

99078

Vol 165
165

DECLARATION OF ESTABLISHMENT OF CONDITIONS,
COVENANTS AND RESTRICTIONS AFFECTING REAL PROPERTY

65-01
THIS DECLARATION made this 13 day of JULY,
1965, by and between LAKE & STREAM DEVELOPMENT CORP., an Oregon
corporation, and MEADOW LAKE DEVELOPMENT CORP., an Oregon
corporation, doing business as KLAMATH FOREST ESTATES UNIT NO. 4
(hereinafter sometimes referred to as "Owner" or "Developer") and
GERALD CHASE (hereinafter sometimes referred to as "Chase"),

W I T N E S S E T H:

WHEREAS, Owner is the owner of certain real property,
hereinafter described, situate in the County of Klamath, State
of Oregon (the same being sometimes hereinafter referred to as
"said property") and is described in Exhibit "A," which exhibit
is attached hereto and made a part hereof; and

WHEREAS, said property is currently being subdivided,
pursuant to the laws of the State of Oregon and the County of
Klamath, which subdivision will be known as Klamath Falls Forest
Estates Highway 66 Unit, Plat No. 4; and

WHEREAS, Chase is the mortgagee of a mortgage cover-
ing said property, which mortgage was recorded on June 5, 1964
in Volume 223 at page 511, Mortgage Records of Klamath County,
Oregon; and

WHEREAS, said Owner may hereafter sell, dispose of, or
convey portions of said property, subject to certain conditions,
covenants, restrictions, liens and charges between the respect-
ive subsequent owners of said property, as hereinafter set
forth;

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS:

THAT, the Owner and Chase hereby declare and certify
that they have established and do hereby establish and fix the
conditions, covenants, reservations, liens and charges upon and
subject to which all lots, parcels and portions of said property
shall be held, sold and/or conveyed by the Owner, and each and
all of which is and are for the benefit of said property and of
each owner of a portion thereof, whether present or future, and
which shall inure to and pass with said property, and each and
every lot thereof, and shall apply to and bind the respective
successors in interest of the present owners, and each thereof,
is hereby imposed on each and every lot, parcel and portion of
said property as a servitude in favor of said property, and
each and every other lot, parcel and portion of said property as
a dominant tenement or tenements, as the case may be, as follows:

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Each purchaser of a lot in the tract covered by these restrictions by acceptance of the deed covering said property and/or by the execution of a contract of purchase covering a portion of said property, does automatically become a member of the Highway 66 Unit 4 Road Maintenance Association, an unincorporated association, which association has been formed for the repair and maintenance of the roads and streets abutting and/or traversing Klamath Falls Forest Estates Highway 66 Unit, Plat No. 4, Klamath County, Oregon, except such roads which the County of Klamath has agreed to maintain. Said Association shall be operated and managed according to the following plan:

(1) KLAMATH FOREST ESTATES UNIT NO. 4, as Owner and Developer of this subdivision, shall manage the Association until June 30, 1966, or until 51% of the lots in said tract have been sold, whichever event shall first occur.

(2) Between June 15th and June 30th of each year, commencing with the year 1966, a meeting of all members of the Association shall be held and each member shall be given notice of said meeting by certified or registered mail, at least 15 days prior to the date of said meeting. Said first meeting shall be held within 30 days after sale of 51% of the lots if said date is earlier than June 15, 1966.

(3) The members, at said annual meeting, shall elect a Board of Directors of five of its members who shall be charged with the management of the Association affairs for the coming year. Directors so elected shall serve for one year and until their successors are elected. Members may attend in person or by proxy, and a quorum shall be deemed to exist if 35% of the voting power is represented. The owner of each lot shall be entitled to one membership and to one vote, but each said owner shall be entitled to cumulate his votes in any election for a director of the Association. In the event any lot is owned by more than one person, all owners collectively shall constitute one membership and shall be entitled to one vote. A majority of the members present in person or by proxy and voting at a duly authorized meeting shall prevail on all issues voted upon at a members' meeting except as otherwise provided in these restrictions.

(4) A majority of the directors as herein provided shall be necessary to constitute a quorum for the transaction of business, and the action of a majority of the directors present at any meeting at which there is a quorum when duly assembled is valid for any Association act, authorized under Paragraph (7) hereof.

(5) An assessment on the abutting property owner for the repair and maintenance of the private roads or streets traversing or abutting Klamath Falls Forest Estates Highway 66 Unit, Plat No. 4 may be made by a majority of the members present at any duly called meeting of the Association at which a quorum is present in person or by proxy. A majority of

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the members so voting at a duly called and held meeting shall be empowered to dedicate such private roads or streets to any governmental body authorized to accept same. All assessments made by the Association shall be equal as to each lot.

(6) Notwithstanding anything to the contrary herein contained, the provisions set forth in this Declaration can be modified, amended or revoked by a Declaration filed for record in the office of the County Recorder of Klamath County, Oregon, providing said amendment, modification or revocation has been approved by a vote or written consent of the holders of 75% of the voting power of the Association.

(7) The Board of Directors of the Association shall have the following duties and powers:

(a) It shall cause an independent audit of the Association's books and records to be made annually for any year in which the Association collects any assessment or expends any moneys, and a copy of said audit shall be mailed to each member of the Association within 30 days after its completion and within 120 days after the end of the fiscal year.

(b) It may delegate any of its powers to any of its members, or to any agents engaged by it.

(c) It may enter, or authorize a representative to enter portions of the property as may be necessary in connection with its responsibilities for management or maintenance.

(d) It may contract for and/or pay for maintenance, utilities, materials, supplies, services and personnel necessary for the operation of the project, taxes and assessments which may become a lien on the entire project, or the common area, and the reconstruction of portions of the tract which may be rebuilt after the damage or destruction.

(e) The power to enforce the provisions of this Declaration of Restrictions.

(8) Any assessment made by the members of the Association, in the manner set forth above, if not fully paid by the date set forth by the members of the Association shall, together with interest at the rate of 7% per annum from such due date, together with costs of collection, including reasonable attorneys' fees and costs as determined by court order, become and be a lien upon and enforceable by the Association against the owner of the parcel who failed to make said payment.

(9) KLAMATH FOREST ESTATES UNIT NO. 4, the Developer of the Tract covered by this Declaration, has agreed that it will pay its share of all maintenance costs and all assessments that are levied against all lots in which it still retains a beneficial ownership in the same manner as said costs are to be borne or said assessments are to be made against the lots in which the beneficial interest has been transferred.

These Conditions shall run with the land and shall be binding upon all parties and all persons claiming under them until twenty (20) years from the date thereof, at which time

said Conditions shall be automatically extended for successive periods of ten (10) years, unless by vote of the owners of a majority of the lots in said property, it is agreed to change said Conditions in whole or in part.

Provided, further, that if any paragraph, sentence or other portion of said Conditions herein contained shall be or become illegal, null or void for any reason, or shall be held by any court of competent jurisdiction to be so, the remaining portions shall remain in full force and effect.

