

116

After Recording Return To:

K. Layne Morrill
Yachats Creekside Development, L.L.C.
One East Camelback Road
Suite 340
Phoenix, Arizona 85012

STATE OF OREGON } ss.
County of Lincoln

19 Pages

I, Dana W. Jenkins, County Clerk, in and for said county, do hereby certify that the within instrument was received for record, and recorded in the Book of Records of said county at Newport, Oregon. WITNESS my hand and seal of said office affixed.


DANA W. JENKINS, Lincoln County Clerk



Doc : 200808273
Rect: 805498 116.00
07/08/2008 03:25:25pm

Recorded by First American
Title Insurance Co.
Order # 08-166

BYLAWS OF

CREEKSIDE COMMUNITY ASSOCIATION, INC.

Relating to Declaration of Covenants, Conditions, Restrictions and Reservations for Creekside Recorded June 26, 2008 as Instrument No. 200807740 in the Official Records of Lincoln County, Oregon, covering that certain real property described on Exhibit A hereto, which by this reference is incorporated herein.

TABLE OF CONTENTS

ARTICLE 1

PLANNED COMMUNITY PLAN OF LOT OWNERSHIP; DEFINITIONS	1
1.1 <u>The Association</u>	1
1.2 <u>Lot Ownership</u>	1
1.3 <u>Bylaws Applicability</u>	1
1.4 <u>Personal Application</u>	1
1.5 <u>Definitions</u>	1

ARTICLE 2

ASSOCIATION MEMBERSHIP, VOTING, MAJORITY OF MEMBERS, QUORUM, PROXIES	1
2.1 <u>Membership in the Association</u>	1
2.2 <u>Voting Rights</u>	2
2.3 <u>Majority of Members</u>	2
2.4 <u>Quorum</u>	2
2.5 <u>Meetings</u>	2
2.6 <u>Turnover Meeting</u>	2
2.7 <u>Annual Meetings</u>	2
2.8 <u>Special Meetings</u>	3
2.9 <u>Notice of Meetings</u>	3
2.10 <u>Adjourned Meetings</u>	3
2.11 <u>Action by Members Without a Meeting</u>	3
2.12 <u>Order of Business</u>	3

ARTICLE 3

BOARD OF DIRECTORS	4
3.1 <u>Number and Qualification</u>	4
3.2 <u>Powers and Duties</u>	4
3.3 <u>Other Duties</u>	4
3.4 <u>Limitations on Authority</u>	5
3.5 <u>Income Tax Returns; Determination of Fiscal Year</u>	6
3.6 <u>Budgets and Financial Statements</u>	6
3.7 <u>Management Agent</u>	7
3.8 <u>Interim Board and Officers</u>	7
3.9 <u>Election and Term of Office</u>	7
3.10 <u>Vacancies</u>	7
3.11 <u>Removal of Directors</u>	7
3.12 <u>Organization Meeting</u>	8
3.13 <u>Regular Meetings</u>	8
3.14 <u>Special Meetings</u>	8
3.15 <u>Waiver of Notice to Board of Directors</u>	8
3.16 <u>Quorum; Act of Directors</u>	8
3.17 <u>Board of Directors Meetings Open To All Association Members</u>	8
3.18 <u>Notice to Association Members of Board of Directors Meetings</u>	8
3.19 <u>Telephonic Meetings</u>	8

3.20	<u>Action by Directors Without a Meeting</u>	9
3.21	<u>Compensation of Directors</u>	9
3.22	<u>Resignation of Directors</u>	9
3.23	<u>Voting by Directors</u>	9
3.24	<u>Fiduciary Duty</u>	9

ARTICLE 4

OFFICERS		9
4.1	<u>Designation</u>	9
4.2	<u>Election of Officers</u>	9
4.3	<u>Removal of Officers</u>	9
4.4	<u>President</u>	9
4.5	<u>Secretary</u>	10
4.6	<u>Treasurer</u>	10
4.7	<u>Directors as Officers</u>	10
4.8	<u>Vacancies</u>	10
4.9	<u>Fiduciary Duty</u>	10

ARTICLE 5

OBLIGATIONS OF THE MEMBERS		10
5.1	<u>Assessments</u>	10
5.2	<u>Restrictions</u>	10
5.3	<u>Default</u>	10

