

DESCHUTES COUNTY OFFICIAL RECORDS
NANCY BLANKENSHIP, COUNTY CLERK

2003-06612



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DESCHUTES COUNTY CLERK

CERTIFICATE PAGE



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64455 Research Rd
Bend, OR 97701

**BYLAWS
OF
OTTER RUN
HOMEOWNERS' ASSOCIATION, INC.**

**ARTICLE I
NAME**

The name of the Corporation is Otter Run Homeowners' Association, an Oregon nonprofit corporation (the "Corporation").

**ARTICLE II
PURPOSE AND POWERS**

2.1 Purpose. The Corporation is organized and shall be operated exclusively for the benefit of the owners of living units in the planned unit town home development known as Otter Run located in Deschutes County, Oregon.

2.2 Powers. Subject to the foregoing purposes and the powers and obligations set forth in the Declaration of Otter Run (the "Declaration"), the Corporation shall have and may exercise all the rights and powers of a nonprofit corporation under the Oregon Nonprofit Corporation Act.

**ARTICLE III
MEMBERS MEETINGS**

3.1 Annual Meeting. The annual meeting of the members shall be held at 7 p.m. on the third Monday in August of each year at the principal office of the Corporation or at such other time, date, or place as may be determined by the board of directors. At such meeting the members entitled to vote shall elect a board of directors and transact such other business as may come before the meeting consistent with the notice provisions of ORS 63.214, which require notice of the meeting to include a description of any matter or matters which must be approved by the members.

3.2 Special Meetings. The Corporation shall hold special meetings of members at any time on the call of the President or the board of directors, or on demand in writing by members of record holding at least 10 percent of the votes entitled to be cast on any matter proposed to be considered at the special meeting.

3.3 Notice. Written notice stating the place, date, and time of the meeting, and in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than 30 nor more than 60 days prior to the date of the meeting, either personally or by mail, by or at the direction of the President or Secretary, to each member of record entitled to vote at such meeting. If mailed, the notice shall be deemed to be delivered when deposited in the United States mail addressed to the members at the member's address as it appears on the current member records of the Corporation, with postage prepaid.

3.4 Waiver of Notice. A member may, at any time, waive any notice required by these bylaws, the Articles of Incorporation, or the Oregon Nonprofit Corporation Act. The waiver must be in writing, be signed by the member, and be delivered to the Corporation for inclusion in the minutes or filing with the corporate records. A member's attendance at a meeting waives any objection to: (a) lack of notice or defective notice of the meeting, unless the member at the beginning of the meeting objects to holding the meeting or transacting business at the meeting; and (b) consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice, unless the member objects to considering the matter when it is presented.

3.5 Voting. The Corporation shall prepare on a current basis an alphabetical list of the names, addresses, and membership dates of all the members. The Corporation shall prepare on a current basis through the time of the membership meeting a list of members who are entitled to vote at the meeting. The Corporation shall make the list of members available for inspection by any member for the purpose of communication with other members concerning the meeting, beginning two business days after notice of the meeting is given for which the list was prepared and continuing through the meeting, at the Corporation's principal office or at a reasonable place identified in the meeting notice. The Corporation shall make the list of members available at the meeting, and any member, the member's agent or attorney shall be entitled to inspect the list for any proper purpose at any time during the meeting or any adjournment. Members shall have the voting rights as specified in the Declaration of Otter Run.

3.6 Quorum; Vote Required. The majority of the members entitled to vote on a matter, represented in person or by proxies, shall constitute a quorum with respect to that matter at any meeting of the members. If a quorum is present, action on a matter, other than the election of directors, is approved if the votes cast in favor of the action exceed the votes cast in opposition, unless the vote of a greater number is required by the Oregon Nonprofit Corporation Act or the Articles of Incorporation. Election of directors is governed by Article IV, Section 4.3.

ARTICLE IV DIRECTORS

4.1 Powers. The board of directors shall manage the business and affairs of the Corporation and exercise or direct the exercise of all corporate powers.

4.2 Number. The number of directors shall be three.

4.3 Election and Term of Office. The initial directors shall be elected at the turnover meeting as set forth in the Declaration. The initial directors shall serve for a term of two years. Thereafter directors shall be elected at the annual meeting of the members by a majority vote of the members present at the meeting; provided however, that a quorum of members is present. Directors shall serve until the next annual meeting of the board of directors, or until their successors have been elected and take office, and may be elected for successive terms.

4.4 Removal. A director may be removed, with or without cause, by the affirmative vote of two-thirds of the directors then in office, at any meeting of the board of

directors. The notice of such meeting shall state that the purpose or one of the purposes of the meeting is the removal of the director or directors involved.

4.5 Vacancies. Any vacancy occurring in the board of directors for any reason, including a vacancy resulting from an increase in the number of directors, shall be filled by the affirmative vote of a majority of the directors then in office.

4.6 Resignation. Any director may resign at any time by delivering written notice of resignation to the President or Secretary. Such resignation shall be effective on receipt unless it is specified therein to be effective at a later time, and acceptance of the resignation shall not be necessary.

