

MAY 27 1992

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OF  
GLENCOE OAKS HOMEOWNERS ASSOCIATION

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## BYLAWS

OF

### GLENCOE OAKS HOMEOWNERS ASSOCIATION

#### ARTICLE I. GENERAL PROVISIONS

Section 1. Purposes. This Association is organized for the following purposes:

A. The Corporation is organized and shall be operated exclusively as a homeowners association as defined in and in conformity with Section 528 of the Internal Revenue Code as now enforced or hereafter amended.

B. The Corporation shall engage without profit to its members in any such activities as may promote the health, safety, welfare, and good of the owners of the property within the area platted and dedicated to residential use as GLENCOE OAKS.

C. In carrying out its purposes as herein defined, the Corporation shall manage and supervise for its membership all of the rights, privileges, duties and obligations assigned to, taken by, or commonly granted to the members and as set forth in that certain said Declaration of Protective Covenants, Conditions and Restrictions for Glencoe Oaks, as well as any recorded instruments which revise, amend, supplement, or replace said covenants, and only as such covenants or other amendments apply to the ownership, use and enjoyment of any and all properties situated within said defined subdivision or areas duly annexed thereto pursuant to Article 2.2 of the Declaration of Protective Covenants, Conditions and Restrictions for Glencoe Oaks.

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D. To exercise all the powers and privileges and to perform all the duties and obligations necessary for the care, y  
ynmaintenance, and protection of the common right of way, common areas, and other common amenities of the above-described subdivision, subdivided and dedicated by the Declaration of Protective Covenants, Conditions and Restrictions for Glencoe Oaks and those areas annexed as provided above.

E. No part of the earnings of the Association shall inure to the benefit of any member or individual other than by acquiring, constructing, or providing management, maintenance, and care of association property and other than by a rebate of excess membership dues, fees, or assessments.

F. No substantial part of the activities of the Association shall be the dissemination of propaganda or otherwise attempting to influence legislation, and it shall not participate or intervene, including the publishing or distributing of statements, in any political campaign on behalf of any candidate for public office. Notwithstanding any other provision of these articles, the Association shall not carry on any other activities not permitted of the homeowners association partially exempt from federal income tax under the Internal Revenue Code as now in force and effect or hereafter amended.

G. The Association shall have all corporate powers enumerated in the Oregon Nonprofit Corporation Act and the Oregon Planned Communities Act.

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Section 2. Offices. The principal office of the Association shall be located in the state of Oregon. The Association may have such other offices, either within or without the state of Oregon, as the board of directors may determine or as the affairs of the Association require from time to time.

Section 3. Definitions. In construing these Bylaws:

A. "Articles of Incorporation" means the Articles of Incorporation of Glencoe Oaks Homeowners Association, filed with the State of Oregon, Corporation Division, on May 7, 1992.

B. "Declaration" means the Declaration of Protective Covenants, Conditions and Restrictions for Glencoe Oaks.

C. "Declarant" means Prima Donna Development Company, a California corporation, duly qualified in Oregon and doing business as Prima Homes. Declarant also means any person who succeeds to any special declarant right and to whom Prima Donna Development Company, or a subsequent declarant, has transferred all of its ownership interest in Glencoe Oaks and any person, other than the Association, to whom Prima Donna Development Company, or any subsequent declarant, has transferred all its ownership interest in Glencoe Oaks for the purposes of resale.

D. "Subdivision" means GLENCOE OAKS, a planned development consisting of approximately 19.11 acres of land located in Washington County, Oregon.

#### ARTICLE II. MEMBERS

Section 1. Membership. The Association shall have two classes of membership. The designation of such classes and the

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qualifications and rights of the membership of such classes shall be as follows:

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A. Proprietary Members. Every person or entity who is an owner of a Lot shall be a proprietary member of the Association. "Lot" or "Lots," as described in the recorded plat and Article 2 of the Declaration of Protective Covenants, Conditions and Restrictions for Glencoe Oaks shall include Lots 1 through 85. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment by the Association or from any ownership of a private tract. Ownership shall mean and refer to the recorded owner, whether one or more persons or entities, of the fee simple title to any Lot, including contract purchasers, but excluding those having an interest merely as security for performance of an obligation. Ownership of a Lot or private tract shall be the sole qualification for membership. For purposes of voting, proprietary members shall be in two classifications: Class A and Class B; and as more fully described in Section 2 of this Article II.

B. Associate Members. Each Lessee, renter, or other occupant of a Lot not eligible for proprietary membership, but who satisfies the conditions of the articles of incorporation of the Association, and these bylaws, shall be an associate member, which status shall continue in effect during such period as the associate member shall be an authorized nonproprietary tenant of a Lot. Associate membership shall carry all of the rights and

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privileges and shall be subject to all obligations and responsibilities of proprietary membership except the right to vote. At any time an associate member ceases to be an occupant or a resident of a Lot within the subdivision, or shall become a proprietary member, the rights and privileges as an associate member shall thereupon terminate.

Section 2. Voting Rights. Only proprietary members shall vote. There shall be two classes of voting proprietary membership:

A. 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 voting rights for each Lot owned computed in accordance with paragraph 7.2(a) of the Declaration. When more than one person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more votes be cast with respect to any Lot than is determined as set forth in paragraph 7.2(a) of the Declaration.

B. Class B. Class B membership shall be the Declarant. Class B membership shall also include declarant's successors and assigns as defined under Article 1, Section 1.6, of the said certain Declaration of Protective Covenants, Conditions and Restrictions for Glencoe Oaks. For purposes of



Class B membership, successors and assigns of declarant do not mean individual Lot purchasers whether or not purchased for personal use or for investment and resale. The Class B membership shall be entitled to three votes for each platted Lot or private tract within the real property in which declarant holds the interest required for membership. Provided, however, that Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever first occurs: (a) when 75% of the Lots of Glencoe Oaks have been sold and conveyed to owners other than Declarant; or (b) at such earlier time as Declarant may elect in writing to terminate Class B membership.

Section 3. Suspension of Voting Rights. Voting rights of a member or members shall be suspended so long as dues or assessments pertaining to their Lot required by the board of directors are delinquent. Such dues and assessments shall be delinquent after the date that such assessment or dues are designated for payment by the board of directors.

