



After Recording Return to:

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Attn: Laura Craska Cooper

**BYLAWS
OF
GRANDRIDGE OWNERS ASSOCIATION, INC.**

**ARTICLE I
NAME AND LOCATION**

The name of the Association is Grandridge Owners' Association, Inc., hereinafter referred to as the "Association". Meetings of Members and Directors may be held at such places within the State of Oregon as may be designated by the Board of Directors.

**ARTICLE II
DEFINITIONS**

2.1 "Association"

"Association" shall have the meaning given in the introductory paragraph to these Bylaws.

2.2 "Board"

"Board" shall mean the Board of Directors of Grandridge Homeowners' Association, Inc. constituted in accordance with Article V of these Bylaws.

2.3 "Conversion Date"

"Conversion Date" shall have the meaning given it in the Declaration.

2.4 "Declarant"

"Declarant" shall mean Grandridge L.P., an Oregon limited partnership.

2.5 "Declaration"

"Declaration" shall mean and refer to the Planned Community Subdivision Declaration for Grandridge Declaration of Conditions, Covenants and Restrictions, Grandridge and any amendments or supplements thereto made in accordance with its terms and/or applicable law.

2.6 "Director"

"Director" shall mean a director of the Association as described in and elected in accordance with these Bylaws.

2.7 "Lot"

"Lot" shall mean and refer to any of the plots of land indicated upon the recorded plat of the Property or any part thereof creating single-family homesites, with the exception of any common area and areas deeded to a governmental authority or utility, together with all improvements thereon.

2.8 "Officer"

"Officer" shall mean an officer of the Association as described in and elected in accordance with these Bylaws.

2.9 "Member"

"Member" or "Members" shall mean every record owner, whether one (1) or more persons or entities, of fee simple title to any Lot, including contract sellers, but excluding those having an interest merely as security for the performance of an obligation. There shall be one class of membership, as described in Section 3.3 of these Bylaws.

2.10 "Plat"

"Plat" shall mean the Plat for Grandridge recorded in the official records of Deschutes County, Oregon.

2.11 "Property"

"Property" shall mean the real property described in the Plat.

**ARTICLE III
MEMBERSHIP AND VOTING RIGHTS**

3.1 Membership

Every Owner of a Lot by virtue of being an Owner of a Lot shall be a Member of the Association. Membership shall be appurtenant to and shall not be separated from ownership of any Lot. Such membership shall commence, exist, and continue simply by virtue of such ownership, and need not be confirmed or evidenced by any certificate or acceptance of membership. There shall be one class of membership, Class A, as described in Section 3.3 of these Bylaws.

3.2 Suspension

All voting rights of a Member shall be suspended during any period in which such Member is delinquent in the payment of an assessment duly established pursuant to the Declaration or these Bylaws or is otherwise in default hereunder or under the Declaration or any rules and regulations of the Association.

3.3 Voting Rights

The Association shall have one class of voting membership: Class A members shall be all Owners and each shall be entitled to one (1) vote for each Lot owned. When more than one (1) person holds an interest in any Lot, all such persons shall be members, but the vote for such Lot shall be exercised as they among themselves determine, and in no event shall more than one (1) vote be cast with

respect to any Lot. If the co-Owners of a Lot cannot agree upon the vote, the vote of the Lot shall be disregarded in determining the proportion of votes with respect to the particular matter at issue.

ARTICLE IV PROPERTY RIGHTS: RIGHTS OF ENJOYMENT

Each Member shall be entitled to the use and enjoyment of the common areas, if any, as provided under Oregon law.

ARTICLE V BOARD OF DIRECTORS; ELECTION; TERM OF OFFICE

5.1 Number

The affairs of the Association shall be managed by a Board of three (3) Directors. The Directors shall be Members.

5.2 Election of Directors

At the first meeting of the Members, the Members shall elect one (1) Director for a term of one (1) year, one (1) Director for a term of two (2) years, and one (1) Director for a term of three (3) years, with each Member entitled to the votes specified in Article III above. Thereafter, at each annual meeting of the Association, the Members shall elect a number of Directors equal to the number whose terms are then expiring, each to serve a term of two (2) years. Any Director may serve more than one (1) term. Voting shall not be cumulative.