IN WITNESS WHEREOF, the Declarants have hereunto affixed their signatures as of the day and year first above written.

KIAMATH FOREST ESTAPES, UNIT NO. 4
BY LAKE & STREAM DEVELOPMENT CORP.

By [Signature]
By Richard F. Carlberg

BY MEADOW LAKE DEVELOPMENT CORP.

By Albert G. Edwards
By Kenneth S. Delaney

[Signature]
GERALD CHASE

STATE OF CALIFORNIA }
COUNTY OF LOS ANGELES } SS.

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ON July 13th, 1965, before me, the undersigned, a Notary

Public in and for said State, personally appeared Bernard S. Selwyn known to me to be the President, and Herbert E. Edwards known to me to be the Secretary of the corporation that executed the within Instrument, known to me to be the persons who executed the within Instrument on behalf of the corporation therein named, and acknowledged to me that such corporation executed the within instrument pursuant to its by-laws or a resolution of its board of directors.

WITNESS my hand and official seal.



Darla L. Larson
Notary Public
DARLA L. LARSON
My Commission Expires June 13, 1969

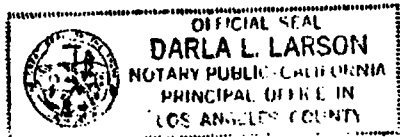
STATE OF CALIFORNIA }
COUNTY OF LOS ANGELES } SS.

ON July 13th, 1965, before me, the undersigned, a Notary

Public in and for said State, personally appeared Arthur W. Carlsberg known to me to be the President, and Richard P. Carlsberg

known to me to be the Secretary of the corporation that executed the within Instrument, known to me to be the person who executed the within Instrument on behalf of the corporation therein named, and acknowledged to me that such corporation executed the within instrument pursuant to its by-laws or a resolution of its board of directors.

WITNESS my hand and official seal.



Darla L. Larson
Notary Public
DARLA L. LARSON
My Commission Expires June 13, 1969

STATE OF CALIFORNIA }
COUNTY OF LOS ANGELES } SS.

ON July 13th, 1965, before me, the undersigned, a Notary Public in and for said County and State, personally appeared GERALD CHASE, known to me to be the person whose name is subscribed to the within instrument and acknowledged that he executed the same.

WITNESS my hand and official seal.



Darla L. Larson
Notary Public
DARLA L. LARSON
My Commission Expires June 13, 1969

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STATE OF OREGON; COUNTY OF KLAMATH; ss:

Filed for record at request of Oregon Title Insurance Co.

this 21 day of July A. D. 19 65 at 1:00 clock PM, an

duly recorded in Vol. M. 65, of Deeds on Page 165

DOROTHY ROGERS, County Clerk

Fee \$9.00

By *Jane Stewart*

23

When Recorded
Return To:

89154

4/2/68

Klamath Falls Forest Estates, Unit 4
Road Maintenance Association
P. O. Box 276
Bonanza, Oregon. 97623

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BY-LAWS OF

HIGHWAY 66 UNIT 4 ROAD MAINTENANCE ASSOCIATION

ARTICLE I
Principal Office

Section 1. Principal Office

The principal office for the transaction of the business of the corporation is as may be hereafter fixed and located by the Board of Directors in the County of Klamath, State of Oregon. The Board of Directors may at any time, or from time to time, change the location of the principal office from one location to another in said county.

ARTICLE II
Membership

Section 1. Qualifications for Membership

The owner or owners (collectively) of each lot located in the subdivision known as Klamath Falls Forest Estates, Highway 66, Unit Plat No. 4 in the County of Klamath, State of Oregon, shall be automatically admitted to membership in the Association at the time of their acquisition of said lot. Ownership shall be defined to mean the person who is entitled to the beneficial ownership of said lot, and shall include purchasers under land contracts or conditional sales contracts of said lot. If a lot is owned by more than one owner, all owners collectively shall be deemed one member for voting purposes.

Section 2. Voting Rights

Each member in good standing shall be entitled to cast one vote and all members shall have equal rights in connection with their membership. Each member shall be entitled to cast his vote in person or by proxy.

Section 3. Annual Dues

Dues shall be \$10.00 per lot per calendar year and shall be payable in advance on or before the November 30th immediately preceding the year for which it is assessed. The amount of said dues can only be changed by a vote or written consent of 75% of the members of the Association. The first year for which dues shall be assessed shall be the calendar year 1967.

Section 4. Meetings of Members

Annual meetings of the members shall be held in the first two weeks of December at such time and in such place as shall

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be designated by the Board of Directors, and special meetings of the members may be called and held as may be ordered by the Directors, or by the members holding not less than 10% of the voting power of members. Notice of all meetings of members shall be given each member not less than fifteen (15) days before said meeting by mailing a copy of such notice to the address of such member as it appears on the membership register of the Association. Notwithstanding anything above to the contrary, the first annual meeting of the Association shall be held in the first two weeks of October, 1966 or, in the event 51% of the lots in Highway 66, Unit No. 4 are sold prior to that time, said meeting shall be held at such time as 51% of the lots have, in fact, been sold.

Section 5. Quorum

The presence in person or by proxy of thirty-five per cent (35%) of the members of the Association shall constitute a quorum for the transaction of business at any meeting of members.

Section 6. Rights of Members

Each member and his immediate family, consisting of his spouse, his issue and the parents of the member, shall be entitled to all rights of membership (other than voting) as may be determined from time to time by the Board of Directors. Membership in the Association shall not be transferable except in connection with the transfer of the beneficial interest of the parcel of real property owned by a member in Highway 66, Unit No. 4.

ARTICLE III
Directors

Section 1. Number and Qualification

The authorized number of Directors shall be five (5) until changed by an amendment to these By-Laws duly adopted by the members.

Section 2. Election and Term of Office

The Directors shall be elected at each annual meeting of members, but if such annual meeting is not held or the Directors are not elected thereat, the Directors may be elected at any special meeting of members held for that purpose. All Directors shall hold office for a period of one year or until their respective successors are elected, except that the first Board of Directors elected by the members shall hold office from the date of their election until December 31, 1967 or until their successors are elected. Notwithstanding anything above to the contrary, Highway 66, Unit No. 4 shall appoint the entire Board of Directors to serve until June 30, 1966, or until 51% of the lots in Highway 66, Unit No. 4 have been sold.

Every member entitled to vote shall be entitled to cumulate his vote in connection with the election of the members of the Board of Directors.

Section 3. Meetings

Immediately following each annual meeting of the members, the Board of Directors shall hold a regular meeting for the purpose of organization and transaction of other business; notice of such meetings is hereby dispensed with. Other meetings of the Board of Directors shall be called and held as ordered by the Directors.

Section 4. Vacancies

Any vacancy in the Board of Directors caused by death, resignation or disability of a Director shall be filled by a majority of the remaining Directors, or by the sole remaining Director.

Section 5. Quorum

A majority of the authorized number of Directors shall be necessary to constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board of Directors unless a greater number is required as the act of the Board of Directors unless a greater number is required by law, by these By-Laws.

