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Tillamook County, Oregon 2022-007414  
12/22/2022 11:26:22 AM  
DEED-BYLAW  
\$150.00 \$11.00 \$61.00 \$10.00 - Total = \$232.00



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BYLAWS OF  
SAHHALI SOUTH HOMEOWNERS ASSOCIATION

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**BYLAWS OF  
SAHHALI SOUTH HOMEOWNERS ASSOCIATION**

**ARTICLE 1  
PLAN OF LOT OWNERSHIP; DEFINITIONS**

**1.1 Bylaws Applicability.** These Bylaws apply to the Lots and the Common Property in Sahhali South, a planned community in Tillamook County, Oregon, that have been subjected to the Declaration of Conditions, Covenants, and Restrictions of Sahhali South (the "Declaration"), as well as to the Sahhali South Homeowners' Association (the "Association") and the entire management structure thereof.

**1.2 Lots; Property.** The Lots and the Common Property may be collectively referred to in these Bylaws as the "Property" or "Project" and the Lots individually as a "Lot" or collectively as the "Lots."

**1.3 Personal Application.** All present or future Owners, tenants, Occupants, and their employees, and any other person that might occupy any portion of the Property in any manner, shall be subject to the provisions set forth in these Bylaws. The acquisition, rental, or occupancy of any of the Lots shall constitute acceptance and ratification of these Bylaws and agreement to comply with all the provisions hereof.

**1.4 Definitions.** Capitalized terms used but not defined herein shall have meanings attributed to them in Article 1 of the Declaration.

**1.5 Oregon Planned Community Act.** The Property, all Lots and Owners thereof, the Association and all Members thereof, shall be subject to the Oregon Planned Community Act, ORS 94.550 to 94.783 ("PCA").

**ARTICLE 2  
ASSOCIATION MEMBERSHIP, VOTING,  
MAJORITY OF OWNERS, QUORUM, PROXIES**

**2.1 Membership in the Association.** Upon recordation of a conveyance or contract to convey a Lot, the grantee or purchaser named in such conveyance or contract shall automatically be and shall remain a Member of the Association until such time as such person's ownership ceases for any reason. For all purposes of the Declaration and the administration of the Property, Lot ownership shall be determined from the records maintained by the Association. The record shall be established by the Owner filing with the Association a copy of the deed to or land sale contract for such Owner's Lot, to which shall be affixed the certificate of the recording officer of Tillamook County, Oregon, showing the date and place of recording of such deed or contract. No person shall be recognized as an Owner unless a copy of the deed or contract has been filed with the Association as provided above showing such Owner to be the current Owner or contract purchaser of a Lot. Notwithstanding the foregoing, Declarant shall be the Owner of all

previously unsold Lots, although no deed or land sale contract, with respect to such Lots, has been filed with the Association.

**2.2 Voting Rights.** The Association shall have two classes of voting Members:

**2.2.1 Class A.** Class A Members shall be all Owners of Lots other than Declarant, and each Class A Member shall be entitled to one vote for each Lot owned with respect to all matters on which Owners are entitled to vote.

**2.2.2 Class B.** The Class B Member shall be Declarant, its successors, and its assigns. Except as provided by ORS 94.590(5) (amendments to the Declaration) and ORS 94.704 (11)(a) (special assessments for capital improvements), the Class B Member shall have four votes for each Lot owned; provided, however, that Class B membership shall cease on the Termination Date, as defined in Section 3.3. After termination of Class B membership, each Owner (including Declarant) shall be entitled to one vote for each Lot owned with respect to all matters on which Owners are entitled to vote, and the total number of votes shall equal the total number of Lots annexed to the Property and subjected to these Bylaws.

**2.3 Majority of Owners.** As used in these Bylaws, the term *majority* shall mean those Owners holding over 50% of the voting rights allocated to the Owners in accordance with the Declaration and Section 2.2 above. *Majority of Owners present* shall mean Owners holding over 50% of the votes present at any legal meeting.

**2.4 Quorum.** Except as otherwise provided in these Bylaws, the presence in person or by proxy of Owners holding 50% or more of the outstanding votes in the Association, as defined in Section 2.2 of this Article, shall constitute a quorum.

**2.5 Voting; Proxies.** Owners may cast votes in person, by written ballot, or by proxy. Proxies must be filed with the Secretary of the Association ("Secretary") before or during the appointed meeting. A proxy shall expire one year after the date it was signed unless a shorter period is specified in the proxy. The proxies may require the holder to cast a vote for or against any special proposal set out in the notice calling the meeting. Unless withdrawn, a proxy given to another person to vote at a specific meeting shall also be valid at an adjourned meeting called under the provisions of Section 3.8. The Association must retain proxies and ballots for one year from the date of the determination of the vote.

**2.6 Authority to Vote.** All Owners, including those who have leased their Lot to a third party, shall be entitled to vote. An Owner's right to vote may not be revoked. A purchaser under a land sale contract entitled to immediate possession of the Lot shall be deemed the Owner thereof, unless otherwise provided in such contract.

**2.7 Fiduciaries.** An executor, administrator, guardian, or trustee may vote, in person or by proxy, at any meeting of the Association with respect to any Lot owned or held by such person in such capacity, whether or not the same shall have been transferred to such person's name, provided that such person has satisfied the Secretary that such person is the executor, administrator, guardian, or trustee holding such Lot in such capacity.

**2.8 Joint Owners.** Whenever any Lot is owned by two or more persons jointly according to the records of the Association, the vote of such Lot may be exercised by any one of the Owners then present, in the absence of protest by a co-owner. In the event of such protest, no one co-owner shall be entitled to vote without the approval of all co-owners. In the event of disagreement among the co-owners, the vote of such Lot shall be disregarded for all purposes, except for determining whether a quorum is present, and except as required under the PCA. If a Lot is owned by multiple Owners, the Owners of the Lot may designate by proxy Owner who shall be entitled to vote. In no event, will fractional voting be allowed.

**2.9 Tie Vote.** A tie vote does not constitute a majority or approval of any motion or resolution.

### **ARTICLE 3 ADMINISTRATION**

**3.1 Association Responsibilities.** The Owners shall constitute the Members of the Association. Except as otherwise provided in the Declaration or these Bylaws, decisions and resolutions of the Association shall require approval by a majority of the Owners present at any legal meeting. A legal meeting is one duly called pursuant to these Bylaws at which a quorum is present, in person or by proxy, at a formal gathering or electronic meeting, or, if a vote is taken by written ballots, when ballots are returned representing more than 50% of the vote, unless a larger vote is required to approve a ballot item, in which case the quorum requirements shall be the number of votes required to approve the proposal.