5.3 Term of Office

The Directors elected at any meeting held for the purpose of election of Directors, except to replace a Director who leaves his position prior to the expiration of his term, shall assume all of the duties of a Director at the meeting at which he is elected, at which time the resignation of the Directors in office prior to such meeting shall become effective, and they shall have no further powers as Directors.

5.4 Removal

Any Director may be removed, with or without cause, by the affirmative majority vote of Members present and entitled to vote at any meeting of the Members at which a quorum is present. No removal of a Director is effective unless the matter of removal was included in the notice of the meeting. At such meeting, the Members shall elect a replacement Director to serve the remainder of the replaced Director's term.

5.5 Resignation

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

5.6 Vacancies

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

5.7 Compensation

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

**ARTICLE VI
MEETINGS OF BOARD**

6.1 Initial Meeting

The initial meeting of the Board shall occur within ninety (90) days after the date the Articles of Incorporation for the Association are filed and shall be called in accordance with Article VI, Section 6.3.

6.2 Annual Meetings

The Board shall meet at least annually, within thirty (30) days after each annual meeting of the Members. At each annual meeting, in addition to the actions required by the Declaration, the treasurer shall present to the Board a report on the financial condition of the Association, including a report of receipts and disbursements for the preceding calendar year, the allocation thereof to each Lot, and the estimated receipts and expenses for the coming year.

6.3 Special Meetings

Special meetings of the Board may be called at any time by the president or two (2) Directors. Such meetings shall be scheduled by the secretary at least two (2) but not more than thirty (30) days after the secretary's receipt of written requests signed by two (2) or more Directors; provided that if the purpose of a special meeting is to elect a successor secretary pursuant to Section 11.2 of Article XI or to consider removal of the secretary pursuant to Section 11.5 of Article XI, such meeting may be scheduled by the president or, if the meeting is also for the purpose of electing a successor president or removing the president, any other Director.

6.4 Place of Meetings

Meetings of the Board shall be held at such place within Oregon as may be designated from time to time by the Board.

6.5 Notice of Meetings

The secretary shall give written notice to each Director of each Board meeting at least three (3) but not more than thirty (30) days prior to the date set for such meeting, stating the purpose, time, and place of the meeting. Notice shall be sent to the address of each Director as listed on the books of the Association, or to such other address as any Director may designate by written notice to the secretary given at least ten (10) days prior to the giving of notice of the meeting. Notice of any meeting may be waived by any Director at any time. No Director who is present at a meeting may object to the

adequacy or timeliness of the notice given. When a meeting is adjourned for fewer than thirty (30) days, whether or not a quorum is present at the adjourned meeting, no notice of the resumption or reconvening of such adjourned meeting need be given other than by announcement at the meeting at which such adjournment takes place. All meetings of the Board shall be open to all Members, except for matters allowed by law to be considered in executive session. Except in emergencies, the Board shall vote in an open meeting whether to meet in executive session. If the Board votes to meet in executive session, the president shall state the general nature of the action to be considered and when and under what circumstances the deliberations can be disclosed to Members. The statement, motion, or decision to meet in executive session must be included in the minutes of the meeting. A contract or action considered in executive session does not become effective unless the Board, following the executive session, reconvenes in an open meeting and votes on the contract or action, which must be reasonably identified in the open meeting and included in the minutes. For other than emergency meetings, notice of Board meetings shall be mailed to all Members, at the last address for each Member in the records of the Association, not less than ten (10) days before the meeting; posted at a place or places on the Property at least three (3) days prior to the meeting; or provided by a method otherwise reasonably calculated to inform Members of the meeting. Emergency meetings may be held without notice, if the reason for the emergency is stated in the minutes of the meeting. Only emergency meetings of the Board may be conducted by telephonic communication or by the use of a means of communication permitted by ORS 94.640(8).

6.6 Voting by the Board

Each Director shall have one (1) vote. All voting rights of a Director shall be suspended during any period in which the Director is delinquent in the payment of any amount duly established pursuant to the Declaration or is otherwise in default under the Declaration or any rules and regulations of the Association. So long as a quorum is constituted, the vote of Directors together holding more than fifty percent (50%) of the total votes shall be a binding vote of the Board for all purposes, unless a greater percentage is required by law or the Declaration.