Section 6. Notice of Special Meetings

Notice of special meetings of the Board of Directors shall be given in writing by wire, certified mail, or in person, and shall be given at least 72 hours prior to the time upon which such meeting is called.

Section 7. Duties

The Board of Directors shall be charged with the management of the affairs of the Association for the year for which they are elected. In connection therewith, the Directors shall be the following duties and powers:

(a) It shall cause an independent audit of the Association's books and records to be made annually for any year in which the Association collects any assessment or expends any moneys, and a copy of said audit shall be mailed to each member of the Association within thirty (30) days after its completion and within One Hundred Twenty (120) days after the end of the fiscal year.

(b) The Board may delegate any of its powers to any of its members, or to any agents engaged by it.

(c) It may enter or authorize a representative to enter portions of the property as may be necessary in connection with its responsibilities for management or maintenance.

(d) It may contract for and/or pay for maintenance, utilities, materials, supplies, services and personnel necessary for the operation of the project, taxes and assessments which may become a lien on the entire project or the common area, and the reconstruction of portions of the tract which may be rebuilt after damage or destruction.

(e) It will have the power to enforce the provisions of the Declaration of Conditions, Reservations, Easements, Rights and Rights of Way filed for record covering Highway 66, Unit No. 4.

ARTICLE IV Officers

Section 1. Officers

The officers of the Association shall be a Chairman, a Vice Chairman, a Secretary and a Treasurer. The Association may also have such other officers as may be appointed by the Board of Directors. One person may hold two or more offices except that of Chairman and Secretary.

Section 2. Election

The officers shall be chosen annually by the Board of Directors at the annual organizational meeting and each shall hold his office for a period of one (1) year or until he shall resign, be removed or otherwise be disqualified to serve. The Chairman, Vice Chairman, Secretary and Treasurer of the Association must be elected from among the members of the Board of Directors.

Section 3. Removal and Resignation

Any officer may resign or may be removed with or without cause by the Board of Directors at any time. Vacancies caused by death, resignation or removal of any officer may be filled by appointment by the Board of Directors or by the Chairman until such appointment by the Board of Directors.

Section 4. Chairman

The Chairman shall be the executive officer of the Association and subject to the control of the Board of Directors shall have general supervision, direction and control of the affairs of the Association. He shall preside at all meetings of members and of the Board of Directors.

Section 5. Vice Chairman

The Vice Chairman shall, in the absence or disability of the Chairman, perform all the duties of the Chairman, and when so acting shall have the powers of, and be subject to the restrictions upon, the Chairman.

Section 6. Secretary

The Secretary shall keep at the principal office of the Association a book of minutes of all meetings of Directors and members, with the time and place of holding, how called or authorized, the notice thereof given, the names of those present at Directors' meetings, the number of members present or represented at members' meetings, and the proceedings thereof.

The Secretary shall keep at the principal office of the Association a register showing the names and addresses of the members.

Section 7. Treasurer

The Treasurer shall keep and maintain adequate and correct books of account showing the receipts and disbursements of the Association, and an account of its cash and other assets, if any. Such books of account shall at reasonable times be open to inspection by any member or Director.

The Treasurer shall deposit all moneys of the Association with such depositaries as are designated by the Board of Directors and shall disburse the funds of the Association as may be ordered by the Board of Directors, and shall render to the Chairman or the Board of Directors, upon request, statements of the financial condition of the Association.

ARTICLE V

Personal Liabilities and Property Interest

Section 1. Liability of Members

No member of the Association shall be personally liable to its creditors or for any indebtedness or liability, and any and all creditors shall look only to Association's assets for payment.

Section 2. Property Interests of Membership

No member shall have any interest in and to the property or assets of Association. If any member shall cease to be such, any interest which he shall have in the privileges of Association shall cease and revert to Association and such cessation of membership shall operate as a release and assignment to Association of all the right and interest of such member in and to the privileges granted to him by the Association.

ARTICLE VI

Miscellaneous

Section 1. Execution of Agreements

The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the Association and such authority may be general or confined to specific instances; and unless so authorized by the Board of Directors, no officer, agent or other person shall have any power or authority to bind the Association by any contract or engagement or to breach its credit or to render it liable for any purpose or to any amount.

Section 2. Construction and Definitions.

Unless the context otherwise requires, the general provisions

rules of construction and definitions contained in the California non-profit corporation law shall govern the construction of these By-Laws.

Section 3. Rules of Order

The rules contained in Roberts' Rules of Order, Revised, shall govern all members' meetings and Directors' meetings of the Association except in instances of conflict between said rules of order and the By-Laws of the Association or provisions of law.

Section 4. Enforcement of Assessments

Any assessment made by the Association pursuant to authority granted by these By-Laws, if not fully paid by the date set forth by the members of the Association, shall bear interest at the rate of 7% per annum from such due date, and pursuant to the Declaration of Establishment of Conditions, Covenants and Restrictions Affecting Real Property filed in connection with Highway 66, Unit No. 4. Such assessment, together with interest at the rate of 7% per annum and costs of collection including reasonable attorney's fees and costs as determined by court order, shall become and be a lien upon and enforceable by the Association against the owner of the parcel who failed to make such payment.

ARTICLE VII Amendments

Section 1. Adoption

Any By-Laws may be adopted, amended or repealed by the members of the Board of Directors subject to members' approval as hereinafter provided.

Section 2. Change of Dues

No amendment to these By-Laws which shall increase or change the amount of dues for members provided for herein shall be made unless such amendment is ratified by 75% of the members of the Association which ratification can be made either by vote at a meeting of members, or by written consent of the members or a combination of the two.

Section 3. Ratification by Members

All amendments to the By-Laws, except as herein otherwise specifically provided, must be ratified by the vote of a majority of the members at a regular meeting of the members of the Association and shall be effective only after ratification. Notwithstanding anything to the contrary herein contained, any amendment to these By-Laws which changes the provisions of Paragraphs 3 through 8 of the Declaration of Restrictions for Highway 66, Unit No. 4 must be ratified by the vote or written consent of 75% of the members of the Association.

Section 4. Record of Amendments

Whenever an amendment or new by-law is adopted, it shall be copied in the book of By-Laws with the original by-law in the appropriate place. If any by-law is repealed, the fact of repeal with the date of the meeting at which the repeal was enacted or written assent was filed shall be stated in said book.

KNOW ALL MEN BY THESE PRESENTS:

That we, the undersigned, being all of the persons appointed pursuant to the Declaration of Establishment of Conditions, Covenants and Restrictions Affecting Real Property filed in connection with the development of Klamata Falls Forest Estates, Highway 00, unit Flat No. 4, to act as the first Board of Directors of Highway 66, Unit 4 Road Maintenance Association, hereby assent to the foregoing by-laws and adopt the same as By-Laws of said Association.