**3.2 Place of Meetings.** Formal meetings of the Association shall be held at suitable places convenient to the Owners, including electronic meetings, as may be designated by the Board of the Association (the "Board"). If a vote is taken by written ballot, the Board shall count the returned written ballots within 48 hours of the ballot return deadline. Each Owner shall be notified by mail or other delivery of written notice of the results of the ballot meeting or that a quorum of ballots was not returned within 15 days after the ballot return deadline.

**3.3 Turnover Meeting.** Declarant shall call a meeting (which shall be the initial meeting) for the purpose of turning over administrative control of the Association from Declarant to the Members within 90 days after the earliest of the following dates (the "Termination Date"):

**3.3.1 Based on Lot Sales.** The date on which 75% of the Lots in Sahhali South have been sold and conveyed to Owners other than Declarant;

**3.3.2 Earliest Date.** The date on which Declarant delivers written notice to the Association of termination of Class B membership.

Declarant shall give notice of the Turnover Meeting to each Owner as provided in these Bylaws. If Declarant does not call such meeting as required under this Section 3, the transitional advisory committee or any Owner may do so.

At the Turnover Meeting, Declarant shall relinquish control of the administration of the Association and the Owners shall assume such control and shall elect the Board in accordance with the provisions of Article 4 of these Bylaws. Additionally, Declarant shall deliver to the Association all business and financial records, together with all Association bank accounts, funds and other assets as required by ORS 94.616. The turnover meeting may not be conducted by written ballot.

**3.4 Transitional Advisory Committee.** Declarant shall form a transitional advisory committee (the "Committee") to provide for the transition of administrative control of the Association from Declarant to the Class A Members. Within 60 days after Declarant has conveyed 50% or more of Lots then existing in the Project to Owners other than a successor declarant, Declarant shall call a meeting of Owners for the purpose of selecting the Committee, which shall consist of three Members. The Class A Members shall, by majority vote, elect two Members, and Declarant shall elect one Member.

The Committee's function shall be facilitating the transfer of control of the administration of the Association from Declarant to the Owners. The Committee shall have access to the information, documents, and records that Declarant must turn over to the Owners under the PCA and this Article 3.

Declarant shall give notice of the meeting required under this Section 3.4 to each Owner at least seven, but not more than 50, days before the meeting. The notice shall state the purpose of the meeting and the time and place where it is to be held. If Declarant does not call such meeting within the time specified, an Owner may call such meeting. If the Owners, other than Declarant, do not select Members for the Committee under this Section 3.4, Declarant shall have no further responsibility to form the Committee.

**3.5 Annual Meetings.** The Board, by a Board action, shall cause the first annual meeting of the Association to be held during the calendar year following the calendar year in which the Turnover Meeting is held. Prior to the Transition, the Board shall hold annual meetings to review and approve budgets, adopt assessments and to transact such other business of the Association as may properly come before them. The annual meeting shall be open to all Owners. The Board, at its discretion, from time to time, may change the meeting date, provided that the meeting is held annually. At such meetings, the Owners shall elect new members of the Board in accordance with the requirements of Section 4.7 of these Bylaws to replace those Directors whose terms have expired. The Owners also may transact such other business of the Association as may properly come before them. Annual meetings of the Association may not be conducted by written ballot.

**3.6 Special Meetings.** The President shall call a special meeting of the Owners if so directed by a resolution of the Board or a petition, presented to the Secretary and signed by 30% or more of the Owners. All meetings called because of petition of Owners shall be held at a formal gathering or electronic meeting, and not by written ballot, within 60 days after the



Secretary's receipt of the petition. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business other than that stated in such notice shall be transacted at a special meeting unless by consent of all the Owners of the Lots or as otherwise set out in these Bylaws.

**3.7 Notice of Meetings.** The President or Secretary shall give written notice of each annual or special meeting of the Association, at least 10 days but not more than 50 days before the date set for the meeting, stating the purpose, time, and place of the meeting and the items on the agenda (including the general nature of any proposed amendment to the Declaration or these Bylaws, any budget changes, or proposal to remove a director or officer of the Association), to each Owner of record (and to any first Mortgagee of record requesting such notice). Notice may be given by electronic mail, facsimile, or other form of electronic communication acceptable to the Board of Directors. Notice of annual or special meetings is considered delivered and effective when it is initiated to an address, location, or system designated by the recipient for that purpose or is posted on an electronic network and a separate record of the posting has been delivered to the recipient together with instructions regarding how to obtain access to the posting on the electronic network. The giving of a notice in the manner provided in these Bylaws shall be considered notice properly served. Notice of a meeting may be waived by any Owner before or after a meeting. When a meeting is adjourned for less than 30 days, no notice of the adjourned meeting need be given other than by announcement at the meeting at which such adjournment takes place.

**3.8 Adjourned Meetings.** Consistent with ORS 94.655, if any meeting cannot be organized because of a lack of quorum, the meeting may be adjourned for lack of a quorum and reconvened with a reduced quorum of 25% so long as the meeting is either (a) adjourned to a date that is at least 48 hours from the time the original meeting was called or (b) the meeting notice specifies that the quorum requirement will be reduced if the meeting cannot be organized because of a lack of quorum and states the reduced quorum percentage of 25%. The adjournment provisions of this Section 3.8 do not apply to actions proposed to be taken by written ballot.

**3.9 Ballot Meetings.** Unless prohibited or limited by the Articles of Incorporation of the Association, any action that may be taken at any annual or special meeting of the Owners may be taken without a meeting if the Association delivers a written ballot to every Owner entitled to vote on the matter as provided in ORS 94.647. Such ballot shall set forth each proposed action and provide an opportunity to vote for or against each proposed action. A proposed action shall be deemed to be approved by written ballot when the number of votes cast by ballot equals or exceeds any quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot. The Board must provide owners with at least 10 days' notice as required by ORS 94.647(2)(b) before written ballots are mailed or otherwise delivered. If, at least three days before written ballots are scheduled to be mailed or otherwise distributed, at least 10% of the owners petition the Board requesting secrecy procedures, a written ballot must be accompanied by a secrecy envelope, a return identification envelope to be signed by the owner and instructions for making and returning the ballot. Written ballots that are returned in secrecy envelopes may not be examined or

counted before the deadline for returning ballots has passed. If joint Owners of a Lot return more than one ballot, then, (a) if the ballot is not secret, the Board shall compare the ballots submitted by the joint owners, and (i) if the votes are the same then the votes shall be counted as one vote, or, (ii) if the votes are different the votes shall be disregarded; or (b) if the ballot is secret, then the votes shall be disregarded without opening the secrecy envelopes.

### **3.10 Electronic Meetings.**

**3.10.1 Definition.** “Electronic meetings” means a meeting conducted through telephone, teleconference, video conference, web conference, or any other live electronic means where at least one participant is not physically present.

**3.10.2 Electronic Meeting Requirements.** A meeting of Owners, including annual and special meetings, may be conducted as an electronic meeting if the electronic meeting:

**3.10.3** Allows all Owners participating to hear each other simultaneously and to be able to communicate during the meeting.

