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**BYLAWS OF THE  
ORION GREENS HOMEOWNER ASSOCIATION**

**Dated:** November 6, 2007

**Declarant:** OGD Partners, Inc.

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15 OREGON AVENUE, BEND

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**BYLAWS OF THE  
ORION GREENS HOMEOWNER ASSOCIATION,  
an Oregon Mutual Benefit Corporation**

These Bylaws, to be effective upon recording in the official records of Deschutes County, Oregon, are made by OGD Partners, Inc., an Oregon corporation (the "Declarant").

**SECTION 1 GENERAL PROVISIONS.**

**1.1. Formation.** The Orion Greens Homeowner Association is a nonprofit corporation organized under Oregon law. The Articles of Incorporation were filed with the Oregon Corporation Division prior to recording these Bylaws. The Association has been organized in accordance with ORS 94.625 and 94.630 for the purpose of administering Orion Greens in accordance with the terms of the Declaration of Codes, Covenants and Restrictions (the "Declaration") and these Bylaws.

**1.2. Other Documents.** These Bylaws are applicable to the Association and are expressly subject to the terms contained in the Articles and in the Declaration.

**1.3. Definitions.** Terms used in these Bylaws shall have the same meaning provided for in ORS Chapter 94 and Section 1 of the Declaration, unless the context requires otherwise.

**1.4. Applicability.** All Owners, tenants, and occupants of any Lot or Living Unit; and their respective agents, invitees, guests, licensees, and employees that use a Lot or Living Unit, or any part thereof, are subject to these Bylaws, and all Rules and Regulations promulgated by the Board of Directors from time to time.

**1.5. Office.** The office of the Association shall be at 61535 S. Highway 97, #9-345, Bend, OR 97702, or at any other place within Deschutes County, Oregon, designated by the Association.

**SECTION 2 MEETINGS OF OWNERS.**

**2.1. Initial Meeting.** The initial meeting of the Association shall be held within 30 days after the Articles of Incorporation were filed. The initial meeting shall be called by providing notice of the meeting pursuant to Section 2.10. The initial meeting shall be for the purpose of appointing the initial Board of Directors and the Association's initial officers.

**2.2. Annual Meetings.** An annual meeting of Owners shall be held on the first Tuesday in June of each year at 7:00 p.m., unless a different date or time is fixed by the Board and stated in the notice of the meeting. The failure to hold an annual meeting on the stated date shall not affect the validity of any Association action. At the annual meeting, the President, and any other person whom the President may designate, shall report on the activities and financial condition of the Association and the Owners shall consider and act on other matters that may be raised consistent with the notice requirements of ORS 65.214.

**2.3. Special Meetings.** A special meeting of Owners shall be held (a) on the call of the President; (b) on the call of a majority of the Board; or (c) by the President or Secretary upon written request of at least 30% of the Owners. A call for a special meeting must be made in writing and signed, dated, and delivered to the President or the Secretary, and must also describe the purpose for which the meeting is to be held. If the Owners request a special meeting and notice is not given within 30 days after the date the written request is delivered to the President or Secretary, an Owner who signed the request may set the time and place of the meeting and give notice as provided for in Section 2.10. Only matters within the purpose described in the meeting notice may be conducted at the special meeting.

**2.4. Transitional Committee Meeting.** Unless the Turnover Meeting has been held, the Declarant shall call a meeting of the Owners to form a transitional committee within sixty (60) days after conveyance of fifty percent (50%) of the Lots to persons other than the Declarant. The Declarant shall give notice of the meeting pursuant to Section 2.10, at least ten (10) days but not more than fifty (50) days prior to the meeting. If the transitional committee is not called within the time specified, the meeting may be called and notice given by an Owner. The transitional committee shall be advisory only and shall consist of two (2) or more members selected by the Owners other than the Declarant and may include not

more than one (1) representative of the Declarant. The committee members shall serve until the Turnover Meeting. The function of the committee shall be to prepare for transition from control of the administration of the Association by the Declarant to control by the Owners. The committee shall have reasonable access to the information, documents, and records which the Declarant must turn over to the Association under Section 2.5. If the Owners other than the Declarant do not select members for the committee, the Declarant shall have no further responsibility to form the committee.

**2.5. Turnover Meeting.** A Turnover Meeting shall be called by Declarant within ninety (90) days after the earlier of (1) seventy-five percent (75%) of the Lots have been conveyed to persons other than Declarant; (2) three (3) years after these Bylaws are first recorded in the Deschutes County records; or (3) Declarant voluntarily elects to turnover control to the Owners. Notice of the meeting shall be given pursuant to Section 2.10. If no meeting is called by Declarant within the time specified herein, then the Turnover Meeting may be called and notice given by an Owner or any first mortgagee of a Lot. At the Turnover Meeting: (a) the Declarant shall relinquish administrative control of the Association and the Owners shall assume control; (b) if a quorum is present the Owners shall elect not fewer than the number of Directors sufficient to constitute a quorum of the Board in accordance with the Declaration or these Bylaws; and (c) the Declarant shall deliver to the Association the documents required by ORS 94.616(3) or any other provision of the Planned Communities Act. To facilitate an orderly transition, during the three (3) month period following the Turnover Meeting, the Declarant or an informed representative shall be available to meet with the Board on at least three (3) mutually acceptable dates to review the documents required to be delivered to the Association.

**2.5.1. Failure to Elect Quorum.** If the Declarant has complied with this Section 2.5, unless the Declarant otherwise has sufficient voting rights as an Owner to control the Association, the Declarant is not responsible for the failure of the Owners to elect the number of directors sufficient to constitute a quorum of the Board and assume control of the Association in accordance with this Section and the Declarant shall be relieved of any further responsibility for the administration of the Association, except as an Owner of any unsold Unit.

**2.5.2. Remedies.** If the Owners present do not constitute a quorum or the Owners fail to elect the number of directors sufficient to constitute a quorum at the Turnover Meeting, then at any time before the election of the number of directors sufficient to constitute a quorum, an Owner or first mortgagee of a Lot may call a special meeting for the purpose of electing directors. Notice of the special meeting shall be given in accordance with the special meeting provisions of Section 2.10. The Owners and first mortgagees present at the special meeting shall select a person to preside over the meeting. An Owner or first mortgagee may also request a court to appoint a receiver under ORCP 80 to manage the affairs of the Association. At least 45 days before an Owner or first mortgagee requests the appointment of a receiver, the Owner or first mortgagee shall mail, by certified or registered mail, a notice to the Association and shall post a copy of the notice in a conspicuous place or places on Orion Greens or provide notice by a method otherwise reasonably calculated to inform Owners or first mortgagee of the proposed action. The notice shall be signed by an Owner or first mortgagee and include: (a) a description of the intended action; (b) a statement that the intended action is pursuant to this Section 2.5 of the Bylaws and the applicable provision of the Planned Community Act; (c) the date, not less than 30 days after mailing of the notice, by which the Association must fill the vacancies on the Board sufficient to constitute a quorum; (d) a statement that if the Association fails to fill the vacancies on the Board by the specified date, the Owner or first mortgagee may file a petition with the court for appointment of a receiver; and (e) a statement that if a receiver is appointed, all expenses of the receiver will be common expenses of the Association as allowed by the Planned Community Act. Notwithstanding the notice provisions in this Section 2.5, in the case of an emergency, the circuit court may waive the notice requirements of this Section 2.5.

**2.6. Place of Meetings.** Meetings of the Owners shall be held in any place designated by the Board not more than ten (10) miles from Orion Greens.

**2.7. Telephonic Meetings.** The Board may but is not required to permit any or all of the Owners to participate in an annual meeting or a special meeting, or to conduct the meeting, by using any

means of communication by which all Owners participating may simultaneously hear each other during the meeting. This includes but is not limited to telephonic means and video conferencing. An Owner participating in the meeting by this means is deemed to be present in person at the meeting. The Board is not obligated to select a meeting location that will accommodate an Owner's request to attend a meeting by this means, and the Board is not obligated to incur any cost associated with an Owner's request to attend the meeting by this means.

**2.8. Proxies.** The vote of an Owner may be cast by absentee ballot or by written proxy duly executed and filed with the Secretary. An absentee ballot or proxy may not be revoked except by written notice to the person presiding over the meeting of the Association or to the Board if a vote is being conducted by written ballot in lieu of meeting pursuant to Section 2.9. A proxy is not valid if it does not state the date that it was executed. A proxy shall be terminated one year after its execution unless the proxy specifies a shorter period.