Section 4. Annual Meeting. Unless otherwise set by the Board of Directors, the Annual meeting of the members shall be held on the third Monday of October, at the time and place appointed by the board of directors for the purpose of electing directors and for the transaction of such other business as may come before the meeting. If the election of directors shall not be held on the day designated for any annual meeting of the members or at any adjournment thereof, the board of directors

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shall cause the election to be held at a special meeting of the members as soon thereafter as may be convenient.

Section 5. Special Meetings. Special meetings of the members, for any purpose or purposes, unless otherwise prescribed by statute, may be called by the president, a majority of the board of directors, or by any two directors at the request of the owners of not less than 10% of the Lots within the subdivision of Glencoe Oaks, or may be called directly by a group of persons owning not less than 10% of the Lots within Glencoe Oaks.

Section 6. Place of Meeting. The annual meeting or special meetings of the members may be held at the principal office of the Association or at such other place within or without the State of Oregon as the board of directors may from time to time designate. A waiver of notice signed by all the members entitled to vote at a meeting may designate any place for the holding of any meeting. If no designation is made for any annual or special meeting of the members, the place of meeting shall be the principal office of the Association.

Section 7. Notice of Meetings. Written or printed notice stating the place, day and hour of a meeting of members and the purpose or purposes for which the meeting is called, shall be given to each member entitled to vote at such meeting at least 10 days and not more than 50 days before such meeting. Notice shall be hand delivered or mailed 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. Mortgagees may

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designate a representative to attend such a meeting. Provided, however, any notice required to be given may be waived in writing, signed by the person or persons entitled to such notice, whether it be before or after the time stated therein and shall be equivalent to the giving of such notice.

Section 8. Record Date. For purposes of determining members entitled to notice of, or to vote at any meeting of, members, or any adjournment thereof, or in order to make a determination of members for any other proper purpose, the record date shall be fixed as follows:

A. For purposes of determining the members entitled to notice of a members' meeting, the record date shall be the day before the day on which first notice is mailed or otherwise transmitted to members, or if such notice is waived, the day proceeding the day on which the meeting is held;

B. For purposes of determining the members entitled to demand a special meeting, the record date shall be the date upon which such demand is made to the Association's secretary;

C. For purposes of determining the members entitled to take action without a meeting, the record date shall be the date that the first member signs the consent;

D. For purposes of determining the members entitled to vote at a members' meeting, the record date shall be the date of the meeting;

E. For purposes of determining the members entitled to exercise any rights and respect to any other lawful action,

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the record date shall be the date on which the board adopts the resolution relating thereto, or the 60th day prior to the date of such other action, whichever is later.

Section 9. Voting Lists. The Association shall prepare an alphabetical list of the names, addresses and membership dates of all its members. The list must show the class and number of votes each member is entitled to vote at the meeting if applicable. The Association shall prepare on a current basis through the time of the membership meeting a list of members, if any, who are entitled to vote at the meeting, but are not part of the main list of members. The list of members shall be 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 Association's principal office or at a reasonable place identified in the meeting notice in the city or other location where the meeting will be held. A member or the member's agent or attorney are entitled, on written demand setting forth a proper purpose, to inspect and, subject to the requirements of ORS 65.774 and 65.782, to copy the list at a reasonable time and at the member's expense during the period it is available for inspection. The Association shall make the list of members available at the meeting, and any member, the member's agent or attorney is entitled to inspect the list for any proper purpose at any time during the meeting or any adjournment.

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Section 10. Action Without Meeting. Action required or permitted by law to be taken at a members' meeting may be taken without a meeting if the action is taken by all the members entitled to vote on the action. The action must be evidenced by one or more written consents describing the action taken, signed by all the members entitled to vote on the action, and delivered to the Association for inclusion in the minutes or filing with the corporate records. Action taken under this section is effective when the last member signs the consent, unless the consent specifies an earlier or later effective date. If not otherwise determined under ORS 65.207 or 65.221, the record date for determining members entitled to take action without a meeting is the date the first member signs said consent. A consent signed under this section has the effect of a meeting vote and may be described as such in any document.

Section 11. Quorum. A majority of the members present at a meeting of members entitled to vote, represented in person or by proxy, shall constitute a quorum at a meeting of the members. The members present at a duly organized meeting may continue to transact business until adjournment notwithstanding the withdrawal of enough members to leave less than a quorum. The vote of a majority of the votes entitled to be cast by members present or represented by proxy at a meeting at which such a described quorum is present shall be necessary for the adoption of any matter voted upon by the members, unless a greater

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proportion is required by state statute, the Association's articles of incorporation, or these bylaws.

Section 12. Proxies. Every member shall have the right to cast his/her vote either in person or by proxy executed in writing by the member or by his/her duly authorized attorney-in-fact. Such proxy shall be filed with the secretary of the Association before or at the time of the meeting. No unrevoked proxy shall be valid after eleven months from the date of its execution unless some other definite period of validity shall be expressly provided therein. No proxy may be effectively revoked until notice in writing of such revocation has been given to the secretary of the Association.

Section 13. Voting. Upon the demand of any member, the vote for directors or upon any question before the meeting shall be by written ballot. All elections for directors shall be decided by noncumulative, plurality vote; all other questions shall be decided by majority vote, except as otherwise provided by the corporation's Articles of Incorporation, these Bylaws, or the Oregon Nonprofit Corporation Act. Provided, however, when directed by the Board of Directors, the elections for the directors may be conducted by mail.

Section 14. Voting of Memberships by Certain Members

A. Memberships in the name of another corporation or association may be voted by its president or by proxy appointed by him/her unless some other person, by resolution of its board of directors, shall be appointed to vote such shares, in which



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case such person shall be entitled to vote upon production of a certified copy of such resolution. Wherever possible, the application for membership shall designate a person who shall exercise the vote of the membership.

B. Memberships in the name of a partnership may be voted by a general partner or by proxy appointed by him/her unless some other person, by resolution of its board of directors, shall be appointed to vote such shares, in which case such person shall be entitled to vote upon production of a certified copy of such resolution. Wherever possible, the application for membership shall designate a person who shall exercise the vote of the membership.