**3.10.4** Provides for the verification that a person participating is an Owner or is otherwise authorized to participate in the meeting.

**3.10.5** Provides for Owners to have access to material necessary to participate or vote during or before the meeting.

**3.10.6** Is communicated by regular mail, posting on the condominium property, email, facsimile, or other form of electronic communication (unless an Owner has opted out of receiving electronic notices) and states:

**3.10.6.1** Whether the meeting may or must be attended by electronic means.

**3.10.6.2** The electronic means to be used.

**3.10.6.3** How Owners may attend the electronic meeting by telephone, internet connection, and (if applicable) by meeting at a physical location.

**3.10.6.4** Any other information to enable an Owner to attend the meeting.

**3.10.6.5** Owners participating in an electronic meeting are considered present at the meeting for all purposes.

**3.11 Order of Business.** The order of business at all annual meetings shall be as follows:

(a) Roll call.

- (b) Proof of notice of meeting or waiver of notice.
- (c) Reading of minutes of the preceding meeting.
- (d) Reports of officers.
- (e) Reports of committees.
- (f) Election of inspectors of election.
- (g) Election of Directors
- (h) Unfinished business.
- (i) New business.
- (j) Adjournment.

## **ARTICLE 4 BOARD OF DIRECTORS**

**4.1 In General.** The affairs of the Association will be governed by a Board of three persons.

**4.2 Qualifications.**

**4.2.1 Lot Owner.** Each of the Directors must be an Owner or a co-owner of a Lot; provided, however, that if a Lot is owned by more than one owner, only one owner of that Lot may serve on the Board at any one time. An officer or employee of a corporation, the trustee of a trust, the personal representative of an estate, or an employee of a trust or estate may serve on the Board if the corporation, trust, or estate owns a Lot.

**4.2.2 Good Standing.** An Owner is not eligible to seek election if, on the date the Owner could last be nominated for the Board, that Owner or the Owner's Lot has past due assessments, fines, or other charges owing to the Association or that Owner (or a resident in that Owner's Lot) is a party in an adverse proceeding against the Association in arbitration, court, or any other forum. Subject to the exception below, no Owner who has been convicted of any felony in any jurisdiction is eligible to serve on the Board of Directors unless the Owner's civil rights have been restored for at least five years before the last date the member could last be nominated for the Board. In its reasonable discretion, the Board may grant an exception to the requirements of this section, if good cause exists.

**4.2.3 Opportunity to Cure.** If an Owner is serving on the Board and that Owner or Owner's Lot fails to satisfy the qualifications of this section, the Owner will have 30 days to cure or must resign. Failure to resign will automatically result in the Board's removal of the Owner as provided below.

**4.2.4 Qualification Evidence.** Upon request by the Board, an Owner described in this section must provide the Board with documentary evidence that the Owner is qualified to serve as a Director, or the Owner may not serve as a director.

**4.3 Powers and Duties.** The Board shall have the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are not by law or by these Bylaws directed to be done by the Owners.

**4.4 Other Duties.** In addition to duties imposed by these Bylaws or by resolutions of the Association, the Board shall have authority to carry out and be responsible for the following matters:

4.4.1 **Upkeep of Common Property and Commonly Maintained Property.** Care, upkeep, and supervision of the Common Property and the Common Property maintained by the Association (“Commonly Maintained Property”).

4.4.2 **Reserves.** Establishment and maintenance of replacement Reserve Accounts that the Board deems prudent for replacement of Common Property improvements or facilities and the Commonly Maintained Property.

4.4.3 **Assessment Collection.** Designation and collection of assessments from the Owners, in accordance with these Bylaws and the Declaration.

4.4.4 **Budget; Voucher System.** Establishment of a budget and payment of all common expenses of the Association and institution and maintenance of a voucher system for such payment, which shall require a sufficient number of signatories thereon as may be reasonably necessary to prevent any misuse of Association funds, in accordance with these Bylaws and the Declaration.

4.4.5 **Insurance.** Procurement and maintenance of insurance policies and payment of premiums therefor out of the common expense funds in respect to the Common Property, as more specifically provided in Article 8 of these Bylaws.

4.4.6 **Personnel.** Designation and dismissal of the personnel necessary for the maintenance and operation of the Project.

4.4.7 **Financial Statements.** Causing the preparation and distribution of annual financial statements of the Association to each of the Owners, as more specifically provided in the Declaration.

4.4.8 **Rules.** Adoption and amendment of administrative Rules and Regulations governing the details of operation and use of the Common Property and administration of the Association, including a fine schedule for violations of these Bylaws, the Declaration, or any rules or regulations promulgated thereunder. Provided, however, that any such Rules and Regulations shall always be subject to rescission or amendment by the Association on a majority vote of Owners present at any properly called meeting.

4.4.9 **Copies of Documents; Bank Accounts.** Causing the Association to comply with ORS 94.670 relating to maintenance within the state of Oregon of documents delivered to the Association by Declarant, depositing all assessments in a separate bank account in the name of the Association, payment of all expenses of the Association from the Association's bank account, and maintenance and distribution of financial statements and to maintain copies suitable for duplication of the following: the Declaration, the Articles of Incorporation, the Bylaws, the Association rules and regulations and any amendments thereto, the most recent annual financial statement, and the current operating budget of the Association. Further, the Board shall cause to be maintained and kept current the information required to enable the Association to comply with ORS 94.670.

4.4.10 **Tax Returns.** Causing the Association to file the necessary tax returns of the Association.

4.4.11 **Mailing Address.** Establishing and maintaining a current mailing address for the Association.

4.4.12 **Professional Services.** Employment of legal, accounting, and other personnel or consultants for reasonable compensation to perform such services as may be required for the proper administration of the Association and preparing and filing the required income tax returns or forms.

**4.5 Limited Authority.** The Board shall not take any of the following actions, except with the vote or written assent of a majority of the voting power of the Owners other than Declarant:

4.5.1 **Third-Party Contracts.** Enter into a contract with a third party wherein the third person will furnish goods or services for the Common Property, the Commonly Maintained Property, or the Association for a term longer than one year with the following exceptions:

(a) Management contracts, the provisions of which have been approved by the Federal Housing Administration, U.S. Housing and Urban Development, or Department of Veterans Affairs.

A contract with a public utility company in Tillamook County, or a service contract if the rates charged for the materials or services are regulated by the Oregon Public Utilities Commission; provided, however, that the term of the contract shall not exceed the shortest term for which the supplier will contract at the regulated rate.

(b) A prepaid casualty and/or liability insurance policy the term of which does not exceed three years, provided that the policy permits short-rate cancellation by the insured.

