

OAK CREEK MEADOWS COMMUNITY ORGANIZATION

BYLAWS

Pursuant to Article E of the Declaration for OAK CREEK MEADOWS, as recorded under Linn County, Oregon at Volume 0808, Page 543 Recording No. 96-0047, the following constitute the Bylaws of the OAK CREEK MEADOWS Community Organization (the "Association") which the Directors of The Association hereby adopt:

ARTICLE I. MEMBERSHIP AND VOTING RIGHTS

I.1 Members. Each Owner, by virtue of ownership of Lot, shall be a Member of the Association. Membership in the Association shall be appurtenant to, and may not be separated from, ownership of any Lot. Transfer of ownership of a Lot automatically transfers membership in the Association. Without any other act of acknowledgement, Occupants and Owners shall be governed and controlled by the Declaration, Articles, Bylaws and Rules and Regulations and any amendments thereof.

I.2 Proxy. Each owner may cast his vote in person, pursuant to a proxy executed by the Owner, or by written ballot, as provided by ORS 65.222. An Owner may not revoke a proxy given pursuant to this Section I.2 except by actual notice of revocation to the person presiding over a meeting of the Association. A proxy shall not be valid if it is undated or purports to be revocable without notice. A proxy shall terminate one (1) year after its date, unless the proxy specifies a shorter term.

I.3. Voting Rights. The Association shall have two (2) classes of voting members:

I.3.1 Class A. Class A members shall be all Owners of Lots other than Declarant, and each Class A member shall be entitled to one(1) vote for each Lot owned with respect to all matters upon which Owners are entitled to vote.

I.3.2 Class B. Class B members shall be Declarant and its successors and assigns. Class B members shall have three (3) votes for each Lot owned. Class B membership shall cease and be converted to Class A membership upon the earlier of the following dates:

I.3.2.1 The date on which seventy-five percent (75%) of the Lots shown on the Plat have been sold and conveyed to Owners other than Declarant; or

I.3.2.2 The date on which Declarant elects in writing to terminate Class B memberships.

Thereafter, each Owner, including Declarant, shall be entitled to one (1) vote for each Lot owned with respect to all matters upon which Owners are entitled to vote, and the total number of votes shall be equal to the total number of Lots.

When more than one (1) person or entity owns a Lot, the vote for such Lot may be cast as they shall determine, but in no event shall fractional voting be allowed. Fractional or split votes shall be disregarded, except for purposes of determining a quorum.

I.4 Procedure. All meetings of the Association, the Board, the Architectural Review Committee, and Association committees shall be conducted pursuant to such rules of order as from time to time may be adopted by the Board. Notwithstanding which rule of order is adopted, the chairman shall be entitled to vote on all matters and not merely to break a tie vote. A tie vote shall not constitute a majority vote or approval of any motion or resolution.

ARTICLE II – DECLARANT CONTROL

II.1 Interim Board and Officers. Declarant hereby reserves administrative control of the Association, including, without limitation, the right and power, in its sole discretion, to appoint and remove members of an interim Board of Directors (the “Interim Board”), which shall manage the affairs of the Association and which shall be invested with all powers and rights of the Board. The Interim Board shall consist of one (1) to three (3) members. Notwithstanding the provision of this Section II.1, at the First Annual Meeting at least one (1) Director shall be elected by Owners other than Declarant, even if Declarant otherwise has voting power to elect all of the members of the Board.

ARTICLE III. OWNERS' COMMITTEE

III.1 Appointment. Until such time as the Declarant relinquishes its’ administrative control of the Association to Class A members by way of an election at the First Annual Meeting of the Association, the Declarant may, in its sole discretion, appoint a committee from the various owners of lots to constitute an Owners' Committee. Insofar as possible, the Developer shall endeavor to select members for the Committee from residents of each of the several lots as such residents become available.

