

**AMENDED AND RESTATED BYLAWS
OF
HENDRICKS HILL HOMEOWNERS ASSOCIATION**

These amended and restated Bylaws are adopted this 30th day of April, 2004, by the Hendricks Hill Homeowners Association, an Oregon nonprofit corporation (Association).

RECITALS:

A. The Association has been incorporated as a nonprofit corporation under the laws of the State of Oregon for the purpose of maintaining, managing and operating the Hendricks Hill Planned Unit Development (Hendricks Hill).

B. Hendricks Hill was created pursuant to those certain Protective Covenants, Conditions, Declarations and Restrictions for Hendricks Hill Planned Unit Development, Lane County, State of Oregon recorded with the Lane County real estate records on September 5, 1978 at Reception No. 78-60453 and rerecorded on January 31, 1979 at Reception No. 79-06059

C. The Association originally adopted bylaws recorded with the Lane County real estate records on May 30, 1979 at Reception No. 79-31301 (Original Bylaws).

D. Pursuant to the Original Bylaws and the authority provided in ORS 94.630, the Association hereby adopts the following amended and restated Bylaws:

1. GENERAL PROVISIONS.

1.1. LOT OWNERSHIP. All real property described as HENDRICKS HILL P.U.D., as platted in File #73, Slide #74 of Lane County Records (Real Property), is submitted to the provisions of ORS 94.550 et seq., the Oregon Planned Community Act.

1.2. NAME AND LOCATION. The name of the corporation is Hendricks Hill Homeowners Association. The principal office of the corporation shall be located at 3071 Hendricks Hill Drive, Eugene, Oregon 97403, or at the address of the then current president of the Association, which address shall at all times be on file with the Association. Meetings of the members and directors may be held at such places as may, from time to time, be designated by the board of directors.

1.3. APPLICABILITY. These Bylaws provide for the governance of the Association. The Association has been organized for the purpose of providing maintenance, preservation and architectural control of the residences, Lots and Common

Areas within Hendricks Hill, and to promote the health, safety and welfare of its residents.

1.4. DEFINITIONS. Except as otherwise provided below, the terms herein shall have the meaning set forth in the Oregon Planned Community Act, ORS 94.550, as supplemented by the Declaration, and those statutes and definitions are incorporated herein by this reference. As used in these Bylaws and in the Declaration, the following terms have the following meanings:

a. "Association" shall mean and refer to Hendricks Hill Homeowners Association, an Oregon nonprofit corporation.

b. "Common Areas" shall mean all real property and appurtenances thereto owned by the Association for the common use and enjoyment of the Members of the Association.

c. "Declaration" shall mean and refer to those certain Protective Covenants, Conditions, Declarations and Restrictions for Hendricks Hill Planned Unit Development, Lane County, State of Oregon recorded with the Lane County real estate records on September 5, 1978 at Reception No. 78-60453 and rerecorded on January 31, 1979 at Reception No. 79-06059, as amended and restated by that certain Amended and Restated Declaration of even date, and as may be further amended from time to time (Declaration).

d. "Developer" shall mean and refer to Hendricks Hill Development Corp., its successors and assigns.

e. "Dwelling" shall mean and refer to any building situated upon a Lot designed and intended for use and occupancy as a residence by a single family.

f. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Real Property, with the exception of the common properties as designated on the map.

g. "Member" shall mean and refer to all those Owners of Lots in Hendricks Hill who are entitled to membership in the Association as provided in Paragraph 2.2.

h. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot, to include the seller of the fee simple interest in a Lot under a land sale contract, but, notwithstanding any applicable theory of a lien, mortgage or trust deed, shall not mean or refer to a lienholder, mortgagee, vendee under a land sale contract, or a beneficiary or trustee under a trust deed unless and until such lienholder, mortgagee, beneficiary or trustee has acquired title pursuant to foreclosure or any proceeding in lieu of foreclosure. For all purposes of the

Declaration and the administration of the planned unit development, Lot ownership is determined on the basis of the records maintained by the Association. The record will be established by the Owner filing with the Association a copy of the deed to his or her Lot, to which must be affixed the certificate of the recording officer of the County of Lane, Oregon, showing the date and place of recording of the deed. No person may be recognized as an Owner unless a copy of the deed showing him or her to be the current owner of a Lot has been filed with the Association as provided above.

i. "Real Property" shall mean and refer to all real property described as HENDRICKS HILL P.U.D., as platted in File #73, Slide #74 of Lane County Records.

2. MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION.

2.1. ASSOCIATION RESPONSIBILITIES. The Association has the responsibility for administering the planned unit development, approving the annual budget, establishing and collecting assessments, and arranging for the operation, management, and maintenance of the planned unit development, including negotiating and contracting with and supervising any person, persons, or business entity with respect to such matters.

2.2. MEMBERSHIP. Every person or entity who is an Owner of any Lot shall be a Member of the Association.

2.3. VOTING RIGHTS. All Members, including those who have leased their Dwellings to a third party, shall be entitled to one vote for each Lot owned. A Member's right to vote may not be revoked. When more than one person is an Owner of any Lot, all such persons shall be Members, and the vote for such Lot shall be exercised as they, among themselves, determine, or if unable to agree, they may cast fractional votes proportionate to their ownership interest, but in no event shall more than one vote be cast with respect to any such Lot. The vote applicable to any Lot being sold under a recorded contract of purchase and sale shall be exercised by the contract vendor unless the contract expressly provides otherwise.

2.4. ACTIONS BY ASSOCIATION; LEGAL MEETING. Except as otherwise provided in the Declaration, the articles of incorporation, these Bylaws, the Oregon Planned Community Act, or the Oregon Nonprofit Corporation Act, decisions and resolutions of the Association require approval by a majority of Owners present at any legal meeting. For purposes of these Bylaws, a legal meeting is a formal meeting duly called pursuant to these Bylaws at which a quorum is present in person or by proxy.

3. TRANSITION FROM DEVELOPER CONTROL.

3.1. DEVELOPER CONTROL. Until the date of turnover, as provided in this Paragraph 3., the Developer shall control the Association. During the period of

Developer control, any act which the Association is permitted to perform may be performed by the board of directors without any vote of the membership.

3.2. TRANSITIONAL MEETING OF THE OWNERS. Not later than the 60th day after the date on which 50 percent of the Lots in Hendricks Hill have been conveyed to persons other than Developer, the Developer shall call a meeting of the Owners for the purpose of selecting a transitional advisory committee. Notice of such meeting shall be mailed to each Owner not less than seven nor more than 50 days prior to the date of the meeting.

3.3. SELECTION OF TRANSITIONAL ADVISORY COMMITTEE. At the meeting called pursuant to Paragraph 3.2., the Members shall choose two persons to serve on a transitional advisory committee and the Developer shall choose one person to serve on the committee.

3.4. POWERS OF TRANSITIONAL ADVISORY COMMITTEE. The transitional advisory committee shall have all the powers and duties prescribed by law.

3.5. TURNOVER. Not later than 90 days after the date on which 50 percent of the Lots in Hendricks Hill have been conveyed to persons other than Developer, Developer shall call a meeting (the Turnover Meeting) for the purpose of turning over control of the Association to the Members. If the Developer fails to call for the Turnover Meeting, any member of the Transitional Advisory Committee, or any Owner, may call the meeting.

3.6. ELECTION OF DIRECTORS. The Members shall elect a board of directors at the Turnover Meeting in accordance with these Bylaws. If the Members fail to elect a board of directors, the Developer shall call such subsequent meeting or meetings as are necessary to enable the Members to elect a board of directors. The date of turnover shall be the date of the Turnover Meeting or such subsequent meeting when the Members are able to elect a board of directors.

3.7. CONTROL AFTER TURNOVER. After the date of turnover, control of the Association shall be vested in the Members, operating through the elected board of directors.

4. MEETING OF MEMBERS.

4.1. ANNUAL MEETINGS. The annual meeting of the Members shall be held at 7:30 p.m. on the third Thursday of January of each year, beginning with the first meeting after the date of turnover as described in Paragraph 3. If the day for the annual meeting of the Members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday. At each annual meeting, the Members shall elect members of the board of directors, shall consider the annual

assessments as described in Paragraph 11., and shall transact such other business as may legally come before the meeting.

4.2. SPECIAL MEETINGS. Special meetings of the Members may be called at any time by the president or by the board of directors, or upon written request of the Members who are entitled to vote one-fourth of all of the votes of the membership.

4.3. NOTICE OF MEETINGS. Written notice of each meeting of the Members, including the annual meeting and any special meetings, shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least ten but not more than 50 days before such meeting to each Member entitled to vote. The notice shall be addressed to the Member's address last appearing on the books of the Association, or supplied by the Member to the Association for the purpose of notice. The notice shall specify the place, day and hour of the meeting and, in the case of a special meeting, the purpose of the meeting.

4.4. QUORUM. The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, ten percent of the votes of the membership shall constitute a quorum for any action, except as otherwise provided in Oregon statutes, the articles of incorporation, the Declaration, or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or be represented.

4.5. PROXIES. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Owner of the Owner's Lot.

5. BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE.

5.1. NUMBER AND QUALIFICATION. The business and affairs of the corporation shall be managed and controlled by a board of directors. The number of directors of the corporation shall be three. Each director shall hold office until the next annual meeting of the Members, and until that director's successor has been elected, or until that director's death or until that director resigns or is removed in accordance with the provisions of these Bylaws. Each director must be a Member of the Association.

5.2. REMOVAL. Any director, may be removed from the board, with or without cause, by a majority vote of the Members of the Association, but only at a meeting called for the purpose of removing the director, which purpose shall be stated in the notice of the meeting.

5.3. COMPENSATION. No director shall receive compensation for any service rendered to the Association. However, any director may be reimbursed for that director's actual expenses incurred in performance of the director's duties.

5.4. VACANCIES. Vacancies on the board of directors caused by any reason other than the removal of a director by a vote of the Association will be filled for the balance of the term of each directorship by vote of a majority of the remaining directors, even though they may constitute less than a quorum and each person so elected will be a director until his or her successor is elected on expiration of the term for which the person was elected by the other directors to serve.

6. NOMINATION AND ELECTION OF DIRECTORS.

6.1. NOMINATION. Nomination for election of the board of directors shall be made from the floor at the annual meeting.

6.2. ELECTIONS. Election to the board of directors shall be by secret written ballot or voice vote, as determined by the board of directors. At the election, the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

7. MEETINGS OF DIRECTORS.

7.1. OPEN MEETINGS. All meetings of the board of directors shall be open to all Owners.

7.2. REGULAR MEETINGS. Regular meetings of the board of directors shall be held at least monthly, or less frequently as the board shall, in its sole discretion, determine, at such place and hour as may be fixed from time to time by resolution of the board. Notice of such meetings shall be posted at a place or places as designated from time to time by the board of directors at least three days prior to the meeting or by such other method as the directors shall, from time to time, designate. Any or all directors may participate by telephone in a meeting of the directors if all participants may simultaneously hear each other. A director participating in a meeting by this method is deemed to be present at the meeting and to have waived any objection as to the adequacy of notice.

7.3. SPECIAL MEETINGS. Special meetings of the board of directors shall be held when called by the president of the Association, or by any two directors after not less than three days' notice to each director. Notice of such special meeting shall also be provided in the same manner as notice of the regular meetings. It shall be the responsibility of the person or persons calling a special meeting to comply with the notice requirements.

7.4. EMERGENCY MEETINGS. Whenever the president of the Association or any two directors, in their sole discretion, determines that an emergency meeting of the directors is necessary, such persons may call an emergency meeting with

only such notice as is reasonable under the circumstances. The minutes of any emergency meeting shall state the reason for the emergency.

7.5. QUORUM. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the board.

8. POWERS AND DUTIES OF DIRECTORS.

8.1. POWERS. The board of directors shall have power to:

a. 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 law, the Declaration, the articles of incorporation or these Bylaws;

b. Declare the office of a member of the board of directors to be vacant in the event such member shall be absent from three consecutive regular meetings of the board of directors;

c. Employ an independent contractor, or other employees as the directors deem necessary, and to prescribe the duties of the contractor or employees;

d. From time to time to promulgate such rules and regulations as the board may deem to be in the best interests of the Association. No person may use the Common Areas, the Lots, or any part thereof in any manner contrary to or inconsistent with the rules and regulations. Without limiting the generality of the foregoing, the board has the right, but not the obligation, to promulgate rules and regulations limiting the use of the Common Areas to the Members of the Association and their respective families, guests, invitees, and servants. Such use may be conditioned on, among other things, (a) the payment by the Owner of assessments for common expenses and such other assessments or fees as may be established by the Association for the purpose of defraying the costs associated with the use of such Common Areas and the administration and operation of the Real Property, and (b) the observance by the Owner, and his or her guests, invitees, and servants, of the provisions of the Declaration, the Bylaws, and the Association rules and regulations. The board of directors has the authority to fine Owners who are not in compliance with this Declaration, the Bylaws and such rules and regulations. The amount and the procedure to impose fines will be established by board resolution; and

e. Suspend the voting rights of any Member during any period in which such Member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for infractions of published rules and regulations.

8.2. DUTIES. It shall be the duty of the board of directors to:

a. Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by one-fourth of the Members who are entitled to vote;

b. Supervise all officers, agents and employees of the Association, and see that their duties are properly performed;

c. Fix the amount of the annual assessment against each Lot at least 30 days in advance of each annual meeting and take any and all appropriate action against any Lot for which assessments are not paid within 30 days after the due date, including, but not limited to, foreclosing the lien on said property, or take other appropriate action against the Owner personally obligated to pay the same;

d. Issue, or cause an appropriate officer to issue, upon demand by any Owner, or other person with a recorded interest in any Lot, a certificate setting forth whether or not any assessment has been paid by that Owner or with respect to that Lot. A reasonable charge may be made by the board for the issuance of such a certificate. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

e. Procure and maintain adequate hazard and liability insurance and review this coverage for adequacy at least once every two years;

f. Cause all officers or employees having fiscal responsibilities to be bonded, if it deems bonding appropriate;

g. Cause all Common Areas to be maintained;

h. File any necessary state and federal tax returns, and file any and all required annual reports;

i. Keep detailed, accurate records in chronological order of the receipts and expenditures affecting the Common Areas, itemizing the maintenance and repair expenses of the Common Areas and any other expenses incurred; and institute and maintain a voucher system for the payment of expenses. The records and the vouchers authorizing the payments shall be available for examination by the Owners and mortgage holders during convenient weekday hours;

j. Within 90 days after the end of the fiscal year, distribute to each Owner and, upon written request, any mortgagee of a Lot, a copy of the annual financial statement consisting of a balance sheet and income and expenses statement for the preceding fiscal year;

k. Approve and pay any expenses of the Association as they become due; and

l. Cause the Association to maintain copies suitable for duplication of the following: the Declaration, the articles of incorporation, these Bylaws, the Association rules and regulations and any amendments thereto, the most recent annual financial statement, and the current operating budget of the Association.

9. OFFICERS AND THEIR DUTIES.

9.1. ENUMERATION OF OFFICERS. The officers of this Association shall be a president and vice-president, who shall at all times be members of the board of directors, a secretary, a treasurer and such other officers as the Board may, from time to time, by resolution, create. Each officer shall be a Member of the Association.

9.2. ELECTION OF OFFICERS. The election of officers shall take place at the first meeting of the board of directors following each annual meeting of the Members.

9.3. TERM. The officers shall be elected annually by the board for a term of one (1) year unless the officer shall sooner resign, or shall be removed, or otherwise be disqualified to serve.

9.4. SPECIAL APPOINTMENTS. The board may elect other officers if the affairs of the Association so require, each of whom shall hold office for the period, have the authority, and perform the duties as the board may, from time to time, determine.

9.5. RESIGNATION AND REMOVAL. Any officer may be removed from office with or without cause by the board. Any officer may resign at any time by giving written notice to the board, the president or the secretary. A resignation shall take effect on the date of receipt of the notice or at any later time specified in the notice, and unless otherwise specified, the acceptance of a resignation shall not be necessary to make it effective.

9.6. VACANCIES. A vacancy in any office may be filled by appointment by the board. The officer so appointed shall serve for the remainder of the term of the vacating officer.

9.7. MULTIPLE OFFICES. The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special officers created pursuant to Paragraph 9.4.

9.8. DUTIES. The duties of the officers are as follows:

a. PRESIDENT. The president shall preside at all meetings of the board of directors; shall see that orders and resolutions of the board are carried out; shall sign all leases, mortgages, deeds and other written instruments on behalf of the Association and may co-sign all checks and promissory notes.

b. VICE-PRESIDENT. The vice-president shall act in the place and stead of the president in the event of the president's absence, inability or refusal to act, may co-sign all checks and promissory notes, and shall exercise and discharge other duties as may, from time to time, be required by the board.

c. SECRETARY. The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; serve notice of meetings of the board and of the Members; keep appropriate current records showing the Members of the Association, together with their addresses, and shall perform other duties as required by the board.

d. TREASURER. The treasurer shall receive and deposit in the appropriate bank accounts all monies of the Association and shall disburse funds as directed by resolution of the board of directors; may sign all checks and promissory notes of the Association; shall keep proper books of account; shall act in the place and stead of the secretary in the event of the secretary's absence, inability or refusal to act; may co-sign all checks and promissory notes; and shall assist the board of directors in preparing an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy to each of the Members.

10. COMMITTEES. The board of directors shall appoint committees as required by statute, the Declaration or these Bylaws, or other committees as are deemed appropriate in carrying out its purpose.

11. ASSESSMENTS.

11.1. OWNERS' OBLIGATION. Each Owner is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. No Owner may waive or otherwise escape liability for the assessment provided for herein by nonuse of the Common Areas or abandonment of the Owner's Lot.

11.2. ASSOCIATION LIEN. The Association is entitled to a lien that may be enforced on compliance with the provisions of ORS 94.704 et. seq.

11.3. PERSONAL OBLIGATION. Liability for all assessments, fines, charges, interest, fees (including attorney fees, whether or not a suit or an action is commenced), and other sums owing by the Owner pursuant to the Declaration, these Bylaws, the Oregon Planned Community Act, and rules and regulations of the

Association are the personal obligation of the Owner and may be enforced by suit for a money judgment, in addition to all other remedies of the Association.

11.4. ITEMS INCLUDED IN ASSESSMENTS. The assessment of Lots shall include the following items, which shall be common expenses:

- a. Expenses of administration.
- b. Expenses of maintenance, repair, replacement and landscaping of the Common Areas.
- c. Any deficit in common expenses for any prior period.
- d. The costs of utilities for the Common Areas and other utilities that have a common meter or that are commonly billed.
- e. The cost of insurance or bonds obtained in accordance with these Bylaws.
- f. The cost of any professional management, if desired by the board of directors.
- g. Legal, accounting, and other professional fees.
- h. Any other items that are properly chargeable as an expense of the Association.

11.5. SPECIAL ASSESSMENTS. The board of directors has the power to levy special assessments against an Owner or all Owners for the following purposes and in the following manner:

- a. To correct a deficit in the operating budget by vote of a majority of the board;
- b. To collect amounts due to the Association from an Owner for breach of the Owner's obligations under the Declaration, these Bylaws, or the Association's rules and regulations, by vote of a majority of the board;
- c. To make repairs or renovations to the Common Areas if sufficient funds are not available from the operating budget or replacement reserve accounts by vote of a majority of the board or
- d. To make capital acquisitions, additions, or improvements by vote of at least 75 percent of all votes allocated to Lots.

11.6. EFFECT OF NONPAYMENT. If the assessments are not paid on the date when due, then the assessment shall become delinquent and shall, together with interest and the cost of collection, become a continuing lien on the Lot from the date of delinquency, which shall bind the Lot in the hands of the then Owner, the Owner's heirs, devisees, personal representatives and assigns. The personal obligation of the then Owner to pay such assessment shall, however, remain the Owner's personal obligation for the statutory period and shall not pass to the Owner's successors-in-title unless expressly assumed by them. If the assessment is not paid within 30 days after the date of delinquency, the assessment shall bear interest from the date of delinquency at the rate of 12 percent per annum or the highest rate of interest permitted by law, whichever is lower. In addition to the interest which may be charged on delinquent assessments, the board of directors, at its option, may impose a late charge penalty in respect to any monthly assessment not paid within 30 days from the due date. Such penalty may not exceed the sum of ten percent of the monthly assessment. The Association may bring an action at law against the Owner personally obligated to pay the same or to foreclose the lien against the Lot, and there shall be added to the amount of such assessment the cost of preparing and filing the complaint in such action. If a judgment is obtained, the judgment shall include interest on the assessment and reasonable attorney's fees in such action or any appeal thereof, to be fixed by the court, together with the costs of the action.

11.7. UNIFORMRATE; DUE DATE. Both regular annual assessments and special assessments must be fixed at a uniform rate for all Lots and may be collected upon an annual, quarterly or monthly basis, in the discretion of the board of directors; provided, however, that if the board of directors specifically finds that a particular expenditure will benefit only a certain limited number of Owners then such Owners may be specifically assessed for such expenditure. All assessments provided for herein shall be due and payable at such times as determined by the board of directors.

12. ADOPTION OF BUDGET; DETERMINATION OF FISCAL YEAR.

12.1. ADOPTION OF BUDGET. Thirty days prior to the annual meeting each year, the board of directors of the Association shall make and approve a budget setting forth the estimated expenses, charges and costs for the operation of the Association for the current year. The budget shall include an appropriate amount for insurance and for a separate fund to be maintained as a reserve account, as required by law. The amount designated for replacement reserves shall be adjusted annually to reflect current replacement cost and remaining useful life. This budget shall be presented to the annual meeting of Members, but shall not require approval by the Members. After adoption of a budget, the board of directors shall determine an assessment upon each Lot in an amount necessary to meet the budget for the current year.

12.2. FAILURE TO PREPARE BUDGET. The failure of the board of directors to timely prepare and/or to present a budget to the Owners is not cause for any Owner to fail or refuse to pay assessments. Assessments shall continue, based on the last adopted or accepted budget, until a new budget is created and announced. Retroactive

increases and/or special assessments may be made by the board of directors to make up for any deficiency.

12.3. **FAILURE TO ADOPT BUDGET.** If the board of directors fails to adopt, in a timely manner, a budget for a new fiscal year, Owners holding a majority of the votes of the entire Association, at any general or specially called meeting, may adopt such a budget, announce it to the Owners, and immediately commence assessments based on the newly adopted budget.

12.4. **REJECTION BY MEMBERS.** The annual assessment for each budget year shall be presented to the Members at the annual meeting. At the annual meeting, whether or not a quorum is present, the proposed assessment shall be deemed to be adopted unless two-thirds of the votes of the entire membership reject the proposed assessment. If the proposed assessment is rejected, but the Members do not establish a new amount for an annual assessment for the following budget year, the annual assessment for that budget year shall be the same as the annual assessment for the prior year; provided, however, that the assessment shall not be less than an amount sufficient to pay anticipated expenses for insurance and real and personal property taxes on the Common Areas. This provision shall not be construed as prohibiting the Association from modifying its assessment at any other meeting if done in accordance with the provisions of Paragraph 12.5.

12.5. **MODIFICATION BY MEMBERS.** Subject to the limitations of Paragraph 12.4., the annual assessment may be changed at any meeting duly called for the purpose of modifying the assessments, or at the annual meeting. Written notice of a meeting called for the purpose of modifying the assessment shall be sent to all Members not less than 30 nor more than 50 days in advance of the meeting and shall set forth the purpose of the meeting. Any such proposed change in the assessments shall be approved only upon the assent of two-thirds of the votes of the entire membership.

12.6. **FISCAL YEAR.** The fiscal year of the Association shall begin on the 1st day of January and end on the 31st day of December of every year.

13. INDEMNIFICATION.

13.1. **INDEMNITY BY ASSOCIATION.** The Association shall indemnify any director and officer for all loss, liability, cost or expense incurred by the director or officer in connection with the Association's business to the fullest extent permitted by law.

13.2. **INSURANCE.** The Association may purchase and maintain insurance on behalf of each director and officer against liability asserted against or incurred by the director or officer.

13.3. **APPLICATION.** The rights under this paragraph shall continue as to a person who has ceased to be a director or officer and shall inure to the benefit of the

heirs, executors and administrators of such a person. Provided, however, that notwithstanding any other provision of this paragraph, no indemnification shall indemnify any director or officer from or on account of acts or omissions for which liability could not be eliminated under ORS 65.047(2)(c).

14. CONDEMNATION. In the event that all or any portion of the Common Areas are appropriated as the result of condemnation or threat or imminence thereof, the following rules and guidelines shall apply:

14.1. REPRESENTATION BY ASSOCIATION. The board of directors of the Association shall have the sole authority, right and duty to represent each of the Owners for the purpose of negotiating and contesting, if it deems so doing to be necessary or appropriate, any condemnation award offered by the condemning authority in question and may authorize expenditures and assessments to retain adequate counsel or other experts for such purposes.

14.2. ALLOCATION OF CONDEMNATION AWARD. The board of directors of the Association shall allocate and distribute any condemnation award received by it with respect to the Common Areas to the Owners in proportion to the diminution in fair market value incurred by them with respect to their respective Lots and improvements as a result of said condemnation.

14.3. ARBITRATION. In the event of any controversy by, among or between any Owner or Owners and the board of directors arising under this paragraph, each of the disputing parties shall choose one arbitrator and such arbitrators shall choose one additional arbitrator. The three arbitrators shall resolve the controversy by majority vote and their decision shall be final, binding and unappealable upon the disputing parties. Any action or decision of the board of directors pursuant to this paragraph shall carry a rebuttable presumption of correctness for purposes of arbitration pursuant to this paragraph. The disputing parties each shall pay all the fees and expenses of the arbitrator designated by each of them and shall pay equally all fees and expenses of the third arbitrator. The disputing parties each shall pay their own expenses in connection with the arbitration.

14.4. RETENTION OF RIGHTS. No provision of this paragraph shall be construed as negating the right of the individual Owners to such incidental relief as the law may provide as a result of the condemnation of the Common Areas.

15. MISCELLANEOUS.

15.1. BOOKS AND RECORDS. The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member. The Declaration, the articles of incorporation and these Bylaws of the Association shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable cost.

15.2. AMENDMENTS. These Bylaws may be amended at a regular or special meeting of the Members, by a vote in person or proxy of a majority of the entire membership of the Association at a meeting of the Association for which notice of the proposed amendment had been sent to every Owner at least 30 but not more than 50 days prior to the meeting at which the amendment was adopted.

15.3. PRIORITY OF DOCUMENTS. In the case of any conflict between the articles of incorporation and these Bylaws, the articles shall control; and in the case of any conflict between the Declaration and these Bylaws or the articles of incorporation, the Declaration shall control.

15.4. INSURANCE. The board of directors must obtain and maintain at all times insurance of the type and kind and in the amounts herein provided, including insurance for such other risks of a similar or dissimilar nature as are or are hereafter customarily covered with respect to other planned unit developments similar in construction and design; the insurance shall be governed by the provisions in this paragraph.

a. TYPES OF INSURANCE POLICIES. For the benefit of the Association and the Owners, the board of directors shall obtain and maintain at all times, and shall pay for out of the common expense funds, the following insurance to the extent that it is available at reasonable cost:

(1) Insurance for all insurable improvements, if any, in the Common Areas against loss or damage by fire or other hazards, including extended coverage, vandalism and malicious mischief. The insurance shall cover the full replacement costs of any repair or reconstruction in the event of damage or destruction from any such hazard if the board of directors determines that such insurance is available at reasonable cost.

(2) A policy or policies insuring the Association and the board of directors against any liability to the public or the Owners of Lots and their invitees or tenants, incident to the ownership, supervision, control, or use of the planned unit development.

(3) Workers' compensation insurance to the extent necessary to comply with any applicable laws.

(4) A fidelity bond naming such persons as may be designated by the board of directors as principals and the Association and the Owners as obligees, for the amount determined by the board of directors. The premiums on such bonds will be paid by the Association.

b. INSURANCE COMPANIES AUTHORIZED. All policies must be written by a company licensed to do business in Oregon and holding a "Commissioner's rating" of "A+" and a size rating of "AAA," or better, by Best's

Insurance Reports, or as may be otherwise acceptable to all mortgage holders and the board of directors.

c. AUTHORITY TO ADJUST LOSSES. All losses under policies in force shall be settled exclusively with the board of directors or its authorized representative.

d. OWNER'S INSURANCE ON LOT AND DWELLING. The Association has no responsibility to procure or assist in procuring property loss insurance for any Owner or tenant for (1) damage to a Lot or Dwelling or (2) for any damage or loss to the Owner's personal property. Owners will be responsible for purchasing insurance policies insuring their Lots and Dwellings and for insuring their own personal property for any loss or damage. Proof of such insurance coverage shall be provided to the Association's Secretary by the Owner. Owners of all Lots must procure and maintain comprehensive liability policies having combined limits of not less than \$100,000 for each occurrence. Such insurance shall provide coverage for, without limitation, the negligent acts of the Owner and their guests or other occupants of the Lot for damage to the Common Areas and other Lots and the personal property of others located therein.

e. DUPLICATE COVERAGE. In the event of duplicate insurance coverage, the insurance policy obtained by the Owners is deemed to be the primary coverage.

