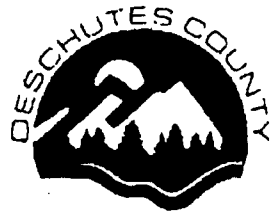




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CERTIFICATE PAGE



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**BYLAWS OF THE TUMALO RIM
PROPERTY OWNERS' ASSOCIATION**

**ARTICLE I
Name and Location of Association**

The name of this Association is Tumalo Rim Property Owners' Association. Its principal mailing address is P.O. Box 1342, Bend, OR 97709.

**ARTICLE II
Definitions**

The following terms when used herein shall have the following meanings unless a different meaning is plainly required by the context:

2.1 All terms defined in the Tumalo Rim Declaration shall be so defined herein.

2.2 "Tumalo Rim Declaration" shall be that instrument entitled Declarations, Restrictions, Protective Covenants, and Conditions for Tumalo Rim, Deschutes County, Oregon, filed, in Deed Records, Deschutes County, Oregon, *March 23, 1977, Book 247, Page 354.*

**ARTICLE III
Membership**

Members of the Association shall be every owner in Tumalo Rim as specifically set forth in the Tumalo Rim Declaration. There shall be no other qualification for membership. Membership shall terminate upon the transfer of a fee simple title to a lot or the contract purchaser's interest by a contract purchaser.

**ARTICLE IV
Meeting of Members**

4.1 Place of Meetings: Meetings of the members shall be held at the principal office or place of business of the Association or at such suitable place convenient to the members as may be designated by the Board of Directors.

4.2 Annual Meetings: The annual meeting is set as determined by the Board of Directors.

4.3 Special Meetings: Special meetings of the members may be called at any time by the Chairman of the Board of Directors upon resolution by the Board of Directors or written request of at least 25 percent of the members.

4.4 Notice: It shall be the duty of the Secretary to mail, at least 10, but not more than 50 days prior to a meeting, a notice of each annual or special meeting stating the purpose of the meeting and the time and place of the meeting to each member at the address of the member in the records of the Association, or the address supplied by such member to the Association for the purpose of notice.

4.5 Quorum: The presence, either in person or by proxy, of members entitled to cast at least 20 percent of the total votes of the Association shall constitute a quorum for the transaction of business at all meetings. When a quorum is once present to organize a meeting, it cannot be broken by the subsequent withdrawal of a member or members. If any meeting of members cannot be organized because of a lack of quorum, the members who are present, either in person or by proxy, may adjourn the meeting from time to time until a quorum is present.

4.6 Voting: At every meeting of the members each member present, whether in person or by proxy, shall have the right to cast one vote for each lot owned by such person. Fractional voting will be allowed

for those lots having multiple ownership. If a majority of the owners of such lot cannot agree, the vote for such lot will be counted fractionally.

4.7 Proxies: A member may vote in person or by proxy executed in writing. Proxies must be dated and filed with the Secretary. A member may revoke his or her proxy at any time. A proxy will automatically expire one year from its original date.

ARTICLE V Board of Directors

5.1 Number and Qualifications: The affairs of the Association shall be governed by a Board composed of four to five persons. Directors must be members of the Association.

5.2 Term: The directors on the initial Board shall serve until the first annual meeting (with the right to run for re-election). At the first annual meeting, the membership shall elect two directors for three-year terms, two directors for two-year terms, and one director for a one-year term, with all terms thereafter being for three years when filling vacancies caused by expiration of terms.

5.3 Vacancies: Vacancies in the Board of Directors shall be filled by a vote of a majority of the remaining directors. The remaining term of the vacancy filled shall be served by the director so elected.

5.4 Removal of Directors: Directors may be removed from office, with or without cause, before their term expires, by a majority vote of all members, whether voting by proxy, or in person, at a special meeting called for the purpose of such removal or at a general meeting.