4.7 Compensation. Directors shall serve without compensation for services. A director may receive reimbursement for actual and reasonable expenses incurred in performing his or her duties upon the approval of the board of directors.

4.8 Annual Meetings. The annual meeting of the board of directors shall be held immediately after the adjournment of the annual meeting of members or at such date, time, and place determined by the board of directors upon notice as provided in Section 4.11.

4.9 Regular Meetings. The board of directors may from time to time establish monthly or other regular meetings of the board, the specific date, time, and place to be determined by the President.

4.10 Special Meetings. Special meetings of the board of directors may be called by the President or any two directors.

4.11 Notice of Meetings. Written notice of the annual meeting of the board of directors shall be given at least ten days before the meeting. Written notice of special meetings of the board of directors shall be given at least two days before the meeting. The notice shall in each case specify the date, time, and place of the meeting, and notice shall be sufficient if actually received at the required time or if mailed not less than five days before the required time. Mailed notices shall be directed to the director's address shown on the corporate records or to the director's actual address ascertained by the person giving notice. Oral notice may be delivered in person or by telephone. Except as otherwise required by law, the Articles of Incorporation, or these bylaws, neither the business to be transacted at nor the purpose of any meeting of the board of directors need be specified in the notice.

4.12 Waiver of Notice. Whenever any notice is required to be given to any director, a waiver thereof in writing, signed by the director entitled to such notice, whether before or after the event specified in the waiver, shall be deemed equivalent to the giving of such notice. Furthermore, the attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

4.13 Meeting by Telephone Conference. The board of directors may hold a meeting by conference telephone or similar equipment by means of which all persons

participating in the meeting can hear each other. Participation in such meeting shall constitute presence in person at the meeting.

4.14 Quorum; Majority Vote. A majority of the number of directors in office at the time of a meeting of the board of directors shall constitute a quorum for the transaction of business at any meeting of the board of directors. The act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the board of directors, unless a different number is required by law, the Articles of Incorporation, or these bylaws. A minority of the directors, in the absence of a quorum, may adjourn and reconvene from time to time but may not transact any business.

ARTICLE V OFFICERS

5.1 Designation. The officers of the Corporation shall be a President, a Secretary, and a Treasurer. Such other officers as may be deemed necessary may be elected by the board of directors and shall have such powers and duties as may be prescribed by the board. The same individual may hold two or more offices.

5.2 Qualification. An officer must be a member of the board of directors.

5.3 Election and Term of Office. The officers of the Corporation shall be elected annually by the board of directors at the annual meeting of the board of directors. Each officer shall hold office until a successor is duly elected or until the officer's resignation, death, or removal.

5.4 Resignation. An officer may resign at any time by delivering written notice of resignation to the President or Secretary. Such resignation shall be effective upon receipt unless it is specified to be effective at a later time. The board of directors may reject any postdated rejection by notice in writing to the resigning officer.

5.5 Removal. The board of directors may remove any officer, with or without cause, by the affirmative vote of a majority of the directors then in office, at any meeting of the board of directors. Removal shall be without prejudice to the contract rights, if any, of the person removed. Election of an officer shall not of itself create contract rights.

5.6 Vacancies. A vacancy in any office because of death, resignation, removal, or otherwise may be filled by the board of directors for the unexpired portion of the term.

5.7 Compensation. Officers may receive such reasonable compensation for their services as may from time to time be fixed by the board of directors, provided that the compensation of any officer who is also a director shall be fixed by a majority vote of the board of directors then in office.

5.8 President. The President shall be the chief executive officer of the corporation and shall, subject to the control of the board of directors, have general supervision, direction, and control of the business and affairs of the Corporation. The President shall preside at all meetings of the board of directors and shall with the Secretary execute on behalf of the

Corporation all contracts, agreements, and other instruments. The President shall have the general powers and management usually vested in the office of president of a corporation, and shall have such other powers and duties as may be prescribed by the board of directors. The President shall also be a nonvoting ex officio member of any committee established pursuant to article VI hereof.

5.9 Secretary. The Secretary shall prepare and keep (or cause to be prepared and kept) the minutes of all meetings of the board of directors and any committees of the board of directors and shall have custody of the minute books and other records pertaining to corporate business. The Secretary shall give or cause to be given such notice of the meetings of the board of directors as is required by the bylaws. The Secretary shall be responsible for authenticating resolutions and other records of the corporation and shall countersign on behalf of the corporation all contracts, agreements, and other instruments. The Secretary shall perform such other duties as may be prescribed by the board of directors.

5.10 Treasurer. The Treasurer shall be the chief financial and accounting officer of the Corporation and shall supervise and monitor the finances of the Corporation. The Treasurer shall (a) cause to be kept correct and complete records of account showing the financial condition of the Corporation, (b) be legal custodian of all moneys, notes, securities, and other valuables that may come into the possession of the Corporation, (c) cause all funds of the Corporation to be deposited in depositories that the board of directors may designate, (d) pay funds out only on the check of the Corporation signed in the manner authorized by the board of directors, (e) present to the board of directors regular statements of the Corporation's financial position and cash flows, (f) ensure that the Corporation files all necessary tax returns, and (g) maintain the record of all gifts, grants, contributions, gross receipts from admissions, sales of merchandise, performance of services, or furnishing of facilities, in an activity that is not an unrelated trade or business, and the sources of all the foregoing funds.

