

BY-LAWS of
KOOSKOOSKEE HOMEOWNER'S ASSOCIATION INC.
A Non-Profit Corporation

ARTICLE I. General.

Section 1. Applicability. These By-Laws of the Kooskooskee Homeowner's Association Inc. (herein "**By-Laws**") provide for the self-government of the Kooskooskee Homeowner's Association Inc. (herein the "**Association**"), located in Marion County, Oregon, and by this reference are made a part of the Association's Declaration of Covenants, Conditions and Restrictions (herein the "**Declaration**").

Section 2. Compliance. Pursuant to the Declaration, the Owner and all those entitled to occupy a parcel of real property created under the subdivision (herein a "**Lot**" or plural, the "**Lots**") shall comply with these By-Laws.

Section 3. Office. The office of the Association and the Board of Directors (herein the "**Board**") shall be located at such place as may be designated from time to time by the Board.

ARTICLE II. The Association.

Section 1. Composition. All of the owners of Lots (the "**Owners**" or each individually an "**Owner**") contained within the boundaries of the Association, acting as a group in accordance with the Declaration and these By-Laws, shall constitute the Association, which shall have the responsibility for administering the property subject to the Association (the "**Association Property**"), establishing the means and methods of collecting the assessments for common expenses, arranging for the management of the Association and the common property and performing all of the other acts that may be required to be performed by the Association under the Declaration. Except as to those matters which the Declaration specifically requires to be performed by the vote of the Owners, the administration of the foregoing responsibilities shall be performed by the Board as more particularly set forth in Article III.

Section 2. Meetings. Meetings of all the Owners shall be held annually at a date, time, and place convenient to the Owners, as determined by the Board (the "**Annual Meeting**"). The Board will provide written, notice of each meeting to each Owner entitled to vote, addressed to the Owner's last-known address, or the email address supplied by the Owner for the purpose of notice. Such notice shall specify the date, time and place of the Annual Meeting. In the instance of a Special Meeting, as set forth in Section 3, below, the notice shall also state the purpose of the meeting. If an Owner would like to receive notice by first class mail, that Owner must provide notice to the Association in writing at the address listed on the Association's website.

Section 3. Special Meetings. The President shall call a special meeting of the Association if so directed by resolution of the Board, or upon a petition signed and presented to the Secretary by Owners having not less than twenty five percent (25%) of all the votes of the Owners (a "**Special Meeting**"). No business shall be transacted at a Special Meeting outside of what was expressly stated in the notice.

Section 4. Quorum. The presence at either an Annual Meeting or a Special Meeting of Owners or via absentee ballot, entitled to cast twenty percent (20%) of the votes the Owners shall constitute a "**Quorum**" for any action except as otherwise provided in the Articles of Incorporation (the "**Articles**"),

the Declaration or these By-Laws. However, if such Quorum shall not be present or represented at any meeting, the Owners entitled to vote at the meeting shall have the power to adjourn and reschedule that meeting for another time, without further notice other than announcement at that meeting of the time and place for the rescheduled meeting. The Owners may continue to adjourn and reschedule the meeting until a Quorum is present.

Section 5. Conduct of Meeting. The President shall preside over all meetings of the Association and the Secretary shall keep the minutes of the meeting and record in a minute book all transactions occurring at the meeting and all resolutions adopted by the Owners. Robert's Rules of Order, latest edition, shall govern the conduct of all meetings of the Association when not in conflict with the Declaration and these By-Laws.

Section 6. Voting. At every meeting of the Owners, each Owner shall have the right to cast one vote per Lot owned. No Owner shall be eligible to vote, either in person or by absentee ballot, or be elected to the Board, who is shown on the books or management accounts of the Association to be more than thirty (30) days delinquent in any payment due the Association at the time of that meeting.

Section 7. Proxies. Owners may not vote via Proxy.

Section 8. Absentee Voting. Directors shall be elected at the Annual Meeting. Owners may vote for a director, or directors, by absentee ballot. Absentee ballots will be made available to Owners upon written request to the Secretary. All absentee ballots shall be in writing and delivered to the Secretary at the address provided on the Association's website at least seven (7) days before the annual meeting. An absentee ballot must be enclosed in a return envelope signed by the Owner.

ARTICLE III. Board of Directors.

Section 1. Number and Qualification. The affairs of the Association shall be governed by a Board consisting of no fewer than three (3) and no more than five (5) Owners, each of whom shall be an Owner in good standing and shall reside within the Association Property (each herein a "*Director*" or collectively "*Directors*").

Section 2. Powers. The Board shall have the power to:

- a. Adopt and publish rules governing the use of the real property owned by the Association for the benefit, use and enjoyment of the Owners (the "*Common Area*") and Lots, and the personal conduct of the Owners and their guests thereon, and establish penalties for non-compliance;
- b. Suspend the voting rights of an Owner during any period in which the Owner shall be in default in payment of any assessment levied by the Association; suspend such rights, after notice and hearing, for infraction of published rules and regulations, for a period not to exceed sixty (60) days;
- c. Exercise for the Association all powers, duties and authority vested in or delegated to the Association and not reserved to the membership by other provisions of these By-Laws, the Articles or the Declaration;

d. Declare the office of a Director of the Board to be vacant if such Director shall be absent from three consecutive regular meetings of the Board;

e. Employ or contract with such employees, contractors, and service providers as it deems necessary, and prescribe their duties, scope of services, and compensation. The Board shall serve as an agent on behalf of the Owners regarding such hiring and procurement. Upon request by an Owner, the Board shall provide a copy of any policy or contract entered into by the Board on behalf of the Owner. The requesting Owner shall be responsible for any cost associated with copying or printing the policy or document; and

f. Appoint committees from among the Owners from time to time to assist in the conduct of the affairs of the Association.