IN WITNESS WHEREOF, we have hereunto set our hands this 25 day of April 1968

[Signature]

Jacob W. Egalite

[Signature]

Al Vorch

Bernard L. Cleason

Ret:-

STATE OF OREGON,
County of Klamath,
Filed for record at request of
KLAMATH FALLS FOREST ESTATES UNIT NO 4

on this 22nd day of MAY A.D. 19 74
at 1:42 o'clock P M, and duly
recorded in Vol. M 74 of MISCELLANEOUS
page 6382

Wm D. MILNE, County Clerk
By [Signature] (Deputy)

11565 After recording
80206 return to:

12-07-95A09:00 RCVA
96 JAN -5 P2:19

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WILLIAM M. GANONG
ATTORNEY AT LAW
635 MAIN STREET
KLAMATH FALLS, OR 97601

1995 JAN 27
Judicial

IN THE CIRCUIT COURT OF THE STATE OF OREGON
FOR THE COUNTY OF KLAMATH

WILLIAM M. GANONG,

Plaintiff,

v.

KLAMATH FALLS FOREST ESTATES,
UNIT 4, ROAD MAINTENANCE
ASSOCIATION, acting by and
through its former Board of
Directors: JERRI COOPER, SCOTTY
MARSHALL, ART NORDNESS, CHARLIE
BARSUGLIA, and PEGGY PALMER; and
its Interim Committee: DON
TOMPKINS, TONI MORGADO, BEN
DODSON, DOLORES MOORE, and DANA
COBURN,

Defendants.

CASE NO. 9405141 CV

ORDER APPROVING BYLAWS AND
AMENDMENT TO DECLARATION

RE-RECORDED TO CORRECT CLERICAL
ERRORS IN THE ATTACHMENTS

THIS MATTER came before the Court upon plaintiff William M. Ganong's Motion for an Order of the Court approving the form of Bylaws and the Amendment to Declaration that were mailed to each record owner of a lot in Klamath Falls Forest Estates, Unit 4, determined as of the date of filing of this suit.

The Court, finding that the form of Bylaws and Amendment to Declaration were negotiated between the plaintiff and the defendants and that no defendant has filed any Answer or other response objecting to said Bylaws and Amendment to Declaration, and further finding that it is in the best interests of the

ORDER APPROVING BYLAWS AND AMENDMENT TO DECLARATION -1-

WILLIAM M. GANONG
ATTORNEY AT LAW
635 MAIN STREET
KLAMATH FALLS, OR 97601
(503) 884-1721 / FAX (503) 883-1923

11565 9502

1 corporation to have Bylaws to govern its activities, does hereby
2 order as follows:

3 1. That the Amended Bylaws of Klamath Falls Forest Estates,
4 Unit 4, Road Maintenance Association, a Nonprofit Corporation,
5 are approved in the form submitted to the Court, a true copy of
6 which is attached hereto.

7 2. That the Amended Declaration of Establishment of
8 Conditions, Covenants, and Restrictions Affecting Real Property,
9 a true copy of which is attached hereto, is also approved.

10 3. That the plaintiff is directed to cause a certified copy
11 of this Order, including true copies of the Bylaws and the
12 Amended Declaration attached hereto to be recorded in the Clerk's
13 Office of Klamath County, Oregon, and said documents shall be
14 effective upon the date of their recording.

15 Dated this 27 day of November, 1995.

17 Roxanne Osborne
18 Roxanne Osborne
19 Circuit Court Judge



20
21
22 W. M. Ganong
23 12.04.95

33401

CERTIFICATE OF MAILING

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I certify that I served the ORDER APPROVING BYLAWS AND AMENDMENT TO
 DECLARATION by depositing true, full, and exact copies thereof in the United
 States Post Office at Klamath Falls, Oregon, on November 21, 1995, enclosed
 in a sealed envelope, with postage paid, addressed to:

JERRI COOPER
 32744 KENO SPRINGS RD.
 BONANZA, OR 97623

SCOTTY MARSHALL
 P.O. BOX 367
 KLAMATH FALLS, OR 97601

ART NORDNESS
 13435 BLACKBIRD DRIVE
 BONANZA, OR 97623

CHARLIE BARSUGLIA
 13047 CARDINAL DR.
 BONANZA, OR 97623

PEGGY PALMER
 34230 LION LANE
 BONANZA, OR 97623

DON TOMPKINS
 34809 GIBBON LANE
 BONANZA, OR 97623

TONY MORGADO
 P.O. BOX 449
 BONANZA, OR 97623

BEN DODSON
 1750 HOPE ST.
 KLAMATH FALLS, OR 97603

DELORES MOORE
 P.O. BOX 1811
 KLAMATH FALLS, OR 97601

DANA COBURN
 P.O. BOX 151
 DAIRY, OR 97625

WALTER WADDELL
 34924 GIBBON LANE
 BONANZA, OR 97623

EVERGREEN MOUNTAIN PROPERTIES
 POST OFFICE BOX 1316
 KLAMATH FALLS, OR 97601

MILDRED CONRIGHT
 12321 STRATHMORE
 GARDEN GROVE, CA 92640

PATRICIA MILLER
 412 NORTH ADAMS
 BUFFALO, WY 82834

NATHANIEL MACKLIN
 34144 JAGUAR LANE
 BONANZA, OR 97623

GINGER MACKLIN
 34144 JAGUAR LANE
 BONANZA, OR 97623

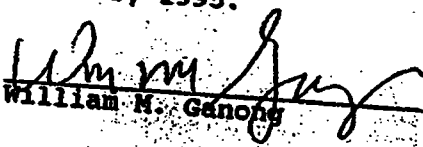
STANLEY BERNSTEIN
 7446 BALLINGER AVENUE
 SAN DIEGO, CA 92019

MARJORIE G. WOOD
 3240 FIELDCREST DRIVE
 SACRAMENTO, CA 95821

NOMA CHRISTIAN
 15215 HWY 62
 EAGLE POINT, OR 97524

MARGARET ANN DYKE
 9320 EARLE STREET #29
 LA MESA, CA 91942

Dated this 21st day of November, 1995.


 William M. Ganong

WILLIAM M. GANONG
 ATTORNEY AT LAW
 635 MAIN STREET
 KLAMATH FALLS, OR 97601
 (503) 864-1721 / FAX (503) 863-1823

**AMENDED DECLARATION OF ESTABLISHMENT
OF CONDITIONS, COVENANTS, AND RESTRICTIONS
AFFECTING REAL PROPERTY**

Pursuant to the Order and Decree of the Honorable Roxanne Osborne entered on the 27th day of November, 1995, in the Circuit Court of the State of Oregon for Klamath County, Case No. 9405141 CV, the Declaration of Conditions, Covenants, and Restrictions Affecting Real Property ("Declaration") recorded on July 21, 1965 in Volume M 65 at page 165 of the records of the Clerk of Klamath County, Oregon are amended in the following particulars only:

A. The terms "Highway 66 Unit 4 Road Maintenance Association" and "Association" are deemed to refer to and mean the Klamath Falls Forest Estates Unit 4 Road Maintenance Association, an Oregon nonprofit corporation. The Association was formed for the sole purpose of maintaining and improving the roads and road right-of-ways located within the subdivision and those roads which provide access to the subdivision.