**2.9. Action Without Meeting by Unanimous Written Consent.** Any action required or permitted to be taken at a meeting may be taken without a meeting if the Association delivers a notice and written ballot to every Owner that is entitled to vote on the matter. The vote shall be conducted pursuant to ORS 94.647. Once delivered, a written ballot may not be revoked. Action by written ballot may not substitute for the Turnover Meeting or for the annual meeting if more than a majority of the Lots are the principle residences of the Owners, a meeting where the agenda includes a proposal to remove a Director, or a special meeting called at the request of Owners. The Board may also, in its discretion, provide that a vote, approval or consent of an Owner may be given by electronic ballot. For purposes of this Section 2.9, electronic ballot means a ballot given by electronic mail, facsimile transmission, posting on a website, or other methods of electronic communication acceptable to the Board. An electronic ballot may be accompanied or contained in an electronic notice in accordance with Section 2.10. If an electronic ballot is posted on a website, a notice of the posting shall be sent to each Owner and shall contain instructions on obtaining access to the posting on the website. A vote by electronic ballot is effective when it is electronically transmitted to an address, location or system designated by the Board for that purpose. Unless otherwise provided in the Declaration or these Bylaws, a vote by electronic mail may not be revoked.

**2.10. Notice of Meetings.** The Secretary shall, not less than ten (10) days nor more than fifty (50) days before any meeting called under Section 2, cause notices to be hand delivered or mailed via first class mail to the mailing address of each Lot or to the mailing address designated in writing by the Owner, and to all mortgagees that have requested such notice. Some notices may also be given electronically as described below. Mortgagees may designate a representative to attend a meeting which the mortgagee is otherwise allowed to attend. The notice shall state the time and place of the meeting and the items on the agenda, including the general nature of any proposed amendment to the Declaration or Bylaws, any budget changes, or any proposal to remove a director or officer of the Association. Furthermore, notice of an annual meeting shall describe any matter that must be approved by Owners under ORS 65.361, 65.404, 65.414(1)(a), 65.437, 65.464, 65.487, 65.534, or 65.624. Notice of a special meeting shall describe the purpose or purposes for which the meeting is called. Except as described below in this Section 2.10, the Board may in its discretion give any notice, information or other written material required to be given to an Owner or Director under the Declaration, these Bylaws or the Planned Community Act, and may be given to an Owner by electronic mail, facsimile or other form of electronic communication acceptable to the Board. Electronic communication may not be used to give notice of the following: (a) failure to pay an assessment; (b) foreclosure of an association lien; or (c) an action the Association may take against an Owner. An Owner or Director may decline to receive notice by electronic mail, facsimile or other form of electronic communication and may direct the Board to provide notice in a manner otherwise required by this Section 2.10.

**2.11. Waiver of Notice.** An Owner may, at any time, waive any notice required by these Bylaws. Except as provided in this Section, any waiver must be in writing, be signed by the Owner entitled to the notice, specify the meeting for which the notice is waived, and be delivered to the Secretary

for inclusion in the minutes or filing with the corporate records. An Owner's attendance at or participation in a meeting, either in person or by proxy, waives any required notice of the meeting to the Owner unless the Owner, at the beginning of the meeting objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to any action taken at the meeting.

**2.12. Voting.**

2.12.1. Classes of Voting Membership. The Association shall have two classes of voting membership:

Class A. Class A members shall be all Owners with the exception of the Declarant (except that beginning on the date on which the Class B membership is converted to Class A membership, and thereafter, Class A members shall be all Owners including the Declarant). Class A members shall be entitled to one vote per Lot owned by the member.

Class B. The Class B member shall be Declarant and shall be entitled to three votes for each Lot owned by Declarant. The Class B membership shall cease and be converted to Class A membership on the happening of any of the following events, whichever occurs first: (i) when seventy-five percent (75%) of the Lots have been sold and conveyed to Owners other than Declarant; (ii) three (3) years after the first Lot is conveyed; or (iii) at such earlier time as Declarant may elect in writing to terminate Class B membership.

2.12.2. If an Owner is in default under a first Mortgage on his or her Lot for sixty (60) consecutive days or more and the Mortgage instrument signed by the Owner provides for such a pledge upon default, the Mortgagee shall automatically be authorized to declare at any time thereafter that the Owner has pledged his or her vote on all issues to the Mortgagee during the continuance of the default. If the Board has been notified of any such pledge to a Mortgagee, or in the event the record Owner has otherwise pledged their vote regarding special matters to a Mortgagee under a duly recorded Mortgage, only the vote of such Mortgagee or vendor will be recognized in regard to the special matters upon which the vote is so pledged, if a copy of the instrument with this pledge has been filed with the Board. Amendments to this subsection shall only be effective upon the written consent of all the voting Owners and their respective Mortgagees, in any.

2.12.3. If an Owner is in default for payment of assessments or other charges under these Bylaws, the Declaration, or the Rules and Regulations for sixty (60) consecutive days or more, the Owner's voting rights shall be suspended until such delinquencies are paid in full, including any interest, penalties, or late charges due for such delinquency.

**2.13. Fiduciaries.** An executor, administrator, guardian or trustee may vote, in person or in proxy, at a meeting of the Association with respect to a Lot owned or held in a fiduciary capacity, whether or not the same has been transferred to the fiduciary, if the person satisfies the Secretary of the Association that the person is the executor, administrator, guardian or trustee holding the Lot in a fiduciary capacity.

**2.14. Foreclosure of Liens for Unpaid Common Expenses.** In any action brought by the Association to foreclose a lien on a Lot because of unpaid assessments or charges, the Board, acting on behalf of the Association, shall have the power to purchase such Lot at the foreclosure sale and to acquire, hold, lease, mortgage, vote the votes appurtenant to, convey, or otherwise deal with the Lot. An action to recover a money judgment for unpaid assessments or charges shall be maintainable without foreclosing any lien securing the same.

**2.15. Quorum and Voting.** A quorum for any meeting of the Association shall consist of twenty percent (20%) of the voting rights in the Association represented by Owners present in person or by proxy or by absentee ballot if absentee ballots are permitted by the Board, at the beginning of the meeting. If a quorum is present at the beginning of a meeting, the affirmative vote of a majority of the votes represented and voting when the action is taken is the act of the Owners except to the extent that the Articles of Incorporation, these Bylaws, or applicable law require the vote of a greater number of Owners. If any meeting of the Association cannot be organized because of a lack of a quorum, the Owners present,

either in person or proxy, may adjourn the meeting. The quorum for a subsequent meeting is one-half the quorum otherwise required by this Section 2.15.

**2.16. Rules of Order.** Unless other rules of order are adopted by resolution of the Association or the Board, meetings of the Association and the Board shall be conducted in accordance with the latest edition of *Robert's Rules of Order* published by the Robert's Rules Association.

### **SECTION 3 DIRECTORS**

**3.1. Powers.** Except as limited by the Declaration or these Bylaws, the Board may act on behalf of the Association.

**3.2. Qualifications.** Unless appointed by Declarant, all Directors must be individuals who are 18 years of age or older and Owners.

**3.3. Number.** The Board shall consist of not fewer than three (3) persons or more than five (5) persons. The number of Directors may be fixed or changed periodically, within the minimum and maximum by the members.

**3.4. Election and Tenure of Office.** Directors shall be elected at the initial meeting or the annual meeting of the Owners. Directors shall serve for terms of one (1) year. Directors may be reelected for any number of consecutive terms. Despite the expiration of a Director's term, the Director shall continue to serve until the Director's successor is elected and qualifies, or until there is a decrease in the number of Directors.

**3.5. Vacancies.** A vacancy in the Board shall exist on the death, resignation, or removal of any Director. A vacancy in the Board may be filled by either the Board or the Owners at any meeting. Each Director so elected shall hold office for the balance of the unexpired term of his or her predecessor. If the Board accepts the resignation of a Director tendered to take effect at a future time, a successor may be elected to take office when the resignation becomes effective.

**3.6. Resignation.** A Director may resign at any time by delivering written notice to the President or the Secretary. A resignation is effective when notice is effective under ORS 65.034 unless the notice specifies a later effective date. Once delivered, a notice of resignation is irrevocable unless revocation is permitted by the Board.

**3.7. Removal.** The Owners may at any properly noticed meeting of the Owners at which a quorum is present remove any member of the Board, other than a member appointed by the Declarant, with or without cause, by vote of a majority of the votes present at the meeting in person or by proxy. Removal of a member of the Board is not effective unless the matter of removal is an item on the agenda stated in the meeting notice required under Section 2.10.

**3.8. Powers and Duties.** The Board shall have the powers and duties necessary for the administration of the affairs of the Association and may do all acts in furtherance of and pursuant to such powers and duties, except acts that by or under law, the Declaration or these Bylaws may not be performed by the Board or delegated to the Board by the Owners. The Board shall be governed by ORS 94.640 and applicable provisions of ORS 65.357, 65.361, 65.367, 65.369, and 65.377. Such powers and duties of the Board shall include, without limitation (except as limited elsewhere herein), the following:

3.8.1. Operation, care, inspection, upkeep, repair, replacement, and maintenance of the Common Easement Area.

3.8.2. Determination of the amounts required for operation, inspection, maintenance, and other affairs of the Association, and the making of such expenditures.

