

# BYLAWS OF SKYLINE RANCH HOME OWNERS ASSOCIATION

## ARTICLE I NAME, LOCATION AND EFFECT

The name of the Association is *Skyline Ranch I Home Owners Association*, an Oregon nonprofit corporation, hereinafter referred to as the “**Association**.” The initial registered office of the Association is located at 20310 Empire Ave Suite A103, Bend, Oregon 97703, and the name of its initial registered agent at such address is Aperion Management Group, LLC, AAMC.

## ARTICLE II DEFINITIONS

**2.1** “**Act**” shall mean the Oregon Planned Community Act, being ORS 94.550 et seq., as amended from time to time.

**2.2** “**Association**” shall have the meaning given in the introductory paragraph to these Bylaws.

**2.3** “**Board**” shall mean the Board of Directors of the Association.

**2.4** “**Conversion Date**” shall be the date upon which Class B membership terminates pursuant to the terms of the Declaration.

**2.5** “**Declarant**” shall mean Skyline Ranch Development, Inc., an Oregon corporation, and its successors and assigns who are designated as such in writing by Declarant and who consent in writing to assume the duties and obligations of the Declarant with respect to the Lots acquired by such successor or assign.

**2.6** “**Declaration**” shall mean and refer to the Declaration of Covenants, Conditions, and Restrictions for the Skyline Ranch subdivision and any amendments or supplements thereto made in accordance with its terms.

**2.7** “**Directors**” shall mean the Board of the Association.

**2.8** “**Lot**” shall mean the plots of land indicated as such on the Plats.

**2.9** “**Member**” or “**Members**” shall mean Declarant and every other record owner, whether one or more persons or entities, of fee simple title to any Lot, including contract sellers, but excluding those having an interest merely as security for the performance of an obligation. There shall be two (2) classes of membership, Class A and Class B, as described in Section 6.5 of the Declaration and in Section 3.3 of these Bylaws. All Members shall also be Owners.

**2.10** “**Owner**” or “**Owners**” shall mean the record owner, whether one or more persons or entities, of fee simple title to any Lot, including contract sellers, but excluding those having an interest merely as security for the performance of an obligation. All Owners shall also be Members.

**2.11 “Transitional Advisory Committee”** shall mean the committee described in Section 4.2 of these Bylaws to assist in transitioning administrative responsibility for the Association from Declarant to the Members.

**2.12 “Turnover Meeting”** shall be the meeting called by the Declarant for the purpose of turning over administrative responsibility of the Association to the Members.

**2.13 Other Terms.** Capitalized terms used herein without definition shall have the respective meanings given to them in the Declaration.

**ARTICLE III  
MEMBERSHIP AND VOTING RIGHTS**

**3.1 Membership**

The Declarant and every Owner of a Lot by virtue of being an Owner of a Lot shall be a Member of the Association. Membership shall be appurtenant to and shall not be separated from ownership of any Lot. Transfer of ownership of a Lot shall automatically transfer membership in the Association. Without any other act or acknowledgment, Owners shall be governed and controlled by the Governing Documents as described in the Declaration.

**3.2 Suspension**

All voting rights of a Member shall be suspended during any period in which such Member is delinquent in the payment of any assessment duly established pursuant to the Declaration or is otherwise in default hereunder or under any other Governing Documents. The Board may also suspend the Member’s right to use of any of the Common Areas during such period of default.

**3.3 Voting Rights**

The voting rights of Members of the Association including Declarant are set forth in the Declaration.

**ARTICLE IV  
MEETINGS OF MEMBERS**

**4.1 Initial Meeting**

The initial meeting of the Association shall be held within one (1) year after the Association is formed by filing of the Articles of Incorporation. Declarant shall call the initial meeting by written notice to each Owner in accordance with the requirements of Section 4.6, except that Declarant shall fulfill the role of secretary.

**4.2 Transitional Advisory Committee**

Unless the Turnover Meeting has been held, the Declarant shall call a meeting of the Members for the purpose of forming the Transitional Advisory Committee to assist in transitioning administrative responsibility for the Association from the Declarant to the Members

within sixty (60) days after the conveyance to Owners other than the Declarant of fifty percent (50%) or more of the Lots then existing in the Subdivision. If the meeting is not called by the Declarant within the time specified, the meeting may be called and notice given by any Member. Notice of the meeting shall be given in accordance with the requirements of Section 4.6.

The Transitional Advisory Committee shall be advisory only and shall consist of three (3) or more members, with two (2) or more members selected by Members other than Declarant and no more than one (1) member selected by Declarant. The Transitional Advisory Committee members shall serve until the Turnover Meeting. If at the meeting to form the Transitional Advisory Committee the Members, other than the Declarant, fail to select a Transitional Advisory Committee, the Declarant shall have no further responsibility to form the Transitional Advisory Committee. The requirement for a Transitional Advisory Committee shall not apply once the Turnover Meeting has been held. The Transitional Advisory Committee shall have reasonable access to all information and documents which Declarant is required to turn over to the Association under ORS 94.616.