15.5. PAYMENT OF VOUCHERS. The Treasurer shall pay all bills and vouchers up to \$500. Any bill or voucher in excess of \$500 shall require the signature of the President.

15.6. COMPLIANCE. These Bylaws are intended to comply with the provisions of the Oregon Planned Community Act, which are incorporated herein and to supplement the provisions of the Declaration. If any of the provisions here conflict with the provisions of the statutes, the statutory provisions apply.

15.7. PARTIAL INVALIDITY. If any provision of these Bylaws is held to be invalid or unenforceable, all other provisions shall nevertheless continue in full force and effect.

15.8. NOTICES. All notices to the Association or to the board of directors must be sent to the principal office of the Association or to such other address as the board of directors may designate from time to time. All notices to any Owner will be sent to the address designated by the Owner from time to time, in writing, to the board of directors or, if no address has been designated, then to the Owner's Lot.

15.9. SEAL The Association is an Oregon nonprofit corporation without a seal.

In accordance with the provisions of the Original Bylaws as set forth in Article XVII, Section 1, and the authority provided in ORS 94.630, the proposal to amend and restate the Original Bylaws as provided for herein was voted upon by the Owners and passed January of 2003.

On a motion made, seconded and passed, the vote was ratified and the President and Secretary of the Association were authorized and directed to adopt, sign and record these Amended and Restated Bylaws for Hendricks Hill Homeowners Association.

DATED: April 30, 2004.

HENDRICKS HILL
HOMEOWNERS ASSOCIATION

Ratified and Approved By the Board
of Directors

By: [Signature]
Print Name: Gena Hutton
Title: President

By: [Signature]
Print Name: Gena Hutton
Title: Director

By: [Signature]
Print Name: Barbara Dewey
Title: Secretary

By: [Signature]
Print Name: Erik M. Schulz
Title: Director

By: [Signature]
Print Name: Suzanne Mackie
Title: Director

STATE OF OREGON)
) ss.
COUNTY OF LANE)

This instrument was acknowledged before me on April 30,
2004 by Gena Hutton, as President of Hendricks Hill Homeowners
Association, an Oregon nonprofit corporation.

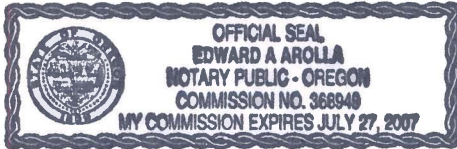


[Signature]
Notary Public for Oregon
My Commission Expires: 8-13-05

STATE OF OREGON)
) ss.
COUNTY OF LANE)

STATE OF OREGON)
) ss.
COUNTY OF LANE)

This instrument was acknowledged before me on 30 APRIL,
2004 by BARBARA DEWEY, as Secretary of Hendricks Hill Homeowners
Association, an Oregon nonprofit corporation.



[Signature]
Notary Public for Oregon
My Commission Expires: 7-27-07

STATE OF OREGON)
) ss.
COUNTY OF LANE)

This instrument was acknowledged before me on april 30,
2004 by Gena Hutton, as Director of Hendricks Hill Homeowners
Association, an Oregon nonprofit corporation.



[Signature]
Notary Public for Oregon
My Commission Expires: 8-13-05

STATE OF OREGON)
) ss.
COUNTY OF LANE)

This instrument was acknowledged before me on May 4th,
2004 by Erik M. Schulz, as Director of Hendricks Hill Homeowners
Association, an Oregon nonprofit corporation.



[Signature]
Notary Public for Oregon
My Commission Expires: 9.30.04

STATE OF OREGON)
) ss.
COUNTY OF LANE)

This instrument was acknowledged before me on 30 APRIL,
2004 by SUZANNE MACKIE, as Director of Hendricks Hill Homeowners
Association, an Oregon nonprofit corporation.



Edward A. Arolla
Notary Public for Oregon
My Commission Expires: 7-27-07