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RECORDED DOCUMENT

STATE OF OREGON
COUNTY OF DESCHUTES

I hereby certify that the attached instrument was
received and duly recorded in Deschutes County
records:

DATE AND TIME: Feb. 19, 1999; 10:12 a.m.

RECEIPT NO: 2363

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 Declarations

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Mary Sue Penhollow

MARY SUE PENHOLLOW
DESCHUTES COUNTY CLERK



AMENDED AND REINSTATED BYLAWS
OF THE
OREGON WATER WONDERLAND PROPERTY
OWNERS' ASSOCIATION, UNIT II, INC.;

the original Bylaws having been recorded in Book 274 at Page 1062
as instrument number 92-27932 in the Official Records of
Deschutes County, Oregon.

ARTICLE I

NAME AND LOCATION OF ASSOCIATION

The name of this Association is OREGON WATER WONDERLAND PROPERTY OWNERS' ASSOCIATION, UNIT II, INC. Its principal office is located at 17491 Killdeer Drive, Bend, Oregon 97707.

ARTICLE II

PURPOSES

The purposes and objects of the Corporation, in addition to those otherwise provided by law, shall be to provide for the operation, maintenance, repair, rebuilding or rehabilitation of roads, streets and deeded accesses to waterways; to provide for compliance with Restrictive Covenants and Conditions on file with the Deschutes County Clerk's office by seeking appropriate legal relief through the court systems; and to promote the overall utility and aesthetic value of property of UNIT II OREGON WATER WONDERLAND plat, Deschutes County, Oregon, for the benefit of members of the Association.

ARTICLE III

MEMBERSHIP

3.1. MEMBERSHIP: Every person or entity who is the record owner of a fee interest, or contract vendee, in any Lot that is subject to this Declaration shall be deemed to have a membership in the Association. Membership shall be appurtenant to and may not be separated from such ownership. The foregoing is not intended to include persons who hold an interest merely as security for the performance of an obligation, and the giving of a security interest shall not terminate the Owner's membership. No Owner, whether one or more persons, shall have more than one (1) membership per Lot owned. In the event the Owner of a Lot is more than one person or entity, votes and rights of use and enjoyment shall be as provided herein. The rights and privileges of membership, including the right to vote, may be exercised by a Member or the Member's spouse, but in no event shall more than one (1) vote for each class of membership applicable to a particular Lot be cast for each Lot.

3.2 SUSPENSION OF RIGHTS AND PRIVILEGES: All rights and privileges attributable to membership in the Association may be suspended by the Board of Directors with respect to any member who is declared by the Board to be in violation of the provisions of these Bylaws, the Building and Use Restrictions or the Rules and Regulations. Any decision made by the Board pursuant to this section shall not be final until the affected member has been given notice and an opportunity to be heard regarding the suspension. Whenever a suspension of membership privilege has been occasioned solely as the result of a delinquency in the payment of amounts due to the Association, such suspension shall immediately terminate upon the receipt by the Association of the full amount of the delinquency, including any late charges, interest, collection costs, fees and attorney fees actually incurred.

3.3 TERMINATION: Membership in the Association shall terminate upon the transfer of fee simple title to a Lot or a contract purchaser's interest therein, effective upon the recording of such transfer in the records of the Association or the Deed Records of Deschutes County, Oregon. Failure to so record such a change in the legal title to a Lot shall not relieve a member from personal liability for the payment or satisfaction of any assessment or obligation imposed by the Association subsequent to an unrecorded transfer.

ARTICLE IV

MEETING OF MEMBERS

4.1 PLACE OF MEETINGS: Meetings of the members shall be held at the principal place of business of the Association or at such suitable place convenient to the members as may be designated by the Board of Directors.

4.2 ANNUAL MEETINGS: The annual meetings of the members shall be held during the month of August of each year.

4.3 SPECIAL MEETINGS: Special meetings of the members may be called at any time by the Chairman of the Board of Directors upon resolution by the Board of Directors or written request of a least five percent (5%) of the members.

4.4 NOTICE: It shall be the duty of the Secretary to mail, at least 15 days but not more than 60 days prior to a meeting a notice of each annual or special meeting stating the purpose of the meeting and the date, time and place of the meeting to each member at the address of the member in the records of the Association, or the address supplied by such member to the Association for the purpose of notice.

4.5 QUORUM: Except as hereinafter provided, the presence either in person or by proxy of members entitled to cast at least 20 percent of the total votes of the Association shall constitute a quorum for the

transaction of business at all meetings of the Association. When a quorum is once present to organize a meeting, it cannot be broken by the subsequent withdrawal of a member or members. If a meeting of members cannot be organized because of a lack of quorum, the members who are present, either in person or by proxy, may adjourn the meeting from time to time until a quorum is present.