B. Paragraph (5) of the Declaration is revoked and the following provision is added in its place:

The Board of Directors of the Association shall annually assess each lot equally for the operation of the Association and the maintenance and repair of the roads right of ways maintained by the Association. The annual assessment of the Association for the calendar year 1996 shall be \$25. Thereafter, the annual assessment may be increased only if such increase is approved by a majority of the members voting by written ballot at an annual meeting of the membership. Provided, however, that such increase shall not exceed an amount equal to three percent (3%) of the current year's assessment. Likewise, the Declaration and Amended Declaration may only be amended by majority vote of the members voting by written ballot at the annual meeting of the membership in the manner provided in the Amended Bylaws of the Association.

D. Paragraph (7) of the Declaration is revoked and the following provision is added in its place:

The Board of Directors of the Association shall have the duties and powers set forth in the Amended Bylaws.

E. Paragraph (8) of the Declaration is revoked and the following provision is added in its place:

If any charge or assessment made by the Association is not fully paid by the date it is due, the Secretary of the Association may file a notice of claim of lien in the office of the Clerk of Klamath County, Oregon. The notice of claim of lien must be in writing and must contain:

- a. The name of the owner or contract purchaser of the lot as shown in the records of the Assessor of Klamath County, Oregon;
- b. A statement of the amount claimed; and
- c. A legal description of the subject lot.

Upon such filing, the charge or assessment shall become a lien upon all lands therein described in the amounts set forth. The lien shall be prior to all encumbrances of whatever kind or nature, whether executed before or after the lien of the Association is created, or whether recorded or registered or not; except that the lien of the Association upon each tract of land shall be subject to all lawful taxes levied and assessed by Klamath County. Immediately, or at any time after the filing of the notice of claim of lien, the Board of the Association by resolution may direct that all delinquent charges and assessments then unpaid shall be foreclosed by the Association. The foreclosure shall follow the general procedure of a suit in equity and shall be filed in the Circuit Court for Klamath County. In addition to such charges and assessments being foreclosed, the Association may recover in the suit the costs, disbursements, and expenses of foreclosure, including but not limited to recording and filing fees, title search fees, foreclosure reports, a reasonable administrative fee, and a reasonable sum as attorney fees at trial and on appeal to be allowed by the court.

Any number of tracts of land, whether they are delinquent for the same or different charges or assessments, or for the same or several years, may be foreclosed in the same suit. The decree shall order the sale of the property and fix the time for holding the sale, which shall not be more than six weeks from the date of the decree, and shall order the sheriff of the county to hold the same as other foreclosure sales upon giving notice thereof for three consecutive weeks prior to the day of sale by publication of notice once each week in a newspaper published in Klamath County, and by posting notices in three public and conspicuous places within the county at least two weeks prior to the day of sale. The Association may be a bidder and purchaser of the property upon the sale. The lot owner and lien holders shall have a right of redemption as provided in ORS 23.530 - ORS 23.570.

The Declarations, as amended hereby, shall run with the land and shall be binding on all parties and all persons claiming an interest in the land, including the lot owners, contract vendors, purchasers, mortgagees, beneficiaries under trust deeds, and lien creditors.

This Amendment shall be effective upon the recording of this Amendment in the office of the Clerk of Klamath County, Oregon.

**AMENDED BYLAWS OF
KLAMATH FALLS FOREST ESTATES, UNIT 4
ROAD MAINTENANCE ASSOCIATION,
a Nonprofit Corporation**

1. IDENTIFICATION AND STATUS

1.1 Name. The name of this corporation is Klamath Falls Forest Estates, Unit 4, Road Maintenance Association, an Oregon nonprofit corporation ("Association").

1.2 Status. The Association is formed and shall be operated to qualify as a "homeowners association" under Section 528 of the Internal Revenue Code, or subsequent laws of similar effect.

1.3 Revocation of Prior Bylaws. These Bylaws replace and supersede the "Bylaws of Highway 66 Unit 4 Road Maintenance Association" recorded in Book M 74 at page 6382 of the records of the Clerk of Klamath County, Oregon, the "prior Bylaws." The prior Bylaws are hereby revoked.

2. MEMBERS

2.1 Owner(s). The owner or owners (collectively) of each lot located in the subdivision known as Klamath Falls Forest Estates Highway 66 Unit, Plat No. 4, in the County of Klamath, State of Oregon, shall be automatically admitted to membership in the Association at the time of the acquisition of their lot. When two (2) or more persons jointly hold a membership, any ballot or communication which requires the signature of a member, must be signed by all such persons or their agent designated on the books of the Association. All such persons may attend meetings of the membership and the Board of Directors. In the event joint holders of a membership cannot agree among themselves how their vote shall be cast, their vote shall be lost.

2.2 Voting. Each membership carries the power to vote in the Association. Each lot carries one vote per issue. Except as otherwise provided by law, only members in whose names memberships entitled to vote stand on the records of the Association on the record date for voting purposes, as provided herein, shall be entitled to vote.

2.3 Membership Approval. A requirement in the Articles, Bylaws, or Declaration for approval of the members means the affirmative vote by written ballot of a simple majority of the members voting.

2.4 Suspension of Right to Vote. The right of each membership to vote shall be suspended during all times when assessments payable by that membership for the calendar year in

which the voting is conducted are delinquent.

2.5 Proxies. No membership shall be allowed to vote by proxy.

2.6 Written Ballot. The Board of Directors may submit any issue to a written vote of the membership. In addition, upon written request of not less than 50 members, the Board shall cause an issue to be submitted to a written vote of the membership at the first annual meeting occurring after receipt of the request. The members making the request shall submit the language to be used on the ballot. The written ballot shall (1) set forth each proposed action in clear and succinct language containing not more than 100 words per issue; (2) provide an opportunity to vote for or against each proposed action; (3) state that a simple majority of the votes cast in the election is needed to approve each issue; and (4) specify a reasonable time by which the ballot must be received by the Association in order to be counted.

2.7 Quorum. The memberships voting at a meeting of the membership shall constitute a quorum.

2.8 Member Meetings.

2.8(a) Place. Any meeting of the members shall be held in Klamath County, Oregon at such particular place as is determined by the Board.

2.8(b) Annual Meeting. The annual meeting of the members for the election of directors and for the transaction of such other business as may properly come before the members, shall be held at 1:00 p.m. on the second Sunday of each January.

2.8(c) Special Meeting. Special meetings of the members for any lawful purpose and at any time, shall be scheduled in response to a call by the President, by the Board, or upon receipt of a written request signed by ten percent (10%) of the members. Such meetings must be duly noticed. If notice is not given by the Secretary within twenty (20) days of receipt by the Association of a request for special meeting, then the person(s) requesting the meeting may give notice.

