrument or card designated by the Board of Directors.

ARTICLE V  
Meetings of Members

Section 1. Place of meetings. Any meeting of the members of the Association shall be held in Deschutes County, Oregon, at such particular place therein as stated in the notice for such meeting.

Section 2. Annual meeting. The annual meeting of the members of the Association for the election of Directors whose terms have expired and for the transaction of such other business as may properly come before the meeting, shall be held the second Saturday of October of each year at the hour of 11:00 AM at Deschutes River Ranch or such other day and place as shall be determined by the Board of Directors in a notice directed to the members. The first meeting of the members shall be delayed until after twenty-five percent (25%) of the undivided interests in Deschutes River Ranch have been sold by the Developer of Deschutes River Ranch or up to one (1) year after the sale of the first undivided interest of Deschutes River Ranch by the Developer, whichever occurs first.

Written notice of each annual meeting shall be given to each member entitled to vote thereat, either personally or by mail or other means of written communication, charges prepaid, addressed to such member at his record address appearing on the books of the Association. All such notices shall be sent to each member entitled thereto not less than seven (7) nor more than fifty (50) days before each

annual meeting, and shall specify the place, the date and the hour of such meeting, and shall also state the general nature of the business or proposal to be considered or acted upon at such meeting.

Section 3. Special meetings. Special meetings of the members for any purpose or purposes whatsoever may be called at any time by the President, or by a majority of the Board of Directors, or by one or more members holding not less than five percent (5%) of the voting power of the Association. Except in special cases where other express provision is made by statute, notice of such special meetings shall be given within the times stated in Section (2) hereof and shall specify the place, date and hour of such meeting and the nature of the business to be transacted.

Section 4. Adjourned meetings and notice thereof. Any members' meeting, annual or special, whether or not a quorum is present, may be adjourned from time to time by the vote of a majority of the voting power of which is either present in person or represented by proxy thereat, but in the absence of a quorum no other business may be transacted at any such meeting.

When any members' meeting, either annual or special, is adjourned for thirty (30) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid, it shall not be necessary to give any notice of the time and place of the adjourned meeting or of the business to be transacted thereat, other than by announcement at the meeting at which such adjournment is taken.

Section 5. Quorum. The presence in person or by proxy of the holders of at least fifty percent (50%) of the membership entitled to vote at any meeting shall constitute a quorum for the transaction of business. The members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough members to leave less than a quorum.

If any meeting, annual or special, cannot be held for lack of quorum, the same may be adjourned, as herein above provided, for a period of not less than forty-eight (48) hours nor more than thirty (30) days from the time the original meeting was called, at which adjourned meeting the quorum requirement shall be reduced to the presence in person or by proxy of not less than twenty-five percent (25%) of the voting power of the total membership, unless a larger quorum is required pursuant to the Oregon Non-profit Corporation Act.

Section 6. Voting. Except as otherwise provided by law, only members in whose names memberships entitled to vote stand on the records of the Association on the record date for voting purposes, fixed as provided in ARTICLE IX, Section 1, of these By-Laws, shall be entitled to vote at such meeting. Such vote may be via voice or by ballot; provided, however, that all elections for Directors must be by ballot upon demand by any member prior to the time voting commences. Except as otherwise provided herein, each membership is entitled to one (1) vote for each undivided 1/572nd interest in Deschutes River Ranch.



**Section 7. Action without meeting.** Any action, except as otherwise provided by law, which, under the applicable provisions of law, may be taken at a meeting of the members, may be taken without a meeting if authorized in writing by all of the members who would be entitled to vote upon such action at a meeting and filed with the Secretary of the Association.

**Section 8. Proxies.** Every member entitled to vote or execute consents shall have the right to do so either in person or by an agent or agents authorized by a written proxy executed by such member or his duly authorized agent and filed with the Secretary of the Association; provided that no such proxy shall be valid after the expiration of eleven (11) months from the date of its execution unless the person executing it specifies therein the length of time for which such proxy is to continue in force, which in no event shall exceed seven (7) years from the date of its execution.