ARTICLE 6

AMENDMENT		10
-----------	--	----

ARTICLE 7

RECORDS AND AUDITS		11
7.1	<u>General Records</u>	11
7.2	<u>Records of Receipts and Expenditures</u>	11
7.3	<u>Maintenance</u>	12
7.4	<u>Fiscal Year</u>	12
7.5	<u>Minutes</u>	12
7.6	<u>Annual Budget</u>	12
7.7	<u>Assessment Roll</u>	12
7.8	<u>Payment of Vouchers</u>	12
7.9	<u>Reports</u>	13
7.10	<u>Notice of Sale, Mortgage, Rental or Lease</u>	13

ARTICLE 8

COMPLIANCE AND CONFLICT		13
-------------------------	--	----

ARTICLE 9

LIABILITY AND INDEMNIFICATION OF DIRECTORS		13
9.1	<u>Limitation of Liability</u>	13

9.2	<u>Indemnification</u>	13
ARTICLE 10		
	ASSESSMENT COLLECTION COSTS; SUITS AND ACTIONS	13
ARTICLE 11		
	MISCELLANEOUS	13
11.1	<u>Notices</u>	13
11.2	<u>Waiver</u>	14
11.3	<u>Invalidity; Number; Captions</u>	14

**BYLAWS OF
CREEKSIDE COMMUNITY ASSOCIATION, INC.**

ARTICLE 1

**PLANNED COMMUNITY PLAN OF
LOT OWNERSHIP; DEFINITIONS**

1.1 The Association. The Creekside Community Association, Inc. (the "Association") exists as an Oregon non-profit mutual benefit corporation pursuant to Articles of Incorporation filed with the Oregon Secretary of State on 7/02/08 as file number 531586-98.

1.2 Lot Ownership. Lots 1 through 8 (each a "Lot" and collectively the "Lots") and the adjacent Common Area of Creekside in the City of Yachats, County of Lincoln, State of Oregon (the "Property"), is subject to the Oregon Planned Community Act, § ORS 94.550 to 94.783, as a Class II Planned Community.

1.3 Bylaws Applicability. These Bylaws shall govern the Property, the Association, and the management structure of both the Property and the Association.

1.4 Personal Application. All present or future Members, tenants, occupants, and their employees, agents and invitees, and any other person that might use the facilities of the Property in any manner, are subject to the regulations set forth in or issued pursuant to, these Bylaws.

1.5 Definitions. The terms herein shall have the same meaning as set forth in the Declaration of Covenants, Conditions, Restrictions and Reservations for Creekside, recorded on 6/26/08 as Instrument No. 200807740 of the Records of the Lincoln County Recorder ("Declaration"). The acquisition, occupancy, rental, or use of any Lot will constitute acceptance and ratification of these Bylaws and agreement to comply with all the provisions hereof.

ARTICLE 2

**ASSOCIATION MEMBERSHIP, VOTING,
MAJORITY OF MEMBERS, QUORUM, PROXIES**

2.1 Membership in the Association. The Declarant is a member of the Association. Upon recordation of a conveyance or contract of sale of a Lot, the grantee or purchaser named in such conveyance or contract shall automatically be a member of the Association, and shall remain a member of the Association until such time as such person's ownership ceases for any reason. Whenever a Lot is transferred, membership is automatically transferred to the fee owner effective upon recording of either the deed or the contract of sale. For all purposes of the Declaration and the administration of the Property, Lot ownership shall be conclusively determined from the records maintained by the Association. The record for a Member shall be established by the Member filing with the Association a copy of the recorded deed to or recorded contract of sale for his or her Lot, to which shall be affixed the certificate of the recording officer of the County of Lincoln, Oregon, showing the date and place of recording of such deed or contract. It is the duty of each Member to provide the Association with the following: (a) a copy of the Member's recorded deed or recorded contract of sale; and (b) the Member's current mailing address, facsimile number, email address, and telephone number. If two or more persons own a Lot jointly, the owners jointly shall constitute one Member. If an entity owns a Lot, the entity shall designate in writing one natural person to act as the Member with respect to such entity.

2.2 Voting Rights. Members have the right to vote in person or by proxy. To be valid, a proxy must be in writing and be signed by the Member and the proxy must state the date, time and place of the meeting for which it was given. A proxy is effective only for the meeting for which it was given, as the meeting may be legally adjourned and reconvened from time to time, and automatically expires ninety (90) days following the date of the meeting for which it was originally given. A proxy is revocable at any time at the pleasure of the person who executes it. If the proxy form so provides, the proxy holder may appoint, in writing, a substitute to act in the proxy holder's place. Members other than the Declarant shall be entitled to one (1) vote for each Lot owned with respect to all matters upon which Members are entitled to vote. The Declarant, its successors and assigns, shall have four (4) votes for each Lot owned. The Declarant's voting preference shall cease upon the conclusion of the Turnover Meeting described in the Declaration. Thereafter, each Member (including, without limitation, the Declarant) shall be entitled to one (1) vote for each Lot owned with respect to all matters upon which Members are entitled to vote, and the total number of votes shall be equal to the total number of Lots in Creekside. 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.