6.7 Quorum

The presence in person of a majority of the Directors shall constitute a quorum for voting at a Board meeting. The Board shall have the power to adjourn a meeting even if less than a quorum is present.

ARTICLE VII NOMINATION AND ELECTION OF DIRECTORS

7.1 Nomination

Nomination for election to the Board may be made by a Nominating Committee, if one exists. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who need not be a Director prior to the Turnover Meeting but who shall be a Director following the Turnover Meeting, and two (2) or more Members or Directors. If the Board desires to appoint a Nominating Committee, it shall do so prior to each annual meeting of the Members to make as many nominations for election to the Board as it shall in its discretion determine, but not less than the number of vacancies that are to be filled.

7.2 Election

Election to the Board shall be by secret written ballot cast at the annual meeting. At such election the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Articles of Incorporation. The person(s) receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VIII POWERS AND DUTIES OF THE BOARD OF DIRECTORS

8.1 Powers

The Board shall have the power:

- (a) To adopt and publish reasonable rules and regulations governing the use of the Lots and Common Area and facilities, and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof;
- (b) To exercise for the Association all power, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation, and the Declaration;
- (c) To declare the office of a Director to be vacant in the event such Director shall be absent from three (3) consecutive regular meetings of the Board without just cause having been furnished to and accepted by the Board;
- (d) To establish, and disburse and maintain such petty cash fund as necessary for efficiently carrying on the business of the Association;
- (e) To engage the services of an independent contractor, or such employees as it deems necessary, and to prescribe the conditions, compensation and duties of their work.
- (f) To exercise those powers delegated to the Board hereunder, under Oregon law and under the Articles of Incorporation of the Association. The Board may also exercise the powers of the Architectural Review Committee under the Declaration.
- (g) To exercise powers of a nonprofit corporation pursuant to the general nonprofit corporation laws of the State of Oregon and the powers of an Association pursuant to the Planned Community Act, as amended from time to time; and
- (h) To propose the annual budget for the Association to operate Grandridge. The budget must be approved by a majority of owners.

8.2 Duties

It shall be the duty of the Board:

- (a) To cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members or at any special meeting, when such statement is requested in writing by one-fourth (1/4) of the votes of the Members who are entitled to vote;

(b) To supervise all Officers, agents and employees of this Association, and to see that their duties are properly performed;

(c) To establish membership fees or assessments and to assess Members for the same, in accordance with the Declaration (as the Architectural Review Committee) and these Bylaws;

(d) To procure and maintain adequate liability and hazard insurance on property owned by the Association as described in Article XV and, if deemed appropriate, insurance on the behalf of any Director, Officer, employee, or agent of the Association against any liability asserted against him and incurred by him in any such capacity or arising out of his status as such;

(e) To cause all Officers, employees or agents, having fiscal responsibility to be bonded, as it may deem appropriate;

(f) To cause any land owned by the Association and/or any land or improvements that are for the benefit of the Association to be maintained;

(g) To maintain a current mailing list of the Association;

(h) To propose the annual budget for the Association to operate Grandridge. The budget must be approved by a majority of Owners;

(i) To perform all duties of the Association and the Board as set forth in the Declaration, Articles of Incorporation, or these Bylaws; and

(j) In performing its duties, the Board shall be governed by ORS 94.640 and the applicable provisions of ORS 65.357, 65.361, 65.367, 65.369 and 65.377.

ARTICLE IX COMMITTEES

9.1 Committees

The Board may appoint committees as deemed appropriate in carrying out its purposes.

9.2 Committee Function

It shall be a function of each committee to receive complaints from Members on any matter involving Association duties and activities within its field of responsibility. It shall dispose of such complaints as it deems appropriate or refer them to such other committee, Director or Officer as is further concerned with the matter presented.