## ARTICLE VI Directors

**Section 1. Powers.** Subject to any limitations of the Articles of Incorporation, of these By-Laws, and of the General Non-Profit Corporation Law of Oregon, and subject to the duties of Directors as prescribed in these By-Laws, all corporate powers of the Association shall be exercised by or under the authority of, and the business and affairs of the Association shall be controlled by the Board of Directors. Without prejudice to such general powers, but subject to the same limitations, it is hereby expressly declared that the Directors shall have the following powers:

(a) To select and remove all Officers, Agents and Employees of the Association and prescribe such powers and duties for them as may not be inconsistent with law, with the Articles of Incorporation or of these By-Laws.

(b) To conduct, manage and control the affairs and business of the Association and to make such rules and regulations not inconsistent with the law, Articles of Incorporation, these By-Laws and the Declaration of Deschutes River Ranch, as they may deem appropriate.

(c) To change the principal office for the transaction of the business of the Association from one location to another within the same county as provided in ARTICLE I, Section 2, hereof; to designate the place for the holding of any meetings or meetings; and to adopt, make and use a corporate seal, and to prescribe the forms of membership certificates and/or membership identification cards, from time to time, as in their judgement they may deem appropriate.

(d) To take such steps as may be necessary to implement any of the powers of the Association as provided in the Declaration, the Articles and these By-Laws.

(e) To appoint an Executive Committee and other committees, and to delegate to such Executive Committee any of the powers and authority of the Board in the management of the business and affairs of the Association except the power to adopt, amend or repeal By-Laws. Any such Executive Committee shall be composed

of one (1) or more Directors.

Section 2. Number and qualification.

(a) The authorized number of Directors of the Association shall be three (3) until changed by an amendment of the Articles of Incorporation or a By-Law amending this Section 2 duly adopted by the members. Directors shall not be required to be members.

(b) So long as Developer owns any interest in any part of Deschutes River Ranch, there shall be two (2) classes of members: Class "A", which shall be the Developer, and Class "B", which shall be all purchasers of undivided interests from Developer.

(c) There shall be two (2) classes of Directors. Class "A" consisting of two (2) Directors, and Class "B" consisting of one (1) Director. The Class "A" Directors shall, for a period of three (3) years, or until Developer has sold all undivided interests, whichever be the later, be elected by the Developer; the Class "B" Director shall be elected by purchasers or individual undivided interests from Developer in the manner in these By-Laws provided. When Developer completes the sale of all undivided interests, or upon the expiration of the time limit above described, whichever is the latter, there shall be one (1) class of Directors to be elected by the members as in these By-Laws provided.

Section 3. Election and term of office. Until the first annual meeting of members, the Directors of the Association shall be those individuals named in the Articles of Incorporation or any amendment thereto, or their successors determined pursuant to Section 4 of this ARTICLE VI. At such meeting, and at each annual meeting of members thereafter, the Directors shall be elected by the members; providing, however, that if for any reason any such annual meeting is not held, or the Directors are not elected thereat, the Directors may be elected at any special meeting of members held for that purpose. All Directors shall hold office until their respective successors are elected and qualified.

Section 4. Vacancies. Vacancies in the Board of Directors may be filled by a majority of the remaining Directors, though less than a quorum, or by a sole remaining Director, and each Director so elected shall hold office until his successor is elected at an annual or a special meeting of the members.

A vacancy or vacancies in the Board of Directors shall be deemed to exist in case of death, resignation or removal of any Director, or if the authorized number of Directors be increased or if the members fail at any annual or special meeting of members at which any Director or Directors are elected to elect the full authorized number of Directors to be elected at that meeting, or if a vacancy is declared by the Board of Directors for any reason permitted by law.

If the Directors fail to elect or appoint a Director to fill any vacancy within ninety (90) days of the date any such vacancy occurs, the members may at a special meeting fill any such vacant Director's position or positions. If the Board of Directors accepts the resignation of a Director tendered to take effect at a future

time, the Board shall have power to elect a successor pursuant to the provisions hereof, to take office when the resignation is to become effective. No member or Director may appoint or elect a Director in a class other than his own.