4.6 VOTING: Notwithstanding anything to the contrary herein contained, it is understood that there shall not be permitted more than one (1) vote per parcel owned. Vote may be cast in person or by mail and there may be voting by proxy.

4.7 PROXIES: A member may vote in person or by proxy executed in writing and filed with the Secretary. Every proxy shall be revocable.

4.8 MAJORITY VOTE: A majority of those votes entitled to be cast, whether the members be present in person or by proxy, at an Association meeting at which a quorum is constituted, shall be binding upon all lot owners for all purposes except where a higher percentage vote is required by law, or by these Bylaws.

ARTICLE V

BOARD OF DIRECTORS

5.1 NUMBER AND QUALIFICATIONS: The affairs of the Association shall be governed by a Board of Directors composed of five persons. A husband and wife may not both serve on the Board of Directors at the same time.

5.2 TERM: Three directors shall be elected to serve two years each, two directors shall be elected to serve three years each. Election shall be by plurality as provided in Section 4.8 of Article IV of these Bylaws.

5.3 VACANCIES: Vacancies in the Board of Directors shall be filled by a vote of a majority of the remaining directors. The remaining term of the vacancy filled shall be served by the director so elected.

5.4 REMOVAL OF DIRECTORS: Directors may be removed from office before their term expires by a majority vote of all members, whether voting by proxy or in person, at a special meeting called for the purpose of such removal or at a general meeting.

5.5 COMPENSATION: No director shall receive any compensation for any service he may render to the Association as a director. However, any director may be reimbursed for his actual expenses which are incurred in the performance of his duties as director.

5.6 MANNER OF ELECTION: Prospective directors shall run for a specific vacancy. After nominations from the floor at the annual meeting or by a nominating committee appointed by the chairman of the Board of Directors, voting may be by ballots, in which case a secret

written ballot will be taken of all members or their proxies for each vacancy. Cumulating voting is not permitted. The person receiving the most votes for each vacancy shall be elected.

ARTICLE VI

MEETINGS OF THE BOARD OF DIRECTORS

6.1 REGULAR MEETING: Immediately after each annual meeting of members, the directors elected at such meeting and those holding over shall hold a meeting for the purpose of electing officers as hereinafter provided and for the transaction of such other business as may come before the meeting. No prior notice of such meeting shall be required to be given to the directors.

The Board of Directors by resolution may establish other dates, times and places for regular and special meetings of the Board.

6.2 SPECIAL MEETINGS: Special meetings may be called by the chairman at the request of at least two directors, or at the chairman's discretion. These special meetings may be held at such reasonable times and places as the chairman may determine and shall be limited to only those items of business described in the notice of such special meeting.

6.3 NOTICES: No notice need be given for regular meetings held pursuant to Section 6.1. Notice of special meetings must be given at least two days prior to the time of the meeting and shall include all business to be considered at such meeting. Attendance at a meeting shall constitute a waiver of notice thereof.

6.4 QUORUM: A majority of the directors shall constitute a quorum. Directors may take any action which is in their power without a meeting by obtaining written approval of all of the directors to such action.

ARTICLE VII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

7.1 GENERAL POWERS: The Board of Directors shall have power to exercise all powers, duties, and authority vested in or delegated to the Association and not reserved to the membership by provision of these Bylaws, and the Articles of Incorporation.

7.2 CREATION OF ASSESSMENTS. Each Owner of any Unit, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, covenants and agrees to pay to the Association; (a) annual assessments or charges; (b) special assessments, such assessments to be established and collected as hereinafter provided; and (c) specific assessments against any particular Unit which are established pursuant to the terms of these Bylaws, the Building & Use

Restrictions and the Rules and Regulations, including, but not limited to, reasonable fines as may be imposed by the Board for violations of these Bylaws, the Building & Use Restrictions and the Rules and Regulations. All such assessments, together with late charges, interest, not to exceed the maximum legal rate, collection costs and fees, including reasonable attorney's fees actually incurred, shall be a charge on the land and shall be a continuing lien upon the Unit against which each assessment is made.

7.3 COMPUTATION OF ASSESSMENT. It shall be the duty of the Board to prepare a budget covering the estimated costs of operating the Association during the coming year, which shall include a capital contribution or reserve in accordance with a capital budget separately prepared. The Board shall cause the budget and the assessments to be levied against each Unit for the following year to be delivered to each member at least thirty (30) days prior to the end of the current fiscal year. The budget and the assessment shall become effective unless disapproved at a meeting by a Majority of the Owners. Notwithstanding the foregoing, however, in the event the membership disapproved the proposed budget or the Board fails for any reason so to determine the budget for the succeeding year, then and until such time as a budget shall have been determined, as provided herein, the budget in effect for the then current year shall continue for the succeeding year.

7.4 ASSOCIATION RULES AND REGULATIONS: The Board shall have the power but not the obligation to adopt rules and regulations to be known as the Rules and Regulations for Oregon Water Wonderland Property Owner's Association, Unit II, Inc., dealing with the use of common areas, the restrictions on use of property within the subdivision and the interpretation and enforcement of the Building and Use Restrictions. Such rules may contain administrative provisions for the enforcement of the provisions contained in these Bylaws, the Building and Use Restrictions and the Rules and Regulations themselves, including a fine schedule and the procedure for the assessment of fines for violations of any of the provisions of these Bylaws, the Building and Use Restrictions and/or the Rules and Regulations, provided that every owner shall be given notice and an opportunity to be heard regarding the imposition of a fine. Such Rules and Regulations are hereby incorporated by reference herein and shall have the same force and effect as if set forth in these Bylaws and the Building & Use Restrictions.

7.5 OTHER POWERS: The Board shall have the power to declare the office of a member of the Board of Directors vacant in the event such member shall be absent without excuse from two regular meetings of the Board of Directors. The Board shall have power to employ employees and officials and prescribe their duties and fix their compensation.

7.6 DUTIES OF THE BOARD OF DIRECTORS: It shall be the duty of the Board of Directors to (a) cause to be kept a complete record of all of its acts and the proceedings at its meetings and to cause to be presented at the annual meeting of the members a report reviewing the business and affairs of the Association for the past year; (b) procure and maintain adequate insurance on property owned, leased, or otherwise used by the Association; (c) cause, in

its discretion, all officers or employees having fiscal responsibilities to be bonded with sufficient surety for the faithful performance of their official duties with the premium on such bond to be paid by the Association; (d) perform all powers and duties granted by law; and (e) employ the personnel necessary for the maintenance, upkeep and repair of the common areas.

7.7 LIABILITY AND INDEMNIFICATION OF DIRECTORS: The directors shall not be liable to the Association or the lot owners for any mistake of judgment, negligence, or otherwise except for their own willful misconduct or bad faith. The Association shall indemnify and hold harmless each director against all contractual liability to others arising out of contracts made by the Board of Directors, on behalf of the Association unless any such contract shall have been made in bad faith and contrary to the provisions of these Bylaws. Each director shall be indemnified by the Association against all expenses and liabilities including attorneys' fees, reasonably incurred or imposed upon them in connection with any proceeding to which they may be a party, or in which they may become involved, by reason of being or having been a director, and shall be indemnified against any reasonable settlement thereof; provided, however, there shall be no indemnity if the director is adjudged guilty of willful nonfeasance, misfeasance, or malfeasance in the performance of his duties.

ARTICLE VIII

COMMITTEES

The Board of Directors shall appoint such committees as it, in its discretion, deems necessary to assist in the operation of the affairs of the Association. Such committees shall exercise all powers and be subject to all duties which the Board of Directors shall give them. Committee members need not be members of the Board of Directors, but shall be members of the Association. A majority of the members of any committee shall fix its procedures.

ARTICLE IX

OFFICERS

9.1 DESIGNATION AND ELECTION: The principal officers of the Association shall be a president and a vice-president, who shall be members of the Board, and a secretary and treasurer who need not be members of the Board; if not members of the Board, they may have a voice, but no vote at board meetings. The Board may appoint an assistant secretary or an assistant treasurer by resolution. The officers of the Association shall be elected annually by the Board of Directors and shall hold office at the pleasure of the Board.

9.2 REMOVAL, RESIGNATION AND VACANCIES: Any officer may be removed by an affirmative vote of the majority of the members of the Board of Directors. A vacancy in any office may be filled in the manner prescribed for regular elections with the officer elected filling the remainder of the term of the officer he replaces.

9.3 PRESIDENT: The president shall preside at all meetings of the Board and of the Association. He/she shall have all of the general powers and duties which are usually vested in the president of an association.

9.4 VICE-PRESIDENT: The vice-president shall take the place of the president and perform his/her duties whenever the president shall be absent or unable to act. If neither the president nor the vice-president is able to act the Board shall appoint some other board member to do so on an interim basis. He/she shall also perform such other duties as may be delegated to him/her by the Board of Directors.