4.5.2 **Capital Expenditures.** Incur aggregate expenditures for capital improvements (as opposed to maintenance, repair and replacement costs) to the Common Property, the Commonly Maintained Property, during any fiscal year in excess of 5% of the budgeted gross expenses of the Association for that fiscal year.

4.5.3 **Compensating Board Members.** Pay compensation to members of the Board or officers of the Association for services performed in the conduct of the Association's business; provided, however, that the Board may cause a member or officer to be reimbursed for expenses incurred in carrying on the business of the Association.

**4.6 Management Agent.** The Board may employ a management agent, to be compensated in an amount established by the Board, to perform such duties and services as the Board shall authorize, including, but not limited to, the duties listed in Section 4.4 of these

Bylaws.

**4.7 Interim Board and Officers.** Declarant hereby reserves administrative control of the Association until the Turnover Meeting. Declarant, in its sole discretion, may appoint and remove members of the Board and officers of the Association whose terms of service shall end on or before the date of the Turnover Meeting. However, at the Turnover Meeting, at least one Director shall be elected by Owners other than Declarant, even if Declarant otherwise has voting power to elect all three Directors.

**4.8 Election and Term of Office Following the Turnover Meeting.** At the Turnover Meeting of the Association, the term of office of two Directors shall be fixed for two years. The term of office of one Director shall be fixed at one year. Upon expiration of the initial term of office of each respective Director, such Director's successor shall be elected to serve a term of two years. The Directors shall hold office until their successors have been elected and hold their first meeting. At the Turnover Meeting, on agreement by vote of the Owners, the Owners may elect Directors by using a ballot that permits each Owner to vote for three nominees. In such event, the two nominees receiving the highest number of votes shall be the two-year Directors and the nominee receiving the next highest number of votes shall be the one-year Director. Elections of Directors will be by plurality vote.

**4.9 Vacancies. Following the Turnover Meeting,** vacancies on the Board caused by any reason other than the removal of a Director by a vote of the Association shall be filled for the balance of the term of each directorship by vote of a majority of the remaining Directors, even though they may constitute less than a quorum. Each person so elected shall be a Director until a successor is elected upon expiration of the term for which such person was elected to serve by the other Directors.

**4.10 Removal of Directors.** Following the Turnover Meeting, at any legal annual or special meeting (not including actions proposed to be taken by written ballot without a meeting), any one or more of the Directors may be removed with or without cause, by a majority vote of the total voting power of the Owners and a successor or successors may be then and there elected to fill the vacancy thus created; provided, however, that the notice of meeting shall specifically indicate that the removal of one or more named Directors is an agenda item for such meeting. Any Director whose removal has been proposed by the Owners shall be given an opportunity to be heard at such meeting.

**4.11 Organizational Meeting.** Following the Turnover Meeting, the first meeting of a newly elected Board shall be held within 10 days of election at such place as shall be fixed by the Directors at the Association meeting at which such Directors were elected, and no notice shall be necessary to the newly elected Directors in order to hold such meeting legally, providing a majority of the newly elected Directors are present.

**4.12 Regular Meetings.** Regular meetings of the Board may be held at such time and place as shall be determined, from time to time, by a majority of the Directors. Notice of regular meetings of the Board may be called by the President on at least three days' notice to each Director, given personally or by mail, telephone, e-mail, or facsimile, which notice shall state the time, place (as hereinabove provided), and purpose of the meeting.

**4.13 Special Meetings.** Special meetings of the Board may be called by the President or Secretary or on the written request of at least two Directors. Special meetings of the Board may be called on at least three days' notice to each Director, given personally or by mail, telephone, e-mail, or facsimile, which notice shall state the time, place (as hereinabove provided), and purpose of the meeting.

**4.14 Electronic Board Meetings.** "Electronic meetings" has the same meaning as Section 3.10.1 above. The Board may conduct business in electronic meetings if:

4.14.1 The meeting allows all participating Directors at the meeting to:

- 4.14.1.1 Hear and communicate with each other simultaneously.
- 4.14.1.2 Have access to the materials before or during the meeting necessary to participate or vote in the meeting.
- 4.14.1.3 The meeting allows all persons attending the meeting to simultaneously hear all participating Directors.

4.14.2 Any notice of an electronic meeting to Directors or Owners is communicated by regular mail, posting on the condominium property, email, facsimile, or other form of electronic communication (unless an owner has opted out of receiving electronic notices) and the notice states:

- 4.14.2.1 Whether the meeting may or must be attended by electronic means.
- 4.14.2.2 The electronic means to be used.
- 4.14.2.3 Except for executive sessions of the Board, how Owners may attend the electronic meeting by telephone, internet connection, and (if applicable) by meeting at a physical location.
- 4.14.2.4 Any other information to enable an Owner to attend the meeting.

4.14.3 Directors participating in an electronic meeting are considered present at the meeting for all purposes.

**4.15 Waiver of Notice to Directors.** Before, at, or after any meeting of the Board, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by such Director of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice to Directors shall be required and any business may be transacted at such meeting.

**4.16 Board of Directors' Quorum.** At all meetings of the Board, a majority of the existing Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors shall be the acts of the Board. If quorum requirements are not met at any meeting of the Board, the majority of those Directors present may recess and re-open the meeting from time to time. At any such re-opened meeting at which a quorum is present, any

business that might have been transacted at the meeting as originally called may be transacted without further notice.

**4.17 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 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 in 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.

**4.18 Notice to Association Members of Board Meetings.** For other than emergency meetings, notice of special Board meetings shall be communicated to each Owner at least fourteen days before the meeting by electronic transmission or first-class mail. The Board shall give Owners notice of regular Board meetings at the beginning of each year by first class mail or other reasonable means setting out the time and place of the regular meetings. For any changed time or place, the notice requirements for special meetings shall apply.

**4.19 Emergency Meetings.** In the event of an emergency, Board of Directors meetings may be conducted by telephonic communication or by the use of a means of communication that allows all Board members participating to hear each other simultaneously or otherwise to be able to communicate during the meeting. No notice to either Directors or Association members shall be required for such meetings of the Board to be held for any emergency action. Provided, however, that no such meeting shall occur unless at least two thirds of the Board participate in the same and after an attempt has been made to reach each Director.

**4.20 Compensation of Directors.** No Director shall be compensated in any manner, except for out-of-pocket expenses, unless such compensation is approved by majority vote of the Owners.



## ARTICLE 5 OFFICERS

**5.1 Designation.** The principal officers of the Association shall be a President, a Secretary, and a Treasurer, all of whom shall be elected by the Directors. The Directors may appoint an assistant treasurer and an assistant secretary, and any such other officers as in their judgment may be necessary.

**5.2 Election of Officers.** The officers of the Association may be elected by the Board at the organizational meeting of each new Board or any Board meeting thereafter and shall hold office at the pleasure of the Board.