2.3 Majority of Members. As used in these Bylaws, the term "Majority" shall mean those Members holding more than fifty percent (50%) of the voting rights allocated to the Members in accordance with the Declaration and Section 2.2 above. "Majority of Members present" shall mean Members holding more than fifty percent (50%) of the votes present at any meeting of the Members.

2.4 Quorum. Except as otherwise provided in these Bylaws, the presence in person or by proxy of Members holding sixty-two and one half percent (62.5%) or more of the outstanding votes in the Association, as defined in Section 2.2, shall constitute a quorum of Members present at any legal meeting. 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, or if a vote is taken by written ballots, when ballots are returned representing more than sixty-two and one half percent (62.5%) of the outstanding votes in the Association.

2.5 Meetings. Formal meetings of the Association shall be held at the principal office of the Association or such other suitable place convenient to the Members as may be designated by the Board of Directors.

2.6 Turnover Meeting. The Declarant shall call a meeting for the purpose of turning over administrative control of the Association from the Declarant to the Members within ninety (90) days of the Termination Date as defined in the Declaration. The Declarant shall give notice of the meeting to each Member as provided in 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 and the Members shall assume such control and the Members shall elect a board of directors as provided in the provisions of Article 3 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.

2.7 Annual Meetings. The first annual meeting of the Association shall be held in the calendar year following the calendar year in which the Turnover Meeting is held and shall be set by action of the Board of Directors. The date for this meeting, at the discretion of the Board of Directors, may be changed from time to time, but must be held annually under the rules and regulations as set out in the Bylaws. At such meetings, new members of the Board of Directors shall be elected by the Members as provided in Section 3.9 of these Bylaws, to replace those directors

whose terms have expired. The Members may also transact such other business of the Association as may properly come before them.

2.8 Special Meetings. The President shall call a special meeting of the Members as directed by resolution of the Board of Directors or upon a petition signed by Members owning twenty-five percent (25%) or more of Lots which petition has been presented to the Secretary. All meetings called because of petition of Members shall be held at a formal gathering and not by ballot and shall be held within twenty (20) days after receipt of the petition. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice unless by consent of all the Members of the Lots or as otherwise set out in these Bylaws.

2.9 Notice of Meetings. The Secretary shall give written notice of each annual or special meeting and each meeting by ballot, stating the purpose thereof and the time and place where it is to be held, to each Member of record at least ten (10) but not more than forty (40) days prior to such meeting or, in the case of action without a meeting, the date specified for when Member consents are required to be returned. The notice may be given by personal delivery, mail, facsimile, or email and shall be to the Members shown on the Association's records at the mailing address, facsimile number, or email address on file with the Association. 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 Secretary has been notified in writing by such parties. If no address has been given the Secretary in writing, then mailing to the address shown on the most recently recorded deed to the Lot shall be sufficient. The giving of a notice in the manner provided in this Section shall be considered notice legally served.

2.10 Adjourned Meetings. If any gathering of Members is not a legal meeting because a quorum has not attended, the Members who are present, either in person or by proxy, may adjourn the meeting to a time not less than forty-eight (48) hours nor more than ten (10) days from the time the original meeting was called. The adjournment provisions of this Section do not apply to meetings by ballots.

2.11 Action by Members Without a Meeting. Any action required or permitted to be taken at a meeting of the Members may be taken without a meeting if, after a proper written notice of the proposed action to all Members, a consent in writing, setting forth the action so taken, shall be signed by the requisite percentage of Members entitled to vote with respect to the subject matter thereof. Any vote taken without a meeting shall be determined by the Board of Directors within forty-eight (48) hours of the deadline for return of consents. The Secretary shall give written notice to all Members of the results of the action by consent or that a quorum of consents was not returned, within ten (10) days after the consents have been counted.

2.12 Order of Business. The order of business at all meetings shall be as follows:

- (a) Roll call.
- (b) Proof of Notice of meeting or waiver of notice.
- (c) Reading of minutes of the preceding meeting.
- (d) Reports of officers.
- (e) Reports of committees.
- (f) Election of directors.
- (g) Unfinished business.
- (h) New business.

ARTICLE 3

BOARD OF DIRECTORS

3.1 Number and Qualification. The affairs of the Association shall be governed by a Board of Directors composed of three (3) persons, each of whom must be a Member. If a legal entity, trust, or estate owns a Lot, an officer or employee of a legal entity, the trustee of a trust, the personal representative of an estate, or the conservator or receiver of an estate, may serve on the Board of Directors.