#### **4.3 Turnover Meeting**

The Declarant shall call the Turnover Meeting for the purpose of turning over administrative control of the Association to the Class A Members within ninety (90) days following the Conversion Date. If the Declarant does not call the Turnover Meeting within the time specified, the Transitional Advisory Committee or any Owner may call the Turnover Meeting. Notice of the Turnover Meeting shall be given in accordance with the requirements of Section 4.6. At the Turnover Meeting, the Members shall elect a new Board in accordance with the terms of Article V, and Declarant shall deliver to the Board the information and documents required by ORS 94.616. In order to facilitate an orderly transition, during the three (3) month period following the Turnover Meeting, Declarant or an informed representative shall be available to meet with the Board on at least three (3) mutually acceptable dates to review the information and documents delivered to the Board pursuant to this Section.

#### **4.4 Annual Meetings**

The Association shall hold a meeting of the Members each calendar year. Such annual meeting shall be held on a date and at a time designated by the Board from time to time, and notice of the annual meeting shall be sent to all Members in accordance with the requirements of Section 4.6. Annual meetings may not be conducted by written ballot.

At the annual meeting, new members of the Board shall be appointed or elected (as applicable) to replace those members whose terms have expired pursuant to the terms of Section 5.3, and the Board shall transact any other business within the powers of the Association.

The order of business at annual meetings of the Association shall be:

- (a) Calling of the roll and certifying of proxies;
- (b) Proof of notice of meeting or waiver of notice;
- (c) Reading of minutes of preceding meeting;
- (d) Reports of officers;
- (e) Reports of committees, if any;

- (f) Election of Directors;
- (g) Unfinished business;
- (h) New business; and
- (i) Adjournment.

#### **4.5 Special Meetings**

Special meetings of the Association may be called at any time by the president, by a majority of the Board, or by written request of Members entitled to cast at least twenty percent (20%) of the votes of the Association. Notice of a special meeting shall be sent to all Members in accordance with the requirements of Section 4.6, and business transacted at a special meeting shall be restricted to the purposes set forth in such notice.

#### **4.6 Notice of Meetings**

Written notice of any meeting of the Association shall be given by the president, secretary or other person authorized by the Board to call a meeting at least ten (10) days but not more than fifty (50) days before such meeting. The notice shall be sent to each Member, and to each Mortgagee who has requested notice, by first class mail, electronic mail or facsimile to the physical address, e-mail address or facsimile number last appearing on the books of the Association (or to such other physical address, e-mail address or facsimile number as a Member or Mortgagee has designated in writing to the Association at least ten (10) days prior to the giving of such notice of meeting); provided, however, that a notice of (i) failure to pay assessments, (ii) foreclosure of an Association lien, or (iii) an action the Association may take against a Member may not be sent by electronic mail or facsimile. A Member may decline to receive notice by electronic mail or facsimile by sending written notice to the Association, in which event all notices to such Member shall be sent by first class mail. The notice of a meeting 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 these Bylaws, any budget changes, or any proposal to remove a Director or officer. Notice of a meeting may be waived by any Member at any time before or after the meeting. No Member who is present at a meeting may object to the adequacy or timeliness of the notice given.

#### **4.7 Place of Meetings**

Meetings of the Association shall be held within ten (10) miles of the Subdivision, at an exact location determined by the Board and designated in the notice required by Section 4.6.

#### **4.8 Adjournment of Meetings**

As permitted by ORS 65.214, if any meeting of the Members does not constitute a quorum, the Members who are present, either in person or by proxy, may adjourn the meeting to a time not less than two (2) days nor more than ten (10) days from the time of the original meeting. The adjournment provisions of this Section do not apply to actions proposed to be taken by written ballot.

#### **4.9 Quorum**

The presence at the meeting of Members entitled to cast, either in person or by proxy, twenty percent (20%) of the votes of the Association shall constitute a quorum for any action, unless a greater percentage is required elsewhere in the Declaration or these Bylaws. The subsequent joinder of Member in the action taken at a meeting by signing and concurring in the minutes thereof shall constitute the presence of such Member for the purpose of determining a quorum. When a quorum is once present to organize a meeting, it cannot be broken by the subsequent withdrawal of a Member or Members.

#### **4.10 Majority Vote**

When a quorum is present at any meeting of the Members, the vote of Owners holding more than fifty percent (50%) of the votes of the Association present, in person or by proxy, at the meeting shall be binding on all Owners for all purposes, except where a higher percentage vote is required by the Governing Documents or the Act.

#### **4.11 Proxies**

A vote may be cast in person or by proxy. A proxy may require the holder to cast a vote for or against any special proposal set out in the notice calling the meeting. A proxy shall be in writing and filed with the secretary before or during the meeting. A proxy shall expire one (1) year after the date it was signed unless a shorter period is specified in the proxy; provided, however, that appointment of a proxy is revoked if the Member appointing the proxy (i) attends any meeting and votes in person, (ii) signs and delivers to the secretary either a writing stating that the appointment of the proxy is revoked or a subsequent appointment form, or (iii) sells his or her Lot. Unless withdrawn, a proxy given to another person to vote at a specific meeting shall also be valid at an adjourned meeting called under the provisions of Section 4.8. The Association must retain proxies and ballots for one (1) year from the date of the determination of the vote.