9.5 SECRETARY: The secretary shall keep the minutes of all meetings of the members of the Association and of the Board; shall serve notice of all such meetings; shall keep appropriate records of the names and addresses of the Association members; and shall perform other duties incident to the office of secretary.

9.6 TREASURER: The treasurer shall have the care and custody of and be responsible for all the funds of the Association and shall deposit such funds in the name of the Association in such banks or safe deposit companies as the Board may designate; and further shall perform all duties incident to the office which the treasurer of an association normally performs.

9.7 DELEGATION AND CHANGE OF DUTIES: In the event of absence or disability of any officer the Board of Directors may delegate during such absence or disability the powers or duties of such officer to any other officer or any director.

ARTICLE X

MAINTENANCE AND USE OF PROPERTY

10.1 MAINTENANCE AND REPAIR:

10.1.1 COMMON AREAS: All maintenance, repairs and replacements to the common areas shall be made by the Association and shall be charged to all of the members as a common expense.

10.2 RESTRICTIONS AND REQUIREMENTS RESPECTING USE OF PROPERTY:

10.2.1 Each owner shall be subject to the limitations, covenants, restrictions and requirements set forth in the Building and Use Restrictions, recorded September 5, 1969, Volume 166 page 723 Deed Records, Deschutes County, Oregon, and any amendments attached to and made a part of said Building and Use Restrictions.

10.2.2 The violation of any provision of the Bylaws, the Building and Use Restrictions and/or the Rules and Regulations shall give the Board of Directors, acting on behalf of the Association, the right:

(a) To exercise any or all of the remedies set out in these Bylaws, the Building and Use Restrictions and the Rules and Regulations, as well as those remedies permitted by law, including actions for damages or suits for injunctions or specific performance.

ARTICLE XI

BOOKS, RECORDS, AUDITS

11.1 INSPECTION BY MEMBERS: The books, records, and papers of the Association shall at all times during reasonable business hours be subject to inspection by any member or his authorized agent at the office of the Association.

11.2 AUDIT: The Association shall cause to be prepared a certified audit of the financial records of the Association annually and shall provide a copy of the certified audit to all members of the Association prior to the Annual Meeting of the Association.

11.3 EXECUTION OF INSTRUMENTS: All checks, drafts, notes, bonds, acceptances, deeds, leases, contracts, and other instruments shall be signed by at least two members of the Board of Directors of the Association.

ARTICLE XII

AMENDMENT

These Bylaws may be amended, repealed or altered in the whole or in the part by a majority vote of the members in attendance or represented by proxy at any duly organized meeting of the Association. Amendments may be proposed by the Board of Directors or by petition signed by at least twenty percent (20%) of the members. A statement of any proposed amendment shall accompany the notice of any regular or special meeting at which such proposed amendment shall be voted upon.

ARTICLE XIII

MISCELLANEOUS

13.1 NOTICES: All notices to the Association or to the Board of Directors shall be sent to the principal office of the Association, or to such other address as the Board of Directors may hereafter designate from time to time. All notices to any member shall be sent to such address as may have been designated by him from time to time,

in writing, to the Board of Directors.

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

13.3 INVALIDITY; NUMBER; CAPTIONS: The invalidity of any part of these Bylaws shall not impair or affect in any manner the validity, enforceability, or effect of the balance of these Bylaws. As used herein, the singular shall include the plural, and the plural the singular; the masculine and neuter shall each include the masculine, feminine, and neuter, as the context requires. All captions used herein are intended solely for convenience of reference and shall in no way limit any of the provisions of these Bylaws.

IN WITNESS WHEREOF, the Oregon Water Wonderland Property Owners' Association, Unit II, Inc., by the affirmative vote of more than 50% of the members in attendance in person or by proxy at the 1998 Annual Meeting, has caused these Amended and Reinstated Bylaws to be executed this 11th day of February, 1999.

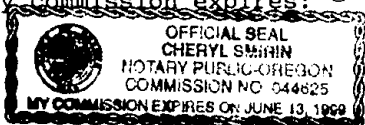
OREGON WATER WONDERLAND PROPERTY OWNERS'
ASSOCIATION, UNIT II, INC.

Becki Sylvester
Becki Sylvester, President,
Board of Directors

STATE OF OREGON)
) ss.
County of Deschutes)

The foregoing instrument was acknowledged before me this 11 day of February, 1999.

Cheryl Smirin
Notary Public for Oregon
My commission expires: 6-13-99



AFTER RECORDING RETURN TO:
Tia M. Lewis, Attorney at Law
KARNOPP, PETERSEN, et al
1201 NW Wall Street, Suite 301
Bend, OR 97701