C. Memberships held by an administrator, executor, guardian or conservator may be voted by him/her either in person or by proxy, without a transfer of such membership into his/her name. Memberships standing in the name of a trustee may be voted by him/her either in person or by proxy, but no trustee shall be entitled to vote memberships held by him/her without a transfer of such memberships into his/her name.

D. Memberships standing in the name of a receiver may be voted by such receiver, and memberships held by or under the control of a receiver may be voted by such receiver, without the transfer thereof into his/her name if authority so to do be contained in an appropriate order of the court by which such receiver was appointed.

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E. Members who share in the ownership of any lot, regardless of the form of ownership, shall have one vote. The vote shall be cast as they jointly agree. In the event such members disagree between themselves as to the manner in which any vote or right of consent held by them shall be exercised with respect to a pending matter, any such member may deliver written notice of such disagreement to the Association, and the vote or right of consent involved shall be disregarded completely in determining the proportion of votes or consents given with respect to such matter.

F. In the event the First Mortgagee, as defined in Section 1.7 of the Declaration, gives written notice to the Association that the Common Areas have not been maintained or repaired in accordance with Section 10.4 of the Declaration, the First Mortgagee shall be entitled to exercise the rights of the owner of the lot given for security purposes to the First Mortgagee as a member of the Association to vote at all regular and special meetings of the members of the Association for a period of one year following the date of such notice. During this one-year period, the Association shall give notice of all regular and special meetings to both the owner and the First Mortgagee, and the owner may attend such meetings as an observer.

G. Where memberships are held jointly by three or more fiduciaries, the will of the majority of such fiduciaries shall control the manner of voting or giving of a proxy, unless the

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instrument or order appointing such fiduciaries otherwise directs.

Section 15. Expulsion or Suspension. A proprietary member or associate member may be expelled or suspended from membership by the board of directors for cause including, but not limited to, the nonpayment of dues, assessments or fees as set forth in these Bylaws and the Declaration. In the event that the board of directors deems it appropriate to initiate proceedings to expel or suspend a proprietary or associate member, the board shall give such member written notice of the proposed expulsion or suspension not less than 15 days prior to the date that such expulsion or suspension is due to take effect. If within said 15-day period the proprietary or associate member requests the opportunity to be heard, the president shall either set a date for the member to be heard on the question of his/her/its expulsion or suspension or, at the discretion of the president, shall permit such proprietary or associate member to present written testimony on the issue of such member's expulsion or suspension. The entire Board of Directors shall hear or decide the member's appeal. Only those board members present for oral testimony, or those board members who personally review the written testimony, shall be eligible to vote concerning the expulsion or suspension of such member. A two-thirds vote of such directors is required to expel or suspend such member. The effective date of any such expulsion or suspension shall be no sooner than five days following said oral or written testimony.

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Any written notice given pursuant to this section by mail, must be given by first class or certified mail, sent to the last address of such member shown on the Association's record. A proprietary or associate member who has been expelled or suspended will continue to be liable to the Association for those dues, assessments or fees incurred by such member prior to the expulsion or suspension.

Section 16. Reinstatement. Upon written request signed by a former proprietary or associate member and filed with the secretary, the board of directors may, by affirmative vote of two-thirds of the directors, reinstate such former proprietary or associate member to membership upon such terms as the board of directors deems appropriate.

Section 17. Transfers. Except as provided in the instance of vote by proxy or by law, no proprietary or associate member may transfer a membership or any right arising therefrom.

#### ARTICLE III. BOARD OF DIRECTORS

Section 1. General Powers. The business affairs of the Association shall be managed by its board of directors. The directors in all cases shall act as a board, and they may adopt such rules and regulations for the conduct of their meetings, the management of the Association, and the carrying out of the Association's responsibilities created by that certain Declaration of Protective Covenants, Conditions and Restrictions for Glencoe Oaks, as they may deem proper and not inconsistent with these Bylaws, and the Association's Articles of

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Incorporation, the laws of the Oregon Nonprofit Corporation Act, or any future amendments to the Declaration of Protective Covenants, Conditions and Restrictions for Glencoe Oaks. The Board shall have exclusive authority to:

- A. manage the property and the responsibilities of the Association;
- B. contract for all goods and services on behalf of the Association for the operation of the Association's affairs;
- C. pay for all contracted goods and services by common expense assessments;
- D. maintain bank account(s) in the name of the Association and authorize persons to draw upon such accounts; and
- E. do all things incident to the administration and implementation of the provisions and purposes of this Association as otherwise provided by the Articles of Incorporation, these Bylaws or by statute.

Section 2. Number and Tenure

- A. Interim Board. Declarant shall have the right to appoint an interim board consisting of three (3) directors or more, who shall serve as the board of directors of the Association until replaced by Declarant or their successors have been elected by the owners at the turnover meeting described in this Section. The initial meeting of the interim board shall occur prior to that date on which the first lot is conveyed upon notice by the Declarant.

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B. Turnover Meeting. Declarant shall call a meeting by giving notice to each owner as provided in the Bylaws of the Association for the purpose of turning over administrative responsibility for Glencoe Oaks to the Association not later than 120 days after Lots representing 75 percent of the votes in Glencoe Oaks have been sold and conveyed to Owners other than Declarant. If the Declarant does not call a meeting required by this Section within the required time, the Transitional Advisory Committee (described in Section 2C herein), or any owner, may call a meeting and give notice as required in this section. At the turnover meeting the interim directors shall resign and their successors shall be elected by the members.

C. Transitional Advisory Committee. The Declarant or owners of Glencoe Oaks shall form a Transitional Advisory Committee to provide for the transition from administrative responsibility by the Declarant of Glencoe Oaks to administrative responsibility by the Association. Not later than the 60th day after the Declarant has conveyed the Lots representing 50 percent of the votes in Glencoe Oaks, the Declarant shall call a meeting of owners for the purpose of selecting the Transitional Advisory Committee. The Transitional Advisory Committee shall consist of three or more members. The owners, other than the Declarant, shall select two or more members. The Declarant may select no more than one member.

If the Declarant fails to call a meeting for the purpose of selecting the Transitional Advisory Committee, an

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owner may call a meeting of owners to select the Transitional Advisory Committee.

