

BY-LAWS OF FALL RIVER ASSOCIATION, INC.

INCORPORATING MAY 25, 1996,
NOVEMBER 29, 2014,
JULY 22, 2017, and JUNE 1, 2019 REVISIONS¹

ARTICLE I

IDENTIFICATION

SECTION 1. NAME: The name of this corporation is FALL RIVER ESTATES ASSOCIATION, INC., hereinafter referred to as "Association".

SECTION 2. PRINCIPAL OFFICE: The principal office of the association shall be Deschutes County, Oregon.

ARTICLE II

SECTION 1. PURPOSE: The primary purpose of the Association shall be to administer the upkeep and maintenance of common facilities, including road, etc., for the use of the owners in Fall River Estates, Deschutes County, Oregon, and do whatever is necessary, incidental, or advisable to accomplish and promote its purposes, except carrying on a business for trade or for profit, and shall do all that is authorized under the laws of Oregon and necessary in the discretion of the Board of Directors (hereinafter the Board" then sitting to control the corporation.

SECTION 2. POWERS: In the accomplishment of the purposes and objectives of this Association, the expenditure of funds there shall be strictly limited to assets on hand, and there shall be no pledge of credit by the corporation.

ARTICLE III

MEMBERSHIP

SECTION 1. Membership in the Association shall be mandatory and limited to the owners of the properties constituting Fall River Estates, ~~and Fall River Estates Special~~

¹ Updated and re-typed to correct formatting and grammatical errors, June 4, 2019.

Road District,² Deschutes County, Oregon, or to those persons purchasing such properties under contract of sale. The ownership or purchase of more than one lot entitles the said owner or purchaser to one (1) vote for each lot she or he (they) may have.

ARTICLE IV

MEETINGS

SECTION 1. ANNUAL MEETING: There shall be one (1) annual meeting of the membership within one (1) week before or after Memorial Day of each year. Written notice will be given by the Secretary to each member not later than two (2) weeks prior to said meeting. At this meeting, Directors to serve for the ensuing year, commencing July 1st, shall be elected.

SECTION 2. SPECIAL MEETINGS: Special meetings may be called at any time by the Chairperson - General Manager, the majority of the Board of Directors or by forty percent (40%) of the members. Notices of any special meetings shall be issued not less than thirty (30) days prior to the date set.

SECTION 3. QUORUM: Thirty percent (30%)³ of the membership (in attendance or by ballot) shall constitute a quorum. A simple majority thereof shall be sufficient to pass any regular resolution.

ARTICLE V

DIRECTORS

SECTION 1. GENERAL: There shall be five (5) Directors each of whom shall serve a term of two (2) years. The Directors shall be selected by position one (one) through five (5). Three positions will be terminated every other year with the remaining two positions serving in alternate two (2) year terms to maintain continuity.

The Board of Directors shall have full authority over the Association, and shall select and remove officers, agents, and employees, describing their powers and duties and shall conduct, manage and control the affairs and business of the Association, make any other rules and regulations not inconsistent with the law, with Articles of Incorporation, these By-Laws, or the Restrictive Covenants, and shall have the power that is normally invested in a Board of Directors of a non-profit corporation.

² This section of the By-Laws was invalidated by a decision of the Deschutes County Board of Commissioners on May 8, 2019, and will be removed at the next revision of the By-Laws when approved by a 2/3 majority of the HOA membership.

³ Note: This bylaws amendment was passed at annual meeting effective July 22, 2017, presided by Chairman Larry V. Foster.

~~Each year, the five (5) Directors shall appoint a resident of Fall River Estates to serve on the Fall River Estates Road District for a term of (3) years. The Board of Directors shall then advise the Deschutes County Board of County Commissioners (BOCC) of their nominee to fill the vacancy that will occur each year on the Special Road District's Board of Directors.⁴~~

SECTION 2. VACANCIES: Vacancies on the Board of Directors may be filled by the remaining members of the board, and the replacement shall serve until the next regular election.

SECTION 3. MEETINGS: The Board of Directors shall hold a regular meeting immediately after each annual meeting for organizational election of officers and transaction of business. Any other meetings shall be upon two weeks written notice from the Chairperson-General Manager or any three (3) Directors.

SECTION 4. HONORARY CHAIRPERSON-GENERAL MANAGER: The outgoing Chairperson-General Manager shall remain as a honorary/non-voting member of the Board of Directors in an advisory capacity only for a period of one (1) year.

ARTICLE VI

OFFICERS

SECTION 1. The five (5) Directors of the Association shall be a (1) Chairperson-General Manager, (2) Secretary, (3) Treasurer, and (4&5) Directors-at-Large. These five (5) Directors are all voting members on the Board. A representative of the Fall River Special Road District of Deschutes County will also be a member of the Board, but will remain in an advisory position and will be a non-voting member. The members of the Board will be elected at the Fall River Annual Owner's Meeting (as described in Section IV above). They will hold office until they resign or their successors shall be elected and qualified, or they shall be removed from office.