**5.3 Removal of Officers.** Upon an affirmative vote of a majority of the Board, any officer may be removed, either with or without cause, and such officer's successor may be elected at any regular or special meeting of the Board.

**5.4 President.** The President shall be the chief executive officer of the Association and shall preside at all meetings of the Association and of the Board. The President shall have all of the general powers and duties which are usually vested in the office of president of an association, including, but not limited to, the power to appoint committees from among the Owners from time to time as the President may, in the President's discretion, decide is appropriate to assist in the conduct of the affairs of the Association.

**5.5 Secretary.** The Secretary shall keep the minutes of all meetings of the Board and the minutes of all meetings of the Association and shall have charge of such books and papers as the Board may direct; and shall, in general, perform all the duties incident of the office of secretary.

**5.6 Treasurer.** The Treasurer shall have responsibility for Association funds and securities not otherwise held by the managing agent and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. The Treasurer shall be responsible for the deposit of all monies and other valuable effects in the name, and to the credit, of the Association in such depositories as may from time to time be designated by the Board.

**5.7 Directors as Officers.** Any Director may be an officer of the Association.

## ARTICLE 6 OBLIGATIONS OF THE OWNERS

**6.1 Assessments.** All Owners are obligated to pay Regular and Special assessments imposed by the Association to meet all the Association's expenses, as more particularly set forth in Section 5 of the Declaration. Assessments shall be payable on a periodic basis, not more frequently than monthly, as determined by the Board. Declarant (before turnover) and the Board (after turnover) may, but shall not be required to, impose interest or a service charge for late installment payments or allow a discount for payment of the Regular or Special assessments or

any installment in advance. The Owner of annexed property shall be subject to prorated assessments for the balance of the Association's fiscal year in which the Owner's property is annexed and shall not be liable for assessments prior to that date provided, however, that the Declarant shall be exempt from assessments.

**6.2 Investment of Reserve Account Funds.** Assessments paid into Reserve Accounts shall be kept with a safe and responsible depository and shall be accounted for separately, and, if invested, the obligation or security shall be fully guaranteed as to principal by the United States of America or one of its agencies. Assessments paid into the Reserve Accounts are the property of the Association and are not refundable to sellers of Lots. However, nothing contained herein shall prevent sellers of Lots from treating their outstanding allocable share of Reserve Accounts as a separate or reimbursable item in a sales agreement. No Owner shall have any individual rights in any of these reserves, although it is understood that the value of an Owner's Lot may increase in proportion to such Lot's right to receive repair, maintenance, and replacement therefrom.

**6.3 Regular Assessments.**

**6.3.1 Purpose of Assessments.** The assessments levied under this Section shall be used exclusively for the purpose of promoting the recreation, health, safety and welfare of the residents of the Planned Community, and for the improvement and maintenance of the Common Property, including payment of premiums for insurance required under this Declaration and to fund a replacement reserve for those items for which the Association has maintenance responsibility, and for payment of any common operating expenses such as landscaping, maintenance, water, sewer and garbage collection, management services, legal and accounting services and the like. Neither the Association, nor any assessments of the Owners shall be used to engage in lobbying or to exert political influence.

**6.3.2 Basis for Assessment.** Assessment shall be made for the operating needs and the capital replacement needs of the Planned Community. Funds collected for the assessments may be mingled in one account but shall be separately accounted for.

**(a) Operating Costs.** All lots subject to assessments shall be assessed equally for operating costs including the following items:

- (1) Expenses of administration.
- (2) Expenses of operation, maintenance, repair and replacement of all improvements on the Common Property.
- (3) Expenses directly related to the STEP System (as defined in the Declaration), including the installation, operation, maintenance, repair, replacement and operation thereof.
- (4) Any deficit in common expenses for any prior period.
- (5) Utilities for and property taxes attributable to the Common Property.
- (6) The cost of any professional management desired by the Board.

(7) Any other items properly chargeable as an expense of the Association.

(b) **Capital Replacement Reserve.** All lots subject to assessments shall be assessed equally for capital replacement reserves as follows: The regular assessment against each Lot shall include an amount allocated to a reserve account established in the name of the Association for the purpose of funding replacements of those elements of the Common Property that will normally require replacement, in whole or in part, in more than three (3) and less than thirty (30) years. The capital replacement reserve portion of the assessments shall initially be determined by the Declarant based on a reserve study or other sources of reliable information. The Board shall thereafter annually conduct a reserve study or review and update an existing reserve study to determine the capital replacement reserve account requirements. A reserve study shall include (1) identification of all items for which reserves are required to be established, (2) the estimated remaining useful life of each item as of the date of the reserve study, the estimated cost or maintenance, repair or replacement of each item at the end of its useful life, and (4) a 30-year plan with regular and adequate contributions adjusted by estimated inflation and interest earned on reserves, to meet the maintenance, repair and replacement schedule.

(c) **Limited Benefit.** Any common expense or part thereof benefiting fewer than all the Lots shall be assessed exclusively and equally against all of the Lots benefited, except that the water system, all streets, footpaths, footbridges, common utilities and Common Property are deemed to benefit all the Lots equally. All regular and special assessments shall be equally allocated among the Lots, except to the extent those Lots may be assessed in different manners as described above.

(d) **Lots not Served by STEP System.** In the event Declarant annexes lots into the Association and said lots are served or approved for service by a sanitary sewer disposal system other than the STEP system serving Lots 1-56 of Sahhali South, such lots shall be exempt from assessment for costs under 6.3.2 (a)(3) and the portion of assessment attributed to the STEP system under section (b) herein, provided that should an exempt lot be connected to the STEP system the exemption shall cease as of the date of connection to the STEP system.

**6.3.3 Method of Assessment.** The Board shall determine the annual assessment in accordance with the provisions hereof. However, the annual assessment shall be sufficient to meet the obligations imposed by the Declaration. A budget shall be presented to the Association at the annual meeting prior to the Year in which the budget and assessments go into effect and may be amended by the Class B Member or a majority of the votes of the entire membership if there is no Class B Member. The Board shall set the date(s) such assessments shall become due. The Board may provide for collection of assessments annually or in monthly, quarterly or semi-annual installments. However, upon the default in the payment of any one or more installments, the entire balance of such assessment may be accelerated at the option of the Board and be declared due and payable in full, together with interest and attorney's fees and costs (whether suit or action is instituted) and as hereinafter provided.

Notwithstanding any other provisions of this Section, the regular assessments of the Association may not be increased by more than twenty percent (20%) in any one year without approval of a majority of the Owners at a meeting at which a quorum exists, or a majority of the votes of all Owners, if the vote is taken by written ballot.