Section 5. Regular meetings. Immediately following each annual meeting of members, the Board of Directors shall hold a regular meeting for the purpose of organization, election of officers, and the transaction of other business. Call and notice of such meetings are hereby dispensed with.

Section 6. Special meetings. Special meetings of the Board of Directors for any purpose or purposes may be held at any time upon call by the President or, if he is absent or unable or refuses to act, by any Vice-President or by any two (2) Directors. Such meetings may be held at any place designated from time to time by resolution of the Board or by written consent of all members of the Board.

Written notice of the time and place of special meetings shall be delivered personally to each Director or sent to each Director by mail or other form of written communication, charges prepaid, addressed to him at his address as it is shown upon the records of the corporation. In case the notice is mailed or telegraphed, it shall be deposited in the United States mail or delivered to the telegraph company at least forty-eight (48) hours prior to the time of the holding of the meeting. Such mailing, telegraphing or delivery as above provided shall constitute due, legal and personal notice to such Director.

Section 7. Waiver of notice. The transaction of any meeting of the Board of Directors, however, called and noticed or where ever held, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum be present, and if, either before or after the meeting, each of the Directors not present signs a written waiver or notice or a consent to holding such meeting or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 8. Quorum. A majority of the authorized number of Directors shall be necessary to constitute a quorum for the transaction of business, except to adjourn as hereinafter provided. Every act or decision done or made by a majority of the Directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board of Directors unless a greater number be required by law or by the Articles of Incorporation.

Section 9. Adjournment and notice. A quorum of the Directors may adjourn any Directors' meeting to meet again at a stated day and hour; provided, however, that in the absence of a quorum, a majority of the Directors present at any Directors' meeting, either regular or special, may adjourn from time to time until the time fixed for the next regular meeting of the Board. Notice of the time and place of holding an adjourned meeting need not be given to absent Directors if the time and place be fixed at the meeting adjourned.

ARTICLE VII  
Officers

Section 1. General. The Officers of the Association shall be a President, one (1) or more Vice-Presidents, a Secretary and a Treasurer, and each of them shall be elected by the Board of Directors. The Association may also have such other Officers, including one (1) or more Assistant Secretaries, as may be appointed by the Board of Directors. Officers, other than the President, need not be Directors. One person may hold two (2) or more Offices, except those of President and Secretary.

Each Officer shall hold his office until he shall resign or shall be removed or otherwise disqualified to serve, or his successor shall be elected and qualified; provided that Officers may be appointed at any time by the Board of Directors for the purpose of initially filling an office or filling a newly created or vacant office.

Section 2. Removal and resignation. Any Officer may be removed, either with or without cause, by a majority of the Directors in office at the time, or at any regular or special meeting of the Board of Directors.

Any officer may resign at any time by giving written notice to the Board of Directors or to the President, or to the Secretary of the Association. Any such resignation shall take effect at the date of the 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 3. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in these By-Laws for regular appointments to such office.

Section 4. President. The President, who shall be chosen from the Board of Directors, shall be the Chief Executive Officer of the Association and shall, subject to the control of the Board of Directors, have general supervision, direction and control of the business and Officers of the Association. He shall preside at all meetings of the members and of the Board of Directors. He shall be an Ex-Officio member of all the standing committees, including the Executive Committee, if any, and shall have the general powers and duties of management usually vested in the office of President of a corporation and such other powers and duties as may be prescribed by the Board of Directors or these By-Laws.

Section 5. Vice-Presidents. In the absence or disability of the President, the Vice-Presidents in order of their rank as fixed by the Board of Directors, if not ranked, the Vice-President designated by the Board of Directors, shall perform all the duties of the President and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Vice-Presidents shall have such other powers and perform such other duties as may be prescribed for them respectively by the Board of Directors, the President or these By-Laws.

Section 6. Secretary. The Secretary shall keep or cause to be kept, at the principal office or such other place as the Board of Directors may order, a book of minutes of all meetings of Directors and members, or a duplicate, thereof, with the

time and place of meeting, whether regular or special, and if special, how authorized, the notice thereof given, the names of those present at Directors' meetings, the number of memberships present or represented at members' meetings, and the proceedings thereof.