ARTICLE VI INDEMNIFICATION OF DIRECTORS AND OFFICERS

6.1 Generally. The Corporation shall to the fullest extent permitted under Oregon law indemnify any person who is or was a director or officer of the Corporation against any and all liability incurred by such person in connection with any claim, action, suit, or proceeding or any threatened claim, action, suit, or proceeding, whether civil, criminal, administrative, or investigative, by reason of the fact that such person is or was a director or officer of the Corporation, if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interest of the Corporation, and with respect to any criminal proceeding such person had no reasonable cause to believe the conduct was unlawful. Liability and expenses include reasonable attorneys' fees, judgments, fines, costs, and amounts actually paid in settlement. The termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not of itself create a presumption that such person did not act in good faith and in a manner which such person reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal proceeding, had reasonable cause to believe that such conduct was unlawful. The foregoing right of indemnification shall be in addition to and

not exclusive of any and all other rights to which any such director or officer may be entitled under any statute, bylaw, agreement, or otherwise.

6.2 Actions by or in the Right of the Corporation. In connection with any proceeding brought by or in the right of the Corporation, the Corporation may not indemnify any person who is or was a director or officer of the Corporation if such person has been adjudged by a court of law to be liable to the Corporation, unless the court in which the action or suit was brought shall determine upon application that, despite the adjudication of liability, in view of all of the circumstances of the case such person is fairly and reasonably entitled to indemnity.

6.3 Self-Interested Transactions. The Corporation may not indemnify any person who is or was a director or officer of the Corporation in connection with any proceeding charging improper personal benefit to such person in which such person has been adjudged liable on the basis that personal benefit was improperly received by such person, unless the court in which the action or suit was brought determines upon application that, despite the adjudication of liability, in view of all circumstances of the case such person is fairly and reasonably entitled to indemnity.

6.4 Determination of the Propriety of Indemnification. The determination that indemnification is proper shall be made by the majority vote of a quorum consisting of the directors who were not parties to the proceeding or, if such a quorum cannot be obtained, by the majority vote of a committee, duly designated by the board of directors, consisting of at least two directors who were not parties to the proceeding. If there are not two directors who were not parties to the proceeding, the full board of directors shall select special legal counsel to determine whether indemnification is proper.

6.5 Evaluation of Expenses. An evaluation as to the reasonableness of expenses shall be made by the majority vote of a quorum consisting of directors who were not parties to the proceeding or, if such a quorum cannot be obtained, by the majority vote of a committee, duly designated by the board of directors, consisting of at least two directors who were not parties to the proceeding. If there are not two directors who were not parties to the proceeding, the full board of directors, including directors who were parties to the proceeding, shall evaluate the reasonableness of expenses.

6.6 Advance of Expenses. Expenses incurred with respect to any claim, action, suit, or other proceeding of the character described in this article may be advanced by the corporation prior to the final disposition of such proceeding if (a) the director or officer provides written affirmation to the Corporation of such person's good faith belief that such person satisfies the criteria for indemnification, and (b) the director or officer gives the Corporation a written undertaking to repay the advanced amount if it is ultimately determined that the director or officer is not entitled to indemnification under this article. The undertaking shall be a general obligation of the director or officer, but need not be secured and may be accepted by the board of directors without reference to the director or officer's financial ability to make repayment.

6.7 Insurance. The board of directors shall have the power to purchase insurance on behalf of any individual who is or was an officer or director of the Corporation against liability asserted against or incurred by such individual arising out of such individual's status as a

director or officer of the Corporation, whether or not the Corporation would have the power to indemnify such individual against liability under the provisions of this article.

**ARTICLE VII
AMENDMENT**

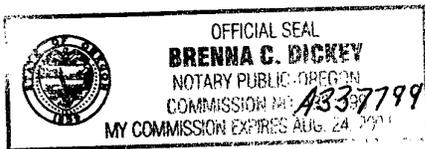
The board of directors may amend or repeal these bylaws or adopt new bylaws by the affirmative vote of two-thirds of the directors then in office, at any meeting of the board of directors. The meeting notice shall state that a purpose of the meeting is to consider an amendment to the bylaws and shall contain a copy or summary of the proposed amendment.

The foregoing bylaws were duly adopted by the Incorporator on the 27th day of January, 2003.

David G. Bristol
David G. Bristol, Incorporator

STATE OF OREGON)
) SS
COUNTY OF MULTNOMAH)

The foregoing instrument was acknowledged before me this 27th day of January, 2003, by David G. Bristol as Incorporator of Otter Run Homeowners' Association, Inc.



Brenna C. Dickey
Notary Public for Oregon
My commission expires: August 24, 2004