3.8.3. Annually conducting a reserve study, or review and update any existing study, of the Common Easement Area to determine the reserve fund requirements, in accordance with ORS 94.595.

3.8.4. Collection of the common expenses from the Owners.

3.8.5. Provision for the designation, hiring, and removal of employees and other personnel, including lawyers and accountants, and personnel necessary for the maintenance, upkeep, and repair of the Common Easement Area; engagement of or contracting for the services of others; and making purchases for the inspection, maintenance, repair, replacement, administration, management, and operation of the Orion Greens and delegating any such powers to the manager or managing agent (and

any such employees or other personnel as may be employees of the managing agent); provided, however, that any management agreement, service contract, or employee contract entered into before the Turnover Meeting shall not be in excess of three (3) years, and shall be terminable by the Association without penalty upon not less than thirty (30) days written notice to the other party given not later than sixty (60) days after the Turnover Meeting; and provided, further, that any agreement for management services entered into after the Turnover Meeting on behalf of the Association must be terminable by the Association for cause upon not less than thirty (30) days' notice, must have a reasonable term not exceeding two (2) years, and must be renewable with the consent of the Association and the manager. If an Eligible Mortgagee had previously required professional management, the Board may not terminate professional management and assume self-management unless the decision to do so is approved by at least one hundred percent (100%) of the total voting power of the Association, and approved by Eligible Mortgagees holding Mortgages on Lots which have at least fifty-one percent (51%) of the voting rights of the Lots subject to Eligible Mortgagee Mortgages.

3.8.6. Adoption and amendment of reasonable rules and regulations of the Association and Orion Greens ("Rules and Regulations") pursuant to Section 8.14 hereof.

3.8.7. Maintaining bank accounts on behalf of the Association and designating the signatories required therefore.

3.8.8. Bidding for and purchasing Lots at foreclosure sales (judicial or non-judicial) or other judicial or execution sales, in the name of the Association or its designee, corporate, or otherwise, on behalf of all Owners upon the consent or approval of the Owners of not less than seventy-five percent (75%) of the voting power of the Association.

3.8.9. Selling, mortgaging, voting the votes appurtenant to (other than for the election of Directors), or otherwise dealing with Lots acquired by the Association or its designee on behalf of all the Owners.

3.8.10. Obtaining and reviewing bonds and insurance, including Officers' and Directors' liability insurance, for the Association, pursuant to the provisions of these Bylaws and in the case of such insurance, reviewing it at least annually.

3.8.11. Making repairs, additions, and improvements to, or alterations of, the Common Easement Area and repairs to and restoration of the Common Easement Area in accordance with these Bylaws after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings or settlement under the threat thereof.

3.8.12. Making repairs, additions, and improvements to, or alterations of, the Common Easement Area; provided, however, that no such project may be undertaken by the Board if the total cost will exceed the amount of Fifteen Thousand Dollars (\$15,000), unless the Owners have enacted a resolution authorizing the project by a vote of the Owners holding at least 75 percent (75%) of the votes of the Association, present in person or by proxy at a meeting of the Owners. This limitation shall not be applicable to repairs or maintenance undertaken pursuant to Section 3.8.1. The \$15,000 threshold shall be subject to indexing as provided for in Section 13.2.

3.8.13. After giving written notice and an opportunity to be heard, levying reasonable fees, late charges, fines and/or interest against an Owner for violations of the Declaration, Bylaws, and/or Rules and Regulations, in addition to exercising any other rights or remedies provided for in the foregoing documents, based on a resolution of the Board that is delivered to each Lot, mailed to the mailing addresses designated in writing by the Owner, or mailed to the mailing address for each Lot.

3.8.14. Maintain a current mailing address of the Association.

3.8.15. Cause the information required to enable the Association to comply with ORS 94.670 (7) to be maintained and kept current.

3.8.16. Borrowing money on behalf of the Association when required in connection with the operation, care, upkeep, and maintenance of the Common Easement Area, however, that (i) the consent of Owners holding at least 75 percent (75%) of the voting power of the Association, obtained at a meeting duly called and held for such purpose in accordance with the provisions of these Bylaws, shall be required for the borrowing of any sum in excess of an amount or amounts, aggregated for the calendar

year in question, exceeding 15 percent (15%) of the estimated budget of the Association for that calendar year to cover the operation, care, upkeep, and maintenance of the Common Easement Area, and (ii) no lien to secure repayment of any sum borrowed may be created on any Lot or its appurtenant interest in the Common Easement Area without the consent of the Owner of such Lot. If any sum borrowed by the Board on behalf of the Association pursuant to the authority contained in this Section 3.8.16 is not repaid by the Association, an Owner who pays to the creditor such proportion thereof equal to his interest in the Common Easement Area shall be entitled to obtain from the creditor a release of any judgment or other lien that said creditor shall have filed or shall have the right to file against such Owner's Lot.

3.8.17. Adjusting and settling claims under insurance policies and executing and delivering releases on settlement of such claims on behalf of all Owners, all holders of Mortgages, or other liens on the Lots, and all Owners of any other interest in the Lots.

3.8.18. Filing all appropriate tax returns.

3.8.19. Investing the funds of the Association in accordance with an investment policy adopted and modified from time to time by the Board.

3.8.20. Enforcement by legal means of the provisions of the Act, the Declaration, these Bylaws, and any Rules and Regulations adopted hereunder. Nothing in these Bylaws shall be construed as requiring the Association to take any specific action to enforce violations.

3.8.21. Establish, periodically update, and implement a thirty (30) year "Maintenance Plan" that identifies those components of the Common Easement Area requiring periodic maintenance, including a maintenance manual defining how and when such maintenance should be performed and setting forth the estimated cost of such maintenance. The Maintenance Plan shall provide for not less than annual inspections of Orion Greens for evidence of needed repairs by a knowledgeable independent party or the property manager for the Association, and the Board shall reasonably address any matters revealed by the inspection. For a period of ten (10) years following recording of the Declaration, Declarant shall be notified prior to the inspection, shall have a right for Declarant or its employees or contractors to be present during the inspections, and have a right to receive a copy of the inspection reports promptly upon request. The operating and reserve budgets of the Association shall take into account the costs of complying with the Maintenance Plan. Changes or updates to the Maintenance Plan should be based upon the advice of competent experts or consultants.

**3.9. Limitation.** The powers of the Board enumerated in these Bylaws shall be limited in that the Board shall have no authority to (i) acquire and pay for out of the maintenance fund of the Association any structural alterations or capital improvements of, or capital additions to, the Common Easement Area (other than for purposes of repairing, replacing, or restoring portions of the Common Easement Area, subject to all the provisions of these Bylaws) requiring an expenditure in excess of an amount or amounts, aggregated for the calendar year in question, exceeding 10 percent (10%) of the estimated total budget of the Association for such calendar year; or (ii) enter into agreements having a term in excess of two years, except agreements specifically authorized in these Bylaws, without, in each case, the prior approval of Owners holding at least seventy-five percent (75%) of the voting power of the Association.

**3.10. Meetings.** An annual meeting of the Board shall be held immediately after, and at the same place as, the annual meeting of Owners. If the time and place of any other Directors' meeting are regularly scheduled by the Board, the meeting is a regular meeting. All other meetings are special meetings. The Board may hold annual, regular, or special meetings in any place designated by the Board not more than ten (10) miles from Orion Greens.

**3.11. Public and Executive Session.** All meetings of the Board shall be open to Owners except that, in the discretion of the Board, the following matters may be considered in executive session: (1) consultation with legal counsel concerning rights and duties of the Association regarding existing or potential litigation or criminal matters; (2) personnel matters, including salary negotiations and employee discipline; (3) negotiation of contracts with third parties; and (4) collection of unpaid assessments. Except in the case of an emergency, the Board shall vote in an open meeting whether to meet in executive session. If the Board votes to meet in executive session, the presiding Officer of the Board shall state the general nature of the action to be considered, as precisely as possible, when and under what circumstances

the deliberations can be disclosed to Owners. The statement, motion or decision to meet in executive session must be included in the minutes of the meeting. A contract or an action considered in executive session does not become effective unless the Board, following the executive session, reconvenes in open meeting and votes on the contract or action, which must be reasonably identified in the open meeting and included in the minutes. The meeting and notice requirements in this Section and these Bylaws may not be circumvented by chance or social meetings or by any other means.

**3.12. Telephonic Participation.** The Board may permit any or all of the Directors to participate in an emergency meeting by, or to conduct the meeting, by using any means of communication by which all Directors participating may simultaneously hear each other during the meeting. At non-emergency meetings, a Director participating in a meeting by this means is deemed to be present in person at the meeting.