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

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

- 3.3.1 Care, upkeep and supervision of the Common Area.
- 3.3.2 Establishment and maintenance of a replacement reserve account and any other reserves which are required to be maintained by the Oregon Planned Community Act, the Declaration, or these Bylaws and such other reserve accounts as are permitted by these Bylaws.
- 3.3.3 Designation and collection of regular, additional, and special assessments from the Members, in accordance with the Declaration, these Bylaws, and the Oregon Planned Community Act.
- 3.3.4 Establishment of a budget and payment of all common expenses of the Association and institution and maintenance of a voucher 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.
- 3.3.5 Obtaining and maintaining insurance policies required by these Bylaws and payment of premiums therefor out of the common expense funds. The Association shall maintain insurance as follows: (a) officer and director liability insurance; (b) public liability insurance for the Property, including the Lots and the Common Area; and (c) blanket all-risk insurance for the full replacement cost of all improvements on the Common Area. The cost of this coverage shall be a common expense to the Association.
- 3.3.6 Designation and dismissal of the personnel necessary for the maintenance and operation of the Property.
- 3.3.7 Causing the preparation and distribution of annual financial statements of the Association to each of the Members as more specifically provided in Section 3.6.
- 3.3.8 Adoption and amendment of administrative rules and regulations governing the details of operation and use of the Common Area. Provided, however,

any such rules or regulations shall always be subject to rescission or amendment by the Association upon majority vote of Members present at any properly called meeting at which a quorum is present.

- 3.3.9 Causing the Association to comply with the Oregon Planned Community Act relating to maintenance of documents delivered to the Association by the Declarant and maintenance and distribution of financial statements, and to maintain copies suitable for duplication of the following: Declaration, Bylaws, Association rules and regulations and any amendments thereto, the most recent annual financial statement and the current operating budget of the Association.
- 3.3.10 Any reserve account shall be kept in an account with a safe and responsible depository, shall be accounted for separately and, if invested, the obligation or security shall be fully guaranteed as to principal by the United States of America or one of its agencies. Assessments paid into the reserve accounts are the property of the Association and are not refundable to sellers of Lots. Provided, however, that nothing herein or in the Declaration shall prevent sellers of Lots from treating their outstanding allocable share of reserve accounts as a separate or reimbursable item in a sales agreement as between that seller and future owner. No Member shall have any individual rights in any of these reserves, although it is understood that the value of their respective Lots may increase in proportion to each Lots' right to receive repair, maintenance and replacement services therefrom.

3.4 Limitations on Authority. The Board of Directors shall be prohibited from taking any of the following actions, except with the vote or written consent of a Majority of the voting power of the Association other than the Declarant:

- 3.4.1 Entering into a contract with a third party wherein the third person will furnish goods or services for the Common Area or the Association for a term longer than one year with the following exceptions:
 - (a) A contract with a public utility company if the rates charged for the materials or services are regulated by the Public Utilities Commission; provided, however, that the term of the contract shall not exceed the shortest term for which the supplier will contract at the regulated rate.
 - (b) Prepaid casualty and/or liability insurance policies of not to exceed three years duration provided that the policy permits short rate cancellation by the insured.
 - (c) Agreements for cable television services and equipment, satellite television services and equipment, internet services and equipment, or other communication services and equipment, of not to exceed five years duration provided that the supplier is not an entity in which the Declarant or its affiliates has a direct or indirect ownership interest of ten percent (10%) or more.

- 3.4.2 Incurring aggregate expenditures for capital improvements to the Common Area of any fiscal year in excess of fifteen percent (15%) of the budgeted gross expenses of the Association for that fiscal year.
- 3.4.3 Paying compensation to members of the Board of Directors or to officers of the Association for services performed in the conduct of the Association's business provided, however that the Board of Directors may cause a member or officer to be reimbursed for expenses incurred in carrying on the business of the Association.

3.5 Income Tax Returns; Determination of Fiscal Year.

- 3.5.1 The fiscal year of the Association shall be the calendar year unless otherwise determined by the Board of Directors.
- 3.5.2 The Board of Directors, in its sole discretion, shall determine the manner in which all necessary income tax returns are filed and of selecting any and all persons to prepare such tax returns.