**6.4 Special Assessments.** The Board shall have the power to levy special assessments against an Owner or all Owners in the following manner for the following purposes:

- (a) To correct a deficit in the operating budget by vote of a majority of the Board;
- (b) To collect amounts due to the Association from an Owner regardless of whether it is for breach of the Owner's obligations under the Declaration, these Bylaws, or the Association's rules and regulations, by vote of a majority of the Board;
- (c) Upon vote of a majority of the Board, to make repairs or renovations to the Common Property if sufficient funds are not available from the Common Property Operating Account or the Common Property Replacement Reserve Account; or
- (d) To make capital acquisitions, additions, or improvements, by vote of at least seventy-five percent (75%) of all valid votes cast at a duly called meeting of the Owners or election held by mail-in ballot.

**6.5 Obligations and Rights of Owners with Multiple Lots.** Owners who own more than one lot are responsible to pay both regular and special assessments for each lot owned. Following Turnover, the Declarant is responsible for paying both regular and special assessments for each lot the Declarant owns. Owners who own more than one lot are entitled to the rights afforded with owning any lot, including one vote for each lot owned, the access to water and power for each lot owned, and access to and the use of the STEP system for each lot owned, provided the lot is eligible for STEP system access.

**6.6 Effect of Nonpayment of Assessments: Remedies of the Association.** In addition to any other remedies provided by law, the Association may lien Lots, bring an action at law against the Owner personally obligated to pay the same or foreclose a lien upon the Owner's Lot. No such action or a judgment entered therein shall be a waiver of the lien of the Association. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Property or abandonment of the Owner's Lot.

**6.7 Subordination of the Lien to Mortgages.** The lien with respect to any assessment provided for herein shall be prior to any homestead exemption and all other liens and encumbrances on a Lot, except:

- (a) A first mortgage of record; and
- (b) A lien for real estate taxes and other governmental assessments or charges; and
- (c) Liens and encumbrances recorded before the recordation of this Declaration. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to mortgage foreclosure or any proceeding in lieu thereof shall extinguish the lien of

such assessments that became due prior to such sale or transfer.

**6.8 Assessment Payments Belong to Association.** Assessments paid are the property of the Association and are not refundable to Owners of Lots. The Owners of Lots may treat their outstanding share of the unexpended assessments as a separate item in any sale agreement for such Lot.

**6.9 Common Profits.** Profits arising from any operation or from the sale of any Association asset shall be shared among the Owners in proportion to their liability for payment of assessments.

**6.10 Income Tax Returns; Determination of Fiscal Year.**

6.10.1 **Fiscal Year.** The fiscal year of the Association shall be the calendar year unless otherwise determined by the Board.

6.10.2 **Tax Returns.** The Board, in its sole discretion, shall determine the manner in which all necessary income tax returns are filed and of selecting any and all persons to prepare such tax returns.

**6.11 Statement of Assessments.**

6.11.1 The Association shall provide, within 10 business days of receipt of a written request from an owner, a written statement that provides:

6.11.1.1 The amount of assessments due from the owner and unpaid at the time the request was received, including:

- (a) regular and special assessments;
- (b) fines and other charges;
- (c) accrued interest; and
- (d) late payment charges.

6.11.1.2 The percentage rate at which interest accrues on assessments that are not paid when due.

6.11.1.3 The percentage rate used to calculate the charges for late payment or the amount of a fixed charge for late payment.

6.11.2 The Association is not required to comply with Section 6.10.1 if the Association has commenced litigation by filing a complaint against the owner and the litigation is pending when the statement would otherwise be due.

**6.12 Default.** 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.

### **6.13 Maintenance and Repair.**

6.13.1 **Lots.** Except as otherwise specifically provided in the Declaration and these Bylaws, every Owner must promptly perform all maintenance and repair work to such Owner's Lot and the exterior of the improvements thereon (which do not constitute Commonly Maintained Property) and keep the same in good repair and sanitary and neat condition.

6.13.2 **Common Property and Commonly Maintained Property.** The Association shall repair and maintain the Common Property and the Commonly Maintained Property, subject to the provisions of subsection 6.13.3.

6.13.3 **Reimbursement of Association.** An Owner shall reimburse the Association for any expenditures incurred in repairing or replacing any portion of the Common Property or of any Commonly Maintained Property that was damaged through such Owner's fault and that is not otherwise covered by insurance policies carried by the Owner or the Association for the Owner's and the Association's benefit. In such circumstances, the insurance obtained by the Owner shall be deemed to be the primary coverage. The Board shall have the unfettered discretion to refuse to make a claim on the Association's policy even though coverage may pertain. Such discretion is for the purpose of maintaining the Association's insurability and controlling the amount of the premiums for the Association's insurance. Such charge shall be collectible as a Reimbursement Assessment as provided in the Declaration.

### **6.14 Right of Entry; Easements for Maintenance.**

6.14.1 **Emergencies.** Present and future Owners, tenants, Occupants, and any other persons that occupy any portion of the Property, by virtue of acquisition, rental, or occupancy of any of the Lots, grant to the management agent or to any other person authorized by the Board or the Association the right to enter on such Lot in the event of an emergency originating in or threatening any Owner's Lot.

6.14.2 **Maintenance Easements.** Declarant grants an easement to the Association in and through any Lot and the Common Property providing access at reasonable times and with reasonable notice for purposes of maintenance, repair, and replacement of the Common Property and Commonly Maintained Property. If, in performing such repair and maintenance, the Association needs to alter or damage any Lot, Commonly Maintained Property, or Common Property, it may do so without providing compensation, provided that it promptly restores the Lot and/or Common Property to substantially its prior condition.

## **ARTICLE 7 USE AND OCCUPANCY RESTRICTIONS; RULES OF CONDUCT**

In addition to the restrictions and rules of conduct set forth in the Declaration, the following shall apply:

**7.1 Use of the Common Property.** No Owner shall place or cause to be placed on

any portion of the Common Property any trash, structure, equipment, improvement, furniture, package, or object of any kind without prior written approval of the Architectural Review Board. The Common Property shall be used for no purpose other than what is customary in common areas.

**7.2 Appearance of Lots.** Owners shall keep their Lots and the improvements thereon in good repair, clean, and with painted, stained, or other finished exteriors compatible with the Architectural Standards, the Declaration, and Rules and Regulations. Provided, however, the Association shall have such obligations with respect to the Commonly Maintained Property.

**7.3 Nuisances.** No Owner or Occupant shall cause or permit such Owner's representatives, agents, employees, or family members to cause any nuisance or to make any use or engage in any practice on the Property that is a source of annoyance to other Owners and Occupants or that interferes with other Owners' and Occupants' peaceful possession and proper use of the Property. Owners and Occupants shall exercise extreme care about creating disturbances, making noises or using musical instruments, radios, televisions, and amplifiers that may disturb other Owners and Occupants. Owners and Occupants shall keep all parts of their respective Lots in a clean and sanitary condition, free of any accumulation of rubbish, refuse, or garbage and shall not cause any accumulation of rubbish, refuse, or garbage on any other part of the Property. Owners and Occupants shall place all of their rubbish, refuse, and garbage inside disposal containers. No Owner shall make or permit any use of such Owner's Lot or of the Common Property that will increase the cost of insurance on the Common Property.