ARTICLE X MEETINGS OF MEMBERS

10.1 Meetings to Elect Directors; Annual Meetings Following Turnover Meeting

The first meeting of the Members held for the purpose of electing Directors pursuant to this Article X shall be October 9, 2004. The first annual meeting of the Association shall be held within one (1) year from the date of incorporation of the Association and each subsequent regular annual meeting of the Members shall be held annually on a date within thirty (30) days of the anniversary date of

the first annual meeting of the Members. If the day for the annual meeting is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday. At the annual meeting, the president, and any other Officer or person whom the president may designate, shall report on the activities and financial condition of the Association.

10.2 Special Meetings

Special meetings of the Members may be called at any time by the president or by the Board, or upon written request of the Members who are entitled to vote one-fourth (1/4) of all of the votes of the entire membership. Business transacted at a special meeting shall be restricted to the purposes set forth in the notice thereof.

10.3 Notice of Meetings

Except as otherwise provided in the Articles of Incorporation, or these Bylaws, written notice of each meeting of the Members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least ten (10) days before such meeting, but no more than fifty (50) days before such meeting, to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting and the items on the agenda, including the general nature of any proposed amendment to the Declaration or these Bylaws, any budget changes, or any proposal to remove a Director or Officer. Notice of any such meeting may be waived by any Member at any time. No Member who is present at a meeting may object to the adequacy or timeliness of the notice given.

10.4 Quorum

The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, one-third (1/3) of the votes shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid, shall be present or be represented.

10.5 Proxies

At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary and shall comply with the proxy requirements of the Planned Community Act. Every proxy shall be revocable and shall automatically cease upon cessation of membership or restriction of the Member's voting rights.

10.6 Canvass in Lieu of Meeting

In the event that a quorum of Members is not achieved at any scheduled meeting, the Board may authorize a door-to-door canvass of all Members whose votes shall be duly recorded, and any action so taken shall have the same force and effect as if taken at a meeting at which a quorum of Members was present. Any such canvass must be completed within thirty (30) days of the Board's decree.

10.7 Majority Vote; Withdrawal of Quorum

When a quorum is present at any meeting of the Members, the vote of the holders of a majority of the votes, present in person or represented by proxy, shall decide any question brought before such meeting unless the question is one upon which by express provision of the statutes, the Articles of Incorporation or these Bylaws, a different vote is required, in which case such express provision shall govern and control the deciding of such question. 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. In any case in which voting by mail is necessary or desirable, the secretary shall give written notice to all Members at least ten (10) days before written ballots are mailed or otherwise delivered. If, at least three (3) days before written ballots are scheduled to be mailed or otherwise delivered, at least ten percent (10%) of the Owners petition the Board requesting secrecy procedures, a written ballot must be accompanied by a secrecy envelope, return identification envelope to be signed by the Owner and instructions for marking and returning the ballot. Any vote by mail shall (a) include a written resolution setting forth the proposed action, (b) state that the Members are entitled to vote by mail for or against such resolution, and (c) specify a date not less than twenty-five (25) days after the date of such notice by which all votes must be received at the principal office of the Association. Votes received after the date specified shall be of no effect.

ARTICLE XI OFFICERS AND THEIR DUTIES

11.1 Enumeration of Officers

The Officers shall be a president and vice-president, who shall at all times be Directors, a secretary, and a treasurer, and such other Officers as the Board may from time to time by resolution create.

11.2 Election of Officers

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

11.3 Term

The Officers shall be elected annually by the Board and shall hold office for two (2) years unless an Officer shall sooner resign, or shall be removed, or otherwise disqualified to serve.

11.4 Special Appointments

The Board may elect such other Officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

11.5 Resignation and Removal

Any Officer may be removed from office with or without cause by the Board and a successor may be elected at a special meeting of the Board called for such purpose. Any Officer may resign at any time by giving notice to the Board, the president or the secretary. Such resignation shall

take effect on the date of receipt of such notice or at any later time specified therein; the acceptance of such resignation shall not be necessary to make it effective.

11.6 Vacancies

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

11.7 Multiple Offices

The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 11.4 of this Article.

11.8 Duties

The duties of the Officers are as follows:

President. The president shall preside at all meetings of the Board, shall see that orders and resolutions of the Board are carried out, shall sign all leases, mortgages, deeds, and other written instruments and shall co-sign (together with either the vice-president or treasurer) all checks in an amount over \$500, payment vouchers, and promissory notes of the Association.