3.6 Budgets and Financial Statements.

- 3.6.1 The following financial and related information shall be regularly prepared and distributed by the Board of Directors to all members of the Association:
 - (a) An operating budget for the immediately ensuing fiscal year consisting of at least the following information shall be distributed not less than thirty (30) days and not more than sixty (60) days prior to the beginning of the fiscal year.
 - (1) Estimated revenues and expenses.
 - (2) Estimated beginning and ending unrestricted cash balances and reserve balances.
 - (b) A report consisting of the following shall be distributed within ninety (90) days after the close of the fiscal year.
 - (1) A balance sheet as of the end of the fiscal year.
 - (2) An operating (income) statement for the fiscal year.
 - (c) The failure of the Board of Directors to timely prepare and/or to present a budget to the Members shall not be cause for any Member to fail or refuse to pay assessments. Assessments shall continue, based upon 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.
- 3.6.2 At the same time the operating budget is distributed, the Board of Directors shall distribute a statement of the Association's policies and practices in enforcing its remedies against Members for defaults in the payment of regular

and special assessments including the recording and foreclosing of liens against Members' Lots.

3.6.3 The Board of Directors shall do the following not less frequently than quarterly:

- (a) Cause a current reconciliation of the Association's operating accounts to be made and review the same.
- (b) Review the most current account statements prepared by the financial institution where the Association has its operating and reserve accounts.
- (c) Review an income and expense statement for the Association's operating and reserve accounts.

3.7 Management Agent. The Board of Directors may employ a management agent, to be compensated in an amount established by the Board, to perform such other duties and services as the Board shall authorize, including but not limited to, the duties listed in Section 3.3.

3.8 Interim Board and Officers. The Declarant hereby reserves administrative control of the Association for a period not to exceed that allowed by the Oregon Planned Community Act. The Declarant, in its sole discretion, shall have the right to appoint and remove members of an Interim Board of Directors and interim officers.

3.9 Election and Term of Office. At the Turnover Meeting of the Association, the term of office of one (1) Director shall be fixed for one (1) year; the second Director for two (2) years; and the third Director for three (3) years. Should more Directors be added, the same sequential election terms shall apply as nearly as is practical. 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 Members, the Board of Directors may be elected by a single ballot with each Member permitted to vote for three (3) nominees. No cumulative voting shall be permitted. In such event, the nominee receiving the highest number of votes shall be a three (3) year Director, the next highest number of votes shall be the two (2) year Director, and the third highest number of votes shall be the one (1) year Director. The Association may increase or decrease the number of Directors and length of terms for which each is elected upon amendment of this Section 3.9.

3.10 Vacancies. Vacancies on the Board of Directors caused by any reason other than the removal of a Director by a vote of the Members shall 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 shall be a Director until a successor is elected upon expiration of the term for which such person was elected by the other Directors to serve.

3.11 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 total voting power of the Members and a successor may be then and there elected to fill the vacancy thus created; provided, however, that the notice of meeting must 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 Members shall be given an opportunity to be heard at the meeting. Any Director or Directors who fail(s) to attend three (3) successive meetings of the Board of

Directors which have been properly called, or who has failed to attend more than one-third (1/3) of the Board of Directors meetings during a twelve (12) month period which have been properly called, may be removed by a majority of the remaining Directors. In such event, the vacancy shall be filled in accordance with Section 3.10.

3.12 Organization Meeting. The first meeting of a newly elected Board of Directors shall be held within ten (10) days of election at such place as shall be fixed by the Directors at the meeting at which such Directors were elected, and no notice shall be necessary to the newly elected Directors in order to legally hold such meeting, providing a majority of the newly elected Directors are present.

3.13 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 shall be given by the President to each Director at least five (5) days prior to the Meeting Date. Notice shall be given personally or by telephone, facsimile transmission, or email, and such notice shall state the time, place (as hereinabove provided) and purpose of the meeting.

3.14 Special Meetings. Special meetings of the Board of Directors may be called by the President or Secretary or on the written request of at least one (1) Director. Notice of a Special meeting of the Board of Directors shall be given to each Director at least five (5) days prior to the Meeting Date. Notice shall be given personally or by telephone, facsimile, or email, and such notice shall state the time, place (as hereinabove provided) and purpose of the meeting.

3.15 Waiver of Notice to Board of 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. Attendance by a Director at any meeting of the Board shall be a waiver of notice to him or her of the time and place thereof. 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.

3.16 Quorum; Act of Directors. 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 present at a meeting at which a quorum is present 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.

3.17 Board of Directors Meetings Open To All Association Members. All meetings of the Board of Directors except executive session meetings, shall be open to any and all members of the Association. No 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 shall have authority to exclude any Member who disrupts the proceedings at a meeting of the Board of Directors.