2.8(d) Notice. Except for the annual meeting, written notice of each meeting of the members shall be given to each member either by personal delivery or by mail, charges prepaid, addressed to such member at the record address of the Association. All such notices shall be sent to each member entitled thereto no less than ten (10) and not more than fifty (50) days before the subject meeting, and shall specify the place, the date, and the time of such meeting, and shall state the general nature of each item of business to be considered at

such meeting, and shall contain a ballot if an issue is to be acted on at the meeting. The name and address for each lot owner or contract purchaser shown in the records of the Assessor of Klamath County, Oregon as of the day which is 15 days prior to the date notice is given (the "record date") shall be deemed to be the record address of the Association unless the member has provided written notice to the Association of another address for giving notice.

2.9 Limitation on Use of Roads. Klamath Falls Forest Estates was developed as and is zoned for residential use. There is no commercially zoned property within Klamath Falls Forest Estates, although some commercial uses predated the platting and current zoning of the subdivision and are allowed by law. Therefore, use of the roads within Klamath Falls Forest Estates shall be limited to that use normally associated with the residential use of the property, except for preexisting commercial uses permitted by Klamath County. Uses normally associated with residential use of the property include personal automobiles, motor homes, and recreational vehicles, unloaded business vehicles, including logging trucks or other types of commercial trucks not loaded for commercial use owned by the lot owner, commercial vehicles which service the residences located in the subdivision such as fire trucks, garbage trucks, and propane trucks, and vehicles reasonably necessary for the construction of residences on the property and maintenance of the residences and roads. Use of the roads by loaded logging trucks and heavy equipment, including logging equipment, shall not be permitted except with a prior written agreement signed by the Board of Directors of the Association. Said agreement shall be subject to such conditions and restrictions as the Board may deem appropriate, which may include the posting of a bond or the payment of a fee to reimburse the Association for the wear, tear, and damage caused to the roads by such equipment. A member shall be personally responsible and liable for any damage caused by a vehicle being operated by the member, an agent, or contractor of the member in violation of this section. The Board may take such action as it deems appropriate to enforce the terms of this section or to prevent the violation of this section, including applying for and obtaining a Restraining Order prohibiting the violation of this section, bringing suit for damages caused by the violation of this section, and for such other and further relief as the Board deems appropriate. In addition to such equitable and monetary relief as the court may adjudge, the Association shall be entitled to a judgment against the party violating this provision for the Association's costs, disbursements, and reasonable attorney's fees incurred in such action and on any appeal from such action or suit.

3. BOARD OF DIRECTORS.

3.1 Powers and Duties. Subject to the provisions of the AMENDED BYLAWS -3-

Articles, the Declarations, these Bylaws, and the laws of Oregon, all corporate powers of the Association shall be exercised by or under the authority of, and the business and affairs of the Association shall be controlled by, the Board of Directors.

3.1(a) Responsibilities. Without prejudice to its general powers, but subject to the same limitations, the Board of Directors shall have the power and responsibility to perform the following duties:

(i) **Officers and Agents.** To select all officers, agents, and employees of the Association and prescribe powers and duties for them;

(ii) **Management.** To conduct, manage, and control the affairs and business of the Association, including contracting for such insurance, goods, services, legal, and accounting services as is required by the Declarations, Articles, or these Bylaws, provide that any management agreement shall not exceed a term of one (1) year and shall be terminable by the Association for cause at a meeting of the members or upon thirty (30) days' written notice;

(iii) **Rules For Controlling Damage to Roads.** To adopt written rules and regulations to control unnecessary damage to the roads maintained by the Association. At all meetings of the Association's members and its Board of Directors, Robert's Rules of Order shall be followed and enforced by the Chairman of the meeting or the other officer in charge of the meeting. A copy of Robert's Rules shall be available at every meeting;

(iv) **Places.** To prescribe the location of the principal office for the transaction of the business of the Association and to designate the place for the holding of any members' meeting;

(v) **Enforcement.** To enforce the Articles, Declarations, Bylaws, Rules, and any other instruments affecting maintenance of the roads; and to initiate and execute legal proceedings against members who violate the Articles, Declarations, Bylaws, or Rules; and

(vi) **Payments and Reports.** To pay any taxes, assessments, or charges incurred by the Association and to prepare and file any and all reports required by law.

3.1(b) Discretionary Powers. In addition to the foregoing mandatory duties, the Board shall have the power to:

(i) Remove officers, agents, or employees of the Association, with or without cause;

(ii) Change the location of the principal office of the Association within the county; and

(iii) Appoint committees composed of members to assist it in its duties.

3.1(c) **Limitation of Powers.** The Board must obtain the approval of the members before entering into a contract with a third person for goods or services for a term greater than one (1) year, except a contract with a public utility or governmental agency.

3.2 **Number and Qualification.** There shall be five (5) directors of the Association. All directors must be members of the Association.

3.3 **Election and Removal.** Directors shall be chosen, hold office, and be removed as follows:

3.3(a) **Election.** Directors shall be elected by written ballot at the annual meetings of the members. If for any reason any such annual meeting is not held, or not all the authorized number of directors are elected there at, or it is necessary for the members to fill a vacancy on the Board, Directors may be elected by written ballot at any special meeting of members held for that purpose. No cumulative voting shall be allowed.

3.3(b) **Nomination.** The board shall prescribe reasonable procedures and opportunities for nomination of directors, communication by nominees with the members as to qualifications and reasons for candidacy and solicitation of votes, and for elections.

3.3(c) **Term of Office.** Each director shall serve a term of three years, commencing at the conclusion of the meeting at which the director is elected and concluding at the end of the meeting at which the director's successor is elected. Notwithstanding the foregoing provision, the directors elected at the annual meeting of the members held in January 1996 shall be staggered so that, thereafter, no more than two directors' terms shall expire during each calendar year. The two people who receive the most votes at the 1996 meeting shall serve terms of three years each, the next two people receiving the most votes shall serve terms of two years each, and the remaining person elected shall serve a term of one year.

3.3(d) **Vacancies.**

(i) **Causes.** A vacancy or vacancies on the Board shall be deemed to exist in case of the death, resignation, or removal of any director, or if the authorized number of directors

be increased, or if at any annual or special meeting of members at which any director or directors are to be elected, the members fail to elect the full authorized number of directors to be elected at that meeting.

(ii) **Filling.** Vacancies in the Board may be filled by a majority of the remaining directors, though less than a quorum, or by a sole remaining director, or by the members; provided, however, that a vacancy on the Board created by the removal of a director can only be filled by the members. If the Board accepts the resignation of a director tendered to take effect at a future time, the Board or the members shall have power to elect a successor, pursuant to the provisions hereof, to take office when the resignation is to become effective. Each director so elected shall hold office for the remainder of the term of the position to which he was elected.

3.3(e) Removal. The Board may remove a director who has been declared of unsound mind by a final court order or convicted of a felony while in office. Removal for any other reason must be approved by the membership. No reduction of the authorized number of directors shall have the effect of removing any director prior to the expiration of his term of office.

3.4 Board Meetings.

3.4(a) Regular Meetings. Immediately following each annual meeting of members, the Board shall hold an annual regular meeting for the purpose of organization, election of officers, and the transaction of other business.

3.4(b) Special Meeting. Special meetings of the Board may be held at any time, at a place designated by the Board in accordance with these Bylaws, upon call by the President, by the Vice President, by the Secretary, or by any two (2) directors.