**3.13. Call and Notice of Meetings.** Except in the case of emergency meetings, notice of the Board's meetings shall be posted at a place or places on Orion Greens at least three days prior to the meeting or notice shall be provided by a method otherwise reasonably calculated to inform Owners of such meetings. Emergency meetings may be held without notice, if the reason for the emergency is stated in the minutes of the meeting.

**3.14. Quorum and Voting.** A quorum of the Board shall consist of a majority of the Directors in office immediately before the meeting begins. If a quorum is present when a vote is taken, the affirmative vote of a majority of the Directors present when the action is taken is the act of the Board except to the extent that the Articles of Incorporation, these Bylaws, or applicable law requires the vote of a greater number of Directors. A Director is considered present regardless of whether the Director votes or abstains from voting. When action is taken on any matter at a meeting of the Board, the vote or abstention of each Director must be recorded in the minutes of the meeting. Directors may not vote by proxy or by secret ballot at meetings, except that officers may be elected by secret ballot.

**3.15. Presumption of Assent.** A Director who is present at a meeting of the Board when corporate action is taken is presumed to have assented to the action taken unless:

- (a) The Director votes against the action;
- (b) At the beginning of the meeting, or promptly on the Director's arrival, the Director objects to holding the meeting or transacting the business at the meeting;
- (c) The Director's dissent or abstention from the action taken is entered in the minutes of the meeting; or
- (d) The Director delivers written notice of dissent or abstention to the presiding officer of the meeting before its adjournment or to the Association immediately after adjournment of the meeting. The right of dissent or abstention is not available to a Director who votes in favor of the action taken.

**3.16. Compensation.** Directors may be reimbursed for any expenses that are determined by resolution of the Board to be just and reasonable. Directors shall not otherwise be compensated for service in their capacity as Directors.

**3.17. Director Conflict of Interest.**

3.17.1. A conflict-of-interest transaction is a transaction with the Association in which a Director of the Board has a direct or indirect conflict of interest.

3.17.2. For purposes of this Section, a Director has a direct conflict of interest when the Director is a party to the transaction or the transaction concerns only the Director's Lot. A Director has an indirect interest in a transaction if (a) another entity in which the Director has a material interest or in which the Director is a general partner is a party to the transaction or (b) another entity of which the Director is a director, officer, member, manager, or trustee is a party to the transaction, and the transaction is or should be considered by the Board. A Director does not have conflict of interest merely because the Director's Lot is one of several Lots impacted by the action or transaction.

3.17.3. A conflict-of-interest transaction is neither voidable nor the basis for imposing liability on the Director if the transaction is fair to the Association when it was entered into or is approved as provided in Section 3.17.4.

3.17.4. A transaction in which a Director has a conflict of interest may be approved either (a) in advance by the vote of the Board if the material facts of the transaction and the Director's interest were disclosed or known to the Board or (b) by the Owners if the material facts of the transaction and the Director's interest were disclosed or known to the Owners and they authorized, approved, or ratified the transaction in accordance with Section 3.17.6.

3.17.5. For purposes of clause (a) of Section 3.17.4, a conflict-of-interest transaction is authorized, approved, or ratified if it receives the affirmative vote of a majority of the Directors on the Board who have no direct or indirect interest in the transaction. A transaction may not be authorized, approved, or ratified by a single Director. If a majority of the Directors who have no direct or indirect interest in the transaction vote to authorize, approve, or ratify the transaction, a quorum is present for the purpose of taking action under this Section. The presence of, or a vote cast by, a Director with a direct or indirect interest in the transaction does not affect the validity of any action taken under clause (a) of Section 3.17.4 if the transaction is otherwise approved as provided in Section 3.17.4.

3.17.6. For purposes of clause (b) of Section 3.17.4, a conflict-of-interest transaction is authorized, approved, or ratified by the Owners if it receives a majority of the votes entitled to be counted under this Section. Votes cast by or voted under the control of a Director who has a direct or indirect interest in the transaction, and votes cast by or voted under the control of an entity described in Section 3.17.2 may be counted in a vote of members to determine whether to authorize, approve, or ratify a conflict-of-interest transaction under clause (b) of Section 3.17.2. A majority of the Directors, whether or not present, that are entitled to be counted in a vote on the transaction under this Section constitutes a quorum for the purpose of taking action under this Section.

**3.18. Liability and Indemnification of Directors, Officers, or Agents.** To the fullest extent authorized by law and the Articles of Incorporation, the personal liability of each Director to the Association or an Owner for monetary damages for conduct as a Director shall be eliminated. Each Director, Officer, or Agent shall be indemnified and held harmless by the Association, to the fullest extent permitted by law, from and against all expenses and liabilities, including attorney fees and, reasonably incurred or imposed upon such person in connection with any proceeding to which he or she may be a party, or in which he or she may become involved, by reason of being or having been a Director, Officer, or Agent, and shall be indemnified upon any reasonable settlement thereof. The foregoing rights of indemnification shall be in addition to and not exclusive of any and all other rights conferred on such person under any agreement, vote of the Owners or otherwise.

**3.19. Insurance.** The Board of Directors shall comply with the insurance requirements of Section 10 of these Bylaws. In addition, the Board of Directors, in its discretion, may obtain such other insurance as it deems necessary to protect the interests of the Association, the Board of Directors, the Officers, the Agents, if any, or the Owners.

#### **SECTION 4 OFFICERS.**

**4.1. Designation; Appointment.** The officers of the Association shall be a president, a secretary, a treasurer, and any other officers that the Board may from time to time appoint. The Officers shall be appointed by, and hold office at the pleasure of, the Board. The same person may simultaneously hold more than one office, except for the offices of president and secretary.

**4.2. Compensation and Term of Office.**

4.2.1. The compensation, if any, and term of office of each Officer of the Association shall be fixed by the Board.

4.2.2. Any Officer may be removed, with or without cause, at any time by action of the Board.

4.2.3. An Officer may resign at any time by delivering notice to the Board, the President, or the Secretary. A resignation is effective when the notice is effective under ORS 65.034 unless the notice specifies a later effective date. If a resignation is made effective at a later date and the Association accepts the later effective date, the Board may fill the pending vacancy before the effective

date if the Board provides that the successor does not take office until the effective date. Once delivered, a notice of resignation is irrevocable unless revocation is permitted by the Board.

4.2.4 No removal or resignation as provided in Section 4.2.2 or 4.2.3 shall prejudice the rights of any party under a contract of employment.

**4.3. President.** The President shall preside at meetings of the Board, shall assure that the Board is advised on all significant matters of the Association's business, shall act as a principal spokesperson and representative of the Association, shall be the chief executive officer of the Association and have the general powers and duties of management usually vested in a chief executive officer, and shall have other powers and duties that may be prescribed by the Board of Directors or the Bylaws.

**4.4. Vice President.** The Vice President, if any, shall preside at meetings of the Board at which the President is absent and, in the absence of the President, shall have the other powers and perform the other duties of the President. The Vice President also shall have other powers and perform such other duties that may be prescribed by the Board.

**4.5. Secretary.** The Secretary shall prepare minutes of meetings of the Board and authenticate records of the Association. The Secretary shall keep or cause to be kept, at the principal office or such other place as the Board may order, a book of minutes of all meetings of Directors. If the Association has a seal, the Secretary shall keep the seal in safe custody. The Secretary also shall have other powers and perform other duties that may be prescribed by the Board or these Bylaws.

**4.6. Treasurer.** The Treasurer shall be the chief financial officer of the Association and shall keep and maintain, or cause to be kept and maintained, adequate and correct books and records of accounts of the properties and business transactions of the Association. The Treasurer shall deposit, or cause to be deposited, all money and other valuables in the name and to the credit of the Association with those depositories that may be designated by the Board, shall disburse or cause to be disbursed funds of the Association as may be ordered by the Board, and shall have other powers and perform other duties that may be prescribed by the Board or these Bylaws. If required by the Board, the Treasurer shall give the Association a bond in an amount and with the surety specified by the Board for the faithful performance of the duties of the Treasurer's office and for restoration to the Association of all of its books, papers, vouchers, money, and other property of every kind in the Treasurer's possession or under the Treasurer's control on the Treasurer's death, resignation, retirement, or removal from office. The Treasurer also shall have other powers and perform other duties that may be prescribed by the Board of Directors.

**4.7. Assistants.** The Board may appoint or authorize the appointment of Assistants to the Secretary, the Treasurer, or both. Those Assistants may exercise the powers of the Secretary or Treasurer, as the case may be, and shall perform those duties that are prescribed by the Board.