Vice-President. The vice-president shall act in the place and stead of the president in his absence or inability or refusal to act, shall co-sign (together with either the president or treasurer) all checks in an amount over \$500, payment vouchers, and promissory notes of the Association and shall exercise and discharge such other duties as may be required of him by the Board.

Secretary. The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members, keep the corporate seal of the Association and affix it on all papers requiring said seal, serve notice of meetings of the Board and of the Members, keep appropriate current records showing the Members together with their addresses, and shall perform such other duties as required by the Board.

Treasurer. The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board, shall co-sign (together with either the president or vice-president) all checks in an amount over \$500, payment vouchers, and promissory notes of the Association, keep proper books of account, cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year, and shall prepare an annual budget and a statement of income and expenditures to be adopted by the Board and presented to the membership at its regular annual meeting and deliver a copy of each to the Members.

11.9 Compensation

Other than reimbursement of out-of-pocket expenses incurred on behalf of the Association, no officer shall receive any compensation from the Association for acting as an Officer, unless such compensation is authorized by the Board.

11.10 Suspension of Powers and Duties

All powers and duties of an Officer shall be suspended during any period in which that Officer is delinquent in the payment of any amount duly established pursuant to the Declaration or is otherwise in default under the Declaration or any rules and regulations of the Association.

**ARTICLE XII
ASSESSMENTS**

12.1 Conformance with Declaration

The Association shall levy, collect, and enforce the payment of assessments in accordance with Oregon law and as the Architectural Review Committee pursuant to the Declaration.

12.2 Basis of Annual Assessments

Without consideration of special assessments, the maximum annual assessment for any Lot shall not exceed an amount determined in good faith by the Board, with the recognition that certain Lots shall be subject to assessments that may be substantially higher than assessments against other Lots.

12.3 Assessments to be Levied by Board

After consideration of current maintenance costs and future needs of the Association, the Board may levy the annual assessments at an amount not in excess of the maximum set forth in Article XII, Section 12.2. The Board shall have the authority to adjust the amount of annual assessments during any assessment period, upon not less than thirty (30) days notice to the Members subject to the limitations as set forth in Article XII, Section 12.2.

12.4 Special Assessments for Working Capital Fund, Non-recurring Maintenance and Capital Improvements

In addition to the annual assessments authorized above, the Association may levy special assessments as follows:

(a) In any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any non-recurring maintenance, or the acquisition, construction, reconstruction, repair or replacement of a capital improvement upon any land owned by the Association or benefiting the Association or improvements particular to a Lot for which the Association is responsible, including fixtures and personal property related thereto may be assessed. A special assessment may be levied against one or more Lots and not other Lots. The Association shall not commingle the proceeds of such special assessments with other assessment funds. Such proceeds shall be used solely and exclusively to fund the non-recurring maintenance or improvements in question.

(b) The Board shall determine the necessity and the amount of any special assessment. Special assessments shall not be effective unless approved by a vote of two-thirds (2/3) of the Members voting in person or by proxy at a meeting called for the purpose of approving the special assessments and conducting other business, if any, or if the special assessment is against a particular Lot or group of Lots, two-thirds (2/3) of the Members who own the affected Lots who are voting in person or by proxy at a meeting called for the purpose of approving the special assessments and conducting other business, if any. Written notice of such meeting shall be sent to each Member (or if only a particular Lot or group of Lots is affected, to Members owning those affected Lots) not less than thirty (30) days nor more than fifty (50) days in advance of the meeting.

12.5 Limited Assessments

In addition to the other assessments set forth herein, the Association shall have the authority to levy assessments to satisfy the common expenses of a particular project or effort undertaken by the Association that benefits some, but less than all, of the Lots. The rate at which each benefited Lot will be assessed, and whether such assessment shall be payable monthly, quarterly or annually, will be determined by the Board at least thirty (30) days in advance of each assessment period.

12.6 Uniform Rate

Annual and special assessments, other than those assessed against only particular Lots (including, without limitation, assessments for fines or non-compliance with the CC&Rs, Design Guidelines or Rules and Regulations), must be fixed at a uniform rate and may be collected on a monthly, quarterly or annual basis as determined by the Directors at least thirty (30) days in advance of each assessment period.