5.5 Compensation: No director shall receive any compensation for any service s/he may render to the Association as a director. However, any director may be reimbursed for his actual expenses which are incurred in the performance of his duties as director or may receive compensation for services to the Association in a capacity other than as a director.

5.6 Manner of Election: A prospective director is to run for an expiring director's position on the Board. After nominations from the floor at the annual meeting or by a nominating committee appointed by the chairman of the Board of Directors, a vote will be taken of all members. Cumulative voting is not permitted. The person receiving the most votes for each vacancy shall be elected. Voting will be by a show of hands unless at least three members shall request that written ballots be used.

ARTICLE VI Meetings of the Board of Directors

6.1 Regular Meeting: Immediately after each annual meeting of members, the directors elected at such meeting and those holding over shall hold a meeting for the purpose of electing officers as hereinafter provided and for the transaction of such other business as may come before the meeting. No prior notice of such meeting shall be required to be given to the directors.

The Board of Directors by resolution may establish other dates, times, and places for regular and special meetings of the Board.

6.2 Special Meetings: Special meetings may be called by the chairman at the request of at least two directors, or at the chairman's discretion. These special meetings may be held at such reasonable times and places as the chairman may determine and shall be limited to only those items of business described in the notice of such special meeting.

6.3 Notices: No notice need be given for regular meetings held pursuant to Section 6.1. Notice of special meetings must be given at least two days prior to the time of the meeting and shall include all business to be considered at such meeting. Attendance at a meeting shall constitute a waiver of notice thereof.

6.4 **Quorum:** A majority of the directors shall constitute a quorum. Directors may take any action without a meeting which is in their power by obtaining written approval of all the directors to such action.

6.5 **Board Meetings Open to All Association Members:** Except for executive sessions, all meetings of the Board shall be open to any and all Members of the Association; provided, however, that no Association Member shall have a right to participate in the Board's meetings unless such Member is also a member of the Board. The President shall have the authority to exclude any Association Member who disrupts the proceedings at a meeting of the Board. At the discretion of the Board, the following matters may be considered at executive sessions:

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

Except in the case of an emergency, the Board shall vote in an open meeting whether to meet in executive session. If the Board votes to meet in executive session, the presiding officer of the Board shall state the general nature of the action to be considered, as precisely as possible, when and under what circumstances the deliberations can be disclosed to owners. The statement, motion or decision to meet in executive session must be included in the minutes of the meeting. A contract or an action considered in executive session does not become effective unless the Board, following the executive session, reconvenes in open meeting and votes on the contract or action, which must be reasonably identified in the open meeting and included in the minutes.

ARTICLE VII

Powers and Duties of the Board of Directors

7.1 **General Powers:** The Board of Directors shall have power to exercise all powers, duties, and authority vested in or delegated to the Association and not reserved to the membership by provisions of these bylaws, the Articles of Incorporation and the Tumalo Rim Declaration.

7.2 **Assessment:** The Board of Directors shall have the power, as more fully provided in the Tumalo Rim Declaration, to fix the amount of the annual assessment against each lot and give the owner subject thereto written notice of such assessment at least 30 days prior to the due date thereof, and to cause to be prepared a roster of property subject to assessment with assessments applicable to each such property and to keep such roster in the Association's office subject to inspection by any owner.

7.3 **Other Powers:** The Board shall have the power to declare the office of a member of the Board of Directors vacant in the event such member shall be absent without excuse from two regular meetings of the Board of Directors. The Board shall have power to employ employees and officials and prescribe their duties and fix their compensation.

7.4 **Duties of the Board of Directors:** The Board shall exercise all the powers of the Association, including but not limited to:

- a. the keeping of minutes for all acts and proceedings;
- b. the procurement and maintenance of insurance on property owned, leased or otherwise used by the Association
- c. the bonding of all officers having fiscal responsibilities
- d. administration of the common property
- e. the creation of a reserve fund
- f. the hiring of personnel
- g. the preparation of financial statements
- h. the creation of rules
- i. the hiring of professional services
- j. performing all other duties given to it by the Tumalo Rim Declaration
- k. performing all other powers and duties granted by law.

