

BYLAWS  
OF  
LEWIS AND CLARK TOWNHOMES  
HOMEOWNERS ASSOCIATION, INC.

ARTICLE 1. NAME

The name of this association shall be "Lewis and Clark Townhomes Homeowners Association, Inc." (the "Association").

ARTICLE 2. OBJECT

Section 2.1 Purpose.

The object of the Association shall be those actions required to protect and enhance all properties lying within the boundaries of the Lewis and Clark Townhome properties.

Section 2.2 Applicability.

All present or future Owners, tenants, occupants, or their employees, or any other person that might use the facilities of Lewis and Clark Townhomes, in any manner, are subject to the regulations set forth in these Bylaws.

Section 2.3 Definitions.

The terms in these Bylaws shall have the same meaning as set forth in the Declaration of Covenants, Conditions and Restrictions ("CCRs").

ARTICLE 3. MEMBERSHIP

Section 3.1 Membership in the Association.

Membership in the Association shall be by ownership, either by deed or purchase under a contract of sale, of one or more Lots. All Owners shall automatically be Members of the Association and shall remain a Member of the Association until such time as the Member's ownership ceases.

Section 3.2 Voting Rights.

- 3.2.1 Members. Member shall be entitled to one (1) vote for each Lot owned by the Member with respect to all matters upon which Owners are entitled to vote.
- 3.2.2 Declarant. Notwithstanding paragraph 3.2.1, Declarant reserves the right to vote on behalf of all Members of the Association, until one hundred eighty (180) days after Declarant has sold eighty five percent (85%) of the

Lots in the Property or until Declarant terminates this reservation of special Declarant rights by notice in writing to the Association.

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

### Section 3.3 Majority of Owners

As used in these Bylaws, the term "Majority" shall mean those Owners holding over fifty percent (50%) of the votes present at any legal meeting.

### Section 3.4 Quorum

Except as otherwise provided in these Bylaws, the presence, in person, by absentee ballot or by proxy, of Owners holding fifteen percent (15%) or more of the outstanding votes in the Association, as defined in these Bylaws, shall constitute a quorum. A legal meeting is one duly called pursuant to these Bylaws where a quorum is present, in person or by proxy, at a formal gathering. Unless otherwise stated in these Bylaws, the act of a Majority of Owners present shall be the act of the Members.

### Section 3.5 Written Ballot.

Any action that may be taken at any annual, regular or special meeting of the Association may be taken without a meeting if the Association delivers a written ballot to every Association Member that is entitled to vote on the matter. The written ballot shall set forth each proposed action and provide an opportunity to vote for or against each proposed action. Matters proposed in the written ballot shall be deemed approved or rejected as provided by the Oregon Planned Community Act.

### Section 3.6 Place of Meetings.

Meetings of the Association shall be held at the Association's principal office or such other suitable place convenient to the Owners as may be designated by the Board of Directors.

### Section 3.7 Annual Meetings.

The Association shall hold an Annual Meeting as directed by the Board of Directors. At such meeting, new Members of the Board of Directors shall be elected in accordance with these Bylaws. The Owners may transact such other business of the Association as may properly come before them.

### Section 3.8 Special Meetings.

Special Meetings may be called by the President of the Association, the Board of Directors or by Petition signed by twenty percent (20%) or more of the Owners.

Section 3.9 Notice of Meetings.

It shall be the duty of the Secretary of the Association to mail a notice of each annual, stating the purpose, time and place of the meeting. Notice shall be mailed at least seven (7) days but not more than fifty (50) days prior to such meeting. The notice shall be mailed to the Owner's address last given the Secretary in writing by the Owner. If Lot ownership is split or the Lot has been sold on contract, notice shall be sent to a single address of which the Secretary has been notified in writing by such parties.

ARTICLE 4. BOARD OF DIRECTORS

Section 4.1 Number and Qualification.

The affairs of the Association shall be governed by a Board of Directors composed of three (3) to five (5) persons, all of whom must be an Owner or Co-Owner of a Lot.

Section 4.2 Powers and Duties.

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

Section 4.3 Other Duties.

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

- 4.3.1 Establishment and maintenance of replacement reserve accounts and other reserves and annually conducting a reserve study, or review and update an existing study, of the Common Property components to determine the reserve account requirements.
- 4.3.2 Designation and collection of monthly assessments from the Owners.
- 4.3.3 Establishment of a budget and payment of all common expenses of the Association, including the method of approving vouchers.
- 4.3.4 Reviewing and maintaining insurance policies in respect to the Association.
- 4.3.5 Designation and dismissal of personnel necessary for the maintenance of the exteriors of all Building Structures; maintenance and repair of all Landscaped Areas, excluding the area within the fenced yards; and maintenance of the fences.
- 4.3.6 Preparing and distributing annual financial statements of the Association to each Owner.

- 4.3.7 Adoption and amendment of administrative rules and regulations governing the details of operation, provided, however, any such Rules or Regulations remain subject to rescission or amendment by the Association upon Majority vote of Owners present at any properly called meeting.
- 4.3.8 Causing the Association to comply with the Oregon Planned Community Act relating to maintenance and distribution of financial statements and maintaining copies suitable for duplication of the following: CCRs, Bylaws, Association Rules and Regulations and any amendments, most recent annual financial statement, and the current operating budget of the Association.