12.7 Quorum for any Action Authorized under Sections 12.2 and 12.4

At any meeting called, as provided in Article XII, Section 12.4 hereof, the presence at the meeting of Members or of proxies entitled to cast a majority of all the votes shall constitute a quorum. If the required quorum is not forthcoming at any meeting, another meeting may be called, subject to the notice requirement set forth in Article XII, Section 12.4; however, the quorum requirement shall be one-half (1/2) of the previous quorum requirements. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting. The necessary approval may also be obtained by a canvass of the Members as set forth in Article X, Section 10.6.

12.8 Date of Commencement of Annual Assessments: Due Dates

The annual assessment provided for herein as it relates to operating expenses and reserves shall commence as to all Lots as provided in the Declaration. The Board shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Member subject thereto. The due dates shall be established by the Board. The Association shall, upon demand at any time, furnish a certificate in writing signed by an Officer setting forth whether the assessments on a specified Lot have been paid. A reasonable charge may be made by the Board for the issuance of these certificates. Such certificates shall be conclusive evidence of payment of any assessment therein stated to have been paid.

12.9 Effect of Non-payment of Assessments: Remedies of the Association

Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within ten (10) days after the due date, the Association shall have the remedies set forth herein, in the Declaration, if any, and as allowed under the Oregon Planned Community Act. The Association or its agents shall have the right and power to bring all actions against the defaulting Member personally for the collection of such charges as a debt and to enforce the Association's lien by all methods available for the enforcement of such liens, including foreclosure by an action brought in the name of the Association in like manner as a mortgage or deed of trust lien on real property. The lien provided for in this section shall be in favor of the Association, shall be for the benefit of all other Members. The provisions regarding the attachment, notice, recordation and duration of liens established on real property under ORS 94.709 and, to the extent they do not conflict with ORS 94.709, ORS 87.352 to 87.382 shall apply to the Association lien. The lien shall be foreclosed in accordance with the provisions regarding the foreclosure of liens under ORS 94.709 through 94.719 and, to the extent not in conflict with ORS 94.709 through 94.719, ORS Chapter 88. The lien shall be subordinate to any prior recorded deed of trust securing

payment for the house on the subject Lot. The Association acting on behalf of the Members shall have the power to bid on an interest foreclosed at foreclosure sale and to acquire and hold, lease, mortgage and convey the Lot. If any assessment is payable in installments, the full amount of the assessment is a lien from the date the first installment of the assessment becomes due. The Association acting on behalf of the Members shall have the power to bid on an interest foreclosed at foreclosure sale and to acquire and hold, lease, mortgage and convey the same; and to subrogate so much of its right to such liens as may be necessary or expedient to an insurance company continuing to give total coverage notwithstanding non-payment of such defaulting Member's portion of the premium. An election by the Association to pursue any remedy provided for herein shall not prevent concurrent or subsequent exercise of another remedy permitted hereunder. The remedies provided herein are not exclusive but shall be in addition to all other remedies, including actions for damages and suits for injunctions and specific performance, available under applicable law to the Association. The Association shall have no right to deprive a Member of access to or from such Member's Lot.

ARTICLE XIII BOOKS AND RECORDS

13.1 Books and Records

The books, records and papers of the Association required to be maintained by the Planned Community Act (except for those items which are exempt from disclosure under ORS 94.670) shall at all times, during reasonable business hours, be subject to inspection by any Member. The Articles of Incorporation and the Bylaws of the Association shall be available for inspection by any Members at the principal office of the Association, where copies may be purchased at reasonable cost.

13.2 Financial Records

The Association shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of the Board and committees having any of the authority of the Board and shall keep at its registered or principal office a record giving the names and addresses of the Directors. All books and records of the Association may be inspected by any Director, or his agent or attorney, for any proper purpose at any reasonable time.