If the owners do not select members for the Transitional Advisory Committee, the Declarant shall have no further obligation to form the committee.

The requirement for formation of a Transitional Advisory Committee shall not apply once the turnover meeting has been held.

D. Board of Directors. The number of directors constituting the Board of Directors after the expiration of the term of the interim board of directors is five (5). The five directors shall be elected at a membership meeting to be held within 120 days after the expiration of the term of the initial board of directors or at the first annual meeting of the members (as set forth in Article II of these Bylaws). The director positions shall be for two years with the odd numbered positions (i.e., one, three and five) elected in odd numbered years and the even numbered positions (i.e., two, four) elected in even-numbered years. The Board of Directors elected to replace the initial board may serve less than a two-year term. At the annual meeting following the expiration of the term of the initial board of directors, directors shall be elected. If the year is an odd-numbered year, directors for positions one, three and five shall be elected for a two-year term. If the year is an even-numbered year, the even numbered positions, two and four, shall be elected for a two-year term. Directors shall be elected by a plurality

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vote of the members of the Association present and voting at annual meetings. For purposes of electing directors, a quorum shall constitute those members present in person or by proxy and voting at an annual meeting. All directors elected shall serve until their successors have been duly elected and qualified. All directors after the interim board of directors shall be those individuals, corporations, or associations who are members of the Association.

E. Number of Directors. The number of directors may be increased or decreased from time to time by board resolution. No decrease in number shall have the effect of shortening the term of any director. In the event that the number of directors is increased, and the board appoints new directors, the term will extend to the next annual meeting of members.

F. Vacancies. All vacancies on the board of directors shall be filled by the remaining directors to complete the term of the vacancy.

Section 3. Regular Meetings. Meetings of the board of directors, regular or special, may be held either within or without the state of Oregon and upon not less than three (3) day's prior written notice. Attendance of a director at any meeting shall constitute a waiver or 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. Neither the business to be transacted at, nor the purpose of, any regular or special

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meeting of the board of directors need be specified in the notice or waiver of notice of such meeting.

Section 4. Special Meetings. Special meetings of the board of directors may be called by or at the request of the president, the chair of the board of directors or 20% of the directors. The person or persons authorized to call special meetings of the board may fix any place, either within or without the state of Oregon, as the place for holding any special meeting of the board called by them.

Section 5. Notice. Other than emergency meetings, written notice of special meetings of the board of directors shall be given at least three days prior to the date set for such meeting, by the person authorized to call such meeting or the secretary of the Association, by posting at a place or places on the property the date, time and location of the meeting. Emergency meetings may be held without notice if the reason for the emergency is stated in the minutes of the meeting. If mailed, such notice shall be deemed given five (5) days after its deposit in the United States mail, as evidenced by the postmark, postage prepaid, so addressed to the director. If no place for such meeting is designated in the notice thereof, such meeting shall be held at the principal office of the Association. The attendance of a director at a meeting of the board of directors 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

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lawfully convened. The business to be transacted at, or the purpose of, any regular or special meeting of the board of directors, as well as the time and place thereof, shall be specified in the notice or waiver of notice of such meeting and the waiver shall be placed in the books of the Association following the minutes of said meeting.

Section 6. Quorum. At any meeting of the directors, a quorum shall consist of one-third of the number of directors fixed or stated in or pursuant to the Articles of Incorporation or these Bylaws. If less than such number shall attend a meeting, a majority of the directors present may adjourn the meeting from time to time without further notice.

Section 7. Manner of Acting. The act of a majority of the directors present in person at a meeting at which a quorum is present shall be the act of the board of directors, unless the act of a greater number is required by law, by the articles, or by these bylaws.

Section 8. Presumption of Assent. A director of the Association who is present at a meeting of the board of directors at which any action on any corporate matter is taken, shall be presumed to have assented to the action taken unless written dissent to such action is filed with the person acting as secretary of the meeting before the adjournment thereof; or, unless the director forwards such dissent by mail to the secretary of the Association immediately after adjournment of the

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meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

#### Section 9. Vacancies and Removal

A. A vacancy on the board of directors shall exist upon the death, resignation or removal of any director.

B. All or any number of directors, other than directors appointed by the declarant or persons who are ex officio directors, may be removed, with or without cause, at a meeting called expressly for that purpose by a majority vote of the members present. Absence of any elected director from three consecutive meetings of the board of directors without an excuse deemed valid by the board of directors may be considered as cause for removal.

C. Any director may resign at any time by giving written notice to the board of directors, the president or the secretary of the Association. Except as otherwise provided by law, any such resignation shall take effect upon the receipt of such notice or at any later time specified therein. Unless otherwise specified in the notice, the acceptance of such resignation shall not be necessary to make it effective. In the event the resignation of a director is tendered to take effect at a future time, a successor may be elected to take office when the resignation becomes effective.

D. Vacancies on the board of directors and any directorship to be filled by reason of an increase in the number of directors may be filled by the members or by a majority of the

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remaining directors though less than a quorum, or by a sole remaining director. Each director so elected shall hold office for the balance of the unexpired term of his/her predecessor and until his/her qualified successor is elected and accepts office. In the event that the action described in the preceding sentence is by a majority of the remaining directors though less than a quorum or by a sole remaining director, then the appointment of directors to fill vacancies shall be ratified by the members at either a special or annual meeting; however, the appointment shall be effective notwithstanding the expiration of time to either a special or annual meeting.

Section 10. Compensation. By resolution of the Board of Directors, each director may be reimbursed for reasonable and necessary expenses incurred in discharging his or her duties as a director and in furtherance of the purposes of this Association.

Section 11. Action Without a Meeting. Any action required by law to be taken at a meeting of directors, or any action which may be taken at a meeting of directors, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the directors. Such consent shall have the same force and effect as a unanimous vote.

Section 12. Telephone Meetings. Only emergency meetings of the board of directors may be conducted by telephonic communication.

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Section 13. Conflicts of Interest

A. A transaction in which a director of this Association has a conflict of interest may be approved:

(1) In advance by the vote of the board of directors or a committee of the board of directors if the material facts of the transaction and the director's interest were disclosed or known to the board of directors or a committee of the board of directors; or

(2) If the material facts of the transactions and the director's interest were disclosed or known to the members and they authorized, approved or ratified the transaction.