3.18 Notice to Association Members of Board of Directors Meetings. For other than emergency meetings, notice of Board of Directors meetings shall be posted at a place on the Common Area at least three (3) days prior to the meeting or notice shall otherwise be provided to each Member reasonably calculated to inform each Member of such meetings. The posting of such notices shall be at a reasonable location which has been generally publicized to the Members.

3.19 Telephonic Meetings. In the event of an emergency, telephonic meetings may be held by the Board of Directors. Such telephonic meetings shall be carried on by means of a "conference

call” in which each Director may speak with any of the other Directors. The Directors shall keep telephone numbers on file with the President to be used for telephonic meetings. No notice to either Directors or Members shall be required for a telephonic meeting of the Board of Directors to be held for any emergency action.

3.20 Action by Directors Without a Meeting. Any action required or permitted to be taken by the board of directors at a meeting, may be taken without a meeting if all directors consent thereto in writing. Such consent shall have the same effect as a unanimous vote.

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

3.22 Resignation of Directors. Directors shall have the absolute right to resign at any time and the remaining directors in office shall then fill the vacancies, provided that if all directors resign, a special meeting of the Members shall be called as soon as possible for the purpose of appointing new directors and the resignations of the prior directors shall not be effective until such appointments are made and new directors are appointed, except that if no meeting is held or no directors are appointed after two (2) attempts to call and hold such meeting, the resignations shall become effective simultaneously with the date and time of the scheduled second meeting, whether held or not or whether new directors are appointed or not. Notwithstanding anything herein contained to the contrary, in the event that a director appointed by the Developer resigns, said seat shall be filled by a replacement designated by the Developer rather than by the remaining directors.

3.23 Voting by Directors. Each director shall have one (1) vote. Directors may not vote by proxy or secret ballot, provided, however, that secret ballots may be used for the election of officers.

3.24 Fiduciary Duty. The directors of the Association have a fiduciary duty to the Owners of Lots in the Property.

ARTICLE 4

OFFICERS

4.1 Designation. The principal officers of the Association shall be a President, a Secretary and a Treasurer, all of whom shall be elected by the Directors. The Directors may appoint an assistant treasurer and an assistant secretary, and any such other officers as in their judgment may be necessary.

4.2 Election of Officers. The officers of the Association may be elected by the Board of Directors at the organizational meeting of each new board or any board meeting thereafter, and shall hold office at the pleasure of the board. The same individual may simultaneously hold more than one office in the Association.

4.3 Removal of Officers. Upon an affirmative vote of a majority of the Board of Directors, any officer may be removed, either with or without cause, and his or her successor elected at any regular or special meeting of the Board of Directors.

4.4 President. The President must be a Director of the Association. The President shall be the chief executive officer of the Association. The President shall preside at all meetings of the Association and of the Board of Directors. The President shall have all of the general powers and

duties which are usually vested in the office of president of an association, including, but not limited to, the power to appoint committees from among the Directors from time to time as he or she may in his or her discretion decide is appropriate to assist in the conduct of the affairs of the Association.

4.5 Secretary. The Secretary shall keep the minutes of all meetings of the Directors and the minutes of all meetings of the Association; he or she shall have charge of such books and papers as the Directors may direct; and he or she shall, in general, perform all the duties incident of the office of Secretary.

4.6 Treasurer. The Treasurer shall have responsibility for Association funds and securities not otherwise held by the managing agent, and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He or she shall be responsible for the deposit of all monies and other valuable effects in the name, and to the credit, of the Association in such depositories as may from time to time be designated by the Directors.

4.7 Directors as Officers. Any Director may also be an officer of the Association.

4.8 Vacancies. Vacancies in any office arising from any cause may be filled by the Board of Directors at any regular or special meeting.

4.9 Fiduciary Duty. The officers of the Association have a fiduciary duty to the Owners of Lots in the Property.

ARTICLE 5

OBLIGATIONS OF THE MEMBERS

5.1 Assessments. All Members are obligated to pay all assessments imposed by the Association as set forth in the Declaration.

5.2 Restrictions. All Members are obligated to comply with the restrictions relating to construction, architectural control, use, and all others set forth in the Declaration.

5.3 Default. Failure by a Member to pay any assessment of the Association or to perform any other obligation set forth in the Declaration, these Bylaws, or in the Oregon Planned Community Act shall be a default and the Member shall be subject to all sanctions and remedies set forth in the Declaration.