13.3 Financial Statements

The Board may (or shall, if the same is required by law) appoint a certified public accountant or certified public accounting firm as auditor, who shall not be an Officer or own any interest in any Lot, to audit the books and financial records of the Association. So long as the same is required by applicable law, within ninety (90) days after the end of each fiscal year, the Board shall distribute to each Member and, upon request, any mortgagee of a Lot a copy of the annual financial statement of the Association, consisting of a balance sheet and income and expense statement for the preceding fiscal year. The Association shall make available to Members and to holders, insurers or guarantors of any mortgage on a Lot, for their inspection and copying, upon request, during normal business hours or under other reasonable circumstances, current copies of: (i) the Declaration, Articles of Incorporation, Bylaws, and rules concerning the Property, (ii) the Association's most recent financial statement, (iii) the current operating budget of the Association, and (iv) all other records of the Association required to be made available by applicable law. Upon written request of a prospective purchaser of a Lot, the Association shall make available for examination and duplication during reasonable hours the documents and items described in items (i) through (iii) in the preceding sentence. The Association may charge a reasonable fee for furnishing copies of any documents, information, or records described in this Section 13.3.

13.4 Tax Returns

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

13.5 Assessments Due

The Association shall provide, within ten (10) business days of receipt of a written request from an owner, a written statement that provides (i) the amount of assessments due from the Owner and unpaid at the time the request was received, such as regular and special assessments, fines, accrued interest, late payment charges and other charges, (ii) the percentage rate at which interest accrues on unpaid assessments and (iii) the percentage rate or fixed charge for late payments. The Association need not provide the amount of assessments due as provided in (i) if the Association has commenced litigation by filing a complaint against the Owners and (ii) the litigation is pending when the statement would otherwise be due.

**ARTICLE XIV
FISCAL YEAR**

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

**ARTICLE XV
INSURANCE**

15.1 By the Association

The Board shall obtain, and maintain in effect, such insurance as may be required under the Declaration and applicable law.

15.2 By the Owners

Each Owner of a Lot is encouraged to obtain, and maintain in effect, from reputable insurance companies authorized to do business in the State of Oregon, public liability and property damage insurance with respect to such Lot and fire and extended coverage casualty insurance with respect to the Unit in an amount equal to One Hundred Percent (100%) of the replacement cost thereof. Each Owner shall also be responsible for obtaining fire and extended coverage casualty insurance with respect to that Owner's personal property, if such Owner elects to do so. No Owner shall be obligated to obtain any of the insurance coverages described in Section 15.1, nor shall any insurance coverage obtained by an Owner (or such Owner's mortgagee) be brought into contribution with insurance obtained by the Association.

15.3 Director and Officer Insurance

At the discretion of the Board, the Association may purchase and maintain insurance on behalf of any person who is or was a Director, Officer, employee, or agent of the Association, or is or was serving at the request of the Association, against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Association would have the power to indemnify him against such liability under the provisions of the Articles of Incorporation of the Association.

15.4 General Provisions

Premiums for insurance obtained by the Board pursuant to this Article XV shall be a common expense of the Association. At least annually, the Board shall review the insurance coverage of the Association. If reasonably available, the Board shall obtain insurance policies with the provisions specified in ORS 94.680 and with an "inflation guard" endorsement.

ARTICLE XVI RULES AND REGULATIONS

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

ARTICLE XVII SHARES OF STOCK AND DIVIDENDS PROHIBITED

The Association shall not have or issue shares of stock. No dividends shall be paid and no part of the income of the Association shall be distributed to its Directors or Officers, or to the Members. The Association may pay compensation in a reasonable amount to its Officers or Directors for services rendered as provided by the Articles of Incorporation, the Declaration, other provisions of these Bylaws, or resolution of the Board.

ARTICLE XVIII WAIVER OF NOTICE

Whenever any notice is required to be given under the provisions of the nonprofit corporation laws of the State of Oregon, as it exists or may be amended in the future, or under the provisions of the Articles of Incorporation or these Bylaws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE XIX ACTION WITHOUT A MEETING

Any action which applicable law, the Declaration or these Bylaws require or permit the Members or the Board to take at a meeting may be taken without a meeting if a consent in writing setting forth the action so taken is signed by all of the Members or Directors entitled to vote on the matter. Notwithstanding the foregoing, action by written ballot may not substitute for the annual meeting of the

Association. The consent, which shall have the same effect as a unanimous vote of the Members or the Board, as the case may be, shall be filed in the records of minutes of the Association.