The Secretary shall keep or cause to be kept, in any form permitted by law, at the principal office or such other place as the Board of Directors may order, a membership register, or a duplicate thereof, showing the names of the members and their addresses, the number of undivided 1/572nd interests in Deschutes River Ranch if more than one (1), upon which such membership is based, the number and date of membership certificates issued, and the number and date of cancellation of membership certificates surrendered or cancellation.

The Secretary shall give, or cause to be given notice of all meetings of the members and of the Board of Directors required by these By-Laws or by law to be given, and shall keep the seal of the Association in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors, the President or these By-Laws.

Section 7. Treasurer. The Treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the Association, including accounts of its assets, liabilities, receipts, disbursements, gains or losses. The books of account shall at all times be open to inspection by any Director.

The Treasurer shall deposit all moneys and other valuables in the name of and to the credit of the Association with such depositories as may be designated by the Board of Directors. He shall disburse the funds of the Association as may be ordered by the Board of Directors, shall render to the President and Directors, whenever they request it, an account of all of his transactions as Treasurer and of the financial condition of the Association, and shall have such powers and perform such other duties as may be prescribed by the Board of Directors, the President, or these By-Laws.

## ARTICLE VIII Annual Assessment

### Section 1. General.

(a) Each year the Board of Directors shall consider the current and future needs of the Association and, in the light of these needs, shall fix by resolution the amount of the annual assessment to be levied against each undivided interest in Deschutes River Ranch, which amount shall be a debt of the owner thereof, and constitute a lien against said interest or property as of the time of such annual assessment.

(b) At the time of said assessment, the Board shall adopt a budget, which shall make provisions for all repairs, maintenance, taxes, insurance, and other current expenses. Reserves for replacement costs on real estate improvements, water system, roads, and personal property shall not be a part of the budget, but these items shall be paid by special assessments or by separate financing to

be paid through regular assessments.

Section 2. Amount. The annual assessment to be so levied shall not be more than \$190.00 per undivided interest, which maximum shall be automatically adjusted as follows:

(a) Each month at the time the Consumers' Price Index (All Items, United States, 1967 equals 100) figure is published by the Department of Labor, Bureau of Labor Statistics, the maximum assessment shall be multiplied by a fraction; the denominator of which is 199.3 (the index figure for the month of September 1978) and the numerator of which is the next index figure as published by said agency.

(b) Each tax assessment year after 1978-1979, (base year) the real property tax and assessment increases over the base year shall be computed and said increases over the base year shall thereupon be divided by the then number of undivided interests in Deschutes River Ranch which said sum, together with the product of (1) next preceding, shall be added to the said maximum assessment.

(c) All miscellaneous income from the operation of the Ranch shall be used to help pay operating expenses.

Section 3. Notice. The Secretary shall mail to each general member, at such member's record address, notice of each annual assessment which said notice shall state the time and manner for payment thereof. Said notice shall be mailed at least two (2) weeks prior to the time such assessment shall become due and payable.

Section 4. Lien. The amount of such annual assessment, plus any other charges thereon such as interest when delinquent and cost of collection (including reasonable attorneys' fees), if any, shall constitute and become a lien on the undivided interest in Deschutes River Ranch when the Board of Directors causes to be recorded with the County Recorder of Deschutes County a notice of assessment which shall state the amount of such assessment and such other charges, a description of the real property which has been assessed, and the name of the record owner thereof. Such notice shall be signed by the Secretary of the Association on behalf of the Association and acknowledged in the manner required of a deed in Oregon. Upon the payment of said assessment and the charges thereof, the Board of Directors shall cause to be recorded a further notice stating the satisfaction and the release of the lien thereof. The failure to record a timely notice of assessment as required herein, shall not work a waiver of the Association's right to collect assessments from any transferee.

The authority to levy such assessment upon undivided interests in Deschutes River Ranch is granted to the Association by Pacific Northwest Development Corporation, Developer of Deschutes River Ranch, as part of the recorded Declarations of Restrictions Imposed and to be imposed by it upon Deschutes River Ranch.