#### **4.12 Fiduciary and Corporate Owners.**

An executor, administrator, conservator, guardian or trustee may vote, in person or by proxy, at any meeting of the Association with respect to any Lot owned or held in such capacity, whether or not the same has been transferred to such person's name; provided, however, that such person must provide the secretary with written evidence satisfactory to the secretary that the person is the executor, administrator, conservator, guardian or trustee, holding such Lot in such capacity. Any person voting on behalf of a Lot owned by a corporation or other entity must provide the secretary with written evidence, satisfactory to the secretary, that such person is the duly constituted representative thereof.

#### **4.13 Voting by Mail or Electronic Ballot.**

Except as set forth in subsection (f) below, the Board, in its discretion, may provide that a vote, approval or consent of any Member be given by regular mail, electronic mail or facsimile in accordance with the procedure outlined below. For purposes of this Section, "written ballot" shall include any ballot distributed by electronic mail or facsimile.

(a) In the case of an election of Board members by written ballot, then in addition to the other requirements set forth in this Section, the following procedures must be followed:

(i) the existing Board members must advise the secretary in writing of the names of proposed Board members sufficient to constitute a full board and of a date at least fifty (50) days after such advice is given by which all votes are to be received;

(ii) the secretary, within five (5) days after such advice is given, must give written notice of the number of Board members to be elected and of the names of the nominees to all Members;

(iii) the notice must state that any such Owner may nominate an additional candidate or candidates, not to exceed the number of Board members to be elected, by giving written notice of such nomination to the secretary on or before a specified date which must be fifteen (15) days from the date after the notice was given by the secretary; and

(iv) five (5) days after such specified date, the secretary must give written notice to all Members, stating the number of Board members to be elected, stating the names of all persons nominated by the Board and by the Members on or before the deadline, stating that each Member may cast a vote by mail and stating the deadline established by the Board by which such votes must be received by the secretary at the address of the principal office of the Association (which must be specified in the notice) and that votes received after that date will not be effective.

(b) Any action that may be taken at any annual, regular or special meeting of the Association may be taken without a meeting if the Association delivers a written ballot to every Association member that is entitled to vote on the matter.

(i) A written ballot must set forth each proposed action and provide an opportunity to vote for or against each proposed action.

(ii) The Board must provide owners with at least ten (10) days' notice before written ballots are mailed or otherwise delivered.

(iii) If, at least three (3) days before written ballots are scheduled to be mailed or otherwise distributed, at least ten percent (10%) of the Owners petition the Board requesting secrecy procedures, a written paper ballot must be accompanied by a secrecy envelope, a return identification envelope to be signed by the owner and instructions for marking and returning the paper ballot. In this instance, no electronic mail voting will be accepted. Written paper ballots that are returned in secrecy envelopes may not be examined or counted before the deadline for returning ballots has passed.

(c) Matters that may be voted on by written ballot will be deemed approved or rejected as follows:

(i) If approval of a proposed action otherwise would require a meeting at which a certain quorum must be present and at which a certain percentage of total votes cast is required to authorize the action, the proposal will be deemed approved when the date for return of ballots has passed, a quorum of Members has voted, and the required percentage of approving votes has been received. Otherwise, the proposal will be deemed to be rejected.

(ii) If approval of a proposed action otherwise would require a meeting at which a specified percentage of Owners must authorize the action, the proposal will be approved when the percentage of total votes cast in favor of the proposal equals or exceeds such required percentage. The proposal shall be deemed to be rejected when the number of votes cast in opposition renders approval impossible or when both the date for return of ballots has passed and such required percentage has not been met.

(d) All solicitations for votes by written ballot must state the following:

(i) If approval of the proposal by written ballot requires that the total number of votes cast equal or exceed a certain quorum requirement, the number of responses needed to meet such quorum requirement;

(ii) If approval of a proposal by written ballot requires that a certain percentage of total votes cast approve the proposal, the required percentage of total votes needed for approval; and

(iii) If the matter being voted on is the election of Directors to the Board, the additional items set forth in subsection (a) above.

(e) All solicitations for votes by written ballot must specify the period during which the Association will accept written ballots for counting, and a date certain on which all ballots must be returned to be counted.

(f) Action by written ballot may not substitute for the Turnover Meeting or the annual meeting of the Association.

## **ARTICLE V BOARD OF DIRECTORS**

### **5.1 Number and Qualification**

The affairs of the Association shall be managed by a Board consisting of (i) between one (1) and three (3) Directors (as determined by Declarant) prior to the Turnover Meeting; and (ii) between three (3) Directors and five (5) Directors after the Turnover Meeting (as determined by the Members from time to time). The Directors need not be Members prior to the Turnover Meeting but shall be Members after the Turnover Meeting; provided, however, that if a Lot is owned by more than one (1) Owner, only one (1) Owner of that Lot may serve on the Board at any time.