**Section 4.4 Income Tax Returns; Determination of Fiscal Year.**

The Board of Directors, in its sole discretion, shall determine the manner in which all necessary income tax returns are filed and shall select any and all persons to prepare and file such returns.

**Section 4.5 Budgets and Financial Statements.**

- 4.5.1 The Board of Directors, at least annually, shall adopt a budget for the planned community.
- 4.5.2 The following financial and related information shall be annually prepared and distributed by the Board of Directors to all Members of the Association:
  - 4.5.2.1 A summary of the budget for the immediately ensuing fiscal year consisting of at least the following information shall be distributed.
    - 4.5.2.1.1 Estimated revenue and expenses.
    - 4.5.2.1.2 The amount of the total cash reserves of the Association currently available.
    - 4.5.2.1.3 An estimate of the current replacement costs of, the estimated remaining life of, and the methods of funding used to defray the future repair, replacement or additions to, those major components of the property and facilities which the Association is obligated to maintain.
  - 4.5.2.2 A report consisting of the following shall be distributed annually after the close of the fiscal year.
    - 4.5.2.2.1 A balance sheet as of the end of the fiscal year.
    - 4.5.2.2.2 An operating (income) statement for the fiscal year.
- 4.5.3 If the Board of Directors fails to adopt a budget, the last adopted annual budget shall continue in effect.

**Section 4.6 Interim Board and Officers.**

The Declarant reserves administrative control of the Association until the Termination Date. The Declarant, in his sole discretion, shall have the right to appoint and remove

Members of an Interim Board of Directors and interim Officers. Notwithstanding the provisions of this Section, at the Turnover Meeting at least one (1) Director shall be elected by owners other than the Declarant, even if the Declarant otherwise has voting power to elect all other Directors.

#### Section 4.7 Election and Term of Office

At the Turnover Meeting of the Association, the term of office of Directors shall be staggered so that approximately one-half of the Directors term will expire in one (1) year and the remaining half will expire in two (2) years. Should more Directors be added, the same sequential election terms shall apply as nearly as is practicable. At the expiration of the initial term of office of each respective Director, his or her successor shall be elected to serve a term of two (2) years. The Directors shall hold office until their successors have been elected and hold their first meeting. At the Turnover Meeting, upon agreement by vote of the Owners, the Board of Directors may be elected by a single ballot with each Owner permitted to vote for the number of openings in that year. In such event, the two (2) nominees receiving the highest number of votes shall be the two (2) year Directors and the three (3) nominees receiving the next highest numbers of votes shall be the one (1) year Directors. The Association may increase or decrease the number of Directors and length of terms for which each is elected upon amendment of this Section.

#### Section 4.8 Vacancies

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

#### Section 4.9 Removal of Directors

At any legal Annual or Special Meeting, other than a meeting by ballot, any one or more of the Directors may be removed with or without cause, by a Majority vote of the Owners and a successor may be then and there elected to fill the vacancy created; provided, however, the notice of meeting specifically indicates that the removal of one or more named Directors is an agenda item for such meeting. Any Director whose removal has been by the Owners shall be given an opportunity to be heard at the meeting.

#### Section 4.10 Regular Meetings

Regular Meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a Majority of the directors. Notice of Regular Meetings of the Board of Directors may be called by the President of the Association on three (3) days notice to each Director given personally, by mail, telephone, fax or e-mail, which notice shall state the time, place and purpose of the meeting.

#### Section 4.11 Special Meetings.

Special Meetings of the Board of Directors may be called by the President or Secretary of the Association or on the written request of a Majority of Directors. Special Meetings of the Board of Directors may be called on three (3) days notice to each Director given personally, by mail, telephone, fax or e-mail, which notice shall state the time, place and purpose of the meeting.

#### Section 4.12 Waiver of Notice to Directors.

Before, at or after any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. The attendance by a Director at any meeting of the Board shall be a waiver of notice by him or her. If all the Directors are present at any meeting of the Board, no notice to Directors shall be required and any business may be transacted at such meeting.

#### Section 4.13 Quorum.

At all meetings of the Board of Directors, a Majority of the existing Directors shall constitute a quorum for the transaction of business, and the acts of the Majority of the Directors shall be the acts of the Board of Directors. If at any meeting of the Board of Directors there is less than a quorum present, the Majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

#### Section 4.14 Board of Directors Meetings Open to All Association Members.

All meetings of the Board of Directors shall be open to any and all Members of the Association, except that at the discretion of the Board of Directors the following matters may be considered in executive session:

- 4.14.1 Consultation with legal counsel concerning the rights and duties of the Association regarding existing or potential litigation, or criminal matters;
- 4.14.2 Personnel matters including salary negotiations and employee discipline;  
and
- 4.14.3 Negotiations of contracts with third parties.

No Association Member shall have a right to participate in the Board of Directors meetings unless such Member is also a Member of the Board of Directors. The President of the Association shall have the authority to exclude any Association Member who disrupts the proceedings at a meeting of the Board of Directors.

#### Section 4.15 Notice to Association Members of Board of Directors Meetings.