B. A conflict of interest transaction is a transaction with the Association in which a director of the Association has a direct or indirect interest. A conflict of interest transaction is not voidable or the basis for imposing liability on the director if the transaction is fair to the Association at the time it was entered into or is approved as provided in Subsection A of the Section.

C. For the purposes of this Section, a director of the Association has an indirect interest in a transaction if:

(1) 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

(2) Another entity of which the director is a director, officer or trustee is a party to the transaction, and

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the transaction is or should be considered by the board of directors of the Association.

D. For purposes of subsection A of this Section, 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 of directors or on the committee who have no direct or indirect interest in the transaction. A transaction may not be authorized, approved or ratified under this Section 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 subparagraph A(1) of this Section if the transaction is otherwise approved as provided in paragraph A of this Section.

E. For purposes of subparagraph A(2) of this Section, a conflict of interest transaction is authorized, approved or ratified by the members if it receives a majority of the votes entitled to be counted under this subsection. 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 paragraph C of this Section may be counted in a vote of members to determine whether to authorize, approve or ratify a conflict of interest transaction under paragraph A(2) of this Section. A majority of

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the members, whether or not present, that are entitled to be counted in a vote on the transaction under this subparagraph constitutes a quorum for the purpose of taking action under this Section.

Section 14. Open Meetings. All meetings of the Board of Directors shall be open to members of the Association.

#### ARTICLE IV. OFFICERS

Section 1. Officers. The officers of the Association shall be the president, secretary and treasurer. Any two offices may be held by the same person, except the offices of president and secretary. All officers must be members of the Association. When an officer ceases to be a member of the Association, such person shall cease to be an officer without other action by such person or by the board of directors. These officers shall be members of the board of directors. The board of directors may elect such other officers and agents as it shall deem desirable, such officers to have the authority and perform the duties prescribed, from time to time, by the board of directors.

Section 2. Election and Term of Office. The officers of the Association shall be elected annually by the board of directors at the regular annual meeting of the board of directors. Each officer shall hold office until his/her successor shall have been duly elected and qualified, or until his/her death, or until he/she shall cease to be a member of the Association, as hereinabove provided. After the term of the

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initial board of directors, no president shall serve more than three (3) consecutive terms.

Section 3. Vacancies and Removal

A. A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in these bylaws for regular appointments to such office.

B. Any officer, assistant officer or agent may be removed, or any office not required by the articles of incorporation or by statute, may be abolished at any time by the affirmative vote of a majority of the board of directors, whenever in its judgment the best interest of the Association will be served thereby.

C. Any officer, assistant officer or agent may resign at any time by giving written notice to the board of directors, the president or the secretary/treasurer of the Association. Except as otherwise provided by law, any such resignation shall take effect upon receipt of such notice or at any later time specified therein. Unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

D. This section shall not affect the contract rights of the Association or any officer, assistant officer or agent.

E. Election or appointment of an officer or agent shall not by itself create contract rights.

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Section 4. Compensation. By resolution of the Board of Directors, each officer may be reimbursed for reasonable and necessary expenses incurred in discharging his or her duties as an officer and in furtherance of the purposes of this Association.

Section 5. President. The president shall be the chief executive officer of the Association, and shall have general policy direction of the business of the Association, except where required by law to be otherwise signed and executed, and except where the signing and execution thereof shall be delegated or reserved by the board of directors to some other officer or agent of the Association. The president shall preside over all regular or special meetings of the Association; shall call special meetings as needed; shall be entitled to vote on all questions and at all elections; and shall perform all other duties as are incident to the office or are properly required by the board of directors.

Section 6. Secretary. In the absence of the president or in the event of his/her death, inability or refusal to act, the secretary shall perform the duties of the president, and when so acting shall have all the powers of and be subject to all the restrictions upon the president; and shall perform such other duties as from time to time may be assigned to him/her by the president or by the board of directors. The secretary shall attend all meetings of the board and shall record, or cause to be recorded, all votes and the minutes of all proceedings in a book

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to be kept for that purpose, and shall perform like duties for the standing committees when required. The secretary shall give, or cause to be given, notice of all special meetings of the board of directors in accordance with the provisions of these bylaws or as required by law, shall keep a register of the address of each director which shall be furnished to the secretary by each director, and shall perform such other duties as may be prescribed by the board of directors or the chair or the president, under whose supervision the secretary shall be. Unless otherwise provided by the board of directors, the secretary shall have authority to affix the corporate seal to any instrument requiring a seal, and when so affixed it shall be attested by the signature of the secretary or by the signature of an assistant secretary. The board of directors may give general authority to any other officer to affix the seal of the Association and to attest the affixing by the signature of the officer.

Section 7. Treasurer. The treasurer shall have charge and custody of and be responsible for all funds and securities of the Association; receive and give receipts for money due and payable to the Association from any source whatsoever, and deposit all such money in the name of the Association in such banks, trust companies or other depositories as shall be selected by the board of directors; and in general perform all the duties incident to the office of treasurer and such other duties as from time to

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time may be assigned by the president or by the board of directors.

Section 8. Other Officers. Other officers, assistant officers or agents appointed by the board of directors shall exercise such powers and perform such duties as shall be determined from time to time by the board of directors, except such duties as shall be exclusively delegated to the board of directors by statute, the articles of incorporation, or these bylaws.

#### ARTICLE V. COMMITTEES

Section 1. General Provisions. The Board may, by resolution adopted by a majority of the directors in office, designate an executive committee or any other committees that consist of two or more directors and additional nonboard members of the Association to exercise the authority of the Board of Directors in the management of the Association relative to the specific matter for which the committee is created and pursuant to the function authorized in writing by the Board of Directors. Provided, however, these general provisions do not apply to the Architectural Review Committee, which is specifically defined in Section 2 hereinbelow.

Section 2. Architectural Review Committee In order to guarantee and maintain the development's harmony and compatibility with the environment, topography, and structural character of the area, and in order to carry out the duties and responsibilities set forth in the certain Declaration of Protective Covenants, Conditions and Restrictions for Glencoe

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Oaks, all design plans and specifications for improvements (in conformance with Section 6.1 of the Declaration) shall be submitted to and approved in writing by the Architectural Review Committee.