## **5.2 Appointment**

Until the Turnover Meeting, Declarant shall appoint the Directors, and may remove and replace the Directors, with or without cause, except that Declarant may revocably or irrevocably delegate the power to appoint, remove and replace Directors hereunder by written instrument delivered to the Association naming the party to whom the power to appoint Directors has been delegated. At and after the Turnover Meeting, the Directors shall be elected in the manner provided in Section 5.3.

## **5.3 Election of Directors**

At the Turnover Meeting, the Directors appointed by Declarant or its appointee shall submit their resignations, and the Members shall elect new Directors as provided herein. If three (3) Directors are elected, one (1) Director shall be elected for a term of one (1) year and two (2) Directors for a term of two (2) years. If five (5) Directors are elected, two (2) Directors shall be elected for a term of one (1) year and three (3) Directors shall be elected to serve for a term of (2) years. Thereafter, at each annual meeting of the Association, the Members shall elect the number of Directors equal to the number whose terms are then expiring, each to serve a term of two (2) years. Any Director may serve more than one (1) term. Voting for Directors shall not be cumulative.

## **5.4 Removal**

Any Director, other than a Director appointed by Declarant, may be removed, with or without cause, by the affirmative majority vote of the Members present, in person or by proxy, at any meeting of the Members at which a quorum is present. No removal of a Director is effective unless the matter of removal was included in the notice of the meeting and the Director whose removal is proposed is given the opportunity to be heard at the meeting. At the meeting, the Members shall elect a replacement Director to serve the remainder of the replaced Director's term.

## **5.5 Resignation**

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

## **5.6 Vacancies**

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

## **5.7 Compensation**

No Director shall receive compensation for any service he or she may render to the Association. However, any Director may be reimbursed for his or her actual out-of-pocket expenses reasonably incurred in the performance of his or her duties.



## **5.8 Liability and Indemnification of Directors, Officers, Manager and Managing Agent**

The Directors and officers of the Association shall not be liable to the Association or the Members for any mistake of judgment, negligence, or otherwise except for their own willful misconduct or bad faith. The Association shall indemnify and hold harmless each Director and officer and the manager or managing agent on behalf of the Association unless such contract shall have been made in bad faith or contrary to the provisions of the Declaration or of these Bylaws. Each Director and officer and the manager or managing agent, if any, shall be indemnified by the Association against all expenses and liabilities, including attorneys' fees, reasonably incurred or imposed upon them in connection with any proceeding to which they may be a party, or which they may become involved by reason of being or having been a Director, officer, manager or managing agent and shall be indemnified upon any reasonable settlement thereof; provided, however, there shall be no indemnity if the Director, officer, manager or managing agent is adjudged guilty of willful nonfeasance, misfeasance or malfeasance in the performance of their duties. As to any manager or managing agent this Section shall only be applicable to third party tort claims up to the amount of the Association's liability insurance coverage and shall not in any way apply to contractual liability or obligations under the management contract.

## **5.9 Special Committees**

The Board by resolution may designate one or more special committees, each committee to consist of two (2) or more Members which, to the extent provided in said resolution, shall have and may exercise the powers set forth in said resolution. Such special committee or committees shall have such name or names as may be determined from time to time by the Board. Such special committees must keep regular minutes of their proceedings and report the same to the Board when required. The members of such special committee or committees designated shall be appointed by the Board or the president. The Board or the president may appoint Members to fill vacancies on each of said special committees occasioned by death, resignation, removal, or inability to act for any extended period of time.

## **5.10 Powers of Board**

The business and affairs of the Association shall be managed by the Board. The Board may exercise all of the powers of an Association under the Act, except such as are by the laws of Oregon or the Governing Documents conferred upon or reserved to the Members. The Board shall have the power to:

(a) To adopt and publish the Rules and Regulations governing the use of Common Areas, and the personal conduct of the Members and their guests thereon, and to establish fines for the infraction thereof;

(b) To suspend a Member's voting rights and/or right to use the Common Areas (other than streets and roadways) during any period in which such Member is in default in the payment of assessments levied by the Association. Such rights may also be suspended, after

notice and a hearing, for a period not to exceed sixty (60) days for an infraction of the Rules and Regulations or a violation of the Declaration;

(c) To declare the office of a Director to be vacant in the event such Director shall be absent from three (3) consecutive regular meetings of the Board without just cause having been furnished to and accepted by the Board;

(d) To adopt an annual budget for the operation of the Association;

(e) To levy and collect assessments, late fees, interest and fines as provided in the Governing Documents, including filing liens against Lots and instituting legal proceedings to collect such assessments, late fees, interest and fines;

(f) To appoint and disband such committees as the Board deems appropriate;

(g) To establish, disburse and maintain such petty cash as is necessary for efficiently carrying on the business of the Association;