ARTICLE 6

AMENDMENT

Until Turnover, these Bylaws may be amended by the Declarant without the consent or joinder of any other Member. After Turnover, and except as otherwise provided in this Article, and the restrictions set forth elsewhere herein, these Bylaws may be amended at any time by an instrument approved by at least seventy-five percent (75%) of the votes of the Members at a meeting or by written consent without a meeting. Any amendment must be executed, recorded, and certified as provided by law. Notwithstanding the foregoing, no amendment of the Bylaws may effect an amendment of: the Declaration without compliance with the Declaration and the Oregon Planned

Community Act; or of the Articles of Incorporation without compliance with the provisions of the Articles of Incorporation and the Oregon Nonprofit Corporation Act. No amendment deleting or affecting any right of the Declarant under the Bylaws may be adopted without the prior written consent of the Declarant.

ARTICLE 7

RECORDS AND AUDITS

7.1 General Records. The Board of Directors shall preserve and maintain the following records as the general records of the Association.

- (a) A copy of the Bylaws and of each amendment to the Bylaws;
- (b) A copy of the Articles and of each amendment to the Articles;
- (c) A copy of the Declaration and of each amendment to the Declaration;
- (d) A copy of the current Rules & Regulations of the Association;
- (e) The minutes of all meetings of the Board of Directors and of the Members;
- (f) A current roster of all Members entitled to vote at meetings of the Association and their mailing addresses and Lot identification. The Association may, but shall not be required to, maintain the electronic mailing addresses and the numbers designated by Members for receiving notice sent by electronic transmission of those Members consenting to receive notice by electronic transmission. The electronic mailing addresses and numbers provided by Owners to receive notice by electronic transmission shall be removed from Association records when consent to receive notice by electronic transmission is revoked. The Association shall not be liable for an erroneous disclosure of the electronic mail address or the number for receiving electronic transmission of notices;
- (g) All of the Associations insurance policies, or copies thereof, which policies must be retained for at least three (3) years;
- (h) A current copy of all contracts to which the Association is a party, including, without limitation, any management agreement, lease or other contract under which the Association has any obligation or responsibility. Bids received by the Association for work to be performed must also be considered official records and must be kept for a period of one (1) year.
- (i) Copies of proxies and ballots, which must be retained for at least one (1) year from the date of determination of the vote; and
- (j) A copy of any other records or reports required to be retained by the Association by either ORS 65.771 or 94.670.

7.2 Records of Receipts and Expenditures. Accounting records for the Association shall be kept according to good accounting practices. All financial and accounting records must be maintained for a period of at least three (3) years. The financial and accounting records must include, but are not limited to:

- (a) Accurate, itemized, and detailed records of all receipts and expenditures;

(b) A current account and a periodic statement of the account for each Member of the Association, designating the name and current address of each Member who is obligated to pay Assessments, the due date and amount of each Assessment or other charge against the Member, the date and amount of each payment on the account, and the balance due;

(c) All tax returns, financial statements and financial reports of the Association;

(d) Any other records that identify, measure, record or communicate financial information; and

(e) A copy of any other financial or accounting records required to be retained by the Association by either ORS 65.771 or 94.670.

7.3 Maintenance. The official records shall be maintained within the State of Oregon and must be open to inspection and available for photocopying by any Association Member or the authorized agent(s) of such Member at all reasonable times and places within ten (10) business days after receipt of a written request for access. The Association may adopt reasonable written rules regarding the frequency, time, location, notice and manner of inspections and may impose fees to cover the costs of providing copies of the official records, including, without limitation, the costs of copying. The Association shall maintain an adequate number of copies of the recorded Declaration, Articles, Bylaws and any rules to ensure their availability to Members and prospective Members, and may charge only its actual costs for reproducing and furnishing these documents.

7.4 Fiscal Year. The fiscal year of the Association shall be the twelve (12) month period commencing January 1st and terminating December 31st of each year.

7.5 Minutes. Minutes of all meetings of the Members and of the Board must be maintained in written form or in another form that can be converted into written form within a reasonable time. The vote or abstention from voting on each matter voted upon for each director present at a Board meeting must be recorded in the minutes.

7.6 Annual Budget. The Association shall prepare an annual budget reflecting, among other things, the estimated revenues and expenses for the budgeted year and the estimated surplus or deficit for the end of the current year. The budget must separately set out all fees or charges for recreational amenities, whether owned by the Association or another person. The Association shall provide each Member with a copy of the annual budget or a written notice advising that a copy of the budget is available upon request at no charge to the Member. The copy must be provided to the Member in accordance with the time limits set forth in Section 10.1 above.

7.7 Assessment Roll. The assessment roll shall be maintained in a set of accounting books in which there shall be an account for each Lot. Such account shall designate the name and address of the Member or Members, the amount of each assessment against the Members, the dates and amounts in which the assessment comes due, the amounts paid upon the account and the balance due on the assessment.