**7.4 Improper, Offensive, or Unlawful Use.** No Owner or Occupant shall make any improper, offensive, or unlawful use of any part of the Property. Owners and Occupants shall observe all valid laws, zoning ordinances, and regulations of governmental bodies having jurisdiction over the Property. The responsibility for meeting the requirements of governmental bodies for maintenance, modification, or repair of the Property shall be carried out and paid for in the same manner as the responsibility for the maintenance and repair of the Property concerned.

**7.5 Additional Rules.** In addition to the rules set forth in this Article 7, the Board may promulgate and amend, from time to time, Rules and Regulations concerning other use of the Property and shall furnish copies of such Rules and Regulations to any Owner or Occupant requesting such copies.

**7.6 Enforcement.** The Association, through its Board of Directors, shall have the power to enforce the covenants and restrictions in these Bylaws and in the Declaration. Owners shall also have the right to bring actions or suits regarding covenants and restrictions but shall have no right or power to require the Association or Board of Directors to take any enforcement action.

**7.7 Restriction on Exterior Installations.** Except as permitted by law, and except for portable cooling devices, no owner, resident, or tenant shall install wiring for electrical or telephone installation, machines, or, air conditioning units or similar devices on the exterior of the building(s) or cause them to protrude through the walls or the roof of the building(s) except as authorized in writing by the Architectural Review Board, and, if the modification or installation would require an

easement pursuant to the Declaration, then prior approval by the required percentage of owners. Portable cooling devices are allowed unless their use would violate building codes or state or federal law, or if their installation violates the device manufacturer's written safety guidelines. Portable cooling devices must be removed from October 1 to April 30 each year.

**7.8 Fines.** The Board may, after giving written notice and an opportunity to be heard, levy reasonable fines for violations of the Declaration, Bylaws, and Rules and Regulations of the Association, provided that fines levied are based on a schedule previously adopted by Board resolution that is mailed to the mailing address of each Unit or mailed to the mailing address designated in writing by the owner(s).

## **ARTICLE 8 INSURANCE**

**8.1 General.** The Board shall obtain and maintain at all times insurance of the type and kind and in the amounts hereinafter provided and additional insurance for such other risks of a similar or dissimilar nature as are now or as shall be hereafter customarily covered by insurance obtained by other planned communities similar in construction and design. Such additional insurance shall be governed by this Article 8.

**8.2 Types of Insurance Policies Maintained by the Association.** For the benefit of the Association and the Owners, the Board shall obtain and maintain at all times, and shall pay for out of the common expense funds, the following insurance to the extent that it is available at reasonable cost:

**8.2.1 Property Insurance.** A policy or policies of property insurance, including, but not limited to, fire, extended coverage, vandalism, and malicious mischief, for the full replacement value of the insurable improvements in the Common Property to the extent such insurance is available and, if available at a reasonable cost, shall obtain building code and actual replacement cost endorsements and earthquake insurance.

**8.2.2 Liability.** A policy or policies insuring the Association, its Board, the Owners individually, and the manager against any liability to the public or the Owners and their invitees or tenants, incident to the ownership, supervision, control, or use of the Property. Limits of liability under such insurance shall be not less than \$1 million per occurrence for bodily injuries and property damage liability. Such limit and coverage shall be reviewed at least annually by the Board, which may increase the limit of and/or coverage, in its discretion. Said policy or policies shall be issued on a commercial General Liability form and shall provide cross-liability endorsements wherein the rights of the named insured under the policy or policies shall not be prejudiced as respects his, her, or their action against another named insured.

**8.2.3 Workers' Compensation.** Workers' compensation insurance to the extent that it is necessary to comply with any applicable laws.

**8.3 Fidelity Bond.** For the benefit of the Association and Owners, the Board may



obtain a fidelity bond naming such persons as may be designated by the Board as principals and the Association, and the Owners as obligees, for the amount determined by the Board. The Board may pay for such bond out of the common expenses of the Association. In addition, the Board shall require that all officers and employees of the Association handling or responsible for Association funds obtain adequate fidelity bonds and may pay for the premiums thereon.

**8.4 Insurance Companies Authorized.** All policies obtained under this Article 8 shall be written by a company licensed to do business in Oregon and holding a rating of A7 or better, by Best's Insurance Reports, or as may be otherwise acceptable to all mortgagees and Directors.

**8.5 Provisions in Insurance Policies.** The Board shall make every reasonable effort to secure insurance policies that will provide for the following:

8.5.1 **Waiver of Subrogation.** A waiver of subrogation by the insurer as to any claims against the Board, the officers, the manager, the Owners, and their respective servants, agents, guests, and tenants.

8.5.2 **Noncancellation for Owner Conduct.** A provision that the master policy on the Property cannot be canceled, invalidated, or suspended on account of the conduct of any one or more individual Owners.

8.5.3 **Noncancellation Without Opportunity to Cure.** A provision that the master policy on the Property cannot be canceled, invalidated, or suspended on account of the conduct of any officer or employee of the Board or the manager without prior demand in writing that the Board or manager cure the defect.

8.5.4 **No Other Insurance Clauses.** A provision that any "no other insurance" clause in the master policy exclude individual Owners' policies and not otherwise prevent such individual policies from providing coverage for damage to Homes, Lots, or Common Property.

**8.6 Home and Lot Insurance Maintained by Each Owner.** The Association shall have no responsibility to procure or to assist Owners or Occupants in procuring property loss insurance or liability insurance other than as expressly stated in this Article 8. Owners and Occupants shall procure all other insurance coverage that they deem necessary or prudent for their protection and shall be obligated to carry property insurance with extended coverage endorsements in the amount of the replacement value of such Owners' homes and with minimum combined limits of \$1 million per occurrence. Insurance coverage obtained and maintained by the Board may be brought into contribution with that obtained and maintained by Owners or mortgagees only in The Board's sole and unfettered discretion.

**8.7 Review of Insurance Policies.** At least annually, the Board shall review all insurance carried by the Association, which review shall include a consultation with the Association's insurance agent regarding the cost and coverage of the current insurance master policy.

## ARTICLE 9 AMENDMENT

Except as otherwise provided in this Article, and the restrictions set forth elsewhere herein, these Bylaws may be amended at any time by an instrument approved by at least a majority of the total votes of each class of Members that are eligible to vote. Any amendment must be executed, recorded and certified as provided by law. Provided, however, no amendment of these Bylaws may effect an amendment of the Declaration or the Articles without compliance with the provisions of such documents and the Oregon Nonprofit Corporation Act, and no amendment deleting or affecting any right of Declarant or its successor or assignee, including, without limitation, an amendment to this Article 9, may be adopted without the prior written consent of Declarant or its successor or assignee.