3.4(c) Notice. Notice of the time and place of Board meetings, including notice of any special business to be considered, shall be given to each director at least ninety-six (96) hours prior to the meeting by personal delivery, telephone or by mail or other form of written communication, first class postage or charges prepaid, addressed to him at his address as shown upon the records of the Association.

3.4(d) Attendance. All meetings of the Board shall be open to members. Directors may participate in any emergency meeting, and shall be deemed present, through the use of conference or speaker telephone equipment, so long as all participants in the meeting can hear one another.

3.4(e) Consent of Absentees. Any defects in the call, notice, time, or location of a meeting, shall not affect the validity of transaction at the meeting which are otherwise valid, if a quorum is present and each of the directors not present signs a written approval of the minutes thereof. All such approvals shall be made a part of the minutes of the meeting. Nothing in this Subsection shall be construed as requiring the consent of absentees to transactions at a properly called, noticed and held meeting at which a quorum is present.

3.4(f) Quorum. A majority of the authorized number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board unless a greater number is required by law or by the Articles of Declaration.

3.4(g) Adjournment. A majority of the directors present, whether or not a quorum is present, may adjourn any meeting to another time and place; provided, however, that in the absence of a quorum, a majority of the directors present at any directors' meeting, either regular or special, may adjourn from time to time until the time fixed for the next regular meeting of the Board. A reasonable attempt shall be made to give notice of the time and place of holding an adjourned meeting to absent directors.

3.5 Action Without Meeting. Any action required or permitted by the Board may be taken without a meeting if all the directors shall individually or collectively consent, in writing, to such action. Such action by written consent shall have the same force and effect as a unanimous vote of the Board. Such written consent shall be filed with the minutes of the proceedings of the Board.

4. OFFICERS.

4.1 Election/Term. Each officer shall be elected by the Board and shall hold his office until he shall resign, shall be removed or otherwise disqualified to serve, or his successor shall be elected and take office, provided, however, that no officer shall serve more than three (3) years without being re-elected.

4.2 Qualifications. Officers shall be members of the Association but, except for the President, need not be directors. One person may hold two (2) or more offices, except those of President and Secretary.

4.3 Removal/Resignation. Any officer may be removed, either with or without cause, by a majority of the Board at any

regular or special meeting of the Board. Any officer may resign at any time by giving written notice to the Board. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. Removal or resignation shall not prejudice the rights of the Association or the officer under any contract of employment or the position on the Board of an officer who is also a director.

4.4 Offices. The Association shall have the following officers, and such other officers, including one (1) or more Assistant Secretaries, as may be appointed by the Board. The duties of officers shall be as prescribed in the Articles, Declaration, or Bylaws, or as assigned from time to time by the Board and, as to other officers, the President:

4.4(a) President. The President, who shall be chosen from the Board, shall be the chief executive officer of the Association and shall, subject to the control of the Board, have general supervision, direction, and control of the business and officers of the Association. He shall preside at all meetings of the members and of the Board of Directors.

4.4(b) Vice President. In the absence or disability of the President, the Vice President shall perform all 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.

4.4(c) Secretary. The Secretary shall keep or cause to be kept, at the principal office, or at such other place as the Board may order, a book of minutes of all meetings of directors and members or a duplicate thereof, with the time and place of holding, whether regular or special, and, if special, how authorized, the notice thereof given, the names of those present at directors' meetings, the number of memberships present or represented at members' meetings, and the proceedings thereof.

The Secretary shall keep or cause to be kept, in any form permitted by law, at the principal office or such other place as the Board may order, a membership register, or a duplicate thereof, showing the names of the members and their addresses, the description and number of units, if more than one, upon which such membership is based, the number and date of membership certificates issued, if any, and the number and date of cancellation of membership certificates surrendered for cancellation.

The Secretary shall give, or cause to be given, notice of all meetings of the members and of the Board required by these Bylaws or by law to be given, and shall keep the seal of the Association in safe custody.

4.4(d) Chief Financial Officer. The Chief Financial Officer shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the Association, including accounts of its assets, liabilities, receipts, disbursements, gains or losses. The books of account shall at all times be open to inspection by any directors.

The Chief Financial Officer shall deposit all moneys and other valuables in the name of and to the credit of the Association with such depositaries as may be designated by the Board, shall disburse the funds of the Association as may be ordered by the Board, and shall render to the President and directors, whenever they request it, an account of all of his transactions as Chief Financial Officer and of the financial condition of the Association.

5. ASSESSMENTS AND SPECIAL CHARGES.

5.1 Assessments. Each year the Board shall consider the current and future needs of the Association as to its operation, and the operation and maintenance of the roads maintained by the Association. In light of such needs, the Board shall determine a pro forma budget for the Association for the following accounting year and shall recommend, if appropriate, to the members of the Association that the assessment be increased in the amount allowed by the Amended Declaration of the Association. Any increase in assessments approved by the members of the Association shall be added to the next annual statement of assessments provided to the members of the Association pursuant to Section 5.2 below. The accounting year of the Association shall run from September 1 to August 31 of the following calendar year.

5.2 Statement. On or before October 15 of each calendar year, the Secretary shall mail by first-class mail, postage prepaid, to each member's record address, a written statement of the assessment payable by that member for the following calendar year. Such statement shall set forth:

5.2(a) Amount. The amount of the assessments that are due from that member;

5.2(b) Due Date. That payment of said assessments is due on or before November 30 of that year, and that the dues will be deemed as received by the Association if the payment is postmarked on or before November 30;

5.2(c) Delinquency. That any payment not deemed received by November 30 shall be deemed delinquent;

5.2(d) Place of Payment. Where and to whom payment is

to be made; and

5.2(e) Interest. That any delinquent payment shall be subject to interest and collection charges, including recording fees and attorney's fees incurred by the Association, and that all the member's right to vote at annual and special meetings shall be suspended until all delinquent charges owed to the Association for the year in which the meetings are held have been paid in full.

5.3 Interest. Each delinquent account shall be subject to interest at the rate of 1½ per month on the unpaid portion of such assessment. The monthly interest charge for the first month shall be deemed to be fully earned as of the day after the due date. The interest charged for each subsequent month shall be deemed to be fully earned as of the same day of each month thereafter until the assessment has been paid in full. A member shall also be liable to the Association for the actual costs and attorney's fees incurred in collecting assessments not paid when due, including attorney's fees incurred on appeal.

5.4 Suspensions. The Association shall not transfer a membership on its books, or allow the exercise of any rights or privileges of membership on account thereof, other than access to his lot, by any member or any person claiming under him, unless and until all delinquent assessments, charges, and interest to which such membership is subject are paid.

5.5 Lien/Foreclosure. The Board may enforce collection of assessments by suit or action at law or by foreclosure in equity as provided in the Amended Declaration of the Subdivision.