7.8 Payment of Vouchers. The Treasurer shall pay: (a) all vouchers up to \$500 signed by any one of the President, the managing agent, or other person authorized by the Board of Directors; (b) all vouchers in excess of \$500 only if signed by the President. Any withdrawal from reserve accounts shall require the signature of two board members or one board member and one officer of the Association who is not a board member.

7.9 Reports. The Board of Directors shall prepare or cause to be prepared an annual report of the receipts and expenditures of the Association and a balance sheet and income and expense statement setting forth the financial condition of the Association as of the end of each year. The report shall be prepared according to generally accepted accounting procedures and shall be distributed to all Members and to all mortgagees of Lots within ninety (90) days after the end of each fiscal year. At any time any Member 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.

7.10 Notice of Sale, Mortgage, Rental or Lease. Immediately upon the sale, mortgage, rental or lease of any Lot, the Member shall promptly inform the Secretary or managing agent of the name and address of said vendee, mortgagee, lessee, or tenant.

ARTICLE 8

COMPLIANCE AND CONFLICT

These Bylaws are intended to comply with the provisions of the Oregon Planned Community Act and to supplement the Declaration. In case any of the provisions of these Bylaws conflict with: (a) the Oregon Planned Community Act, the statutory provisions shall control; or (b) the Declaration, the provisions in the Declaration shall control.

ARTICLE 9

LIABILITY AND INDEMNIFICATION OF DIRECTORS

9.1 Limitation of Liability. The liability of Directors and officers is limited as provided in the Articles.

9.2 Indemnification. The Association shall indemnify officers and Directors as provided in the Articles.

ARTICLE 10

ASSESSMENT COLLECTION COSTS; SUITS AND ACTIONS

Members shall be obliged to pay reasonable attorneys' fees and costs, and other litigation expenses in any action relating to breach of their obligations under the Oregon Planned Community Act or these Bylaws, as provided in the Declaration.

ARTICLE 11

MISCELLANEOUS

11.1 Notices. 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. All notices to any Member shall be sent to such mailing address, facsimile number, or email address, as

may have been designated by him or her from time to time, in writing, to the Board of Directors, or if no address has been designated, then to the Member's Lot.

11.2 Waiver. 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.

11.3 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 feminine references shall have the same meaning as the masculine and the masculine references shall have the same meaning as the feminine, as the context requires. All captions used herein are intended solely for convenience of reference and shall in no way limit any of the provisions of these Bylaws.

IT IS HEREBY certified that the Members of Creekside Community Association will be provided a copy of these Bylaws and these Bylaws will be recorded in the Deed Records of Lincoln County, together with the Declaration after said Declaration and Bylaws are duly approved.

DATED this 26th day of June, 2008.

CREEKSIDE COMMUNITY ASSOCIATION, INC.

By: [Signature]
K. Layne Morrill
Secretary

STATE OF ARIZONA)
)ss.
COUNTY OF MARICOPA)

This instrument was acknowledged before me on this 26th day of June, 2008, by K. Layne Morrill, as Secretary of Creekside Community Association, Inc.

[Signature]
Notary Public

My Commission Expires:

June 10, 2009

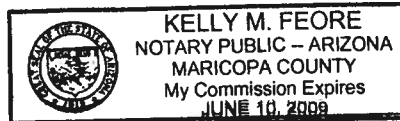


EXHIBIT A

(Legal Description of Property)

TRACT I:

Parcel 2, Partition Plat 14-1993, filed April 22, 1993, Partition Plat Records, Lincoln County, Oregon. TOGETHER WITH a non-exclusive easement for ingress and egress over a 50 foot wide strip of land as granted by the instrument dated March 1970, recorded May 27, 1970 in Book 18, page 1786, Microfilm Records of Lincoln County, Oregon.

TRACT II:

Parcel 3, Partition Plat No. 1997-21, filed October 23, 1997, Lincoln County Plat Records. TOGETHER WITH a non-exclusive easement for ingress and egress over a 50 foot wide strip of land as granted by the instrument dated March 1970, recorded May 27, 1970 in Book 18, page 1786, Microfilm Records of Lincoln County, Oregon.

Both Tract I and Tract II are TOGETHER WITH: (1) a 5 foot utility easement as set forth on Partition Plat No. 1997-21, filed October 23, 1997 in Lincoln County Plat Records; and (2) a 5 foot utility easement as set forth in instrument recorded March 6, 1998 in Book 353, page 741, Lincoln County Film Records.