Section 5. Priority of Lien. Such lien shall be prior to all other liens recorded subsequent to said notice of assessment except that liens of first mortgages and/or first deeds of trust which are recorded in accordance with applicable law

shall be superior to any and all such liens provided for herein. Whether recorded or unrecorded, the assessments of the Association shall be prior to all subsequent purchases of any interest or land subjected to the Declaration and By-Laws of Deschutes River Ranch.

Section 6. Lien enforcement. The lien provided for herein may be enforced by way of foreclosure in accordance with the terms of the Declaration of Deschutes River Ranch.

Section 7. Estoppel certificates in respect lien rights. Any general member may on written demand, secure a statement of assessments and other charges due respecting any undivided interest or land subject to the Declaration of Deschutes River Ranch. In the event the Association issues such a written statement, the same shall be conclusive against the Association as of the date of issuance of said statement. The Association may, but shall not be obligated to issue any such statement.

## ARTICLE IX Miscellaneous

Section 1. Record date. The Board of Directors may fix a time in the future as a record date for the determination of the members entitled to notice of and to vote at any meeting of members. The record date so fixed shall not be more than thirty (30) days prior to the date of the meeting. When a record date is so fixed, only members of record on that date shall be entitled to notice of and to vote at the meeting, notwithstanding any transfer of or issuance of membership certificates on the books of the Association after the record date.

Section 2. Inspection of records. The membership register or duplicate membership register, the books of account and minutes of proceedings of the members, and the Board of Directors and the Executive Committee, if any, shall be open to inspection upon the written demand of any member at any reasonable time and for a purpose reasonably related to his interests as a member.

Section 3. Checks and drafts. All checks, drafts or other orders for payment of money, notes or other evidences of indebtedness issued in the name of or payable to the Association shall be signed or endorsed by such person or persons and in such manner as, from time to time, shall be determined by resolution of the Board of Directors.

Section 4. Annual accounting. An annual report and account, including a statement of income and disbursements, shall be sent to the members no later than one-hundred twenty (120) days after the close of the Association's fiscal year.

Section 5. Execution of contracts. The Board of Directors, except as may be otherwise provided in these By-Laws, may authorize any Officer or Officers, Agent or Agents, to enter into any contract or execute any instrument or document in the name of and on behalf of the Association and such authority may be general or confined to specific instances. Unless otherwise specifically determined by the Board of Directors or otherwise required by law, formal contracts, promissory



notes and other evidences of indebtedness, deeds or trust, mortgages and other corporate instruments or documents requiring the corporate seal, shall be executed, signed or endorsed by the President (or any Vice-President) and by the Secretary (or any Assistant-Secretary) or the Treasurer.

Section 6. Limitation of powers. The Association shall not incur debt in excess of twenty-five thousand dollars (\$25,000.00) per year for the purchase of real or personal property, the issuance of bonds or debentures or the mortgage of any of its property, nor acquire real or personal property by purchase, nor lease, convey, sell, assign, transfer, mortgage or otherwise encumber nor dedicate for public use any real or personal property owned by it, nor assess the members for capital improvements in excess of twenty-five thousand dollars (\$25,000.00) nor assess the members to make up deficiencies in insurance premiums, without the prior vote or written consent of fifty-one percent (51%) of its members entitled to vote, including the Developer.

Section 7. Inspection of By-Laws. The Association shall keep in its principal office for the transaction of business the original or a copy of the By-Laws as amended or otherwise altered to date, certified by the Secretary, which shall be open to inspection by the members at all reasonable times.

Section 8. Corporate seal. The Association need not have a corporate seal unless so ordered by the Board of Directors.

#### ARTICLE X Amendments

New By-Laws may be adopted or these By-Laws may be amended or repealed by the vote or written assent of members entitled to exercise a majority of the voting power of the Association.

DEVELOPER/DECLARANT  
PACIFIC NORTHWEST DEVELOPMENT CORPORATION

Date MAY 17, 1979By *Orville M. Wilson*

President

STATE OF OREGON, County of DESCHUTES.