Section 3. Duties. It shall be the duty of the Board to:

a. Cause to be kept a complete record of all its acts and corporate affairs and present a statement thereof to the Owners at the Annual Meeting of the Owners, or at any Special Meeting when such statement is requested in writing by one-fourth (1/4) of the Owners who are entitled to vote;

b. Supervise all agents, employees and contractors of the Association and see that their duties are properly performed as more fully provided in the Declaration:

i The Board shall fix the amount of the annual assessment against each Lot and send written notice via email of the assessment to every Owner at least thirty (30) days in advance of each annual assessment period. Such payment shall be mailed to the bookkeeper, or other Financial Agent, with a reference to the invoice the payment is to be applied towards; and

ii Foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date or bring an action at law against the Owner personally obligated to pay the assessment.

c. Issue, or cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether any assessment has been paid. The Board may make a reasonable charge for issuing these certificates. If a certificate states that an assessment has been paid, the certificate shall be conclusive evidence of such payment;

d. Procure and maintain appropriate liability and property insurance on property owned by the Association;

e. Cause all officers or employees of the Association having fiscal responsibilities bonded or insured, as it may deem appropriate, with adequate fidelity bonding or insurance. The premium for such bonding or insurance shall constitute a Common Expense;

f. Cause the Common Area to be maintained;

g. Cause the Lots to be maintained as provided in Article VI of the Declaration.

Section 4. Financial Agent. The Board, on behalf of the Association, may employ or contract with a professional, including a bookkeeper, for the maintenance the Association's financial accounts or records (the "**Financial Agent**"). Financial Agent, at a compensation established by the Board, shall perform such duties and services as the Board shall authorize. Any such professional management contract shall be limited to a term of one (1) year, and may be terminated with cause upon thirty (30) days' written notice and ninety (90) days' written notice without cause.

Section 5. Election of Board Members and Term of Office. The initial Directors having served staggered terms of office, each succeeding Director shall be elected to serve a term of two (2) years, holding office until a successor has been elected by the Association.

Section 6. Removal of Directors. At any regular or Special Meeting of the Association, any one or more of the Directors may be removed with or without cause by a majority of the Owners, and a successor may then and there be elected to fill the vacancy thus created to fill the remainder of that Director's term. Any Director whose removal has been proposed by the Owners shall be given at least ten (10) days' notice of the meeting and its purpose, and shall be given an opportunity to be heard at the meeting.

Section 7. Vacancies. Vacancies in the Board for any reason other than the removal of a Director by a vote of the Association shall be filled by a vote of a majority of the remaining Directors at a Special Meeting of the Board held for that purpose, promptly after the occurrence of the vacancy, and each person so elected shall be a Director of the Board until a successor shall be elected at the next Annual Meeting of the Association.

Section 8. Organization Meeting. The date of the first meeting of the Directors of the Board elected at the Annual Meeting of the Association shall be determined by the Board immediately following the Annual Meeting and no further notice shall be necessary to the newly elected Directors of the Board. The meeting shall occur within thirty (30) days of the Annual Meeting.

Section 9. 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 on a monthly basis or as deemed necessary, but at least two such meetings shall be held during each fiscal year. The President shall preside over all meetings of the Board and the Secretary shall keep a minute book, recording all transactions and proceedings occurring and all resolutions adopted at the meetings. Robert's Rules of Order, latest edition, shall govern the conduct of the meetings of the Board when not in conflict with the Declaration or these By-Laws. A majority of the number of Directors shall constitute a Quorum for the transaction of business. Every act or decision by a majority of the Directors present at a duly held meeting at which a Quorum is present shall be regarded as an act of the Board.

Section 10. Special Meetings. Special Meetings of the Board may be called by the President on three (3) business days' notice to each Director by email or telephone, which notice shall state the time, place and purpose of the meeting. Special Meetings of the Board shall be called by the President or Secretary in like manner and on like notice on the written request of at least two (2) Directors. In the event of an emergency, however, these requirements shall not apply. An emergency is defined as any situation which would necessitate action without time for meeting because of possible loss to property or person and effect on the health, welfare or safety of an Owner, Dwelling Unit, Lot or the Common Area.

Section 11. Waiver of Notice. Any Director may at any time, in writing, waive notice of any meeting of the Board, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall constitute a waiver of notice by the Director of the time and place of such meeting. If all Directors are present at any meeting of the Board, no notice shall be required, and any business may be transacted at that meeting.

Section 12. Compensation. No Director shall receive compensation from the Association for exercising duties and obligations as a Director, but Directors shall be entitled to receive from the Association all reasonable costs and expenses incurred by them in the performance of their duties and obligations.