ARTICLE VIII
Indemnification of Directors, Officers Employees and Agents

The Association shall indemnify any Director, officer, employee or agent who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding. Indemnification will be made regardless of whether the action is civil, criminal, administrative or investigative (other than an action by the Association) by reason of the fact that such person is or was a Director, officer, employee or agent of the Association or is or was serving at the request of the Association as a Director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorney fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by said person in connection with such suit, action or proceeding.

This applies if such person acted in good faith and in a manner that such person reasonably believed to be in, or not opposed to, the best interests of the Association, and, with respect to any criminal action or proceedings, had no reasonable cause to believe that such person's conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction or with a plea of nolo contendere or its equivalent, shall not of itself create a presumption that a person did not act in good faith and in a manner that such person reasonably believed to be in, or not opposed to, the best interest of the Association, and, with respect to any criminal action or proceedings, had reasonable cause to believe that such person's conduct was unlawful.

Payment under this clause may be made during pendency of such claim, action, suit or proceeding as and when incurred, subject only to the right of the Association to reimbursement of such payment from such person, should it be proven at a later time that such person had no right to such payments. All persons who are ultimately held liable for their actions on behalf of the Association as a Director, officer, employee or agent shall have a right of contribution over and against all other Directors, officers, employees or agents and Members of the Association who participated with or benefitted from the acts that created said liability.

ARTICLE IX
Committees

The Board of Directors shall appoint such committees as it, in its discretion, deems necessary to assist in the operation of the affairs of the Association. Such committees shall exercise all powers and be subject to all duties which the Board of Directors shall give them. Committee members need not be members of the Board of Directors, but shall be members of the Association or employees or officers. A majority of the members of any committee shall fix its procedures.

ARTICLE X
Officers

10.1 Designation and Election: The principal officers of the Association shall be a president, vice president, secretary and treasurer who shall be members of the Board. The Board may appoint an assistant secretary or an assistant treasurer by resolution. The officers of the Association shall be elected annually by the Board of Directors and shall hold office at the pleasure of the Board.

10.2 Removal, Resignation and Vacancies: Any officer may be removed by an affirmative vote of the majority of the members of the Board of Directors. A vacancy in any office may be filled in the manner prescribed for regular elections with the officer elected filling the remainder of the term of the officer s/he replaces.

10.3 President: The president shall preside at all meetings of the board and of the Association. S/he shall have all of the general powers and duties which are usually vested in the president of an association.

10.4 Vice President: The vice president shall take the place of the president and perform his/her duties whenever the president shall be absent or unable to act. If neither the president nor the vice

president is able to act, the Board will appoint some other board member to do so on an interim basis. S/he shall also perform such other duties as may be delegated to him/her by the Board of Directors.

10.5 Secretary: The secretary shall keep the minutes of all meetings of the members of the Association and of the Board; shall serve notice of any such meetings; shall keep appropriate records of the names and addresses of the Association members; and shall perform other duties incident to the office of secretary.

10.6 Treasurer: The treasurer shall have care and custody of and be responsible for all the funds of the Association and shall deposit such funds in the name of the Association in such banks or safe deposit companies as the Board may designate; shall make, sign, and endorse in the name of the Association all checks, drafts, notes, and other orders for the payment of money; and further shall perform all duties incident to the office which the treasurer of an association normally performs.

10.7 Delegation and Change of Duties: In the event of absence or disability of any officer, the Board of Directors may delegate during such absence or disability, the powers or duties of such officer to any other officer or any director.

ARTICLE XI Books, Records, Audit

11.1 Inspection by Members: The books, records, and papers of the Association, should at all times during reasonable business hours, be subject to inspection by any member or his authorized agent at the office of the Association.