Before me appeared ORVILLE M. WILSON and sworn, for himself, did say that he is the THE president of PACIFIC NORTHWEST DEVELOPMENT CORPORATION, a corporation, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors; and he acknowledged said instrument to be his voluntary act and deed.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.



Notary Public for Oregon

My commission expires: DECEMBER 18, 1980

DESCHUTES RIVER RANCH  
PROPERTY OWNERS' ASSOCIATION

Date MAY 17, 1979By *Orville M. Wilson*

Director

By *Joan Crew*

Director

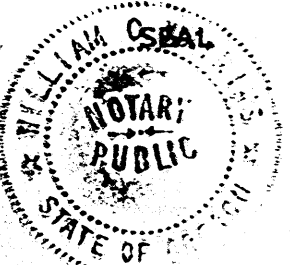
By *Harbert Hatfield*

Director

STATE OF OREGON, County of DESCHUTES.

Before me appeared ORVILLE M. WILSON, JOAN CREW, HARBERT HATFIELD, who are Directors of \_\_\_\_\_ and that the said instrument was signed and sealed in behalf of said Association and each of them acknowledge said instrument to be their voluntary act and deed.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.



Notary Public for Oregon

My commission expires: December 18, 1980

## EXHIBIT A

IN TOWNSHIP 16 SOUTH, RANGE TWELVE, EAST OF THE WILLAMETTE MERIDIAN,  
Deschutes County, Oregon:

SECTION 9: The West Half of the Southwest Quarter; EXCEPT that portion lying within the right of way of White Rock Market Road and Harper Road; ALSO EXCEPTING the following described tract of land: Commencing at the Southwest corner of said Section 9; thence North 2° 05' 14" West along the West line of said Section 9 a distance of 1316.97 feet to the Northwest corner of the Southwest Quarter of said Section 9 and the point of beginning for this description; thence North 87° 54' 46" East a distance of 330.00 feet; thence South 2° 05' 14" East a distance of 660.00 feet; thence South 87° 54' 46" West a distance of 330.00 feet to the West line of said Section 9; thence North 2° 05' 14" West along said West line a distance of 660.00 feet to the point of beginning.

SECTION 16: The Northerly 660 feet of the Northwest Quarter of the Northwest Quarter of said Section; AND ALSO the South 330 feet of the Southwest Quarter of the Northwest Quarter; AND ALSO the East One-half of the Northwest Quarter lying Westerly of the centerline of the Deschutes River; AND ALSO the West One-half of the Southwest Quarter, EXCEPTING THEREFROM any portions of the above described lands lying within the right of way of White Rock Market Road.

SECTION 17: The Southeast Quarter of the Southeast Quarter; the Southwest Quarter of the Southeast Quarter; AND ALSO the Southeast Quarter of the Southwest Quarter lying Easterly of the right of way of Gift County Road.

SECTION 20: The Northeast Quarter of the Northeast Quarter lying Northerly of the right of way of Swalley Road; EXCEPTING THEREFROM that portion lying within the boundaries of the official plat of TUMALO TRAILS; the Northwest Quarter of the Northeast Quarter, EXCEPTING THEREFROM the rights of way of Gift County Road, Rock Canyon Road and Arrowhead Drive; that portion of the North One-half of the Northeast Quarter of the Northwest Quarter lying Northerly of the right of way of Gift County Road; AND ALSO that portion of the South One-half of the Northeast Quarter of the Northwest Quarter lying Easterly of the right of way of Gift County Road.

Lots 2, 3, 4, 5, 6, 7, 9, 11, 12, 13, 14, 15, 16, 17, 18, 19 and 20 in Block 1; and Lots 1, 2, 3 and 4 in Block 2, ALL in TUMALO TRAILS, Deschutes County, Oregon.—

31357

STATE OF OREGON  
County of Deschutes

I hereby certify that the within instrument of writing was received for Record the 17 day of May A.D. 1979 at 4:36 o'clock P. M. and recorded in Book 299 on Page 252 Record of Deeds

ROSEMARY PATTERSON  
County Clerk

By Rhonda Lang Deputy