(h) To engage the services of a manager, an independent contractor, or such employees and contractors as it deems necessary, and to prescribe the conditions, compensation and duties of their work. Such power shall include authority to enter into management agreements with other parties to manage, operate or perform all or any part of the affairs and business of the Association;

(i) To execute all declarations of ownership for tax assessment purposes with regard to the Common Areas, if any, on behalf of all Owners;

(j) To borrow funds to pay costs of operation of the Association with the approval of sixty percent (60%) of the Members present at a meeting of the Members at which a quorum is present;

(k) To grant easements or rights-of-way to any utility company, public agency or to any other entity;

(l) To protect or defend the Common Areas from loss or damage by suit or otherwise, and to provide adequate reserves for maintenance and replacement of the Common Maintenance Areas;

(m) To adjust the amount, collect and use any insurance proceeds to repair damage or replace damaged or lost property, and if proceeds are insufficient to repair damaged or replace lost property, to assess the Owners in proportionate amounts to cover the deficiency;

(n) To enforce the provisions of the Governing Documents and to enjoin and seek damages from any Owner for violation of such Governing Documents; and

(o) To exercise any additional or different powers necessary or desirable for the purpose of carrying out the functions of the Association pursuant to the Governing Documents or otherwise promoting the general benefit of the Members of the Association.

## 5.11 Duties of Board

It shall be the duty of the Board:

- (a) To cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members or at any special meeting, when such statement is requested in writing by one-fourth (1/4) of the votes of the Members who are entitled to vote;
- (b) To supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;
- (c) To fix the amount of all assessments required or permitted under the Declaration against each Lot, and to send written notice of each such assessment to every Owner;
- (d) To issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not assessments have been paid in respect to a particular Lot. A reasonable charge may be made by the Board for the issuance of these certificates, and the information contained on the certificates shall be binding on the Association.
- (e) To procure and maintain adequate liability and property insurance on property owned by the Association or other property for which the Association has an obligation under the Declaration or these Bylaws to insure and, if deemed appropriate, insurance on the behalf of any Director, officer, employee, or agent of the Association against any liability asserted against him or her and incurred by him or her in any such capacity or arising out of his or her status as such;
- (f) To cause all officers, employees or agents, having fiscal responsibility to be bonded, as it may deem appropriate;
- (g) To cause the Common Maintenance Areas to be maintained;
- (h) To maintain a current mailing list of the Members and Mortgagees who have requested notice of meetings and other events;
- (i) To file annual tax returns for the Association;
- (j) To adopt a budget annually for the Association to manage and operate the Subdivision. Within thirty (30) days after adopting the annual budget, the Board shall provide a summary to all Owners. If the Board fails to adopt a budget, the last adopted budget shall continue in effect; and
- (k) To perform all other duties of the Association and the Board as set forth in the Governing Documents.

In performing its duties, the Board shall be governed by ORS 94.640 and the applicable provisions of ORS 65.357, 65.361, 65.367, 65.369 and 65.377, as amended from time to time.

## **ARTICLE VI MEETINGS OF THE BOARD**

### **6.1 Initial Meeting**

The initial meeting of the Board shall occur within fourteen (14) days after the date the initial meeting of the Members pursuant to Section 4.1. Notice of the initial meeting shall be posted or sent to each Director and the Members in accordance with the requirements of Section 6.9.

### **6.2 Regular Meetings**

Regular meetings of the Board may be held at such time as shall be determined from time to time by a majority of the Directors. Notice of regular meetings shall be posted or delivered to each Director and the Members in accordance with the requirements of Section 6.9.

### **6.3 Special Meetings**

Special meetings of the Board may be called at any time by the president or a majority of the Directors. Notice of special meetings shall be posted or delivered to each Director and the Members in accordance with the requirements of Section 6.9.

### **6.4 Emergency Meetings**

Emergency meetings may be held without notice, if the reason for the emergency is stated in the minutes of the meeting. Only emergency meetings of the Board may be conducted by telephonic communication or by the use of a means of communication that allows all Directors participating to hear each other simultaneously or otherwise be able to communicate during the meeting.

### **6.5 Executive Session**

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

- (a) consultation with legal counsel concerning rights and duties of the Association regarding existing or potential litigation or criminal matters;
- (b) personnel matters, including salary negotiations and employee discipline;
- (c) negotiations of contracts with third parties;
- (d) collection of unpaid assessments; and
- (e) for any other purpose permitted by ORS 94.640, as amended from time to time.

Except in emergencies, the Board shall vote in an open meeting whether to meet in executive session. If the Board votes to meet in executive session, the president shall state the

general nature of the action to be considered and when and under what circumstances the deliberations can be disclosed to Members. The statement, motion, or decision to meet in executive session must be included in the minutes of the meeting. A contract or action considered in executive session does not become effective unless the Board, following the executive session, reconvenes in an open meeting and votes on the contract or action, which must be reasonably identified in the open meeting and included in the minutes.

## **6.6 Adjournment**

Any meeting of the Board may be adjourned by a majority of the Directors present at the meeting, even if a quorum is not present. When a meeting is adjourned for fewer than thirty (30) days, no notice of the resumption or reconvening of the adjourned meeting need be given other than by announcement at the meeting at which such adjournment takes place.