5.6 Disposition of Funds. The funds arising from assessments, insofar as possible, shall be applied toward the payment of expenses pursuant to the annual budget adopted by the Board. Excess assessments, after making allowance for budgeted reserves for replacement, may be returned to the members on an equitable basis or held in trust to meet future budgeted needs.

5.7 Statement of Charges. The Board, on not less than twenty (20) days prior written request, shall execute, acknowledge, and deliver to the party making such request, a written statement of whether or not, to the knowledge of the Association, the party making the request is in default as to his assessments, and disclosing the amount of delinquent assessments, late charges, attorney's fees, and other penalties assessed against such owner's lot, and further stating the dates to which installments of assessments have been paid as to his lot. Any such certificate may be relied on by any prospective purchaser or mortgagee of the lot, but reliance on such certificate may not extend to any default not involving the payment of assessments of which the signer had no actual knowledge. The Association may

charge a fee reasonably related to the cost of preparing such statement.

6. RECORDS AND REPORTS.

6.1 Inspections.

6.1(a) Members. The Articles, Bylaws, Declaration, Rules, membership register or duplicate membership register, the books of account and minutes of proceedings of the members, the Board and any committees, shall be made available for inspection and copying, upon written demand and reasonable notice, by any member or his duly appointed representative, at any reasonable time and for a purpose reasonably related to his interests as a member. An original or copy of the Declaration, Articles, Bylaws, and Rules, as amended to date, shall be kept at the principal office of the Association and shall be open to inspection by the members at all reasonable times during office hours.

6.1(b) Directors. Each director shall have the absolute right at any reasonable time to inspect all books, records, and physical properties owned or controlled by the Association and to make copies and extracts thereof.

6.1(c) Rules For Providing Records. The Board shall establish reasonable written rules regarding notice to be given to the custodian of the records by a member desiring to make an inspection, times at which records are available, and payment of costs of reproduction.

6.2 Accountings and Reports. The Board shall cause to be prepared and distributed to the members with the annual assessment statement the following:

6.2(a) Budget. A pro forma operating budget, containing the estimated revenue and expenses on a cash basis for the ensuing accounting year.

6.2(b) Annual Report. An Annual Report for the last accounting year containing the beginning cash balance, a statement of the source and amount of revenue, the kinds and amounts of expenditures, the ending cash balance, and a description of any transaction or series of transactions by the Association involving \$100.00 or more in which a director, officer, or holder of ten percent (10%) or more of the voting power had a direct or indirect financial interest, a description of any indemnifications or advances aggregating more than \$100.00 paid during the accounting year to any officer or director of the Association, and, if not prepared by an independent accountant, a certificate of a member of the Association who is not an officer or director or a member of the family of an officer or director,

that the annual report fairly and correctly sets forth the financial affairs of the Association.

7. INSURANCE.

7.1 Generally. The Board may, in its discretion, obtain and maintain in force such policies of insurance as the Board deems appropriate for the operations of the Association.

8. GENERAL BYLAWS.

8.1 Principal Office. The principal office of the Association shall be in Klamath County, Oregon, at such specific location therein as may from time to time be designated by the Board of Directors.

8.2 Approval Procedures. Any proposed action which requires approval or consent of the Board or Association shall be submitted to the Board in writing. The Board shall, within thirty (30) days thereafter, hold a meeting to review such proposal and respond to the applicant, in writing, setting forth a request for additional information or documentation, its approval, its approval subject to conditions, or its denial of the proposal setting forth generally the reasons for such denial. The applicant shall receive notice of the Board's meeting and may attend the meeting. Neither the Association, the Board nor any member thereof shall be liable to any person submitting plans, or to any other person for approval or denial of any proposal.

8.3 Liability of Agents. No director, officer, employee, agent, or representative (collectively "agent") of the Association shall be personally liable in any action or proceeding to any owner, person, or the Association for any damage, loss or prejudice suffered or claimed on account of any act, negligence, error, or omission of the Association, the Board, or any agent of the Association or any committee, provided that such agent has acted in good faith and without willful or intentional misconduct upon the basis of such information as may be possessed by him or available to him upon reasonable inquiry.

8.4 Indemnification. If any action or proceeding is brought against any agent because such person is or was an agent of the Association, then upon approval of (a) a majority of a quorum of directors who are not parties to such proceeding; (b) the members, excluding those who are parties to such action; or (c) the court in which such action is or was pending; the Association shall indemnify such person against expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred in connection with such proceeding or action, if such person acted in good faith and in a manner such person reasonably believed to be in the best interests of the Association and, in the case of a criminal proceeding, had no

reasonable cause to believe the conduct of such person was unlawful. The termination of any proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which the person reasonably believed to be in the best interests of the Association or that the person had reasonable cause to believe that the person's conduct was unlawful.

8.5 Distributions. There shall be no distribution of gains, profits, or dividends to any member except as provided in Section 8.6 of the Bylaws.

8.6 Dissolution. Upon termination, dissolution, and winding up of the Association, the Board shall, after making provisions for the payment of all liabilities of the Association, distribute all of the remaining assets to the members on a pro rata basis.

8.7 Amendments. New Bylaws may be adopted, or these Bylaws may be amended or repealed, only by the members.

APPROVAL AND ADOPTION

These Amended Bylaws were adopted, approved, and made binding on the owners of lots in the subdivision by Order and Decree of the Honorable Roxanne Osborne entered on the 27th day of November, 1995 in the Circuit Court of the State of Oregon for Klamath County, Case No. 9405141 CV, and are effective as of the date of recording in the office of the Clerk of Klamath County, Oregon.

AMENDED BYLAWS -13-

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of William Ganong of Jan A.D., 19 96 at 2:19 o'clock P M., and duly recorded in Vol. M96 of Deeds on Page 444

FEE \$95.00

Bernetha G. Litsch, County Clerk
Bernetha G. Litsch

M05-67421

Klamath County, Oregon

10/25/2005 01:40:47 PM

Pages 1 Fee: \$21.00

**SECOND AMENDED BYLAW OF
KLAMATH FALLS FOREST ESTATES, UNIT 4
ROAD MAINTENANCE ASSOCIATION,
A Non-Profit Corporation**

2.8 (b) Annual Meeting. The annual meeting of the members for the election of directors and for the transaction of such other business as may properly come before the members, shall be held at 9:00 AM on the second Saturday of each June beginning in 2006. This supersedes Volume M96 Page 451 in which stated the annual meeting to be held at 1:00 PM on the second Sunday of each January.

This was approved by written ballot sent to all members; returned with a simple majority approval for the change in the annual meeting to be the second Saturday of each June to be held at 9:00 AM.

I, Darlene A. Brandt, certify this Second Amended Bylaw has been approved and adopted beginning in June 2006 and every year thereafter.

ok

Darlene A. Brandt
Darlene A. Brandt, Secretary
Klamath Falls Forest Estates, Unit 4

State of Oregon

County of Klamath

This document was acknowledged before me on the 24th day of October
2005 by: DARLENE BRANDT Secretary of
Klamath Falls Forest Estates

Diane Johnson
Signature of Notary Public

Notary Seal Below

My Commission Expires: September 14, 2009