ARTICLE XX AMENDMENTS

20.1 Amendments

These Bylaws may be amended or repealed and new Bylaws may be adopted with the approval of a majority of the owners holding voting interests in the Association at any regular meeting or at any special meeting, if at least thirty (30) days' written notice is given of intention to amend or repeal and adopt new Bylaws at such meeting accompanied by a copy or summary of the amendment without the approval of the Members. In addition, except for the amount of assessments and level of maintenance, any amendment that imposes an additional disproportionate burden upon or takes away or impairs an existing right particular to any one Lot or group of like-affected Lots shall require the vote of seventy-five percent (75%) of the Members of the Lot or group of like-affected Lots so affected. An amendment shall not be effective unless it is certified by the president and secretary of the Association as having been adopted in accordance with these Bylaws and ORS 94.625 (or applicable successor provision(s)), acknowledged in the manner provided for acknowledgement of deeds, and recorded in the office of the recording officer of Deschutes County, Oregon.

20.2 HUD/VA Approval

If neither HUD nor VA notifies the Board, of objections to any amendment or intent to repeal these Bylaws within fifteen (15) days of the date of the Board's request for approval, such approval shall be deemed to have been granted.

ARTICLE XXI GENDER AND GRAMMAR

The singular wherever used herein shall be construed to mean the plural when applicable, and the necessary grammatical changes required to make the provision hereof apply either to corporations or individuals, men or women, shall in all cases be assumed as though in each case fully expressed.

ARTICLE XXII ENFORCEMENT

If the Association institutes legal action to enforce any restrictive covenant or other condition of the Declaration, Articles of Incorporation or Bylaws, and the violator voluntarily corrects or abates such violation after litigation has been filed, the Association shall not dismiss or abandon such legal action until it has been reimbursed all of its expenses, including reasonable attorney's fees and court costs.

**ARTICLE XXIII
LOANS TO DIRECTORS AND OFFICERS PROHIBITED**

23.1 No Loans to Directors or Officers

No loan shall be made by the Association to its Directors or Officers. The Directors who vote for or assent to the making of a loan to a Director or Officer, and any Officer or Officers participating in the making of such loan, shall be jointly and severally liable to the Association for the amount of such loan until the repayment thereof.

23.2 Contribution; Subrogation

Any Director against whom a claim shall be asserted under or pursuant to this Article XXIII shall be entitled to contribution from the other Directors who voted for the action upon which the claim is asserted. To the extent that any Director is required to pay such claim, he shall be subrogated to the rights of the Association against the debtor on the loan.

**ARTICLE XXIV
DISPUTE RESOLUTION**

Before initiating litigation or an administrative proceeding in which the Association and an Owner have an adversarial relationship, the party that intends to initiate litigation or an administrative proceeding shall offer to resolve the problem through a dispute resolution program pursuant to ORS 94.630(4) or applicable successor provision(s).

**ARTICLE XXV
CONFLICTS AND PARTIAL INVALIDITY**

25.1 Conflicts

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

25.2 Partial Invalidity

The invalidation of any one of the provisions of these Bylaws by judgment or court order shall in now affect any other provisions, which shall remain in full force and effect.

**ARTICLE XXVI
DISSOLUTION**

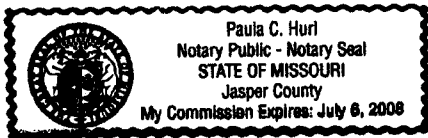
Upon dissolution of the Association, voluntarily or otherwise, it shall automatically be succeeded by an unincorporated association of the same name and having the same purposes. All assets, property, powers, and obligations of the Association existing prior to dissolution shall thereupon automatically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

The undersigned, being the duly elected Secretary of the Grandridge Owners Association, hereby certifies that the foregoing Bylaws of the Association were adopted by a meeting of the Association on January 20 2004 9th

Name: Janice Fackler
Secretary

STATE OF ^{MISSOURI} OREGON }
COUNTY OF Jasper } ss

5:14 The foregoing instrument was acknowledged before me the 24th day of January 2004, by Janice Fackler, the secretary of the Grandridge Owners Association, Inc., on behalf of the association.



Paula C. Hurl
Notary Public, State of Oregon
My Commission Expires: 7/6/08