Section 13. Action without Meeting. Any action by the Board required or permitted to be taken at any meeting may be taken without a meeting if all of the Directors of the Board shall individually or collectively consent in writing, electronic or otherwise, to such action. Such written consent shall be filed with the minutes of the Board. In the event of an emergency, however, oral consent will suffice until written consent can be obtained.

ARTICLE IV. Officers.

Section 1. Designation. The required officers of the Association shall be the President, Vice President, and Secretary, all of whom shall be Directors of the Board and shall be elected by the Board. The Board may appoint a treasurer, an assistant treasurer, assistant secretary and such other officers as in its judgment may be necessary. Directors not elected as officers shall be members-at-large. No Director may hold more than one (1) office at the same time.

Section 2. Election of Officers. The officers of the Association shall be elected annually by the Board at the first meeting of each new Board of Directors. Each officer shall hold office at the pleasure of the Board and until a successor is elected, unless the officer resigns by written notice to the Board or is otherwise disqualified to serve. A vacancy in any office may be filled by the Board.

Section 3. Removal of Officers. Upon the affirmative vote of a majority of the Directors, any officer may be removed, either with or without cause, and a successor may be elected at any regular or Special Meeting of the Board.

Section 4. President. The President shall be the chief executive officer of the Association, presiding at all meetings of the Association and of the Board, and having all of the general powers and duties which are incidental to the office of president of a corporation organized in the State of Oregon.

Section 5. Vice President. The Vice President shall take the place of the President and perform the President's duties whenever the President is absent or unable to act. If neither the President nor the Vice President is able to act, the Board shall appoint another Director of the Board to act in the place of the President, on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed by the Board or by the President.

Section 6. Secretary. The Secretary shall keep the minutes of all meetings of the Association and of the Board; have charge of such books and papers as the Board may direct; meet and greet new Owners; distribute information regarding the Association, including but not limited to governance documents, directories, and other miscellaneous information to Owners, as necessary. The Secretary

shall, in general, perform all the duties incidental to the office of secretary of a corporation organized in the State of Oregon.

Section 7. Association Funds. The Board shall be responsible for overseeing Association funds and securities and shall be responsible for overseeing the work of the Financial Agent in keeping full and accurate financial records and books of account showing all receipts and disbursements, and for the preparation of all required financial data, depositing all monies and other valuable effects in the name of the Association in such depositories as may from time to time be designated by the Board (the "**Financial Report**"). The Board shall require an annual compilation of the Association books to be made by the Financial Agent, at the completion of each fiscal year. The Financial Agent shall, with the Board, prepare an annual budget and a statement of income and expenditures to be presented to the Owners at the Annual Meeting, and deliver a copy of each to the Owners. The Board may delegate the preparation of any reports, including the Financial Report, to the Financial Agent as necessary for accurate and prompt reporting.

Section 8. Financial Review Committee. The Financial Report and all other financial accounts and information shall be reviewed annually by a Financial Review Committee composed of three (3) Owners who are not Directors of the Board and who are appointed by the President. The Financial Review Committee shall submit its report to the Board by 5:00pm on March 31 every year. The Treasurer and Financial Agent shall attend the meetings of the Financial Review Committee at the written request of the committee, which may be delivered via email.

ARTICLE V. Indemnification of Officers and Directors.

Section 1. Liability and Indemnification of Officers and Directors. The Association shall pay on behalf of every officer and Director of the Association any and all expenses, including counsel fees, reasonably incurred by or imposed upon any officer or Director in connection with any action, suit or other proceeding (including settlement of any suit or proceeding if approved by the Board) to which the officer or Director may be made a party by reason of being or having been an officer or Director of the Association, whether or not such person is an officer or Director at the time such expenses are incurred. The officers and Directors of the Board shall not be liable to the Owners for any mistakes of judgment, negligence or otherwise, except for their own individual willful misconduct or bad faith. The officers and Directors of the Board shall have no personal liability with respect to any contract or other commitment made by them in good faith on behalf of the Association (except to the extent that such officers or Directors may also be Owners) and the Association shall pay on behalf of and forever hold each such officer and Director, and each such officer's heirs and estates, and Director's heirs and estates, free and harmless against any and all liabilities to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer or Director of the Board or former officer or Director of the Association may be entitled.

Section 2. Common Interested Directors. The Directors shall exercise their powers and duties in good faith and with a view to the interests of the Association. No contract or other transaction between the Association and one or more of its Directors, or between the Association and any corporation, firm or association (including the Declarant), in which one or more the Directors of the Association are Directors or officers or are pecuniary or otherwise interested, is either void or voidable because such Director or Directors are present at the meeting of the Board or any committee thereof which

authorizes or approves the contract or transaction, or because such Directors' votes are counted for such purpose, if any of the conditions specified in any of the following subparagraphs exists:

- a. The fact of the common directorate or interest is disclosed or known to the Board or a majority thereof or noted in the minutes, and the Board authorizes, approves or ratifies such contract or transaction in good faith by a vote sufficient for the purpose; or
- b. The fact of a common directorate or interest is disclosed or known to the Directors, or a majority thereof, and they approve or ratify the contract or transaction in good faith by a vote sufficient for the purpose; or
- c. The contract or transaction is commercially reasonable to the Association at the time it is authorized, ratified, approved or executed.