**4.8. Execution of Instruments.** All agreements, contracts, deeds, leases, and other instruments of the Association, shall be executed by such person or persons as may be designated by general or special resolution of the Board, including the execution of checks of up to Four Thousand Nine Hundred Ninety-Nine Dollars (\$4,999) and, in the absence of any general or special resolution applicable to any such instrument, then such instrument shall be signed by the President or the Treasurer. All checks of Five Thousand Dollars (\$5,000) or more shall require the signature of the President and at least one other Officer. The dollar amounts stated in this Section shall be subject to indexing as provided in Section 13.2.

## **SECTION 5 BUDGET, EXPENSES, AND ASSESSMENTS.**

**5.1. Annual Budget.** The Board at least annually shall adopt a budget for the Association. The budget shall include moneys to be allocated to the reserve account as described in these Bylaws. Within thirty (30) days after adopting the annual budget, the Board shall provide a summary of the budget to all Owners. If the Board fails to adopt an annual budget, the last adopted budget shall continue in effect.

**5.2. Annual Financial Statement.** Within ninety (90) days after the end of the fiscal year the Board shall: (1) Prepare or cause to be prepared an annual financial statement consisting of a balance

sheet and income and expenses statement for the preceding fiscal year; and (2) Distribute to each Owner and upon written request, any mortgagee of a Lot a copy of the annual financial statement. If the Association has annual assessments of more than \$75,000, the Association shall cause the annual financial statement to be reviewed within one hundred eighty (180) days after the end of the fiscal year by an independent certified public accountant licensed in the State of Oregon in accordance with the Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. If the Association has annual assessments of more than \$75,000, the Owners may on an annual basis elect to not have the financial statement reviewed by an affirmative vote of at least sixty percent (60%) of the Owners, not including the votes of the Declarant with respect to Lots owned by Declarant. If the Association has annual assessments of \$75,000 or less, the Association shall cause the most recent financial statement to be reviewed by an independent certified public accountant as described herein within 180 days after the Board receives a petition requesting review signed by at least a majority of the Owners.

**5.3. Reserve Fund.**

**5.3.1. Declarant.** The Declarant shall prepare, on behalf of the Association, an initial reserve study and establish a reserve account for replacement of improvements in the Common Area Easement all or part of which will normally require replacement in more than one (1) and less than thirty (30) years, and for such other items as may be required by the Declaration or Bylaws. The reserve account need not include (1) items that could reasonably be funded from operating assessments or (2) items within the Common Easement Area for which maintenance and replacement are the responsibility of one or more Owners under the provisions of the Declaration or Bylaws. Declarant shall also prepare, on behalf of the Association, an initial Maintenance Plan for the maintenance, repair or replacement of all property for which the Association has maintenance, repair or replacement responsibility under the Declaration, these Bylaws or ORS 94.550 to 94.783. The Maintenance Plan shall: (a) describe the maintenance, repair and replacement to be conducted; (b) include a schedule for the maintenance, repair and replacement; (c) be appropriate for the size and complexity of the maintenance, repair and replacement responsibility of the Association; and (d) address issues that include but are not limited to warranties and useful life of the items for which the Association has maintenance, repair and replacement responsibility. The Board shall review and update the Maintenance Plan as necessary.

**5.3.2. Assessments.** The reserve account and Maintenance Plan must be funded by assessments against the individual Lots for the purposes for which the reserve account and Maintenance Plan is being established. The assessment under this Section will accrue from the time of the conveyance of the first individual Lot.

**5.3.3. Reserve Account.** The reserve account shall be established in the name of the Association. The reserve portion of the initial assessment determined by the Declarant shall be based on the reserve study. The Board shall annually conduct a reserve study or review and update an existing study to determine the reserve account requirements and may: (1) Adjust the amount of payments in accordance with the study or review; and (2) Provide for other reserve items that the Board, in its discretion, may deem appropriate.

**5.3.4. Reserve Study.** The reserve study shall include: (1) Identification of all items for which reserves are to be established; (2) The estimated remaining useful life of each item as of the date of the reserve study; (3) An estimated cost of maintenance, repair or replacement of each item at the end of its useful life; and (4) A 30-year plan for the maintenance, repair and replacement of improvements in the Common Easement Area, if any, with regular and adequate contributions, adjusted by estimated inflation and interest earned on reserves, to meet the maintenance, repair and replacement schedule. The 30-year plan shall: (1) Be appropriate for the size and complexity of the Common Easement Area; and (2) Address issues that include but are not limited to warranties and the useful life of the Common Easement Area. The reserve study shall assume that the Board conducts normal, routine maintenance for the Common Easement Area reserved for and that the Board is required to perform this pursuant to the Declaration these Bylaws and the Act. If the Board fails to perform required maintenance, the reserve

fund may be inadequate at the time of the required replacement for one or more improvements in the Common Easement Area included in the reserve study.

**5.3.5. Summary.** The Board and the Declarant shall, within 30 days after conducting the reserve study, provide to every Owner a written summary of the reserve study and of any revisions to the 30-year plan adopted by the Board or the Declarant as a result of the reserve study.

**5.3.6. Use of Funds.** Except as provided in this Section, the reserve account is to be used only for the purposes for which reserves have been established and is to be kept separate from other funds. After the Turnover Meeting and the individual Owners have assumed administrative responsibility for the Association, if the Board has adopted a resolution, which may be an annual continuing resolution, authorizing the borrowing of funds: (1) The Board may borrow funds from the reserve account to meet high seasonal demands on the regular operating funds or to meet unexpected increases in expenses; and (2) Not later than the adoption of the budget for the following year, the Board shall adopt by resolution a written payment plan providing for repayment of the borrowed funds within a reasonable period. Restrictions on the use of the reserve account do not prohibit its prudent investment subject to any constraints on investment of Association funds imposed by the Declaration, Bylaws, or rules of the Association.

**5.3.7. Ownership of Funds.** Assessments paid into the reserve account are the property of the Association and are not refundable to Owners or sellers of Lots.

**5.3.8. Changes to Assessments.** In addition to the authority of the Board under Section 5.3 of this Section, following Turnover, the Association may: (1) On an annual basis, elect not to fund the reserve account by unanimous vote of the Owners; or (2) Elect to reduce or increase future assessments for the reserve account by an affirmative vote of at least seventy-five percent (75%) of the Owners.

**5.4. Common Expenses.** Common expenses shall include:

- 5.4.1. Expenses of administration;
- 5.4.2. Costs of insurance or bonds obtained in accordance with these Bylaws;
- 5.4.3. A general operating reserve sufficient to pay the amount of the deductible on any insurance policy held by the Association;
- 5.4.4. Reserve for replacement and deferred maintenance and for painting any exterior painted surfaces as needed;
- 5.4.5. The costs of the annual reserve study or the renewal or update of the reserve study;
- 5.4.6. The costs of establishing, updating and implementing the Maintenance Plan;
- 5.4.7. Any deficit in common expenses for any prior period, and any accrued interest or late charges thereon;
- 5.4.8. Utilities for the Common Easement Area;
- 5.4.9. Services for any person or firm to act on behalf of the Owners in connection with any matter where the respective interests of the Owners are deemed by the Board to be similar and nonadverse to each other;
- 5.4.10. Services for any person or firm to act on behalf of the Board;
- 5.4.11. Professional management services;
- 5.4.12. Landscaping, snow removal, waste removal, painting, cleaning, inspection, maintenance, repair and replacement of the Common Easement Area improvements as the Board shall determine are necessary and proper, which the Board shall have the exclusive right to acquire;
- 5.4.15. Any other materials, supplies, labor, services, equipment, maintenance, repairs, structural alterations, or assessments that the Board is required to secure or pay for, pursuant to the terms of the Declaration or these Bylaws or that in the discretion of the Board are necessary or proper for the maintenance and operation of the Association and Orion Greens as a first-class community or for the enforcement of the Bylaws, and that the Board determines should be assessed to the Owners; and
- 5.4.16. Any other item properly chargeable as an expense of the Association.

**5.5. Assessments.** An Owner shall be personally liable for all assessments imposed on the Owner or assessed against the Lot by the Association. If a Lot is owned by a concurrent estate such as

tenancy-in-common, each Owner shall be jointly and severally liable for all assessments imposed. If the Lot is acquired by a voluntary conveyance, the grantee shall be jointly and severally liable with the grantor for all unpaid assessments against the grantor of the Lot to the time of the grant or conveyance, without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee therefor. The Board shall assess the common expenses against the Owners from time to time, but no less than annually. The Board shall also take prompt action to collect from an Owner any assessment that remains unpaid for more than 30 days from the due date for its payment. All assessments shall be deposited in a separate bank account of the Association. All expenditures of the Association shall be paid from the Association bank account.