11.2 Accounting: An annual accounting shall be made at each annual meeting which will include a Treasurer's Report and a copy of the most recent bank statement. A special audit shall be made at any time upon order of the Board of Directors or upon a majority vote of the members at any regular or special meeting.

11.3 Execution of Instruments: All checks, drafts, notes, bonds, acceptances, deeds, leases, contracts and other instruments shall be signed by such person or persons as may be designated by general or special resolution of the Board of Directors and, in the absence of any such general or special resolution applicable to any such instrument, then such instrument shall be signed by the chairman.

ARTICLE XII Amendment

These bylaws may be amended by two-thirds of the members voting in person or by proxy at any special or regular meeting provided that a quorum is present. Amendments may be proposed by the Board of Directors or by petition signed by at least 20 percent of the members. A statement of any proposed amendment shall accompany the notice of any regular or special meeting at which such proposed amendment shall be voted upon. In the case of any conflict between the Tumalo Rim Declaration and these bylaws, such Declaration will control.

ARTICLE XIII

13.1 **Notices:** All notices to the Association or to the Board of Directors shall be sent to the principal office of the Association, or to such other address as the Board of Directors may hereafter designate from time to time. All notices to any member shall be sent to such address as may have been designated by him from time to time, in writing, to the Board of Directors.

13.2 **Waiver:** No restriction, condition, obligation or provision contained in these bylaws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches thereof which may occur.

13.3 **Invalidity, Number, Captions:** The invalidity of any part of these bylaws shall not impair or affect in any manner the validity, enforceability or effect of the balance of these bylaws. As used herein, the singular shall include the plural and the plural the singular; the masculine and neuter shall each include the masculine, feminine and neuter, as the context requires. All captions used herein are intended solely for the convenience of reference and shall in no way limit any of the provisions of these by-laws.

ARTICLE XIV

Assessments, Defaults, Collections, Suits and Actions

14.1 **Assessments:** All owners are obligated to pay assessments imposed by the Association to meet all the Association's general common expenses, as more particularly set forth in the Declaration. Assessments shall be payable on a periodic basis, not more frequently than monthly, as determined by the Board.

14.2 **Defaults:** Failure by an Owner to pay any assessment of the Association shall be a default by such Owner of such Owner's obligations pursuant to these Bylaws and the Declaration. The Association shall be entitled to the remedies set forth in the Declaration.

14.3 **Collection Costs:** An Owner shall be obliged to pay reasonable fees and costs (including but not limited to, attorney fees) and actual administrative costs incurred in connection with the efforts to collect any delinquent unpaid assessments from such Owner, whether or not suit or action is filed. Assessments against Owners may include fees, late charges, fines and interest imposed by the Board, in addition to amounts owed toward operating expenses and the funding of reserves.

14.4 **Suits and Actions:** If the Association brings against any Owner or Owners a suit or action for the collection of any amounts due pursuant to or for the enforcement of any provisions of the Declaration, the Articles or these Bylaws, such Owner or Owners, jointly or severally, shall pay, in addition to all other obligations, the costs of such suit or action, including actual administrative expenses incurred by the Association because of the matter or act which is the subject of the suit, reasonable attorneys' fees to be fixed by the trial court and, in the event of an appeal, the cost of the appeal, together with reasonable attorneys' fees in the appellate court to be fixed by such court.

Last revised: 10/26/04

EXECUTED THIS DAY DECEMBER 8th, 2004 by:

Donna M. Mc. Gourin
DONNA M MC GOURIN

STATE OF OREGON
COUNTY OF DESCHUTES

}
} SS.
}



On DECEMBER 8, 2004, before
me, Jennifer L. Stacks personally
appeared Donna M. Mc. Gourin
personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose
name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same
in his/her/their authorized capacity(ies) and that his/her/their signature(s) on the instrument the person(s) or the
entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

*This area for official
notarial seal*

Signature

Jennifer L. Stacks
My Commission Expires: Sept 23, 2006