## **6.7 Board Meetings Open to all Members**

Except of executive sessions, all meetings of the Board shall be open to the Members, provided that no Member shall have the right to participate in the Board's meeting unless such Member is also a member of the Board. The president shall have the right to exclude any Member who disrupts the proceedings at a meeting of the Board.

## **6.8 Place of Meetings**

Meetings of the Board shall be held at a location determined by a majority of the Directors and designated in the notice by this Article.

## **6.9 Notice of Meetings**

The secretary shall give written notice to each Director of any meeting of the Board at least three (3) prior to the date set for such meeting, stating the purpose, time and location of the meeting. Notice shall be sent to the address of each Director as listed on the books of the Association, or to such other address as a Director may designate by written notice to the secretary given at least ten (10) days prior to the giving of notice of the meeting. Notice of any meeting may be waived by any Director at any time before or after the meeting. No Director who is present at a meeting may object to the adequacy or timeliness of the notice given.

For other than emergency meetings, notice of Board meetings shall also be given the Members by posting at a place or places within the Subdivision likely to be seen by all Members at least three (3) days prior to the Board meeting, or by one of the means described in Section 4.6 not less than ten (10) days prior to the Board meeting.

## **6.10 Voting by the Board**

Each Director shall have one (1) vote. The votes of more than fifty percent (50%) of Directors present at a meeting at which a quorum is present shall constitute the act of the Board.

### **6.11 Quorum**

The presence in person of a majority of the Directors shall constitute a quorum for voting at a Board meeting. If less than a quorum is present at a meeting, a majority of the Directors present at the meeting may adjourn the meeting. At any adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

## **ARTICLE VII OFFICERS OF ASSOCIATION**

### **7.1 Enumeration of Officers**

The principal officers of the Association shall be the president, secretary and treasurer, each of whom shall be elected by the Board in accordance with Section 7.2. The Board may appoint other officers as in its judgment may be desirable. All officers must be Members, or members of their immediate family, fiduciaries, beneficiaries or Mortgagees (and in the case of Lots owned by corporations, trusts or partnerships, the offices may be held by directors, officers, shareholders, trustees, partners or employees of such organizations).

### **7.2 Election of Officers**

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

### **7.3 Term**

The officers of the Association shall be elected by the Board and shall hold office for a period of one (1) year, unless an officer resigns or is removed by the Board or is otherwise disqualified for service.

### **7.4 Resignation and Removal**

Any officer of the Association may be removed from office, with or without cause, upon the affirmative vote of a majority of the Board and a successor elected at any regular meeting of the Board or at any special meeting of the Board called for such purpose. An officer of the Association may resign at any time by giving notice to the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein; the acceptance of such resignation shall not be necessary to make it effective.

### **7.5 Vacancies**

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

## **7.6 Multiple Offices**

The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices.

## **7.7 Duties**

The duties of the officers of the Association are as follows:

### **President**

The president shall be the chief executive officer of the Association. The president shall preside at all meetings of the Members and Board and shall have all of the powers and duties which are usually incident to the office of the chief executive officer of an Association, including, but not limited to, the power to appoint committees from time to time as may, in the president's discretion, be appropriate to assist in the conduct of the affairs of the Association.

### **Secretary**

The secretary shall keep minutes of all proceedings of the Board and minutes of all Association meetings. The secretary shall attend to the giving and serving of all notices to the Members and Directors and other notices required by law. Association records shall be kept by the secretary, except for those of the treasurer. The secretary shall perform all other duties incident to the office of secretary of an association and as may be required by the Directors or the president. In addition, the secretary shall act as vice president, taking the place of the president and performing such duties whenever the president is absent or unable to act, unless the Directors have appointed a vice president.

### **Treasurer**

The treasurer shall be responsible for Association funds and securities and shall be responsible for supervising the managing agent and causing the same to keep full and accurate financial records and books of account showing all receipts and disbursements necessary for the preparation of all required financial statements. The treasurer shall review the reports and statements provided by the managing agent with respect to the deposit of all funds and other valuable effects in such depositories as may from time to time be designated by the Board, and the disbursement of Association funds in accordance with the approved Association budget and any special authorizations from the Board for unbudgeted items. The treasurer shall in general perform all other duties incident to the office of treasurer of an association and such other duties as may be assigned by the Board. The treasurer shall cause all assessments to be deposited in a separate bank account in the name of the Association and all expenses of the Association to be paid from that account.

## **7.8 Execution of Instruments**

All agreements, contracts, deeds, leases and other instruments of the Association, except checks, shall be executed by such person or persons as may be designated by general or special resolution of the Board and, in the absence of any general or special resolution applicable to any

such instrument, then such instrument shall be signed by the president. All checks for less than Two Thousand Four Hundred Ninety-Nine Dollars (\$2,499.00) may be signed by the managing agent or any duly elected officer of the Association. All checks of Two Thousand Five Hundred (\$2,500.00) or more shall require the signatures of at least two (2) authorized signatories.