**5.6. Special Assessments.** The Board shall, pursuant to a majority vote of the Directors, have the power to levy special assessments against the Lots for the following purpose: (1) to correct a deficit in the operating budget; (2) to make repairs to the Common Easement Area if sufficient funds are not available from the operating budget or replacement reserve account; and (3) to make capital acquisitions, additions or improvements costing Two Thousand Five Hundred Dollars (\$2,500) or less. The Board shall, pursuant to a vote of more than seventy-five percent (75%) of the votes held by the Owners, have the power to levy special assessments against the Lots for the purpose of making capital acquisitions, additions or improvements in excess of Two Thousand Five Hundred Dollars (\$2,500). The dollar amount stated in this Section shall be subject to indexing as provided in Section 13.2.

**5.7. Special Reserves.** The Board may build up and maintain a reasonable reserve for contingencies and replacements not covered by the reserve account established under Section 5.3.3. The Board shall serve notice of such further assessments on all Owners by a statement in writing giving the amount and reasons therefor. The additional assessment shall become effective with the first monthly assessment of common expenses that is due more than 30 days after the delivery or mailing of such notice of further assessment.

**5.8. Billing.** The Board shall have the authority to determine the due date for monthly assessments and other charges. The Board shall cause a written notice of assessments and other charges to be sent by regular mail or personal delivery to each Owner not less than annually. The notice shall be sent to the Owner's Lot unless the Owner has, in writing, provided an alternative address.

**5.9. Default.**

**5.9.1. Timing, Fees.** The failure of an Owner to pay any assessment of the Association when due shall be a default by such Owner of his or her obligations pursuant to these Bylaws and the Planned Community Act. Interest on delinquent assessments shall be charged at the statutory rate applicable to judgments. In addition, the Board at its option may impose a late fee on any assessment that is delinquent 10 or more days. The penalty shall not exceed 25% of the delinquent assessment, and shall only be imposed once on each regular or special assessment or installment of such assessments. If a check is dishonored, the Board may also charge and collect from the maker a reasonable fee representing the cost of handling and collecting the check.

**5.9.2. Lien.** Whenever the Association levies any assessment against a Lot, the Association shall have a lien upon the individual Lot. The lien shall include assessments, fines, interest, late charges, attorney fees, costs or other amounts levied under the Declaration or Bylaws. The Board may record a notice of claim of lien in the Deschutes County records.

**5.9.3. Checks, Drafts, etc.** All checks, drafts, and 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 the person or persons and in the manner that shall be determined from time to time by resolution of the Board.

## **SECTION 6 RECORDS AND AUDITS.**

**6.1. General Records.** The Board shall keep detailed records of the actions of the Board, minutes of the meeting of the Board, and minutes of the meetings of the Association and contemporaneous written documentation of the Association's inspection, operation, care, upkeep, repair, replacement, and maintenance of the Common Easement Area. The Board shall maintain a list of Owners

entitled to vote at meetings of the Association and a list of all Mortgagees of Lots. The Association shall maintain within the State of Oregon a copy, suitable for duplication, of: (i) the Declaration, these Bylaws, the Rules and Regulations, the recorded plat, and any amendments or supplements thereto; (ii) the most recent annual financial statement of the Association described in Section 6.5; (iii) the current operating budget of the Association and reserve study; and (iv) all documents, information, and records delivered to the Association at the Turnover Meeting. Such documents shall be available for inspection within the State of Oregon and upon written request, available for duplication by Owners, Mortgagees of Lots, insurers and guarantors of such Mortgages, and prospective purchasers of Lots during normal business hours. The Board shall retain the documents required by ORS 94.670 for the time period required by statute. Records kept by or on behalf of the Association may be withheld from examination as permitted by the Act.

**6.2. Records of Receipts and Expenditures.** The Board or its designee shall keep detailed, accurate records in chronological order of the receipts and expenditures affecting the Common Easement Area, itemizing the maintenance and repair expenses of the Common Easement Area, and any other expenses incurred. Such records and the vouchers authorizing the payments shall be available for examination by the Owners, Mortgagees of Lots, and insurers and guarantors of such Mortgages during normal business hours.

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

**6.4. Payment of Vouchers.** The Treasurer shall pay all vouchers up to Five Thousand Dollars (\$5,000) signed by the President, managing agent, manager, or other person authorized by the Board. Any voucher in excess of \$5,000 shall require the signature of the President and one other Officer of the Association. The dollar amount stated in this Section shall be subject to indexing as provided in Section 13.2.

**6.5. Reports and Audits.** An annual financial statement of the Association, consisting of at least a balance sheet and income and expense statement for the preceding fiscal year, shall be rendered by the Board to all Owners, and to all Mortgagees of Lots who have requested the same.

## **SECTION 7 NONDISCRIMINATION.**

The Association shall not discriminate in providing services, hiring employees, or otherwise, on the basis of gender, race, creed, marital status, sexual orientation, religion, color, age, or national origin.

## **SECTION 8 USE AND OCCUPANCY RESTRICTIONS; RULES OF CONDUCT.**

**8.1. Private Dwelling.** Each Lot shall be occupied as a single family dwelling by the Owner or the Owner's tenant, visitor, and guest, and for no other purpose. To the extent allowed by government laws, rules and regulations, an Owner or the Owner's tenant, visitor, and guest may, use the Lot as a home office, provided that clients, customers, vendors, and employees do not more than 5 times in any week visit the Lot. No signs regarding the home office may be posted on or be visible from the exterior of the Lot or anywhere on the Common Easement Area.

**8.2. Rental.** The renting of a Lot by its Owner shall be governed by the provisions of this Section. "Renting" a Lot means the granting of a right to use or occupy a Lot, for a specified term or indefinite term (with rent reserved on a periodic basis), whether in exchange for the payment of rent (that is, money, property, or other goods or services of value) or not; but shall not mean or include joint ownership of a Lot by means of joint tenancy, tenancy-in-common, or other forms of co-ownership. Any agreement to rent a Lot shall provide that the tenant shall comply with the terms of the Declaration, Bylaws, and Rules and Regulations of the Association, and that any failure by the tenant to comply shall be a default under the rental agreement. The tenant of a Lot shall not be allowed to vote as an Owner.

**8.2.1. No Partial Leases.** No Owner may rent less than the entire Lot.

**8.2.2. Written Leases.** All rental agreements shall be in writing and be subject to these Declaration and the Bylaws (with a default by the tenant or occupant in complying with these Declaration and/or Bylaws constituting a default under the rental agreement).

**8.2.3. Payments by Tenant or Lessee to Association.** If a Lot is rented by its Owner, the Board may collect, and the tenant or occupant shall pay to the Board, any amounts due to the Association hereunder for such Lot, plus interest and costs if the same are in default over 30 days. The tenant or occupant shall not have the right to dispute payment over to the Board. Such payment will discharge the tenant's or occupant's duty of payment to the Owner for rent, to the extent such payment is made to the Association, but will not discharge the liability of the Owner and the Lot under these Declaration for assessments and charges, or operate as an approval of the rental agreement. The Board shall not exercise this power where a receiver has been appointed with respect to the Lot or its Owner, nor in derogation of any right which a Mortgagee of such Lot may have with respect to such rents.

**8.2.4. Identification of Tenants.** Each Owner electing to rent or grant occupancy of his or her Lot shall, within 10 days after the rental or occupancy of such Lot, submit to the Board in writing the identity of and contact information for such tenant or occupant and a copy of the rental agreement.

**8.4. Animals.** No animals, livestock or poultry of any kind shall be raised, bred or kept or permitted on any Lot or within any Living Unit other than a reasonable number of household pets that are not kept, bred or raised for commercial purposes. No animal shall be permitted to roam Orion Greens unattended, and all animals shall be controlled so that it does not create a nuisance to any other Owner. Any inconvenience, damage or nuisance caused by an animal shall be the responsibility of its respective Owner. Any animal that frequently causes noise that can be heard from an adjoining lot or any animal that physically threatens or injures anyone other than its Owner is deemed to be a nuisance. The Board may require an Owner or occupant of any Lot to temporarily or permanently remove or restrain any animal that is a nuisance or that physically threatens or injures anyone other than its Owner. Whenever possible, the Board will give the Owner or occupant written notice of any violation and an opportunity for the Owner to take corrective action.

**8.5. Nuisances.** The Owner shall not engage in any activity on a Lot or on the Common Easement Area that unreasonably interferes with the peaceful enjoyment of other Lots or the Common Easement Area. Noise created on a Lot or on the Common Easement Area shall be kept within limits reasonable for the community and reasonable for the hour. Residents will in particular not operate or use radios, stereo equipment, televisions, amplifiers, musical instruments on the Lot in a manner that is unreasonably disturbing to other residents. The Board may adopt rules for reasonable acoustical limits. No clotheslines, storage piles, or other unsightly object shall be kept on the Lot unless screened from view of the neighboring Lots and the street. All rubbish, trash, or refuse shall be deposited at designated trash receptacles.

**8.6. Offensive or Unlawful Use.** No offensive or unlawful use may be made of the Common Easement Area or a Lot. All valid laws, zoning ordinances, and regulations of governmental bodies having jurisdiction shall be obeyed.