## ARTICLE 10 RECORDS AND AUDITS

**10.1 General Records.** The Board and the managing agent or manager, if any, shall preserve and maintain minutes of the meetings of the Association, the Board, and any Board committees as required by ORS 94.670. The Board shall maintain a list of Owners entitled to vote at meetings of the Association. The minutes of the Association, the Board, and Board committees, and the Association's financial records shall be reasonably available for review and copying by the Owners. A reasonable charge may be imposed by the Association for providing copies. Proxies and ballots must be retained by the Association for one year from the date of determination of the vote.

**10.2 Assessment Roll.** The Board and the managing agent or manager, if any, shall maintain the assessment roll in a set of accounting books in which there shall be an account for each Lot. Such account shall designate the name and address of the Owner or Owners, the amount of each assessment against the Owner, the dates on which and the amounts in which the assessment comes due, the amounts paid upon the account and the balance due on the assessments.

**10.3 Payment of Vouchers.** The Treasurer or management agent shall pay all expenses authorized by the Board. The Treasurer or management agent shall maintain and follow reasonable procedures to assure the accounts and records are proper, and to assure that all expenditures are proper. Except in cases when an emergency exists (e.g., a repair must be made immediately to prevent further damage), any voucher for nonbudgeted items shall require the signature of the President; provided, however, that any withdrawal from Reserve Accounts shall require the signature of two Board members or one Board member and an officer of the Association who is not a Board member.

**ARTICLE 11  
COMPLIANCE WITH THE PLANNED  
COMMUNITY ACT; CONFLICTS**

These Bylaws are intended to comply with the provisions of the PCA, the provisions of which apply to Sahhali South. In case of any conflict among the provisions of the PCA, the Articles, the Declaration, or these Bylaws, the provisions of the PCA shall control over those of the Articles and Declaration, and the provisions of the Declaration shall control over those of the Articles and these Bylaws.

**ARTICLE 12 INDEMNIFICATION OF DIRECTORS, OFFICERS,  
EMPLOYEES, AND AGENTS**

The Association shall defend, indemnify, and hold harmless 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 interest 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 the 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 benefited from the acts that created said liability.

**ARTICLE 13**  
**ASSESSMENT COLLECTION COSTS;**  
**SUITS AND ACTIONS**

An Owner shall be obliged to pay all fees and costs (including, but not limited to, attorney's fees) and actual administrative costs incurred in connection with 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. 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 and 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 attorney's 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.

**ARTICLE 14**  
**MISCELLANEOUS**

**14.1 Notices.** All notices to the Association or to the Board shall be sent in care of the managing agent or, if there is no managing agent, to the principal office of the Association or to such other address as the Board hereafter may designate from time to time. All notices to any Owner shall be sent to such address as may have been designated by such Owner from time to time, in writing, to the Board, or if no address has been designated, then to such Owner's Lot.

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

**14.3 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; provided, however, that if any of the provisions of these Bylaws would violate the rule against perpetuities or any other limitation on the duration of the provisions herein contained imposed by law, then such provision shall be deemed to remain in effect only for the maximum period permitted by law, or in the event the rule against perpetuities applies, until 21 years after the death of the last survivor of the now living descendants of Richard Boyles. 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 convenience of reference and shall in no way limit any of the provisions of these Bylaws.

**ARTICLE 15  
CERTIFICATION AND ADOPTION**

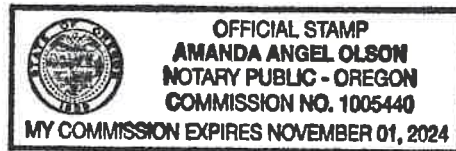
**15.1** Pursuant to the requirement of ORS 94.625 Sec. 4, the Board of Directors of Sahlali South Home Owners Association, LLC declares that it has reviewed the governing documents binding on the planned community governed by said board and that the documents do not contain any restriction, rule or regulation against the use of the community or the lots by a person or group of persons because of race, color, religion, sex, sexual orientation, gender identity, national origin, marital status, familial status, source of income, disability or the number of individuals, including family members, persons of close affinity or unrelated persons, who are simultaneously occupying a dwelling unit within occupancy limits.

**15.2** It is hereby certified that these Bylaws have been adopted by Sahlali South, an Oregon Planned Community, by a majority of the total votes of each class of membership that are eligible to vote and certified by the President and Secretary as having been adopted in accordance with the bylaws and ORS 94.625, and shall be recorded in the Deed Records of Tillamook County, together with the Declaration for said planned community.



Richard D. Boyles, President  
Sahlali South Homeowners Association

STATE OF OREGON )  
 ) SS.  
COUNTY OF LANE )



On this date personally appeared before me Richard D. Boyles, known to be the individual(s) described in and who executed the within and foregoing instrument, and acknowledged that they signed the same as their free and voluntary act and deed, for the uses and purpose therein mentioned.

Given under my hand and official seal this 20th day of December, 2022.

Notary Signature 

Notary Public in and for the State of Oregon residing at 3067 Shirley St Eugene OR 97404

My commission expires 11-1-2024

Patti Lundeen

Patti Lundeen, Secretary  
Sahhali South Homeowners Association

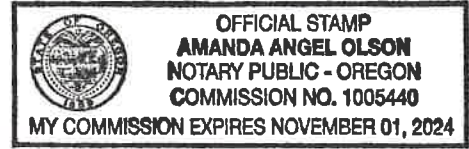
STATE OF OREGON

)

) SS.

COUNTY OF LANE

)



On this date personally appeared before me Patti Lundeen, known to be the individual(s) described in and who executed the within and foregoing instrument, and acknowledged that they signed the same as their free and voluntary act and deed, for the uses and purpose therein mentioned.

Given under my hand and official seal this 20<sup>th</sup> day of December, 2022.

Notary Signature [Handwritten Signature]

Notary Public in and for the State of Oregon residing at 3067 Shirley St. Eugene, OR. 97404

My commission expires 11-1-2024

TILLAMOOK COUNTY RECORDING

Receipt #: 161844

Receipt Date: 12/22/2022 11:27 AM

Station: 1

Cashier: CAITLIN

Receipt Name: PATTI LUNDEEN - 840 BELTLINE ROAD STE 202,  
SPRINGFIELD, OR 97477

Comments:

RECORDING

Document #	Recording Date	Doc Type	Recording	Survey	A&T Fund	NonStd	Other	Total
2022-007414	12/22/2022 11:26:22 AM	DEED-BYLAW					171.00	\$232.00
Totals:			\$0.00	\$0.00	\$0.00	\$0.00	\$171.00	\$232.00

Thank You

Receipt Total

\$232.00

CHECK

1375

\$232.00