### **7.9 Compensation**

Other than reimbursement of reasonable out-of-pocket expenses incurred on behalf of the Association, no officer of the Association shall receive any compensation from the Association for acting as an officer, unless such compensation is authorized by a majority vote of the Members present, in person or by proxy, at a meeting of the Members at which a quorum is present.

## **ARTICLE VIII BUDGET, ASSESSMENTS, RESERVE STUDY AND MAINTENANCE PLAN**

### **8.1 Budget**

The Board shall annually prepare and approve the budget for the Association and distribute a copy thereof to each Member as provided in the Declaration.

### **8.2 Assessments**

The Association shall levy and collect assessments and other charges pursuant to the terms of the Declaration.

### **8.3 Reserve Study and Maintenance Plan**

The Declarant and Association shall prepare a reserve study and maintenance plan pursuant to the terms of the Declaration.

## **ARTICLE IX BOOKS AND RECORDS**

### **9.1 Books and Records**

The Association and managing agent (if applicable) shall keep (a) financial records sufficiently detailed for proper accounting purposes, including an assessment roll for each Lot (b) detailed records of the actions of the Board and managing agent (if applicable) and minutes of Board and Association meetings, (c) a list of Owners entitled to vote at Association meetings and a list of all Mortgagees whom have requested notice of meeting and other events, and (d) all other documents, information and records required to be maintained by the Association under the terms of the succeeding paragraph. All Association documents, information and records shall be maintained within the State of Oregon at all times.

The Association shall maintain within the State of Oregon the documents, information and records required to be delivered to the Association under ORS 94.616 and all other records of the Association for not less than the period specified for record under ORS 65.771 or any



other applicable law, except that (a) the documents specified in ORS 94.616(3)(o), if received, must be retained as permanent records of the Association, and (b) proxies and ballots must be retained for one (1) year from the date of determination of the vote. Such documents, information and records shall include, but are not limited to, the following: (i) the Declaration and Bylaws, including any amendments or supplements thereto, (ii) the Plat, including any amendments or supplements thereto, (iii) the Rules and Regulations then in effect, (iv) the most recent annual financial statement of the Association, (v) the current operating budget of the Association, and (vi) any other documents required by the Act to be maintained by the Association. All documents, information and records shall be made reasonably available for inspection and duplication (at a reasonable fee) by Owners, Mortgagees, and prospective purchasers of Lots upon written request, unless such documents are protected from disclosure under ORS 94.670(8) or any other applicable law.

## **9.2 Financial Statements**

Within ninety (90) days after the end of each fiscal year, the Board shall distribute to each Member and, upon request, any Mortgagee a copy of the annual financial statement of the Association, consisting of a balance sheet and income and expense statement for the preceding fiscal year. Commencing with the fiscal year following the Turnover Meeting, (i) if annual assessments exceed \$75,000 for the fiscal year, then the Board shall cause such financial statements to be audited within one hundred eighty (180) days after the end of the fiscal year by an independent certified public accountant licensed in State of Oregon in accordance with the Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants, or (ii) if the annual assessments are \$75,000 or less, shall cause such review within one hundred eight (180) days after receipt of a petition requesting such review signed by at least a majority of Members. Notwithstanding the foregoing to the contrary, the Board need not cause such an audit or review of the financial statements of the Association to be performed if at least sixty percent (60%) of the Members, not including votes of Declarant with respect to Lots owned by Declarant, elect on an annual basis not to comply with the above audit requirements.

## **9.3 Tax Returns**

The Board shall cause to be filed the necessary state and federal income tax returns for the Association.

## **9.4 Payment Vouchers**

The method of approving payment vouchers (if applicable) for the maintenance, upkeep and repair of the Common Property and Irrigation System and payment for the expense of the Association will be as established from time to time by the Board.

## **9.5 Fiscal Year**

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

**ARTICLE X  
INSURANCE**

The Association shall maintain the insurance coverages required by Article 11 of the Declaration.

**ARTICLE XI  
RULES AND REGULATIONS**

The Board shall have power to adopt and publish rules and regulations governing the conduct of persons and the operation and use of the Lots and the Common Areas as it may deem necessary or appropriate to assure the peaceful and orderly use and enjoyment of the Subdivision, and to establish fines for the infraction thereof. Such rules and regulations may be adopted upon a majority vote of the Directors present at a meeting at which there is a quorum present and as to which notice has been given as provided in these Bylaws. Such notice shall include a verbatim copy of all proposed rules and regulations. No rule or regulation shall be adopted without a copy thereof first having been delivered or mailed to each Member in accordance with the requirements of Section 4.6. Upon adopting any such rules and regulations, the Board shall cause copies thereof to be delivered to each Member. All such rules and regulations become binding on all Members and occupants of all Lots upon the date of delivery. Any rule or regulation which conflicts with these Bylaws or the Declaration shall be null and void.