**8.7. Limitation on Common Easement Areas.** Other than objects placed by the Declarant or the Association, no furniture or objects of any kind shall be placed in the public walkways, or any other part of the Common Easement Area. The common walkways shall be used only for normal passage.

**8.8. Trash.** No part of the Common Easement Area shall be used or maintained as a dumping area for rubbish, trash, garbage, or other waste, other than designated common trash disposal and recycling areas. No such items shall be kept or maintained excepting sanitary containers in areas designated therefor.

**8.9. Signs.** No "For Sale", "For Rent", "For Lease", or any commercial signs shall be allowed on any part of the Common Easement Area or Lots without the prior written consent of the Board, except that the Declarant may post reasonable signs advertising any Lot for sale or rent in reasonable places on the Common Easement Area or Lots.

**8.10. Private Sales.** The Board may in its discretion provide for no more than one annual community yard sale to be conducted on the Common Easement Area or individual Lots. The Owners shall not otherwise conduct private sales such as estate sales, moving sales, or yard sales on a Lot or on the Common Easement Area.

**8.11. Satellite Dishes and Antennas.** Except as required by law, no exterior antennas, satellite dishes, microwave, aerial, tower, or other devices for the transmission or reception of television, radio, or other forms of sound or electromagnetic radiation shall be erected, constructed or placed on any Lot. If allowed, only exterior satellite dishes or antennas with a surface diameter of twenty-four (24) inches or less and antennas designed to receive television broadcast signals may be placed. The Board may adopt reasonable rules and regulations governing the installation, safety, placement, and screening of such antennas, satellite dishes, and other transmission devices. Such rules shall not unreasonably delay or increase the cost of installation, maintenance, or use or preclude reception of a signal of acceptable quality.

**8.12. Parking.** All streets and sidewalks shall remain unobstructed and shall not be used for purposes other than ingress and egress to the Lots.

**8.13. Fines.** The Board may, after giving written notice and an opportunity to be heard, levy reasonable fines for violations of the Declaration, Bylaws, and Rules and Regulations of the Association, provided that fines levied are based on a schedule previously adopted by Board resolution that is mailed to the mailing address of each Lot or mailed to the mailing address designated in writing by the Owners.

**8.14. Association Rules and Regulations.** The Board from time to time may adopt, modify, or revoke such Rules and Regulations governing the conduct of persons and the operation and use of the Lots and the Common Easement Area as it may deem necessary or appropriate in order to assure the peaceful and orderly use and enjoyment of the Common Easement Area including, without limitation, establishment of reasonable administrative fees, such as fees for new Owner set-up and Owner's packet, move-in and move-out fees, etc. Any such Rules and Regulations may be amended, modified, or revoked by the Owners in the same manner as the Bylaws. A copy of the Rules and Regulations, upon adoption, and a copy of each amendment, modification, or revocation thereof, shall be delivered by the Board promptly to each Owner and shall be binding upon all Owners and occupants of all Lots from the date of delivery.

**8.15. Activities of Declarant.** Nothing in this Article 8 or in the other provisions of these Bylaws shall be construed to limit, modify, or otherwise restrict the rights of Declarant pursuant to the Declaration with respect to the planning, designing, developing, constructing, and sale of improvements on Orion Greens.

## **SECTION 9 MAINTENANCE AND REPAIR.**

**9.1. Common Easement Area.** The reserve study obtained or updated by the Declarant or the Board shall include a 30-year plan for the maintenance, repair, and replacement of the improvements on the Common Easement Area (the "Maintenance Plan"). Except as provided for in Section 9 and below, all inspection, maintenance, repair and replacement of improvements on the Common Easement Area shall be made by the Association and shall be charged to the Owners as a common expense. If such maintenance, repairs, or replacement is made necessary because of the act or omission of an Owner or the Owner's agent, tenant, guest, or invitee, including Owner's contractor, subcontractor, or laborer, then such costs shall be charged solely to the responsible Owner. If the cost cannot be collected from the responsible Owner, then the cost shall be treated as a common expense, without prejudice to the Association's right to pursue a claim against the responsible Owner.

**9.2. Lot Owners.** Unless otherwise provided in the Declaration or Bylaws, an Owner may not change the appearance of the Common Easement Area without prior written permission of the Board.

**9.3. Failure to Follow Maintenance Plan.** If the Association fails to follow the maintenance and inspection requirements contained in the Maintenance Plan described in Section 9, then the Association hereby waives any claim it might otherwise have against Declarant and its design professionals, contractors, subcontractors, and their consultants, including without limitation, all of their

officers, members, directors, employees, agents, brokers, and affiliates, for loss or damage, to the extent the same results from such failure to follow the Maintenance Plan, and shall indemnify such persons and entitles from and against claims by owners or other persons or entities for loss or damage resulting from such failure.

## **SECTION 10 INSURANCE.**

**10.1. Types.** Each Owner shall be responsible for obtaining at the Owner's own expense, insurance covering the Owner's Lot, Living Unit, and personal property not insured by Section 10.1.1. below and against his or her liability not covered under Section 10.1.2., unless the Association agrees otherwise. For the benefit of the Association, the Owners and the Board shall obtain and maintain at all times, shall review at least annually, and shall pay for out of common expense funds the following insurance:

10.1.1. Insurance covering loss or damage under an all-risk replacement cost policy, which coverage must include fire, extended coverage, vandalism and malicious mischief, and such other coverage which the Association or the Board may deem desirable, for not less than the full insurable replacement value, including the cost of replacement in compliance with the then applicable building codes, of improvements on the Common Easement Area, including any fixtures, service equipment, and common personal property and supplies belonging to the Association. Such policy or policies shall name the Association as insureds. The Board shall make reasonable effort to obtain policies with deductibles less than ten thousand dollars (\$10,000) per occurrence; however, the Board may consider a policy or policies with higher deductibles depending on market availability and special reserves available to pay deductible amounts. The \$10,000 target deductible shall also be subject to indexing as provided in Section 13.2. The Board may adopt a resolution that assigns the responsibility for payment of the amount of the deductible. The resolution must include, but need not be limited to: (a) the circumstances under which the deductible will be charged against an Owner or the Owners affected by the loss or all Owners; (b) the allocation of the deductible charged; and (c) if an Owner and the Association have duplicate insurance coverage, the insurance policy that is primary.

10.1.2. A policy or policies insuring the Declarant, the Association, the Board, the Owners, and the managing agent, against liability to the public or to the Owners, and their employees, invitees, or tenants, incident to the supervision, control, operation, inspection, maintenance, or use of the Common Easement Area, public ways, and any other areas under the supervision of the Association. There may be excluded from such policy or policies coverage of an Owner (other than as a member of the Association or Board) for liability arising out of acts or omissions of such Owner and liability incident to the ownership and/or the use of the part of the Unit as to which such Owner has the exclusive use or occupancy. Limits of liability under such insurance shall not be less than two million dollars (\$2,000,000) on a combined single limit basis. This minimum coverage amount shall be subject to indexing pursuant to Section 13.2. The policy limits of liability shall be increased in the sole discretion of the Board. Such policy or policies shall be issued on a comprehensive liability basis and shall provide cross liability endorsement wherein the rights of the named insured under the policy or policies shall not be prejudiced as respects to any action against another named insured.

10.1.3. Worker's compensation insurance to the extent necessary to comply with applicable laws.

10.1.4. Directors' and Officers' liability insurance with coverage in an amount not less than \$2,000,000, subject to a reasonable deductible which shall be determined by the Board. This minimum coverage amount shall be subject to indexing pursuant to Section 13.2.

10.1.5. Fidelity insurance for all Officers, Directors, trustees and employees of the Association and all other persons handling or responsible for funds of or administered by the Association. In the event the Association has retained a manager, such manager shall maintain fidelity insurance for its Officers, employees, and agents handling or responsible for funds of, or administered on behalf of, the Association. The cost of such insurance shall be a common expense. The total amount of fidelity insurance shall be within the sole discretion of the Board. In no event, however, may the aggregate

amount of such insurance be less than the sum equal to three months' aggregate assessment on all Lots plus reserve funds. Such fidelity insurance shall name the Association as an insured and shall contain waivers by the insurer of the insurance of all defenses based on the exclusion of persons serving without compensation from the definition of "employees" or similar terms or expressions. The insurance shall provide that it may not be cancelled or substantially modified (including cancellations for nonpayment of premium) without at least 10 days' prior written notice to the Association and each servicer on behalf of the Federal National Mortgage Association ("FannieMae").