A. Membership; Appointment; and Removal. The initial Architectural Review Committee shall consist of as many persons, but not less than three (3) persons, as the interim Board of Directors may from time to time appoint. The interim Board of Directors may remove any member of the initial Architectural Review Committee from office at any time and may appoint new or additional members at any time. The initial Architectural Review Committee shall serve until the expiration of the term of the interim Board of Directors or until such time their replacements are appointed by the succeeding Board of Directors. The Association shall keep on file at its principal office a list of the names and addresses of the members of the Architectural Review Committee. If the Board of Directors has assumed the responsibility for appointment of the members of the Architectural Review Committee, and fails to make such appointments, the Board of Directors shall itself serve as the Architectural Review Committee.

B. Majority Action. Except as otherwise provided herein, a majority of the members of the Architectural Review Committee shall have the power to act on behalf of the Architectural Review Committee, without the necessity of a meeting; and without the necessity of consulting or notifying the

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remaining members of the Architectural Review Committee. The Architectural Review Committee may render its decision only by written instrument setting forth the action taken by the members consenting thereto.

C. Liability. The scope of the Architectural Review Committee's review is not intended to include any review or analysis of structural, geophysical, engineering, or other similar considerations. Neither the Architectural Review Committee nor any member thereof shall be liable to any Owner, occupancy, builder, or developer for any damage, loss or prejudice suffered or claimed on account of any action or failure to act of the Architectural Review Committee or a member thereof, provided only that the Architectural Review Committee has, or the member has, in accordance with the actual knowledge possessed by the Architectural Review Committee or by such member, acted in good faith.

D. Nonwaiver. Consent by the Architectural Review Committee to any matter proposed to it or within its jurisdiction shall not be deemed to constitute a precedent or waiver impairing its right to withhold approval as to any similar matter thereafter proposed or submitted to it for consent.

E. Appeal. After Declarant has delegated appointment of the members of the Architectural Review Committee to the board of directors of the Association, any owner adversely affected by action of the Architectural Review Committee may appeal such action to the board of directors of the Association. Appeals

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shall be made in writing within fifteen (15) days of the Architectural Review Committee's action and shall contain specific objections or mitigating circumstances justifying the appeal. A final, conclusive decision shall be made by the Board of Directors of the Association within fifteen (15) days after receipt of such appeal.

F. Effective Period of Consent. The Architectural Review Committee's consent to any proposed Improvement shall automatically be revoked one year after issuance unless construction of the Improvement has been commenced or the Owner has applied for and received an extension of time from the Committee.

G. Estoppel Certificate. Within fifteen (15) days after written request therefor is delivered to the Architectural Review Committee by any owner, and upon payment to the Architectural Review Committee of a reasonable fee, if any, fixed by the Architectural Review Committee to cover costs, the Architectural Review Committee shall provide such owner with an estoppel certificate executed by a member of the Committee and acknowledged, certifying with respect to any Lot owned by the owner, that as of the date thereof, either: (a) all improvements made or done upon or within such Lot by the owner comply with this Declaration, or (b) such improvements do not so comply. If the estoppel certificate states that the improvements do not comply, such certificate shall also identify the noncomplying improvements and set forth with particularity the nature of such

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noncompliance. Any purchaser from the owner, and any mortgagee or other encumbrancer, shall be entitled to rely on such matters being conclusive as between Declarant, the Architectural Review Committee, the Association and all owners, and such purchaser or mortgagee.

H. Construction by Declarant. Improvements constructed by Declarant on any property owned by Declarant, are not subject to the requirements of this Section 2.

Section 3. Limits on Authority of Committees. No committee, including the executive committee, may do any of the following:

- A. Authorize distributions;
- B. Approve or recommend to members dissolution, merger or the sale, pledge or transfer of all or substantially all of the Association's assets;
- C. Elect, appoint or remove directors or fill vacancies on the board or on any of its committees; or
- D. Adopt, amend or repeal the articles or bylaws.

Section 4. Term of Office. Each member of a committee shall continue as such until the next regular annual meeting of the directors of the Association and until his/her successor is appointed, unless the committee shall be sooner terminated, or unless such member be removed from such committee, or unless such member shall cease to qualify as a member thereof.

Section 5. Chair. One member of each committee shall be appointed chair by the person or persons authorized to appoint

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the members thereof except that the immediate past president shall be the chairperson of the executive committee.

Section 6. Vacancies. Vacancies in the membership of any committee may be filled by appointments made in the same manner as provided in the case of the original appointments.

Section 7. Quorum. Unless otherwise provided in the resolution of the board of directors designating a committee and except as provided in Section 1, a majority of the whole committee shall constitute a quorum and the act of a majority of the members present at a meeting at which a quorum is present shall be the act of the committee. At least two of the committee members present must then be members of the board of directors.

Section 8. Rules. Each committee may adopt rules for its own government not inconsistent with these bylaws or with rules adopted by the board of directors.

#### ARTICLE VI. ASSESSMENTS

Section 1. Annual Budgets. The Association's board of directors shall annually adopt a budget for the Association. Within 30 days after adopting a proposed annual budget for the Association, the board of directors shall provide a summary of the budget to all owners. If the board of directors is petitioned by owners representing 20 percent of the votes of the Association, the board shall call a meeting of the owners to consider rejection of the budget. The date of the meeting shall be not less than 14 or more than 30 days after the summary is provided to the owners. At the meeting, whether or not a quorum

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is present, the budget shall be adopted unless a majority vote of the owners rejects the budget. If the proposed annual budget is rejected, the last annual budget shall continue in effect until the owners approve a subsequent budget.

Section 2. Assessment Formula. All Lots shall be subject to assessment on the following basis:

A. Residential Lots. Residential Lots shall pay one assessment unit per resident of each dwelling on a residential lot. The amount of the assessment per assessment unit shall be determined by dividing the annual budget by the total number of assessment units.

B. Other Lot Classifications. To the extent that other lots are annexed into Glencoe Oaks which do not fall into the residential lot classification, such lots shall be assessed in the manner designated in the declaration annexing such lots to Glencoe Oaks.