**ARTICLE XII  
AMENDMENTS**

**12.1 General Amendments**

Except as set forth below, any and all provisions of these Bylaws may be amended or repealed and new Bylaws may be adopted at any annual meeting of the Members, or at any special meeting called for that purpose, by at least a majority of the votes of the Members, and the written consent of the Declarant so long as the Declarant is a Class B Member. Notwithstanding the foregoing to the contrary, if a particular provision required to be in the Declaration under the terms of ORS 94.580 is included in these Bylaws (including, but not limited to, voting rights of Members, the method of determining liability for assessments, and the period of Declarant control of the Association), then the voting requirements for amending the Declaration shall also govern the amendment of the provision in the Bylaws.

Amendments or changes to these Bylaws may be proposed by either a majority of the Board or by the Members holding at least thirty percent (30%) of the votes of the Association. The proposed amendment must be in writing and shall be included in the notice of any meeting at which action is to be taken thereon.

An amendment or change to these Bylaws shall not be effective unless it is (i) certified by the president and secretary of the Association as having been adopted in accordance with these Bylaws and ORS 94.625 and acknowledged in the manner provided for acknowledgement of deeds, and (ii) recorded in the office of the recording officer of Deschutes County, Oregon.

## **12.2 Declarant Amendments**

Notwithstanding any provisions hereof to the contrary, the Declarant may unilaterally amend these Bylaws (i) at any time before the conveyance of the first Lot to a person other than Declarant or a successor declarant; (ii) to bring this Declaration into compliance with any provision of law, including, but not limited to, regulatory amendments permitted by Section 12.3; (iii) to correct scrivener's or clerical errors; and (iv) as otherwise permitted by applicable law.

## **12.3 Regulatory Amendments**

Notwithstanding any other provisions of this Article XIII, and consistent with terms of ORS 94.585, Declarant shall have the right to unilaterally amend these Bylaws prior to the Turnover Meeting in order to comply with the requirements of the Federal Housing Administration, the United States Department of Veterans Affairs, the Farmer's Home Administration of the United States, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Home Mortgage Loan Corporation, any department, bureau, board, commission or agency of the United States or the State of Oregon or any corporation wholly owned, directly or indirectly, by the United States or the State of Oregon which insures, guarantees or provides financing for a planned community or lots in a planned community.

## **ARTICLE XIII DISPUTE RESOLUTION**

Before initiating litigation or an administrative proceeding in which the Association and a Member have an adversarial relationship, the party that intends to initiate litigation or an administrative proceeding shall offer to resolve the problem through a dispute resolution program pursuant to terms of ORS 94.630(4). The written offer to resolve the dispute must be hand-delivered or mailed by certified mail, return receipt requested, to the other party at the address contained in the records of the Association. The requirements of this Article XIV, however, do not apply to circumstances in which irreparable harm to a party will occur due to delay or to litigation or an administrative proceeding initiated to collect assessments (other than assessments attributable to fines).

## **ARTICLE XIV MISCELLANEOUS**

### **14.1 Notices**

All notices to the Association or to the Board shall be sent in care of the managing agent or, if there is no managing agent, to the principal office of the Association or to such other address as the Board hereafter may designate from time to time. Any notice to a Member, except as otherwise provided in these Bylaws, shall be sent by first class mail to the address of Member last appearing on the books of the Association (or to such other address as the Member has designated in writing to the Association).

## **14.2 Waiver**

No restriction, condition, obligation or provision contained in these Bylaws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches thereof that may have occurred and the number of times that the pertinent restriction, condition, obligation or provision was not enforced.

## **14.3 Severability**

Invalidation or partial invalidation of any provision of these Bylaws shall not affect any of the remaining provisions of the Bylaws.

## **14.4 Personal Pronouns**

All personal pronouns used in these Bylaws, whether used in the masculine, feminine or neuter gender, shall include all other genders; the singular shall include the plural, and vice versa.

## **14.5 Headings**

The headings contained in these Bylaws are for reference purposes only and shall not in any way affect the meaning or interpretation of these Bylaws.

## **14.6 Conflicts**

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

## **14.7 Dissolution**

Upon dissolution of the Association, voluntarily or otherwise, it shall automatically be succeeded by an unincorporated association of the same name and having the same purposes. All assets, property, powers, and obligations of the Association existing prior to dissolution shall thereupon automatically vest in the successor unincorporated association.

*[Signature Page to Follow]*

**IN WITNESS WHEREOF, Declarant hereby adopts these initial Bylaws.**

SKYLINE RANCH DEVELOPMENT, INC., an  
Oregon corporation

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

STATE OF OREGON            )  
  ) ss  
County of Deschutes        )

On this \_\_\_\_ day of \_\_\_\_\_, 2021, personally appeared \_\_\_\_\_  
as \_\_\_\_\_ of SKYLINE RANCH DEVELOPMENT, INC., an  
Oregon corporation, and acknowledged the foregoing instrument to be the voluntary act of said  
company.

\_\_\_\_\_  
NOTARY PUBLIC OF OREGON

*[Intentionally Left Blank]*