III.2 Duties and Status. During its existence, if requested by the Declarant, the Owners' Committee shall act as advisor to the Declarant in management of the property, shall provide liaison between the owners and the Declarant, shall assist in assembling a slate of nominees to present at the First Annual Meeting of the Association and shall do such other appropriate things as the Declarant may request to assist in the management of the property and the organization and operation of the Association during the initial period preceding election of Class A Directors. When Class A Directors are elected, the Owner’s Committee will terminate and no longer exist.

ARTICLE IV – FIRST ANNUAL MEETING

IV.1 First Annual Meeting. Declarant shall call a meeting for the an election of directors for the purpose of turning over administrative control of the Association from the Declarant to the Class A members within one hundred twenty (120) days of the earliest of the following dates:

IV.2.1. Upon Sale of Lots. The date on which Lots representing seventy-five percent (75%) of the total number of votes have been conveyed to persons other than Declarant; or

IV. 2.2 Date Certain. Seven (7) years from the date on which Declaration is recorded, or June 15, 2003; or

IV.2.3. Declarant's Election. The date on which Declarant elects in writing to terminate Class B membership.

IV.3 Notice. Notice of the first annual meeting of the Association shall be given in writing and shall state the date, time, place and purposes of the meeting. Notices shall be deposited in the United States mail, postage paid, addressed to each owner at the address of the owner shown on the records of the Association. Notices of meetings of the Association members shall be mailed not less than 10 days or more than 30 days prior to the date for the meeting. Any member may waive notice of any meeting at any time in writing.

ARTICLE V. MEETINGS OF THE ASSOCIATION

V.1. Annual Meeting. Unless a majority of the homeowners present at a meeting of the Association determine otherwise, the annual meeting of the members of the Association shall be held each year at 7:30 p.m. on a day and at a place designated by the Directors in the same month in which the initial meeting of the Association is held commencing with the year following such initial meeting. The purpose of the annual meeting shall be to elect Directors and to consider such other business as may come before the meeting.

V.2 Special Meetings of the Association. Special meetings of the members of the Association shall be held on call of the Chairman, any Director or the owners of lots having combined more than twenty votes. Special meetings shall be held for such purposes as may be set forth in the notice thereof, which notice shall be given by the Secretary of the Association when requested by the persons entitled to call the meeting.

V 3. Notice. Notice of each meeting of the Association shall be given in writing and shall state the date, time, place and purposes of the meeting. Notices shall be deposited in the United States mail, postage paid, addressed to each owner at the address of the owner shown on the records of the Association. Notices of meetings of the Association members shall be mailed not less than 10 days or more than 30 days prior to the date for the meeting. Any member may waive notice of any meeting at any time in writing.

V.4 Balloting. In order to facilitate counting and verification of votes cast on each written ballot, if requested by the Chairman, the person exercising the vote shall identify on the ballot the lot number to which the ballot is entitled, provided that after the ballot is tabulated, received and accepted, the ballots shall be destroyed and the persons who conducted the ballot count shall treat as confidential the manner in which the vote of each lot was cast. Other methods of facilitating verification of votes cast may be required to be complied with by the Chairman. The Chairman shall have the right to designate the person or persons who shall count ballots and report the results to the Chairman.

ARTICLE VI. DIRECTORS

VI.1. Election of Directors. If more than one Director is to be elected at a meeting, then each Director shall be elected separately so that, for example, the first vacancy shall be filled by election before the nominations are closed and election is held for the second vacancy. The nominees for each vacancy who receive the most votes at the election shall be elected regardless of whether such nominee receives a majority of votes cast. The Directors shall have the authority set forth in the Declaration and as granted by the Association from time to time. The remaining Directors shall elect a person to fill any vacancy in office for the balance of the term.

VI.2 Nominations. Nominees for director may be proposed by committee, and nominations may be received from the floor.

VI.3 Removal. Any one or more Directors may be removed by the affirmative vote of more than 60% of votes cast for removal at a special meeting called for that purpose.

VI.4 Meetings. The Directors shall hold regular meetings from time to time as they deem advisable. A special meeting may be called by any Director or by the Chairman. Notice of a meeting may be written or oral and shall be delivered to each Director at least 24 hours prior to the time of the meeting stating the time and place of the meeting, and if it is notice of a special meeting, its purpose. Any business may be conducted at any regular meeting. Any Director may waive notice of a meeting in writing at any time.

VI.5 Maintenance and Additions. Subject to such limitations and authorization as may be contained in the Declaration, at their meetings the Directors shall determine how the necessary work of maintenance, repair and replacement of the common areas and facilities shall be carried out. In this respect, the Directors may delegate authority to third persons, contract for such work, cause the same to be performed by employees of the Association or use such methods as the Directors deem best and most convenient. Subject to approval by vote of the owners as required by the Declaration, the Directors shall have the same discretion in making any addition or improvement to the common areas and facilities as they have in determining how the necessary work of maintenance, repair and replacement of such areas and facilities is to be carried out.

ARTICLE VII. OFFICERS AND AGENTS

VII.1 Officers and Committees. The Directors shall elect a President, a Vice President, a Secretary and a Treasurer of the Association. The offices of Secretary and Treasurer may be combined if so desired by the Directors. In addition, the Directors may create such other offices and committees as they deem advisable for the trustworthy management of the property. All of the officers and committee members shall be responsible to the Directors who may define their authority, duties and responsibilities from time to time.

VII.2 Agent. The Directors may appoint a manager authorized to conduct all or any part of the day-to-day management of the property and delegate to such manager such duties and authority as the Directors deem advisable. The Directors may compensate the manager and any officer for services performed on behalf of the Association. The fact that a person is elected to office shall not give rise to any contract for compensation without an express written agreement for payment of compensation which agreement has been approved in advance by the Directors. Each manager, officer and Director shall be entitled to reimbursement for reasonable and necessary expenses incurred in the business of the Association.

ARTICLE VIII. REGULATION OF PROPERTY AND RULES

VIII.1 Authority. Within the limitations contained in the Declaration, the Directors shall have authority to manage the property.

VIII.2 Rules. Subject to the limitations contained in the Declaration, rules governing the use of the property may be adopted, changed, amended and repealed by the Directors on behalf of the Association. When so adopted and communicated to the owners, such rules shall be complied with and may be enforced by legal action as provided for by law. Communication of a rule shall be deemed complete upon all of the individuals who are owners of any lot when a copy thereof is either mailed to the owner of a lot at the owner's address shown on the records of the Association or is delivered to one or more of the individuals who are owners of a lot. Any part of all of the rules may be amended, altered, changed or repealed at any meeting of owners called for that purpose.

ARTICLE IX. ASSESSMENTS

IX.1 Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the Owners and Occupants and for the improvement, operation and maintenance of the Common Areas.

IX.2 Covenants to Pay. Declarant and each Owner covenants and agrees to pay the Association the assessments and any additional charges levied pursuant to this Article IX.

IX.3 Funds Held in Trust. The assessments collected by the Association shall be held by the Association for and on behalf of each Owner and shall be used solely for the operation, care and maintenance of OAK CREEK MEADOWS as provided in the Declaration. Upon the sale or transfer of any Lot, the Owner's interest in any funds shall be deemed automatically transferred to the successor in interest of such Owner.

IX.4 Offsets. No offsets against any assessment shall be permitted for any reason, including, without limitation, an offset based on any claim that the Association is not properly discharging its duties.

IX.5 Basis of Assessment. Assessments are to be levied against all Lots whether or not such Lots have been improved with a substantially completed Home; provided, however, that Declarant shall be exempt from paying assessments on all unimproved Lots owned by it until after the First Annual Meeting. Completion shall be conclusively determined to have occurred when an occupancy permit is issued by the City of Albany, notwithstanding that any portion of Lot finish work or Lot landscaping remains to be completed. Assessments for all Lots conveyed by Declarant to others shall begin on the first day of the month following the recording of the deed or land sale contract conveying or contracting to convey the Lot to the new Owner.

IX.6 Annual Assessments. Annual assessments for each fiscal year shall be established when the Board approves the budget for that fiscal year. Annual assessments shall be levied on a fiscal year basis. The fiscal year shall be the calendar year unless another year is adopted by vote of the Board members. Unless otherwise specified by the Board, annual assessments shall be due and payable in monthly installments on the first day of each month during the term of this Declaration.

IX.7 Budget. Each year, the Board shall prepare, approve and make available to each Member a pro forma operating statement (budget) containing: (1) estimated revenue and expense on an accrual basis; (2) the amount of the total cash reserves of the Association currently available for replacement or major repair of the Common Area and for contingencies; (3) an itemized estimate for the remaining life of, and the methods of funding to defray repair or replacement of, or additions to, major components of the Common Area; and (4) a general statement setting forth the procedures used by the Board in the calculation and establishment of reserves to defray the costs of repair or replacement of or additions to major components of the Common Area. For the first fiscal year, the Board shall approve the budget no later than the date on which annual assessments are scheduled to commence. Thereafter, the Board annually shall prepare and approve the budget and distribute a copy thereof to each Member, together with written notice of the amount of the annual assessments to be levied against the Owner's Lot, not less than thirty (30) days and not more than ninety (90) days before the beginning of the fiscal year.

IX.8 Non-Waiver of Assessments. If, before the expiration of any fiscal year, the Association fails to fix the amount of annual assessments for the next fiscal year, the amount of annual assessments established for the preceding year shall remain in effect until the Association fixes a new amount of annual assessments.

IX.9 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:

IX.9.1 Deficits in Operating Budget. To correct a deficit in the operating budget, by a vote of a majority of the Boards.

IX.9.2 Breach of Documents. To collect amounts due to the Association from an Owner for breach of the owner's obligations under the Declaration, the Bylaws or the Rules and Regulations, by a vote of a majority of the Board;

IX.9.3 Repairs. To make repairs or renovations to the Common Area if sufficient funds are not available from the operating budget or replacement reserve accounts, by vote of a majority of the Board; and

IX.9.4 Capital Additions. To make capital acquisitions, additions or improvements, by vote of at least seventy-five percent (75%) of all votes allocated to the Lots.

IX.10 Accounts.

IX.10.1 Types of Accounts. Assessments collected by the Association shall be deposited into at least two (2) separate accounts with a bank, which accounts shall be clearly designated as (1) the Current Operating Account and (2) the Reserve Account. The Board shall deposit those portions of the assessments collected for current maintenance and operation levied under Section IX.7. The total Common Property Reserve Account Assessment shall be equal to the sum of the estimated replacement cost of each item of Common Property which has an estimated life of greater than three (3) but less than thirty (30) years, divided by the estimated number of years of life for such item of Common Property (not the estimated years of life remaining).

IX.10.2 Reserve Account for Replacing Common Property. Declarant shall establish a reserve account, in the name of the Association, which account shall be called the "Common Property Reserve Account,) and which shall be kept separate and apart from all other funds of the Association. Except as provided in Section IX.10.2(a) below, the Common Property Reserve Account shall be used exclusively for replacement of items of property held by the Association that normally replacement, in whole, or in part, within three (3) to thirty (30) years after acquisition thereof ("Common Property") and not for regular or periodic maintenance and expenses. The assessment for this account shall begin to accrue on the date at which the first annual assessment is due.

- (a) Assessments. Not less often than annually, the Association shall inventory all items of Common Property and shall estimate the remaining life of each item of Common Property and the current replacement cost of each of such items. The Association may identify items for which a reserve account assessment is required because those items are insurable and are insured by a common carrier of all-purpose risk insurance. For the purpose of funding the Common Property Reserve Account, the Association shall impose an assessment to be called the "Common Property Reserve Account Assessment" against each Lot with OAK CREEK MEADOWS, using the budgeting method as set forth in Section IX.7. The total Common Property Reserve Account Assessment shall be equal to the sum of the estimated replacement cost of each item of Common Property which has an estimated life of greater than three (3) but less than thirty (30) years, divided by the estimated number of years of life for such item of Common Property (not the estimated years of life remaining).

- (b) Loan from Common Property Reserve Account. After the First Annual Meeting described in Section IV, the Board of Directors may borrow funds from the Common Property Reserve Account to meet high seasonal demands on the Association's regular operating fund or to meet other temporary expenses. Funds borrowed to meet high seasonal demands or temporary expenses under this subsection IX.10.2(b) must be repaid from special assessments or maintenance fees within six (6) months of the date on which such funds are borrowed.
- (c) Increase, Reduction or Elimination of Common Property Reserve Account Assessment. At any time after the second year after the First Annual Meeting, future assessment for the Common Property Reserve Account may be increased, reduced or eliminated by the vote of Owners of Lots representing seventy-five percent (75%) of the votes computed in accordance with Section I.3.
- (d) Investment of Reserve Account. Nothing in this Section 10.2 prohibits the prudent investment of reserve account funds, subject to any constraints imposed by the Board of Directors of the Association, the Bylaws or the rules and Regulations.
- (e) Refunds of Assessments. Assessments paid into the Reserve Account are the property of the Association and are not refundable to sellers or Owners of Lots. Sellers or Owners of Lots may treat their outstanding share of the Reserve Account balance as a separate item in the sales contract providing for conveyance of their respective Lot(s).

IX.10.3 Current Operating Account. All other costs may be paid from the Current Operating Account.

IX.10.4 Default in Payment of Assessments, Enforcement of Liens.

IX.10.4.1 Personal Obligation. All assessments properly imposed under the Declaration of these Bylaws shall be the joint and several personal obligations of all Owners of the Lot to which such assessment pertains. In a voluntary conveyance (that is, one other than through foreclosure or a deed in lieu of foreclosure), the grantees shall be jointly and severally liable with the grantor(s) for all Association assessments imposed through the recording date of the instrument effecting the conveyance. A suit for a money judgement may be initiated by the Association to recover such assessments without either waiving or foreclosing the Association's lien.

IX.10.4.2 Association Lien. At any time when any assessment or installment thereof is delinquent, the Association, by and through its Board or any management agent, may file a notice of lien in the deed records of Linn County, Oregon, against the Lot in respect to which the delinquency pertains. Once filed, such lien shall accumulate all future assessments or installments, interest, late fees, penalties, fines, attorneys' fees (whether or not suit or action is instituted) and other appropriate costs properly chargeable to an Owner by the Association, until such amounts are fully paid. Said lien may be foreclosed at any time, but not later than six (6) years after the latest lienable charge has been imposed. The lien of the Association shall be superior to all other liens and encumbrances except for property taxes and assessments; any first mortgage, deed of trust or land sale contract that was recorded previously to the recording of the Association's notice of lien; and any mortgage or deed of trust that was granted to an institutional lender and that was recorded previously to the recording of the Association's notice of lien.

IX.10.4.3 Interest; Fines; Late Fees; Penalties; The Board, in its reasonable discretion, may from time to time adopt resolutions to set the rate of interest and to impose late fees, fines and penalties on delinquent assessments or for violations of the provisions of the Declaration, Bylaws or Rules and Regulations, and any rules and regulations adopted by the Architectural Review committee. The adoption of such impositions shall be communicated to all Owners in writing not less than thirty (30) days before the effective date by a notice mailed to the assessment billing addresses of such Owners. Such impositions shall be considered assessments that are lienable and collectible in the same manner as any other assessments; provided, however, that fines or penalties for violation of the Declaration, these Bylaws or any Rules or Regulations, other than late fees, fines or interest arising from an Owner's failure to pay regular or special assessments may not be imposed against an Owner or his Lot until such Owner is given an opportunity for a hearing, as elsewhere provided herein.

IX.10.4.4 Acceleration of Assessments. If an Owner is delinquent in payments of any monthly assessment or any installment on a special assessment, the Association, upon not less than ten (10) days' written notice to the Owner, may accelerate the due date of the full annual assessment for that fiscal year and all future installments of any special assessments.

IX.10.4.5 Association's Rights to Rents/Receiver. In any foreclosure suit by the Association with respect to an Association lien, the Association shall be entitled to collect reasonable rent from the defaulting Owner for the use of his Lot or shall be entitled to the appointment of a receiver.

IX.10.4.6 Reallocation upon Annexation or Withdrawal of Property. When additional property is annexed to the Association, the Board of Directors shall, within sixty (60) days of the annexation, recalculate the budget in accordance with Section IX.7, based upon the additional lots and common areas and recalculate assessments for each Lot based upon the methods set forth in Section IX.7. Newly annexed Lots shall be subject to assessment from the time of annexation of such Lot to the Association in accordance with the provisions of Section I. The Association shall send notice of the assessment to the Owners of newly annexed Lots not later than sixty (60) days after the annexation or with the next occurring (annual, biannual, or monthly) assessment, whichever is sooner. Assessments shall be due and payable on or before a date set forth in the notice which shall be not less than thirty (30) days from the date on which the notice is mailed or at such time or times set in accordance with the Declaration or the Bylaws as the Association may specify in the notice. If additional Lots are annexed to the Association during the Association's fiscal year, the Association shall send notice of and shall collect adjustments to assessments for Lots which were within OAK CREEK MEADOWS prior to the annexation in the manner specified in IX.7 above, except that notice of the adjustment in the assessment shall be sent to Owner not later than sixty (60) days after the annexation or with the next occurring annual assessment, whichever is sooner. To the extent that any adjustment results in a credit for the Owner, such credit shall be applied towards the next occurring payment or payments on the annual assessment.

ARTICLE X. GENERAL PROVISIONS

X.1 Records. The Board shall preserve and maintain minutes of the meetings of the Association, the Board and any Board committees. The Board also shall keep detailed and accurate financial records, including individual assessment accounts of Owners, the balance sheet, and income and expense statements. Individual assessment accounts shall designate the name and address of the Owner or Owners of the Lot, the amount of each assessment as it becomes due, the amounts paid upon the account, and the balance due on the assessments. 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. The Association may charge a reasonable sum for providing copies.

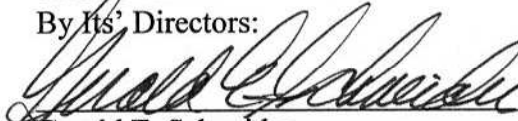
X.2 Indemnification of Directors, Officers, Employees and Agents. The Association shall indemnify any director, officer, employee or agent of the Association.

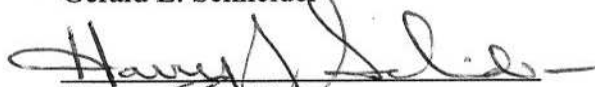
ARTICLE XI. AMENDMENT

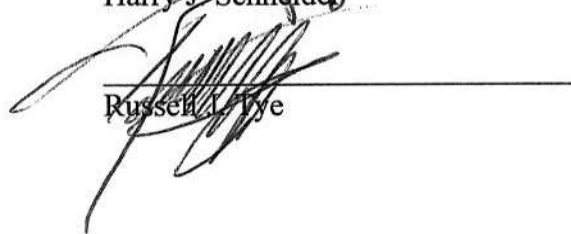
XI.1 Amendment. These Bylaws may be amended at any meeting of the members of the Association called for that purpose or at any annual meeting. Proposed amendments shall be read at two consecutive meetings before they may be adopted and no proposed amendment may be voted upon or considered unless it has been reduced to writing before the first reading.

The foregoing comprise the Bylaws of OAK CREEK MEADOWS Community Organization adopted by the Directors of the Association on October 20, 1995.

OAK CREEK MEADOWS Homeowner's Association
By Its' Directors:


Gerald E. Schneider


Harry J. Schneider


Russell L. Dye