Common or interested Directors may be counted in determining the presence of a Quorum of any meeting of the Board or committee thereof which authorizes, approves or ratifies any contract or transaction, and may vote thereat to authorize any contract or transaction with like force and effect as if the Director were not a Director or officer of the Association or not so interested.

ARTICLE VI. Operation of the Property.

Section 1. Determination of Common Expenses and Assessments Against Owners.

- a. Fiscal Year. The fiscal year of the Association shall consist of the twelve (12) month period commencing on January 1 of each year and terminating on December 31 of the same year, unless otherwise designated by the Board.
- b. Preparation and Approval of Budget. At least thirty (30) days before the end of each fiscal year, the Board shall adopt a budget for the Association containing an estimate of the total amount which it considers necessary to pay the cost of utility services (not including utility service serving individual Dwelling Units), maintenance, management, operation, repair and replacement of the Common Area, wages, materials, insurance premiums, services, supplies, the amount needed to adequately fund the Reserve (defined below), and other expenses that the Board deems necessary under these By-Laws, Declaration or a resolution of the Association, and which will be required during the ensuing fiscal year for the administration, operation, maintenance and repair of the Common Area, and the rendering to the Owners of all related services, subject to Article V, Section 2 of the Declaration (herein the "**Common Expenses**"). The budget may also include:
 - i The cost of the maintenance or repair of any Lot or Dwelling Unit deemed necessary by the Board to protect the Common Area or to preserve the appearance or value of the Common Area or is otherwise in the interest of the general welfare of all Owners; provided, however, that no such maintenance or repair shall be undertaken without a resolution by the Board and not without written notice to the Owner of the Lot or Dwelling Unit proposed to be maintained. The cost associated with this maintenance and repair will be assessed against the Lot or Dwelling Unit on which the work is performed when that work has been completed. The Board shall provide the Owner of the Lot or Dwelling Unit a statement for the amount assessed within ten (10) days of its receipt of the final invoice. The amount owing shall be due

and payable upon the Owner's receipt of the assessment from the Board and will be a continuing lien and obligation of the Owner in all respects as provided in the Declaration.

ii The Board is entitled, but not obligated, to pay any lien or encumbrance levied against the Common Area or Lot or Dwelling Unit subject to the Association, if the Board determines the lien or encumbrance jeopardizes the Association's interest rather than the interest of the Owner of any Lot.

iii Such budget may also include such reasonable amounts as the Board considers necessary to provide working funds for the Association, a general operating reserve, or reserves for contingencies and replacements.

iv These planned costs and expenses shall be referred to herein as the "**Annual Budget.**"

c. The Board will send to each Owner a copy of the budget, in a reasonably itemized form which sets forth the amount of the Common Expenses payable by each Owner, within thirty (30) days of its adoption. The budget shall constitute the basis for determining each Owner's assessment for the Common Expenses of the Association.

d. The payment and collection of the assessment made pursuant to the foregoing provisions shall be in accordance with the terms providing for the payment and collection of assessments in these By-Laws, including without limitation the right reserved to the Board to accelerate payment of assessments and the right to recover attorneys' fees and costs.

Section 2. Reserves. The Board shall build up and maintain reasonable reserves for working capital, operations, contingencies and replacements reasonably expected to cover the Common Area within a thirty (30) year period (herein the "**Reserves**"). The Board shall conduct a reserve study annually to determine whether the then current levels of the Reserves are adequate. Extraordinary expenditures not originally included in the Annual Budget which may become necessary during the year shall be charged first against Reserves. If the Reserves are inadequate for any reason, including non-payment of any Owner's assessment, the Board may at any time levy a further assessment, which shall be assessed against the Owners equally, and which may be payable in a lump sum or in installments as the Board may determine and subject to Article V, Section 4 of the Declaration. The Board shall serve notice of any such further assessment on all Owners by a statement in writing giving the amount and reason therefor, and such further assessment shall, unless otherwise specified in the notice, become effective with the next payment due or, if the additional assessment is payable in installments, the amount of such assessment then due. The payment and collection of the assessment made pursuant to the foregoing provisions shall be in accordance with the terms providing for payment and collection of assessments in these By-Laws, including without limitation, the right reserved to the Board to accelerate payments of assessments and the right to recovery of attorneys' fees and costs.

Section 3. Effect of Failure to Prepare or Adopt Budget. The failure or delay of the Board to prepare or adopt the Annual Budget for any fiscal year shall not constitute a waiver or release in any manner of an Owner's obligation to pay the Owner's allocable share of the Common Expenses as herein provided, whenever the same shall be determined, and in the absence of any annual budget or adjusted budget, each Owner shall continue to pay the assessment at the then existing rate

established for the previous fiscal period until the new annual or adjusted budget shall have been mailed or delivered.

Section 4. Accounts. The Board shall establish no fewer than two (2) separate accounts the ("**Maintenance Funds**") into which shall be deposited all monies paid to the Association, and from which disbursements shall be made, as provided herein, in the performance of functions by the Association under the Declaration. Each of the Maintenance Funds shall be established as a separate trust savings or trust checking account at a federally insured banking or lending institution. The Maintenance Funds shall include:

- a. An operating fund for current expenses of the Association (the "**Operating Fund**"); and
- b. A reserve fund for replacements, painting and repairs of the landscaping and other improvements within the Common Area to the extent necessary under the provisions of the Declaration (the "**Reserve Fund**").

The Board shall not commingle any amounts deposited into any of the Maintenance Funds with amounts deposited into any other maintenance fund. All amounts deposited into the Operating Fund and the Reserve Fund must be used solely for the common benefit of all of the Owners for purposes authorized by the Governing Documents, as amended from time to time. Disbursements from the Reserve Fund shall be made by the Board only for the purposes specified in this Article VI. Disbursements from the Operating Fund shall be made by the Board for such purposes as are necessary for the discharge of its responsibilities herein for the common benefit of all of the Owners, other than those purposes for which disbursements from the Reserve Fund are to be used. Nothing contained herein shall limit, preclude or impair the establishment of other funds by the Association earmarked for specified purposes authorized by the Declaration.

Section 5. Collection of Assessments. The Board shall provide notice to any Owner whose assessments for the Common Expenses remain unpaid for more than thirty (30) days from the due date. Such assessments must be paid immediately upon receipt of such notice. The Board is authorized to take legal action to collect assessments that remain unpaid for more than thirty (30) days from the due date. Such action may include negotiation of a reasonable payment schedule.

Section 6. Property Taxes. Property Taxes for the Common Area are apportioned to the Owners by Marion County. Each Owner shall be responsible for payment of their proportionate share directly to Marion County.

ARTICLE VII. Insurance.

Section 1. Property Insurance. The Association shall procure and maintain dwelling and Common Area property insurance covering damage or loss by hazard with extended coverage covering vandalism and malicious mischief and a public liability policy covering all Common Area in the event of damage or injury caused by the negligence of the Association (the "**Association's Policy**"). Owners should review the Association's property insurance coverage to determine if they should purchase additional insurance for their Dwelling Unit. Owners of Dwelling Units are advised to purchase personal property insurance to cover the contents of their Dwelling Unit.

Section 2. Insurance Coverage Rules. The Board shall adopt rules setting out the scope, attributes, and coverage of the Association's Policy, including a list of common casualty events not covered by the policy. The Board may amend such rules from time to time as appropriate.

Section 3. Insurance Policy Provisions. The following provisions shall apply to all Association insurance policies:

- a. The Association's Policy shall cover the full replacement costs of any repair or reconstruction of the Common Area, if that insurance is available at a reasonable cost.
- b. The Insurer waives its rights to subrogation to any claims against the Association, its Board, Financial Agent, Owners and their respective agents, employees, guests and in the case of the Owners, the members of their households;
- c. The Association's Policy and other pertinent policies covering Common Area and Dwelling Units cannot be canceled, invalidated or suspended on account of the conduct of any Director of the Board, any officer or employee of the Board, the Financial Agent, or any Owner without prior written demand that the Board, the Financial Agent, or the Owner cure the defect;
- d. The Association's Policy and other pertinent policies may not be canceled or substantially modified without at least thirty (30) days' prior written notice to the Board;
- e. The net proceeds of the Association's Policy shall be payable solely to the Association;
- f. All insurance policies shall be written with companies licensed to do business in the State of Oregon and holding a "AAA" rating (or the equivalent under another rating system) or better;
- g. Upon written request from the Board or an Owner, the Insurer shall issue a mortgagee endorsement and insurance certification to the Owner and the Owner's mortgagee.

Section 4. Premiums. Premiums for insurance policies purchased by the Association shall be assessed by the Association against the Owners as a part of the Common Expenses.

Section 5. Other Insurance and Conditions. The Association may procure and maintain the following other insurances:

- a. General liability insurance with limits and coverage as determined by the Board, including, but not limited to hired and non-owned automobile coverage, and a cross-liability endorsement to cover the liabilities of each Owner and the Owners as a group;
- b. The Board shall review the adequacy of such coverage and related limits of liability once a year. In no event shall such insurance provide less than One Million Dollars (\$1,000,000.00) per single accident, occurrence or event.
- c. Each Owner should obtain and maintain, at Owner's own expense, personal liability insurance with respect to ownership and use of the Owner's Dwelling Unit and Lot. The Association shall not be responsible for obtaining such insurance nor the adequacy thereof.

- d. Worker's compensation insurance as statutorily required;
- e. Directors and Officers liability insurance; and
- f. Such other insurance as the Board shall determine from time to time to be desirable.

Section 6. Shares of Proceeds. All insurance policies purchased by the Association shall be for the benefit of the Association, the Owners and their mortgagees, as their interests may appear in the Owner's title, and shall provide that all proceeds covering property losses be paid to the Association. The Association shall receive such proceeds as are paid for the benefit of the Owners and their mortgagees in the following shares:

- a. Dwelling Units. Proceeds on account of damage to Dwelling Units shall be held in the following undivided shares:
 - i. When the Dwelling Units are to be restored, to the Owners of the damaged Dwelling Unit in proportion to the cost of repairing the damage suffered by each Owner, which cost shall be determined by the Board.
 - ii. When the Dwelling Units are not to be restored, a share for each Owner, such share in proportion to the value of each Dwelling Unit.
- b. Mortgages. If a mortgagee endorsement has been issued as to a Dwelling Unit, the share of that Owner shall be held in trust for the mortgagee and the Owner, as their interests may appear; provided, however, that no mortgagee shall have any right to determine or participate in the determination as to whether or not any damaged property shall be reconstructed or repaired, and no mortgagee shall have any right to apply or have applied to the reduction of a mortgage debt any insurance proceeds except those proceeds paid to the Owner and mortgagee pursuant to the provisions of the Declaration.

Section 7. Distribution of Proceeds. Property insurance proceeds received by the Association shall be distributed in the following manner:

- a. Reconstruction or Repair. If the damage for which the proceeds are paid is to be repaired or reconstructed, the remaining proceeds shall be paid to defray the cost thereof as elsewhere provided. Any repairs or reconstruction requiring a building permit shall be done by a licensed contractor. Any proceeds remaining after defraying such costs shall be distributed to the beneficial Owners thereof, remittances to Owners and their mortgagees being payable jointly to them as their interests may appear.
- b. Failure to Reconstruct or Repair. If it is determined in the manner elsewhere provided that the damage for which the proceeds are paid shall not be for reconstruction or repair of the Dwelling Unit, the remaining proceeds shall be distributed to the beneficial Owners thereof, remittance to Owners and their mortgagees being payable jointly to them as their interests may appear.

Section 8. Association as Agent. The Association is hereby irrevocably appointed as agent for each Owner, for each holder of a mortgage or other lien upon a Dwelling Unit with power to adjust all

claims arising under insurance policies purchased by the Association and to execute and deliver releases upon the payment of claims. In the event an Owner wants to review any such policy or contract entered into by the Board, the Owner shall request it from the Board and not from the company or vendor. Upon request by an Owner, the Board shall provide a copy of the policy or contract. The requesting Owner shall be responsible for any cost associated with copying or printing the policy or document.

Section 9. Insurance Trustee.

- a. The Board shall have the right to designate any bank, trust company, management agency, savings and loan association, building loan association, insurance company or any institutional lender, or itself, as the Insurance Trustee, and all parties beneficially interested in such insurance coverage shall be bound thereby. The Insurance Trustee at the time of the deposit of such policies and endorsements shall acknowledge that the policies and any proceeds thereof will be held in accordance with the terms of these By-Laws.
- b. The Insurance Trustee shall not be liable for payment of premiums, renewal of policies, sufficiency of coverage, form or content of policies or correctness of any amounts received by it on account of the proceeds of any insurance policies, nor for the failure to collect any insurance proceeds. The sole duty of the Insurance Trustee shall be to receive such proceeds as are paid to it and to hold the same in benefit of the Owners and their respective mortgagees.

ARTICLE VIII. Repair and Reconstruction.

Section 1. When Repair and Reconstruction are Required after Fire or Other Casualty. In the event of damage to or destruction of all or any part of the Common Area or Dwelling Units as a result of a fire or other casualty, unless eighty percent (80%) of the Owners vote to proceed with the reconstruction and repair of the Common Area or Dwelling Units, the Board shall arrange for and supervise the property repair and restoration of the Common Area. As provided in the Declaration, in the event additional assessments are needed for this, a vote of approval by two-thirds (2/3) of the Owners is required to proceed.

Section 2. Procedure for Reconstruction and Repair.

- a. Cost Estimates. Immediately after a fire and other casualty causing damage to any part of the Common Area or Dwelling Unit, the Board shall obtain reliable and detailed estimates of the cost for repairing and restoring the damaged Common Area or Dwelling Unit to a condition as good as that which existed before the casualty occurred. Such costs may also include professional fees, premiums for bonds and insurance, and such other expenses as the Board determines to be necessary.
- b. Assessments. If the proceeds of insurance are not sufficient to defray the estimated costs of reconstruction and repair, or upon completion of reconstruction and repair the funds for payment of the costs thereof are insufficient, assessments shall be made against all the Owners equally, provided approval of two-thirds (2/3) of the Owners is obtained in accordance with the Declaration.

c. Plans and Specifications. Any such reconstruction or repair shall be substantially in accordance with the plans and specifications under which the Common Area was originally constructed.

d. Encroachments. Encroachments upon or in favor of Lots which may be created as a result of such reconstruction or repair shall not constitute a claim or basis for any proceeding or action by the Owner upon whose property the encroachment exists, provided that the reconstruction was substantially in accordance with the architectural plans under which the Common Area and Dwelling Unit were originally constructed. Such encroachment shall be allowed to continue in existence for so long as the reconstructed Common Area shall stand.

Section 3. Disbursements of Construction Funds.

a. Construction Fund. The net proceeds of insurance collected on account of a casualty and the funds collected by the Board from assessments against Owners on account of such casualty shall constitute a construction fund which shall be disbursed in payment of the cost of reconstruction and repair in the manner set forth in this Section.

b. Method of Disbursement. The construction fund shall be paid by the Board or the Insurance Trustee, as the case may be, in appropriate progress payments, to such contractors, suppliers and personnel performing the work or supplying materials or services for the repair and reconstruction of the Dwelling Unit as are designated by the Board.

c. Surplus. It shall be presumed that the first monies disbursed in payment of the cost of reconstruction and repair shall be from insurance proceeds; and if there is a balance in a construction fund after the payment of all the costs of the reconstruction and repair for which the fund is established, such balance shall be deposited in the Association's general operating account or rebated to the Owners.

d. Certificate. The Insurance Trustee shall be entitled to rely upon a certificate executed by the President or Vice President and the Secretary of the Association, certifying:

- i Whether the damaged Common Area and Dwelling Units are required to be reconstructed and repaired;
- ii The name of the payee and the amount to be paid with respect to disbursements from any construction fund held by it, or whether surplus funds to be distributed are less than the assessments paid by the Owners; and
- iii All other matters concerning the holding and disbursing of any construction fund held by it.

Any such certificate shall be delivered to the Insurance Trustee promptly after request.

Section 4. When Reconstruction is not Required. If eighty percent (80%) of the Owners vote not to proceed with repair or restoration, reconstruction or repair is not required.

Section 5. Dwelling Unit Roof Repair or Replacement, Not Due to Fire or Other Casualty. An Owner of a Dwelling Unit may repair or replace their existing roof where such repair or replacement is required by normal wear or aging.

- a. Repair or replacement shall conform to the requirements for harmony of design and color in relation to surrounding structures as provided in Article VII, Section 1 of the Declaration;
- b. Except as provided in the Association's adopted Rules and Regulations, repair or replacement shall be substantially in accordance with the plans and specifications under which the Common Area and Dwelling Unit was originally constructed. Any repair or replacement requiring a building permit shall be performed by a licensed contractor.
- c. Repair or replacement shall be approved in advance by the Architectural Control Committee in accordance with Article VII, Section 3 of the Declaration;
- d. Costs of repair or replacement shall be the responsibility of the Dwelling Unit Owner and the Association shall not be responsible for such costs.
- e. Where normal wear or aging requires replacement of the roof of a Dwelling Unit which is one half (1/2) of a common-wall building, the Owners of both halves of the common-wall unit will cooperate in the selection of replacement material and the timing and schedule of the replacement installation. In the event there is a dispute between the Owners of a common-wall building, and the dispute is not resolved within thirty (30) days of one Owner providing written notice to the Board of the dispute, the Architectural Control Committee is entitled to select the replacement material, timing, and schedule of the replacement installation. The Architectural Control Committee shall use best efforts to accommodate the needs of both Owners, however, its decision shall be binding on the Owners.
- f. Repair or replacement shall conform to the material specification and standards set forth in the Association's adopted Rules and Regulations.

ARTICLE IX. Mortgages.

Section 1. Notice to Board of Directors. All Owners who mortgage their Lots shall notify the Board of the name and address of their mortgagee.

Section 2. Notice of Unpaid Assessments for Common Expenses. The Board, whenever so requested in writing by a mortgagee of a Lot, shall promptly report any then unpaid assessments for Common Expenses due from, or any other default by, the Owner of the mortgaged Lot.

Section 3. Right to Examine Books and Records. First mortgagees or holders of notes secured by first mortgages encumbering any Lot in this Association shall have the right to examine the books and records of the Association.

ARTICLE X. Condemnation.

In the event of taking in condemnation or by eminent domain of any Common Area, proceeds will be distributed to the Owners in the same shares as their membership in the Association.

ARTICLE XI. Miscellaneous.

Section 1. Notices. All notices, demands, bills, statements or other communications under these By-Laws shall be in writing, electronic or otherwise, and shall be deemed to have been duly given if delivered personally or if sent by electronic mail or U.S. mail, first class, prepaid.

a. If to an Owner, at the email address which the Owner shall designate in writing and file with the Secretary, or if no such address is designated, at the address of the Lot of the Owner; or

b. If to the Association, the Board, the Financial Agent, at the principal office of the Secretary and the Financial Agent or at such other address as shall be designated by the notice in writing to the Owners pursuant to this Section.

Section 2. Invalidity. The invalidity of any part of these By-Laws shall not impair or affect in any manner the validity, enforceability or effect of the balance of these By-Laws.

ARTICLE XII. Amendments to By-Laws.

These By-Laws may be amended at a regular or Special Meeting of the Owners, by a vote of a majority of a Quorum of Owners present in person or via absentee ballot.

ARTICLE XIII. Corporate Seal.

The Association shall have a seal in circular form having within its circumference the words: Kooskooskee Homeowner's Association Inc., Not for Profit.

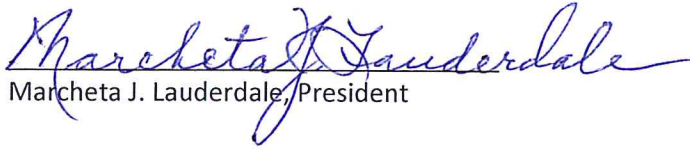
ARTICLE XIV. Books and Records.

The books, records and papers of the Association shall at all times, during reasonable hours, be subject to inspection by any Owner.

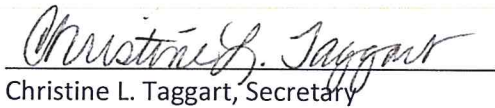
ARTICLE XV. Conflict.

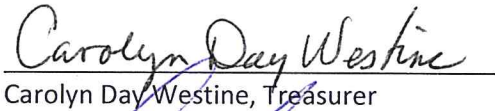
In case of a conflict between the Articles and the By-Laws, the Articles shall control; and in case of a conflict between the Declaration and the By-Laws, the By-Laws shall control.

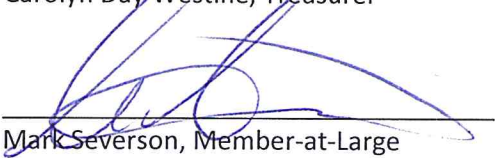
IN WITNESS WHEREOF, we the Directors of Kooskooskee Homeowner's Association Inc. have hereunto set out hands this 13 day of October, 2020.


Marcheta J. Lauderdale, President


James M. Bechtel, Vice President

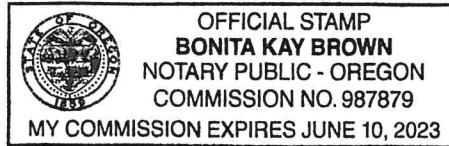

Christine L. Taggart, Secretary


Carolyn Day Westine, Treasurer


Mark Severson, Member-at-Large

CERTIFICATIONS:

State of Oregon)
) ss.
County of Marion)

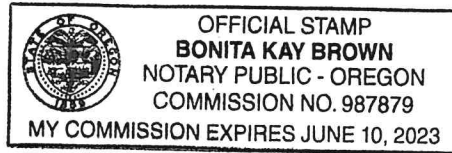


On this 13 day of October, 2020, personally appeared Marcheta J. Lauderdale, who being duly sworn, did say that she is the President of the Kooskooskee Homeowner's Association Inc., an Oregon non-profit corporation, and that said instrument was signed on behalf of said corporation by authority of its Board of Directors and acknowledged said instrument to be its voluntary act and deed.

Before me:

Bonita H Brown
Notary Public for Oregon
My Commission Expires: 6/10/2023

State of Oregon)
) ss.
County of Marion)



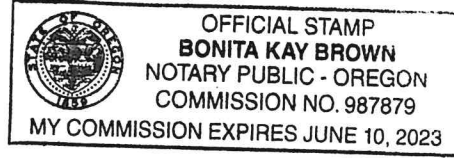
On this 13 day of October, 2020, personally appeared James M. Bechtel, who being duly sworn, did say that he is the Vice President of the Kooskooskee Homeowner's Association Inc., an Oregon non-profit corporation, and that said instrument was signed on behalf of said corporation by authority of its Board of Directors and acknowledged said instrument to be its voluntary act and deed.

Before me:

Bonita Kay Brown
Notary Public for Oregon

My Commission Expires: 6/10/2023

State of Oregon)
) ss.
County of Marion)



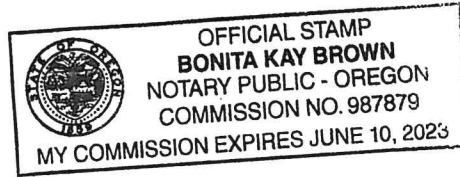
On this 13 day of October, 2020, personally appeared Christine L. Taggart, who being duly sworn, did say that she is the Secretary of the Kooskooskee Homeowner's Association Inc., an Oregon non-profit corporation, and that said instrument was signed on behalf of said corporation by authority of its Board of Directors and acknowledged said instrument to be its voluntary act and deed.

Before me:

Bonita Kay Brown
Notary Public for Oregon

My Commission Expires: 6/10/2023

State of Oregon)
) ss.
County of Marion)



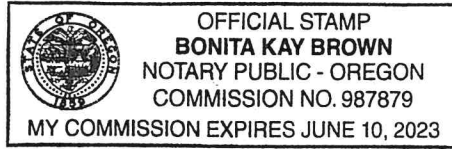
On this 13 day of October, 2020, personally appeared Carolyn Day Westine, who being duly sworn, did say that she is the Treasurer of the Kooskooskee Homeowner's Association Inc., an Oregon non-profit corporation, and that said instrument was signed on behalf of said corporation by authority of its Board of Directors and acknowledged said instrument to be its voluntary act and deed.

Before me:

Bonita Kay Brown
Notary Public for Oregon

My Commission Expires: 6/10/2023

State of Oregon)
) ss.
County of Marion)



On this 13 day of October, 2020, personally appeared Mark Severson, who being duly sworn, did say that he is the Member-at-Large of the Kooskooskee Homeowner's Association Inc., an Oregon non-profit corporation, and that said instrument was signed on behalf of said corporation by authority of its Board of Directors and acknowledged said instrument to be its voluntary act and deed.

Before me:

Bonita Kay Brown
Notary Public for Oregon

My Commission Expires: 6/10/2023