**10.2. Mandatory Policy Provisions.** Insurance obtained by the Association shall be governed by the following provisions:

10.2.1. All policies shall be written with companies licensed in the State of Oregon or a company domiciled in the United States and licensed to do business in the State of Oregon and holding a commissioner's rating of at least "A", and a size rating of at least "AAA", by the *Best's Insurance Reports* current at the time the insurance is written or, prior to the Turnover Meeting, holding ratings acceptable to the Declarant. Should reinsurance be involved, the Board shall use its best efforts to obtain such coverage from a reinsurer having a size rating of at least "A-".

10.2.2. Notwithstanding the provisions of the Bylaws, there may be named as an insured, on behalf of the Association, the Association's authorized representative, including any trustee with whom the Association may enter into any Insurance Trust Agreement, or any successor to such trustee. Such insurance trustee shall have exclusive authority to negotiate losses under any property or liability insurance policy. Each Owner appoints the Association, or any insurance trustee, or substitute trustee designated by the Association, as attorney-in-fact for the purpose of purchasing and maintaining such insurance including: the collection and appropriate disposition of the proceeds thereof, the negotiation of losses and execution of releases of liability, the execution of all documents, and the performance of all other acts necessary to accomplish such purchase. The Association or insurance trustee shall receive hold, or otherwise properly dispose of any proceeds of insurance in trust for Owners and their first mortgage holders, as their interests may appear.

10.2.3. All policies required by this Section 10 shall provide that they may not be canceled or substantially modified without at least ten (10) days' prior written notice to the Association and to each holder of a first mortgage which is listed as a scheduled holder of a first Mortgage in the insurance policy. Evidence of insurance shall be issued to each Owner and Mortgage upon request.

**10.3. Discretionary Provisions.** The Board shall make every effort to secure insurance policies that will provide for the following:

10.3.1. A waiver of subrogation by the insurer as to any claims against the Association, the Board, the manager, the Owners and their respective servants, agents, household members, and guests, except for arson and fraud;

10.3.2. A provision that any "no other insurance" clause in any master policy exclude individual Owner's policies from consideration, and a waiver of the usual proration clause with respect to such policies;

10.3.3. A waiver of the insurer's right to determine whether the damage should be repaired. If reasonably available, the policy or policies should contain a stipulated amount clause, or determinable cash adjustment clause, or similar clause, to permit a cash settlement covering specified value in the event of destruction and a decision not to rebuild;

10.3.4. Waiver of any defense based on co-insurance or of invalidity arising from the conduct or any act or omission or breach of a statutory condition of or by any insured;

10.3.5. An "inflation guard" endorsement;

10.3.6. An endorsement providing coverage with respect to changes that may be required under applicable codes or ordinances to undamaged portions of the Unit in the event of a casualty affecting a portion of the Unit; and

10.3.7. A provision that any insurance trust agreement will be recognized.

## **SECTION 11 AMENDMENTS TO BYLAWS.**

Amendments to the Bylaws may be proposed by a majority of the Board or by at least 30 percent (30%) of the Owners. Generally, approval of an amendment requires approval by at least a majority of the votes in Orion Green present in person or proxy at a duly called meeting. An amendment relating to age restrictions, pet restrictions, limitations on the number of persons who may occupy Lots, and limitations on the rental of Lots requires approval by at least seventy-five percent (75%) of the Owners. If the Bylaws contain an item that is required to be included in the Declaration, the voting requirements for amending the Declaration shall also govern amendment to the provision in the Bylaws. The Bylaws may not be amended to limit or diminish any special Declarant right without the consent of the Declarant. However, the Declarant may waive the Declarant's right of consent. An amendment is not effective unless the amendment is approved by a sufficient number of Owners and certified by the President and Secretary of the Association as being adopted in accordance with the Bylaws and the provisions of this Section, acknowledged in the manner provided for acknowledgement of instruments and recorded.

## **SECTION 12 LITIGATION.**

**12.1. Complaints Against.** Complaints brought against the Association, the Board, or the Officers, employees, or agents thereof, in their respective capacities as such, or against Orion Greens as a whole, shall be directed to the Board, which shall promptly give written notice thereof to the Owners and any Mortgagees who have requested notice thereof and shall be defended by the Board, and the Owners and Mortgagees shall have no right to participate other than through the Board in such defense. One or more Owners shall have the right to enjoin, abate, or remedy by appropriate legal proceedings any failure by the Association or the Board to comply with the provisions of the Declaration, these Bylaws, or any Rule or Regulation. Complaints against one or more, but less than all of the Owners, shall be directed to such Owners, who shall promptly give written notice thereof to the Board and to the Mortgagees having an interest in such Lots, and shall be defended by such Owners.

**12.2. Initial Dispute Resolution Procedures.** In the event of a claim by the Association or any Owner against Declarant or any contractor, subcontractor, or supplier for a construction defect, the parties shall first provide notice consistent with the provisions contained in ORS 701.550 to 701.595. In the event the claim is not for a construction defect, but relates to a claimed defect in the condition of the Lot or any part of the Common Easement Area, the parties shall follow the same procedures as set forth in such provisions, except that the notice of defect shall include a statement of the basis upon which the recipient is claimed to be liable for the defect. Compliance with the procedures contained in this Section 12.2 shall be a condition precedent to mediation, administrative proceedings, or litigation of any such claims.

**12.3. Mediation.** Prior to initiating litigation or an administrative proceeding in which the Declarant, the Board, the Association and/or an Owner have an adversarial relationship, all claims shall first be submitted to mediation within Deschutes County, Oregon, with any dispute resolution program available that is in substantial compliance with the standards and guidelines adopted under ORS 36.175, as it may be amended. The foregoing requirement does not apply to circumstances in which irreparable harm to a party will occur if litigation or an administrative proceeding is delayed by mediation.

**12.4. Limitations on Actions.** Notwithstanding any other provision of the Declaration or these Bylaws, the Association shall not expend or commit to expend in excess of two thousand five hundred dollars (\$2,500) for attorney's fees and costs unless first approved by at least 75 percent (75%) of the outstanding votes of the Owners. The dollar amount stated in this Section shall be subject to indexing pursuant to Section 13.2. The foregoing limitation shall not apply to actions for delinquent assessments or other charges under the Declaration or these Bylaws, for actions initiated while Declarant holds Class B membership; for actions challenging ad valorem taxation or condemnation proceedings; initiated against any contractor or vendor hired by the Association or supplier of goods and services to the Association; to defend claims filed against the Association or to assert counterclaims in proceedings instituted against it; actions to summarily abate and remove a structure or condition that violates the Declaration or these Bylaws; or for the defense of the Association of an action or proceeding brought against the Association (except for non-mandatory counterclaims).

**12.5. No Attorneys Fees.** Except as specifically provided for in the Declaration or these Bylaws, no party in any arbitration, mediation, litigation, or other proceeding shall be entitled to recover attorneys' fees in connection therewith.

**12.6. Suits Against Declarant.** Declarant shall have the right to be present at any meeting of the Association during which the Board or the Owners vote on whether to initiate legal action against Declarant. The Board shall provide Declarant with at least 10 days' written notice of the time and place of any such meeting.

### SECTION 13 MISCELLANEOUS.

**13.1. Severability.** A determination that any provision of these Bylaws is for any reason inapplicable, invalid, illegal, or otherwise ineffective shall not affect or invalidate any other provision of these Bylaws.

**13.2. Indexing.** Where specifically provided, dollar amounts stated in these Bylaws shall be increased or decreased each January 1<sup>st</sup> by the percentage change in the *Consumer Price Index* published by the United States Bureau of Labor Statistics of the United States Department of Labor. Comparison shall be made using the index entitled *U.S. City Average – All Items and Major Group Figures for All Urban Consumers*, (1982-84=100), or the nearest comparable data on changes in the cost of living if such index is no longer published. The change shall be determined by comparison of the figure for January 1, 2007, with that of January 1<sup>st</sup> of each succeeding year.

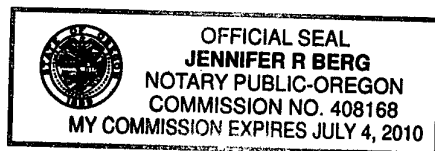
The foregoing Bylaws were duly adopted by the Declarant, OGD Partners, Inc., on behalf of the Association.

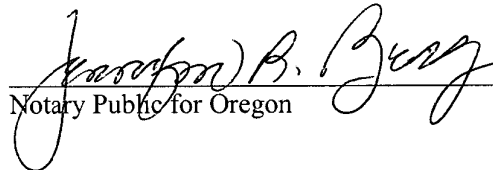
OGD PARTNERS, INC.

By:   
Darrin Kelleher, President

STATE OF OREGON                    )  
  ) ss.  
County of Deschutes                )

On November 6, 2007, Darrin Kelleher personally appeared before me, and after being duly sworn did state that he is the president of OGD Partners, Inc., and that these Bylaws were signed on behalf of OGD Partners, Inc., and were OGD Partners, Inc.'s, voluntary act and deed.



  
Notary Public for Oregon