SECTION 2. All officers of the HOA, following the end of their term or any other reason for the end of their service, are required to relinquish all HOA owned property, records, website and computer passwords, and HOA owned computers, programs, and materials as soon as practical following relinquishing their position on the HOA Board. This shall occur at or before the Board member transition meeting, and within no more than 45 days following election or appointment of any new officer or officers⁵.

⁴ This section of the By-Laws was invalidated by a decision of the Deschutes County Board of Commissioners on May 8, 2019, and will be removed at the next revision of the By-Laws when approved by a 2/3 majority of the HOA membership.

⁵ Note: This bylaws amendment was passed at annual meeting effective June 1, 2019, presided by Chairman Thomas T. McManus.

ARTICLE VII

ASSESSMENTS

Payment of assessments to fulfill the functions of this Association shall be mandatory. Assessments shall be set by the Board of Directors and payable at the rate of one (1) assessment per lot owned. Lot assessments are due and payable as of July 1st each year, and shall be considered delinquent as of September 1st each year.

If an assessment is not paid by September 1st of each year⁶, a 15% (\$15) late charge will be billed to the property owner. If an assessment is still not paid, a lien on said property shall be filed with Deschutes County within 60 days of the delinquency date of November 1st.

ARTICLE VIII

BYLAWS AMENDMENTS

By-Laws may be amended or repealed by a two third majority vote of the members present at any regularly called meeting of the Association, provided a quorum is present as set out in ARTICLE IV, SECTION 3.

ARTICLE IX

INDEMNIFICATION

SECTION 1. The Corporation shall indemnify each of its Directors and Officers to the fullest extent possible under Oregon Non-Profit Corporation Laws, as the same exists or may be hereinafter be amended, against all expense, liability and loss incurred or suffered by such person by reason of or arising from the fact that such a person was a Director or Officer of the Corporation or is or was serving at the request of the Corporation as a Director, Officer, partner, trustee, employee or agent of another foreign or domestic business or nonprofit corporation, partnership, joint venture, trust, employee benefit plan, or other enterprise, and such indemnification shall continue as to a person who has ceased to be a Director or Officer and shall inure to the benefit of his or her heirs, executors and administrators.

⁶ Note: The HOA Board of Directors in 2018 determined that in order to facilitate payment of dues and reduce delinquencies, that the 15% late fee shall accrue at the rate of \$15.00 per month for each and every month after September 1st. Additional fees will also be imposed for placing and releasing a lien, as shown in the By-Laws, above. The Board may consider issues of undue hardship in assessing these fees.

The Corporation may, by action of the Board of Directors, provide indemnification to employees and agents of the Corporation who are not Directors or Officers to employees and agents of the Corporation who are not Directors or Officers with the same scope and effect as the indemnification provided in this Section 1 to Directors and Officers. The indemnification in Section 1 shall not be exclusive to any rights to which any person may be entitled under any statute, bylaws, agreement, resolution of members or Directors, contract or otherwise.⁷

SECTION 2. Each Director or uncompensated officer of the Corporation shall have no personal liability to the Corporation or its Members for monetary damages for conduct as a Director or Officer, [provide this Section 2]⁸ shall not eliminate or limit the liability of a Director or Officer for (i) any breach of the Director's or the Officer's duty to the Corporation or its members, (ii) acts and omission not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) any unlawful distribution, (iv) any transaction from which the Director or Officer derived an intentional benefit; or (v) any other act or omission specified by the provisions of the Oregon Nonprofit law, as the same exists or may hereafter be amended. No subsequent repeal or amendment to Section 2 shall adversely affect any right or protection of a Director or Officer of the Corporation existing at the time of such repeal or amendment.

⁷ Due to the broad indemnification contained in the By-Laws above, at a regular Board meeting on December 5, 2018, the Fall River Estates Board of Directors unanimously approved the purchase of a contract for coverage of liability insurance both for the HOA and for Directors and Officers. This will avoid the need for a special assessment should a lawsuit be brought against the HOA, Directors, and Officers by providing both legal representation and funding above that available in the HOA's own funds. Such liability insurance also complies with Oregon statute ORS 94.675. Such insurance must be maintained annually.

⁸ There appears to be a typographical error or errors in the original 2014 By-Laws version of the this section of the existing By-Laws, and it is suggested that the paragraph section in brackets should read ["provided in Section 2, but shall not eliminate..."]

By the Fall River Estates Board

Thomas T. McManus, Chairman

Keli Brinkman, Secretary

Maralee Douglas, Treasurer

Craig Snitker, Director-at-Large

Kathy Mills, Director-at-Large

Notarized:

Date:

By:

Term Expires: