

AFTER RECORDING RETURN TO:

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**FIRST AMENDED AND RESTATED BYLAWS OF CERES GLEANN
HOMEOWNERS ASSOCIATION, INC.**

This document supersedes the following:

Bylaws of Ceres Gleann Homeowners Association, Inc.
Polk County, Document No. 2004- 016441

Amendment to Bylaws
Ceres Gleann Homeowners Association, Inc.
Polk County, Document No. 2007 – 017140

Second Amendment to Bylaws
Ceres Gleann Homeowners Association, Inc.
Polk County, Document No. 2010 – 005559

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ARTICLE 1

PLAN OF LOT OWNERSHIP; DEFINITIONS

1.1 Bylaws Applicability. These Bylaws apply to the Lots and the Common Property in Ceres Gleann, a planned community in Dallas, Polk County, Oregon, that have been subjected to the Third Amended and Restated Declaration of Covenants, Conditions, and Restrictions of Ceres Gleann (the “Amended and Restated Declaration”), as well as to the Ceres Gleann Homeowners Association (the “Association”) and the entire management structure thereof.

1.2 Lots; Property. The Lots and the Common Area may be collectively referred to in these Bylaws as the “Property” and the Lots individually as a “Lot” or collectively as the “Lots.”

1.3 Personal Application. All present or future owners, tenants, occupants, and their employees, and any other person that might occupy any portion of the Property in any manner, shall be subject to the provisions set forth in these Bylaws. The acquisition, rental, or occupancy of any of the Lots shall constitute acceptance and ratification of these Bylaws and agreement to comply with all the provisions hereof.

1.4 Definitions. Capitalized terms used but not defined herein shall have meanings attributed to them in Article 1 of the Amended and Restated Declaration.

1.5 Oregon Planned Community Act. The Property, all Lots and owners thereof, the Association, and all members thereof, shall be subject to the Oregon Planned Community Act, ORS 94.550, *et seq.* (the “PCA”).

ARTICLE 2

MEMBERSHIP, VOTING RIGHTS, QUORUM, PROXIES

2.1 Members. Every person or entity who is a record owner of a fee interest or undivided fee interest in any Lot or Living Unit or a purchaser in possession under land sale contract for a Lot or Living Unit in the Ceres Gleann shall be a mandatory member of the Ceres Gleann Homeowners Association, Inc. (the "Association"). The foregoing is not intended to include persons or entities who hold an interest merely as security for performance of an obligation. Membership in the Association shall be appurtenant to and may not be separated from ownership of any Lot or Living Unit. Transfer of ownership of a Lot or Living Unit automatically transfers membership in the Association. The Ceres Gleann is a Class 1 planned community under the PCA.

2.2 Voting Rights. Members of the Association shall be entitled to one vote for each Lot owned with respect to all matters upon which owners are entitled to vote, and the total number of votes shall be equal to the total number of Lots subject to this Amended and Restated Declaration. When more than one person or entity holds an interest in a Lot, the vote for such Lot may be cast as they shall determine, but in no event shall fractional voting be allowed. Fractional or split votes shall be disregarded, except for the purposes of determining quorum.

2.3 Majority of Owners. As used in these Bylaws, the term “majority” shall mean those owners holding more than 50% of the voting rights allocated to the owners in accordance with the Declaration and Section 2.2 above. “Majority of Owners present” shall mean owners holding more than 50% of the votes present at any legal meeting.

2.4 Quorum. Except where a specific action is required by the Declaration, the Articles of Incorporation or another provision of these Bylaws, a quorum for the transaction of any business shall consist of persons authorized to cast, in person or by proxy, not less than 20% of the total votes in the Association. If at any meeting a quorum is not present or represented, the members entitled to vote thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented.

2.5 Voting; Proxies. Owners may cast votes in person, by written ballot, by absentee ballot, by proxy, or by any other means specified in the PCA and approved by the Board, including electronic ballot. Proxies must be filed with the Secretary of the Association (“Secretary”) before or during the appointed meeting. A proxy shall expire one year after the date it was signed unless a shorter period is specified in the proxy. The proxies may require the holder to cast a vote for or against any special proposal set out in the notice calling the meeting. Unless withdrawn, a proxy given to another person to vote at a specific meeting shall also be valid at an adjourned meeting called under the provisions of Section 2.4. Proxies and ballots must be retained by the Association for one year from the date of the determination of the vote.

2.6 Suspension of Voting Rights. No members shall be entitled to cast any vote in any matter coming before the Association if at the time the member is delinquent in the payment of any assessment, which has been levied by the Association against such member's Lot. For the purposes of this paragraph, unless the member and the Board of Directors of the Association have agreed to defer the payment of an assessment, a member shall be deemed delinquent in the payment of the assessment if the same is not paid in full within 60 days after the Association mails or otherwise delivers a statement for the assessment to the member.

2.7 Fiduciaries and Joint Owners. An executor, administrator, guardian, or trustee may vote, in person or by proxy, at any meeting of the Association with respect to any Lot owned or held by such person in such capacity, whether or not the same shall have been transferred to such person's name, provided that such person has satisfied the Secretary that such person is the executor, administrator, guardian, or trustee holding such Lot in such capacity. Whenever any Lot is owned by two or more persons jointly according to the records of the Association, the vote of such Lot may be exercised by any one of the owners then present, in the absence of protest by a co-owner. In the event of such protest, no one co-owner shall be entitled to vote without the approval of all co-owners. In the event of disagreement among the co-owners, the vote of such Lot shall be disregarded for all purposes, except for determining whether a quorum is present.

ARTICLE 3

MEETING OF MEMBERS

3.1 Place of Meetings. Meetings of the Association shall be held at suitable places convenient to the owners as may be designated by the Board. If a vote is taken by written ballot or electronic means, the Board shall count the ballots cast within 48 hours of the voting deadline. Owners shall be notified via the Association's monthly electronic newsletter or other delivery of written notice of the results of the vote or that a quorum was not reached within 15 days after the meeting or voting deadline.

3.2 Annual Meetings. Annual meetings of the membership of the Association shall be held on the third Tuesday of May each year, beginning in the first such month following the adoption of these Bylaws. Provided, however, that if the annual meeting for the year is not held during such month, it may be called at any subsequent time by the Board Chair, a majority of the Board of Directors, or members holding not less than 20% of the membership votes. At such meetings, the owners shall announce the new members of the Board in accordance with the requirements of Section 4.4 of these Bylaws.

3.3 Special Meetings. Special meetings of the membership shall be held upon the call of the Board Chair or a majority of the Board of Directors, or pursuant to a petition signed by members holding at least 30% of the total votes in the Association. Meetings called upon a petition of members shall be held in person at a formal gathering, rather than by ballot as provided in Section 3.7 of this Article.

3.4 Turnover Meeting. The turnover meeting shall occur a) not later than 90 days from the date that Lots representing one hundred percent (100%) of the total number of votes have been conveyed to persons other than the Declarant; or b) not later than 90 days from the date that the Transitional Advisory Committee, acting on behalf of the homeowners, and the Declarants agree to a turnover of control. The Declarant shall give notice of the turnover meeting to each member as provided in Section 3.6 of these Bylaws. If the Declarant does not call the meeting required under this section, any member may do so. At the turnover meeting the Declarant shall relinquish control of the administration of the Association to the members, and the members shall elect the Initial Board of Directors in accordance with the provisions of Section 4.1 of these Bylaws. Additionally, the Declarant shall deliver to the Association those items specified in the Oregon Planned Community Act to be turned over by the Declarant at the turnover meeting.

3.5 Transitional Advisory Committee. The Declarant shall form a Transitional Advisory Committee to provide for the transition of administrative control of the Association from the Declarant to the other members. Not later than the sixtieth (60th) day after the Declarant has conveyed fifty percent (50%) of all of the Lots in Ceres Gleann PUD, the Declarant shall call a meeting of members for the purpose of selecting a Transitional Advisory Committee. The committee shall consist of at least three (3) members, but not more than five (5) members. The members of the Association other than the Declarant shall, by majority vote, elect two (2) or more members of the committee, and the Declarant shall elect one (1) member of the committee. The

term of each member of the committee shall be three (3) years and members may serve multiple terms. The function of the Transitional Advisory Committee shall be to facilitate transition from control of the administration of the Association by the Declarant to control by the members. The committee shall have access to the information, documents and records, which the Declarant must turn over to the members under the Oregon Planned Community Act. The Declarant shall give notice of the meeting required under this section to each member of the Association at least 5 (5), but no more than sixty (60) days prior to the meeting. The notice shall state the purpose of the meeting and the time and place where it is to be held. If such meeting is not called by the Declarant within the time specified, the meeting may be called and notice given by a member of the Association. If the members of the Association, other than the Declarant, do not select members for the committee under this section, the Declarant shall have no further responsibility to form the committee.

3.6 Notice of Meetings. Owners shall be provided written notice via mail, email, electronic delivery, including posting on the Association's web site, or other delivery methods, including notice via the Association monthly electronic newsletter, of each annual and special meeting. The notice shall state the purpose thereof and the time and place where such meeting is to be held. The Board may propose that the owners take an action by written ballot without a meeting, pursuant to the provisions of the PCA and the Oregon Nonprofit Corporation Act. Notice shall be provided at least ten but not more than 50 days before the meeting, or the date the ballots are mailed for a vote taken without a meeting. Email notices shall be sent to the email address last provided to the Association in writing by the owner. Owners may opt out of electronic or email delivery of notices. Notices sent via mail shall be mailed to the owner's address last given to the Association in writing by the owner. If Lot ownership is split or the Lot has been sold on a contract, notice shall be sent to a single address, of which the Association has been notified in writing by such parties. If no address has been given to the Association in writing, then mailing to the Lot shall be sufficient. The provision of a notice in the manner provided in this Section 3.6 shall be considered notice served.

3.7 Ballot Meetings. Any meeting of the membership of the Association (except annual meetings and special meetings called by petition of members) may be by written ballot in lieu of a meeting as provided by the PCA at the Board's election, rather than through an in-person gathering. Voting by mail in lieu of a meeting must comply with the provisions of ORS 94.647, as it may be amended. Ballots for such meetings must be properly executed and returned in sufficient quantity to constitute a quorum and to pass the proposals specifically propounded on the ballot. The vote on matters considered through ballot meetings shall be determined by the Board within 48 hours of the deadline of the return of the ballots. Each member shall be notified by mail or delivery of written notice of the results of the ballot meeting, or that a quorum of ballots was not returned, within ten days after the ballots have been counted.

3.8 Order of Business. The order of business at meetings of the Association shall be as follows:

- (a) Ascertaining that a quorum is present in person or by representation;
- (b) Proof of notice of meeting or waiver of notice;

- (c) Reading, correction, and approval of minutes of previous meeting;
- (d) Reports of officers and committee, if any;
- (e) Election of Directors;
- (f) Unfinished business;
- (g) New business; and
- (h) Adjournment.

ARTICLE 4

BOARD OF DIRECTORS

4.1 Initial Board. At the turnover meeting described in Section 3.4, an Initial Board of Directors will be elected by voice vote of those owners present at that meeting. The Initial Board of Directors will serve for no more than 90 days from the date of their election at the turnover meeting. Within 90 days of the turnover meeting, the Initial Board will conduct the first election of the Board of Directors pursuant to Section 4.4 below, and that elected Board of Directors will replace the Initial Board.

4.2 Makeup of Board. The affairs of the Association shall be governed by a Board of Directors, consisting of five persons, all of whom must be an owner or co-owner of a Lot; provided, however, that if a Lot is owned by more than one owner, only one co-owner of that Lot may serve on the Board at any one time. An officer or employee of a corporation, the trustee of a trust, the personal representative of an estate, or an employee of a trust or estate may serve on the Board if the corporation, trust, or estate owns a Lot.

4.3 Powers and Duties. The Board of Directors shall have general authority and responsibility for the conduct of the business and affairs of the Association, in accordance with the Amended and Restated Declaration, the Articles of Incorporation, these Bylaws and the PCA. Certain specific powers and duties of the Board are as set forth below, but such list is not exhaustive.

4.3.1 General Exercise of Powers. Exercise for the Association all powers, duties, and authority vested in or designated to this Association by law, its Articles of Incorporation or the Declaration and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation or the Declaration.

4.3.2 Employment of Third Parties. Employ a manager, an independent contractor or such other employees or agents as it deems necessary, and to prescribe their duties; provided, however, that unless otherwise approved by at least four-fifths (4/5) of the Board of Directors, no management agreement, service contractor employment contract shall be in excess of three years.

4.3.3 Association Budget; Invoice System. Establishment of a budget and payment of all common expenses of the Association, and institution and maintenance of an invoice approval system for such payment, which shall require

a sufficient number of signatories thereon as may be reasonably necessary to prevent any misuse of Association funds, in accordance with these Bylaws and the Amended and Restated Declaration.

4.3.4 Rules and Regulations. Adopt and publish rules and regulations, including fees, if any, governing the use of common property and facilities, Lots, and the personal conduct of the members and their guests thereon. Provided, however, that any of the rules and regulations are subject to rescission or amendment by the Association upon a majority vote of all owners. Owners may petition, pursuant to these Bylaws, to call a special meeting for such a purpose.

4.3.5 Suspend Delinquent Members. Suspend the right to use the common property with respect to an owner during any period in which such owner shall be in default for more than 60 days after notice of the payment of any assessment levied by the Association. Such suspension of use includes, but is not limited to, use of all common recreational facilities and attendance at Association community events.

4.3.6 Corporate Records. Cause to be kept a complete record of all its corporate affairs in compliance with ORS 94.670, make such records available for inspection by any member or his agent, as more fully described in Article 7 of these Bylaws.

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

4.3.8 Statement of Accounts. Issue, upon demand by any member or mortgagee in writing, a written statement setting forth whether or not any assessment has been paid and giving evidence thereof, for which a reasonable charge may be assessed.

4.3.9 Financial Affairs. Designate depositories for Association funds, designate those officers, agents and/or employees who shall have authority to withdraw funds from such accounts on behalf of the Association, and cause such persons to be bonded, as it may deem appropriate.

4.3.10 Establish and Collection of Assessments. Fix annual assessments at an amount sufficient to meet the obligations imposed by the Declaration, at least thirty (30) days in advance of each annual assessment, set the date(s) assessments are due, and demand payment of same.

4.3.11 Liens for Delinquent Assessments. Cause the lien against any Lot or Living Unit for which assessments are not paid within 30 days after the due date to be filed and foreclosed or cause action at law to be brought against the owner personally obligated to pay the same.

4.3.12 Maintenance of Common Property. Cause the Common Property owned

by the Association to be maintained and pay all local taxes, as applicable.

4.3.13 Insurance. Procure, review and maintain in effect such casualty, flood, liability and hazard insurance, property damage insurance with extended coverage endorsements, and a fidelity bond meeting the insurance and fidelity bond requirements as required by the Amended and Restated Declaration and Bylaws.

4.3.14 Deal with Association Property. Grant easements, leases, license and concessions through or over the common property in accordance with the PCA; enter into mortgage agreements, given security and obtain capital debt financing subject to the provisions of the Amended and Restated Declaration; acquire, hold and convey in the name of the Association any right, title or interest in real or personal property subject to the provisions of the Declaration.

4.3.15 Late Charges and Fines. Impose charges for late payment of assessments and, after giving notice and an opportunity to be heard, levy reasonable fines for violations of the Declaration, Bylaws or rules and regulations of the Association.

4.3.16 Appoint Committees. Appoint and maintain oversight of the Architectural Review Committee, Landscaping Committee, and such other committee(s) as it deems appropriate to carry out its purposes.

4.3.17 Participate in Litigation. Institute, defend or intervene in litigation or administrative proceedings on behalf of the Association on matters affecting the community.

4.3.18 Other Necessary and Proper Powers. Exercise any other powers necessary and proper for the administration and operation of the Association.

4.4 Election of Directors. For the first election of the Board of Directors following the recording of these Bylaws and the establishment of the Interim Board, the membership shall elect one person to serve on the Board of Directors for the ensuing year, two persons to serve on the Board of Directors for the ensuing two years, and two persons to serve on the Board of Directors for the ensuing three years. The election of the Board of Directors shall be conducted by written ballot in conformance with ORS 94.647, and the results shall be posted on the Association's website and announced at the annual meeting of the Association. The Board shall provide at least 10 days' notice before written ballots are mailed or otherwise delivered, and such notice of intent to mail ballots shall be provided no less than 30 days in advance of the annual meeting. The deadline to return ballots shall be no later than the day immediately preceding the annual meeting date. The Board (or acting TAC/Initial Board) shall establish the details of the Board candidate nomination and election procedure through duly adopted rules and regulations. The terms of each Board member initially elected will be established by random drawing. Thereafter, the members of the Board of Directors shall serve staggered three-year terms.

4.5 Eligibility for Successive Terms. Any person may be elected to serve successive

terms on the Board of Directors without limitation.

4.6 Removal of Directors. At any properly called annual or special meeting at which removal of a director is on the agenda, any one or more of the directors may be removed with or without cause, by a vote of the majority of Owners present, and a successor may then and there be elected to fill the vacancy thus created; provided, however, that the notice of meeting shall specifically indicate that the removal of one or more named directors is an agenda item for such meeting. Any director whose removal has been proposed by the owners shall be given an opportunity to be heard at such meeting.

4.7 Board Meetings. Meetings of the Board of Directors shall be held from time to time upon the call of the Board Chair or of a majority of the Directors.

4.8 Notice of Meetings. Written or oral notice of each meeting of the Board of Directors shall be given to each Board member not less than three days before the meeting. The requirement for such notice may be waived by the majority vote of the Directors present and voting at any meeting attended by not less than a majority of the entire Board of Directors.

4.9 Quorum; Voting. At all meetings of the Board of Directors, a quorum for the transaction of business shall be a majority of the persons serving as Directors. Except as otherwise provided in these Bylaws or in the Declaration, all matters coming before the Board shall be decided by majority vote.

4.10 Meeting Open to Association Members. All meeting of the Board of Directors shall be open to any and all members of the Association, except under certain circumstances as provided by law; provided, however, that no member shall have a right to participate in the Board of Directors' meeting unless such member is a Director. The Chair shall have the authority to exclude any member who disrupts a Board of Director' meeting.

4.11 Notice of Association Members of Board of Directors Meeting. For other than emergency meetings, notice of Board of Director meetings shall be posted at a reasonable place on the common property that has been generally publicized at least three days prior to the meeting and/or such notice shall be provided by a method otherwise reasonably calculated to inform Lot owners of such meetings, including first class mail, hand delivery to each owner's address, email, or other electronic delivery (such as posting on the Association's website).

4.12 Vacancies on Board. Any vacancy occurring on the Board of Directors may be filled by the vote of the majority of the remaining Directors. Any person so selected shall serve out the remaining term of the departed Director, subject to the removal provisions of Section 4.6.

4.13 Compensation of Directors. No director shall be compensated in any manner, except for out-of-pocket expenses, unless such compensation is approved by the vote of the members.

4.14 Conflicts of Interest. Board members shall timely disclose to the Board any

perceived or potential conflict of interest regarding any aspect of business operations of the Association. To the highest degree possible, Directors should refrain from voting or otherwise deliberating upon a matter in which a particular Director has a direct or indirect financial interest (beyond the general obligation to pay their share of common expenses of the Association) in an Association transaction at issue, or upon a matter directly involving themselves or their family. Accordingly, a Directors shall recuse themselves from voting and deliberating upon an appeal brought to the Board in which the particular Director or their family member participated in the underlying deliberations brought to the Board for appeal.

ARTICLE 5

OFFICERS

5.1 Enumeration of Offices. The officers of this Association shall consist of a Chair, who shall at all times be a member of the Board of Directors, a Vice Chair, a Secretary/Treasurer, and such other officers as the Board of Directors may create from time to time by resolution.

5.2 Election and Term of Office. The officers of the Association shall be elected annually by the Board of Directors and each shall hold office at the pleasure of the Board.

5.3 Resignation and Removal. Any officer may be removed from office, with or without cause, by majority vote of the Board of Directors. Any officer may resign at any time by giving written notice to the Board of Directors, the Chair or the Secretary/Treasurer. Such resignation shall take effect on the date of receipt of such notice or at any time later specified therein, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

5.4 Vacancies. A vacancy in any office may be filled by appointment by the Board of Directors. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

5.5 Duties. The duties of the officers are as follows:

5.5.1 Chair. The Chair shall preside at all meetings of the Board of Directors and of the Association; shall see that orders and resolutions of the Board of Directors are carried out; and, as may be designated by Board resolution or rule, sign all leases, mortgages, deeds and other written instruments and, as may further be designated by Board resolution or rule, co-sign all promissory notes, checks and contracts as the Board of Directors may approve from time to time.

5.5.2 Vice Chair. The Vice Chair shall preside at all meetings of the Board of Directors and of the Association when the Chair is absent or otherwise unable to fulfill those responsibilities. The Vice Chair shall also oversee, subject to the direction of the Board, the Association's annual maintenance program.

5.5.3 Secretary/Treasurer. The Secretary/Treasurer shall cause to be recorded the votes and minutes of all meetings and proceedings of the Board of Directors and of the members; cause to be maintained the records of the Association; and serve notice to members. These duties may be delegated to a Records Assistant, with appropriate oversight of the Board. The Secretary/Treasurer shall also cause all monies of the Association to be deposited in appropriate accounts and disbursed therefrom as directed by resolution of the Board of Directors; shall co-sign any promissory notes or checks as may be required by Board resolution or rule; keep proper books of account; cause the Association books to be closed annually at the completion of each full fiscal year; and shall be the chief officer responsible for the preparation of an annual budget and a statement of income and expenditures to be presented to the Board of Directors. These duties may also be assigned to a Finance Committee, if one is appointed, with appropriate Board oversight. Alternatively, the Board may engage an accounting professional or firm to assist the Board in fulfilling certain of these duties.

ARTICLE 6

INSURANCE

6.1 Types of Insurance Policies. The Board shall obtain and maintain at all times, and shall pay for out of the Association expense funds, the following insurance:

6.1.1 Property Damage Insurance. The Association shall maintain a policy or policies of insurance covering loss or damage from fire, with standard extended coverage and “special form” endorsements, and other such coverages as the Board may deem desirable. The amount of the coverage shall be for not less than 100% of the current replacement cost of the improvements on the Common Property (exclusive of land, foundation, excavation and other items normally excluded from coverage), subject to a reasonable deductible.

6.1.2 Liability. The Association shall maintain commercial general liability insurance coverage insuring the Association, the Board, and the management agent, against liability to the public or to owners and their invitees or tenants, arising from the operation, maintenance, ownership or use of the Common Property, including the legal liability arising out of lawsuits related to employment contracts of the Association. There may be excluded from the policy or policies coverage of an owner (other than as a member of the Association or Board) for liability arising out of acts or omissions of such owner and liability arising from the ownership and/or use of the part of the property as to which such owner has the exclusive use or occupancy. Limits under such insurance shall not be less than \$2,000,000 on a combined single-limit basis. Such policy or policies shall be issued on a commercial liability basis and shall provide a cross-liability endorsement wherein the rights of named insureds under the policy or policies shall not be prejudiced as respects his, her or their action against another named insured.

6.1.3 Workers Compensation. Workers Compensation Insurance to the extent that it is necessary to comply with any applicable laws.

6.1.4 Director and Officer's Insurance. Directors' and officers' insurance insuring the directors and officers.

6.2 Fidelity Bond. The Board of Directors may obtain and maintain 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, and may require that all officers and employees of the Association handling or responsible for Association funds provide adequate fidelity bonds. The premiums on such bonds shall be paid for by the Association.

6.3 Insurance Companies Authorized. All policies shall be written by a company licensed to do business in Oregon and holding a "Commissioner's rating" of A- and a size rating of "VII" or better, by Best's Insurance Reports, or as may be otherwise acceptable to the Board of Directors.

6.4 Authority to Adjust Losses. All losses under policies hereafter in force regarding the common property shall be settled exclusively with the Board of Directors or its authorized representative. Releases and proofs of loss shall be executed by at least two directors.

6.5 Prohibition of Contribution. In no event shall the insurance coverage obtained and maintained by the Board of Directors hereunder be brought into contribution with insurance purchased by the individual owners or their mortgages.

6.6 Provisions in Insurance Policies. The Board of Directors shall make every effort to secure insurance policies that will provide for the following:

6.6.1 A waiver of subrogation by the insurer as to any claims against the Board of Directors, the manager, the owners and their respective servants, agents and guests.

6.6.2 A provision that the policy cannot be cancelled, invalidated or suspended on account of the conduct of any one of the individual owners.

6.6.3 A provision that the policy cannot be cancelled, invalidated or suspended on account of the conduct of any officer or employee of the Board of Directors without prior demand in writing that the Board of Directors or manager cure the defect.

6.6.4 A provision that any "no other insurance" clause in the policy exclude individual owner's policies from consideration.

6.7 Deductible Provisions. The Board may negotiate the amount of the deductible in all Association insurance policies at such limits as are reasonable and customary under the circumstances and the deductible amount may be set at different levels for different insured risks.

6.8 Review of Insurance Policies. At least annually, the Board of Directors shall review all insurance carried by the Association. The insurance maintained by the Association shall comply with the requirements of the PCA.

ARTICLE 7

BOOKS AND RECORDS

7.1 Reports and Audits; Recordkeeping.

7.1.1 The Board of Directors, or its designee, shall keep detailed, accurate records, in chronological order, of the receipts and expenditures, itemizing the maintenance and repair expenses of the common property and other expenses incurred, and shall keep any other financial records sufficient for proper accounting purposes.

7.1.2 An annual report consisting of a balance sheet and income and expense statement for the preceding year shall be distributed by the Board of Directors to all owners, and to all mortgagees who have requested in writing the same, within 90 days after the end of each fiscal year. From time to time the Board of Directors, at the expense of the Association, may obtain an audit of the books and records pertaining to the Association. At any time, any owner or mortgagee may, at his or her own expense, cause an audit or inspection to be made of the books and records of the Association.

7.1.3 The Board of Directors shall maintain at all times the records and documents of the Association including the minutes of meetings. Such records and documents shall be reasonably available for examination by an owner or mortgagee; upon written request from the owner or mortgagee, such records and documents shall be made available for duplication. The Board of Directors shall maintain copies suitable for duplication of the Amended and Restated Declaration, Bylaws, rules and regulations (and amendments thereto), current operating budget and the most recent annual report. Upon written request of a prospective purchase, such copies and documents shall be made available for duplication during reasonable hours. The Board of Directors may charge a reasonable fee for furnishing copies to an owner, mortgagee, or prospective purchaser.

7.2 Statement of Assessments. The Board of Directors shall maintain an assessment roll in which there shall be an account for each Lot subject to assessment. Such account shall designate the name and address of the owner, the amount of each assessment against the owner, the dates and amounts on which the assessment becomes due, the amounts paid on the account and the

balances due on the assessments. The Board of Directors shall promptly provide any owner who makes a request in writing with a written statement of the balance due on his assessments, subject to limitations within the PCA.

7.3 Owner's Obligation. Each owner shall provide the Board of Directors with the owner's mailing address and any change thereto.

ARTICLE 8

AMENDMENT

8.1 Amendment by Members. The Bylaws may be amended by affirmative vote of not less than 60% of the votes present in person or by proxy at a duly called meeting, or sixty percent 60% of the votes cast in a vote by ballot in lieu of meeting, so long as at least twenty percent 20% of the owners cast votes to establish quorum.

8.2 Recordation of Amendments. Amendments to these Bylaws shall be executed, certified and recorded in the deed records of Polk County, Oregon, by any office of the Association designated for that purpose or, in the absence or designation, by the Chair of the Association.