Section 3. Capital Improvement Assessments. The Association may purchase, construct or otherwise acquire additional equipment, facilities or other capital improvements for the general use and benefit of all the members of the Association, and for that purpose may impose a special assessment to be called a "Capital Improvement Assessment." Any such assessment shall be assessed to the Lots within Glencoe Oaks on the same formula as set forth in Section 2 above. No new Capital Improvement Assessment may be imposed under this section which, for any one purchase, construction or other acquisition, or group

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of related purchases, constructions or other acquisitions, in the aggregate exceeds \$10,000, unless approved by the vote or written consent of the Class B member, if any, and by not less than 75 percent of the votes of the Class A members who are voting in person, by absentee ballot or by proxy at a meeting duly called for the purpose of approving the Capital Improvement Assessment. To the extent that the additional equipment, facilities, or other capital improvement purchased, constructed, or otherwise acquired by the Association shall include items of common property (as hereinafter defined) which will normally require replacement, in whole or in part, in more than three (3) and less than thirty (30) years, such Capital Improvement Assessment shall be accompanied by a corresponding Common Property Reserve Account Assessment (as hereinafter defined) as required by Section 4 below.

Section 4. Reserve Account for Replacing Common Property.

The Declarant shall establish a reserve account which shall be called the "Common Property Reserve Account," and which will be kept separate and apart from all other funds of the Association. Except as provided in Section 4B, the Common Property Reserve Account shall be used exclusively for replacement of items of Common Property which will normally require replacement, in whole or in part, in more than three (3) and less than thirty (30) years and not for regular or periodic maintenance expenses.

A. Assessments. Not less often than annually, the Association shall inventory all items of Common Property which

will normally require replacement, in whole or in part, in more than three (3) and less than thirty (30) years, and shall estimate the remaining life of each item of Common Property and the current replacement cost of each of such items. The Association may identify items for which a reserve account assessment is required as those items which are insurable by a common carrier of all-purpose risk insurance. For the purpose of funding the Common Property Reserve Account, the Association shall impose an assessment to be called the "Common Property Reserve Account Assessment" against each Lot within Glencoe Oaks on the same formula as set forth in Section 2 above. The total Common Property Reserve Account Assessment shall be equal to the sum of the estimated replacement cost of each item of Common Property which has an estimated life of greater than three (3) but less than thirty (30) years, divided by the estimated number of years of life for such item of Common Property (not the estimated years of life remaining). The Declarant shall not be required to pay any assessment under this Section 4 assessed to a Lot owned by Declarant until such date as the Lot is conveyed by the Declarant to an unaffiliated party in an arms-length transaction.

B. Loan From Common Property Reserve Account. After the turnover meeting described in Article II, Section 2, the board of directors of the Association may borrow funds from the Common Property Reserve Account to meet high seasonal demands on the Association's regular operating fund or to meet other

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temporary expenses. Funds borrowed to meet high seasonal demands or temporary expenses under this subsection must be repaid from special assessment or maintenance fees within six (6) months of the date such funds are borrowed.

C. Increase, Reduction or Elimination of Common Property Reserve Account Assessments. At any time after the second year after the turnover meeting described in Article III, Section 2, future assessments for the Common Property Reserve Account may be increased, reduced or eliminated by the vote of Owners of Lots representing 75 percent of the votes.

Section 5. Maintenance and Operations Fund Assessment. The Association shall establish a fund to be known as the "Maintenance and Operations Fund," into which all funds not otherwise allocated to a separate account in this Declaration or by action of the directors or the Association shall be deposited. The Association shall use the Maintenance and Operations Fund exclusively for the purpose of promoting the recreation, health, safety and welfare of the residents within Glencoe Oaks, and the improvement, maintenance, and operation of properties, services and facilities devoted to this purpose and related to the use and enjoyment of the Common Areas and of the Lots in Glencoe Oaks, and for the operation of the Association, including but not limited to:

A. Maintenance, Utilities, and Services. Payment of the cost of maintenance, utilities, and services as described in

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Section 7.11 of the Declaration, including the costs of the operation of the Association.

B. Insurance. Payment of the cost of insurance, which includes:

(i) insurance for all insurable improvements in the common property against loss or damage by fire or other hazards, including extended coverage, vandalism and malicious mischief. The insurance shall cover the full replacement costs of any repair or reconstruction in the event of damage or destruction from any such hazard if the insurance is available at reasonable cost; and

(ii) a public liability policy covering all common property and all damage or injury caused by the negligence of the Association.

Premiums for insurance obtained under this section shall be a common expense of the Association. The policy may contain a reasonable deductible and the amount thereof shall be added to the face amount of the policy in determining whether the insurance equals at least the full replacement cost.

C. Taxes. Payment of taxes assessed against the Common Areas and any improvements thereon.

D. Other Services. Payment of the cost of other services which the Association deems to be of general benefit to the owners, including but not limited to accounting, legal and secretarial services.

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For the purpose of funding the Maintenance and Operations Fund, the Association shall not less often than annually estimate the cost of accomplishing the goals for which the Maintenance and Operations Fund is established for the next fiscal year, and assess such cost to the Lots ("Maintenance and Operations Fund Assessment"). The Association may include in such Maintenance and Operations Fund Assessment amounts for the establishment for reserves to meet extraordinary expenses or such other amounts which are reasonably related to the purpose of the Maintenance and Operations Fund. The Maintenance and Operations Fund Assessment shall be assessed to Lots within Glencoe Oaks on the same formula as set forth in Section 2 above.