ARTICLE 9

MISCELLANEOUS

9.1 Notices. Any notice as required in the Amended and Restated Declaration, these Bylaws or rules and regulations shall be considered proper if sent via first class mail to the last known assessment billing address for the Lot or to such address as may have been designated by him from time to time, in writing, to the Board of Directors, or, if no address has been designated, then to the owner's or Living Unit. All required notices except notices related to failure to pay an assessment, foreclosure of association lien, or an action the Association may take against an owner shall be considered proper if sent via electronic mail, facsimile, or other electronic means (including the monthly electronic newsletter), for all owners who have not opted out of electronic only notifications. All notices to the Association or to the Board of Directors shall be sent care of the managing agent, or, if there is no managing agent, to the principal office of the Association or to such other address as the Board of Directors may hereafter designate from time to time.

9.2 Waiver of Notice. No restriction, condition, obligation or provision contained in these Bylaws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches thereof which may occur.

9.3 Invalidity; Number; Captions. The invalidity of any part of these Bylaws shall not impair or affect in any manner the validity, enforceability or effect of the balance of these Bylaws. As used herein, the singular shall include the plural, and the plural the singular. The masculine and neuter shall each include the masculine, feminine and neuter, as the context requires. All captions used herein are intended solely for convenience or reference and shall in no way limit

any of the provisions of these Bylaws.

9.4 Conflict. In any 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.

ARTICLE 10

INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES AND AGENTS

10.1 The Association shall indemnify any Director, officer, employee, or agent who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding. Indemnification will be made regardless of whether the action is civil, criminal, administrative, or investigative (other than an action by the Association) by reason of the fact that such a person is or was a Director, officer, employee, or agent of the Association or is or was serving at the request of the Association as a Director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, against expenses (including attorney fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by said person in connection with such suit, action, or proceeding. This applies if such person acted in good faith and in a manner that such person reasonably believed to be in, or not opposed to, the best interest of the Association, and, with respect to any criminal action or proceedings, had no reasonable cause to believe that such person's conduct was unlawful. The termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or with a plea of nolo contendere or its equivalent, shall not of itself create a presumption that a person did not act in good faith and in a manner that such a person reasonably believe to be in, or not opposed to, the best interest of the Association, and, with respect to any criminal action or proceedings, had reasonable cause to believe that such person's conduct was unlawful. Payment under this clause may be made during the pendency of such claim, action, suit, or proceeding as and when incurred, subject only to the right of the Association to reimbursement of such payment from such person, should it be proven at a later time that such person had no right to such payments. All persons who are ultimately held liable for their actions on behalf of the Association as a Director, officer, employee, or agent shall have a right of contribution over and against all other Directors, officers, employees, or agents and members of the Association who participated with or benefit from the acts that created said liability.

DATED this ____ day of _____, 2017.

CERES GLEANN HOMEOWNERS ASSOCIATION, INC.

By: _____
_____, President

By: _____
_____, Secretary

CERTIFICATION

The undersigned President and Secretary of the Ceres Gleann Homeowners Association, Inc., an Oregon nonprofit corporation, hereby certify that the Amended and Restated Bylaws for Ceres Gleann Homeowners Association have been approved and adopted pursuant to Article 8 of the Bylaws and ORS 94.625.

_____, President

_____, Secretary

STATE OF OREGON)
) ss.
County of)

On this ____ day of _____, 2017, personally appeared before me the above-named _____, who, after being duly sworn, did say that he/she is the President of Ceres Gleann Homeowners Association and that said instrument was signed on behalf of said company by authority of its Members; and he/she acknowledged said instrument to be its voluntary act and deed.

Notary Public for Oregon
My Commission Expires: _____

STATE OF OREGON)
) ss.
County of)

On this ____ day of _____, 2017, personally appeared before me the above-named _____, who, after being duly sworn, did say that he/she is the Secretary of Ceres Gleann Homeowners Association and that said instrument was signed on behalf of said company by authority of its Members; and he/she acknowledged said instrument to be its voluntary act and deed.

Notary Public for Oregon
My Commission Expires: _____