Section 6. Reallocation Upon Annexation or Withdrawal of Property. When additional property is annexed to or withdrawn from Glencoe Oaks, the Association shall, within sixty (60) days of the annexation, recompute the budget in accordance with Section 1 above, based upon the additional Lots and common areas and recompute assessments for each Lot based upon the formula set forth in Section 2 above. Newly annexed Lots shall be subject to assessment from the time of annexation of such Lots to Glencoe Oaks, in accordance with the provisions of Section 2. The Association shall send notice of the assessment to the owners of newly annexed Lots not later than sixty (60) days after the annexation or with the next occurring annual assessment whichever is sooner. Assessments shall be due and payable on or before a date set forth in the notice which shall be not less than thirty



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(30) days from the date the notice is mailed or at such other time or times set in accordance with these Bylaws or the Declaration as the Association may specify in the notice. If additional property is annexed to Glencoe Oaks during the Association's fiscal year, the Association shall send notice of and shall collect adjustments to assessments for Lots which were within Glencoe Oaks prior to the annexation in the manner specified in Section 2 above, except that notice of the adjustment in the assessment shall be sent to owner not later than sixty (60) days after the annexation or with the next occurring annual assessment, whichever is sooner. To the extent that any adjustment results in a credit for the owner, such credit shall be applied towards the next occurring payment or payments on the annual assessment.

Section 7. Payment of Assessments. At least once a year, the Association shall provide notice to the owner of each Lot of the amount of the assessment for such Lot calculated in accordance with Section 2 above. Assessments shall be due and payable on or before a date set forth in the notice which shall be not less than thirty (30) days from the date the notice is mailed or at such other time or times set in accordance with these Bylaws or the Declaration as the Association may specify in the notice.

Section 8. Creation of Lien; and Personal Obligation of Assessments. Declarant, for each Lot owned by it within Glencoe Oaks, does hereby covenant, and each owner of any Lot by

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acceptance of a conveyance thereof, whether or not so expressed in any such conveyance, shall be deemed to covenant to pay to the Association all assessments or other charges as may be fixed, established and collected from time to time in the manner provided in these Bylaws or the Declaration of the Association. Such assessments and charges, together with any interest, expenses or attorneys' fees, shall be a charge on the land and a continuing lien upon the Lot against which each such assessment or charge is made, from the date charge or assessment is due or until paid as provided for in ORS 94.709, until paid. Such assessments, charges and other costs shall also be the personal obligation of the person who was the owner of such Lot at the time when the assessment or charge fell due. Such liens and personal obligations shall be enforced in the manner set forth in Article 9 of the Declaration.

ARTICLE VII. SHARES OF STOCK AND  
DIVIDENDS PROHIBITED

The Association shall not have or issue shares of stock. No dividend shall be paid and no part of the income of the Association shall be distributed to its directors or officers.

ARTICLE VIII. LOANS TO DIRECTORS AND  
OFFICERS RESTRICTED

The Association may not lend money to or guarantee the obligation of a director of the Association unless:

A. The particular loan or guarantee is approved by a majority of the votes of members entitled to vote, excluding the votes of members under the control of the benefited director; or

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B. The Association's board of directors determines that the loan or guarantee benefits the Association and either approves the specific loan or guarantee or a general plan authorizing the loans and guarantees.

#### ARTICLE IX. ACTIONS AGAINST OFFICERS AND DIRECTORS

The Association shall indemnify to the fullest extent permitted by the Oregon Nonprofit Corporation Act any person who has been made, or is threatened to be made, a party to an action, suit, or proceeding, whether civil, criminal, administrative, investigative, or otherwise (including an action, suit, or proceeding by or in the right of the Association), by reason of the fact that the person is or was a director or officer of the Association, or a fiduciary within the meaning of the Employee Retirement Income Security Act of 1974 with respect to an employee benefit plan of the Association, or serves or served at the request of the Association as a director or as an officer, or as a fiduciary of an employee benefit plan, of another corporation, partnership, joint venture, trust, or other enterprise.

#### ARTICLE X. BOOKS AND RECORDS

Section 1. Books and Records. The Association shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its board of directors and committees having any of the authority of the board of directors, and shall keep at its registered or principal office a record giving the names and addresses of the directors entitled to vote.

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All books and records of the Association may be inspected by any director, or his/her agent or attorney, for any proper purpose at any reasonable time.

Section 2. Financial Statements. At the close of each taxable year the directors shall engage an accountant to prepare a financial statement for the Association.

#### ARTICLE XI. FISCAL YEAR

The fiscal year of the Association shall begin on the first day of January and end on the last day of December in each year.

#### ARTICLE XII. AMENDMENTS TO BYLAWS

These bylaws may be altered, amended or repealed and new bylaws may be adopted by a majority vote of the general membership at any regular meeting or at any special meeting, if written notice is given of the intention to alter, amend or repeal or to adopt new bylaws at such meeting and a copy of the proposed change(s) have been communicated in writing to each member of the board of directors not less than fourteen (14) days prior to the meeting of the Board. Members unable to attend the announced meeting where such vote is to be taken will be allowed to vote by proxy.

#### ARTICLE XIII. HEADINGS

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

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I, Jennie C. Chiu, as secretary of GLENCOE OAKS  
HOMEOWNERS ASSOCIATION, do hereby certify the foregoing to be the  
bylaws of said Association, as adopted by the board of directors  
on the 19 day of MAY, 1992.

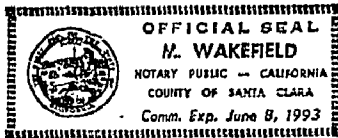
Jennie C. Chiu  
Secretary

STATE OF CALIFORNIA }  
County of Santa Clara } ss.

On this 19th day of May, 1992, personally appeared  
the above-named JENNIE C. CHIU, who acknowledged her authority to  
execute the foregoing instrument as Secretary of Glencoe Oaks  
Homeowners Association, and who acknowledged the execution to be  
her voluntary act and deed.

BEFORE ME:

[Signature]  
Notary Public for California  
My Commission expires: 6-8-93

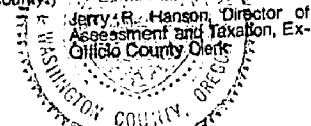


AFTER RECORDING RETURN TO:

William J. Stalnaker, Esq.  
O'Donnell, Ramis, Crew & Corrigna  
1727 NW Hoyt Street  
Portland, OR 97209

STATE OF OREGON }  
County of Washington } ss

I, Jerry R. Hanson, Director of Assessment  
and Taxation and Ex-Officio Recorder of Con-  
veyances for said county, do hereby certify  
that the within instrument of writing was  
received and recorded in book of records of  
said county.



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46 - BYLAWS OF GLENCOE OAKS HOMEOWNERS ASSOCIATION

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