

BY-LAWS OF
THE WAGON TRAIL RANCH
PROPERTY OWNER'S ASSOCIATION

Updated August 14, 1993

CHAPTER 1

NAME AND LOCATION OF ASSOCIATION: The name of this Association is The Wagon Trail Ranch Property Owner's Association. It's principal office is located in the Recreation Center on Wagon Trail Ranch. The address is HC 76 Box 970, La Pine, Oregon 97739.

CHAPTER II

DEFINITIONS: The following terms when used herein shall have the following meanings unless a different meaning is plainly required by the context:

2.1 All terms defined in the "Declaration, Restrictions, Protective Covenants and Conditions for Wagon Trail Ranch" shall have the same meanings in this document.

2.2 "The Wagon Trail Ranch Declaration" shall be that instrument filed August 30, 1972 in Volume M72, Page 9766, Deed Records, Klamath County, Oregon.

2.3 Board Meeting. Meetings where the Board of Directors conduct business and vote on decisions through motions made by Board members. Members are allowed to attend and may provide input, but are not allowed to vote. Members are not allowed at Executive Board meetings.

(a) Regular Board Meetings. Any meeting of the Board in which Association business is conducted, notwithstanding, any other definition of a Board meeting.

(b) Executive Board Meeting. Meetings called by the Board to determine disciplinary action on a Board member or an employee. These meetings and records are closed to the membership.

2.4 Membership Meetings. The Board of Directors act as facilitators for the meeting but the Membership makes decisions and votes on motions made by the Members of the Association. The Board of Directors are allowed to vote as Members of the Association but can not override the Membership's authority.

(a) Annual Membership Meeting. Meetings held on the first Saturday of August to conduct Wagon Trail Ranch business, committee reports and election of new Board members.

(b) Quarterly Membership Meetings. Meetings held quarterly throughout the year on a prescheduled Saturday to conduct Wagon Trail Ranch business, and committee reports and assignments. The meeting date is set by the Membership at the prior Membership meeting.

(c) Special Membership Meeting. Meetings called at the discretion of the Board of Directors or through a petition of the membership to conduct business of critical issues may require action before the next annual membership meeting. Only those agenda items that are contained in the meeting notification may be discussed at these meetings.

2.5 OREGON REVISED STATUTES (ORS). Oregon State's Civil Code.

2.6 MEMBERSHIP. Members of the Association shall be every owner in the Wagon Trail Ranch. There shall be no other qualification for membership. Membership shall terminate upon the transfer of a fee simple title to a lot or the contract purchaser's interest by a contract purchaser.

CHAPTER III

MEETING OF MEMBERS:

3.1 Place of Meetings. Meetings of the membership shall be held at the principal office at the Recreation Center located on the Common Area of the Association. All meetings shall have adequate facilities, seating and audio.

3.2 Annual Meeting. Annual meetings of the members shall be held on the first Saturday in August at the Recreation Center, starting at 10:00 a.m., with registration between 9:00 - 10:00 a.m.

3.3. Special Meetings. Special meetings of the members may be called at any time by the Chairperson of the Board of Directors upon resolution by the Board of Directors or written request of at least 25 percent of the members.

3.4 Notice. It shall be the duty of the Secretary to mail, at least 30 but not more than 60 days prior to a meeting, a notice of each annual or special meeting including an agenda stating the purpose of the meeting and the time and place of the meeting to each member at the address of the member in the records of the Association, or the address supplies by such member to the Association for the purpose of notice.

3.5 Quorum. Except for Declaration, Article VI, Section 6, Special Assessments, the presence either in person or by absentee voting method at least 20 percent of the total voters of the Association shall constitute a quorum for the transaction of business at all meetings. When a quorum is once present to organize a meeting, it cannot be broken by the subsequent withdrawal of a member or members. If any meeting of members cannot be organized because of a lack of quorum, the members who are present, wither in person or by absentee voting method, may adjourn the meeting from time to time until a quorum is present.

3.6 Voting At every meeting of the members each member present, whether in person or by absentee voting method, shall have the right to cast one vote for each lot owned by such person. Fractional voting will be allowed for those lots having multiple ownership. If a majority of the owners of such lot cannot agree the vote for such lot will be counted fractionally.

3.7 Absentee Voting Methods.

(a) Proxies. Proxies shall be for a designated meeting. Proxies shall be accepted through registration on the day of the voting. Proxies shall be turned in at registration for validation and filing. Proxies may be given to a designated agent. Every proxy shall be revoked at the end of each completed meeting.

(b) Voting by Mail. Voting may be conducted through a mail vote. Complete voting information will be sent to each member with a ballot. The ballot shall be returned in a sealed envelope with the member's signature and Lot number on the outside for validation of member. No ballot envelope shall be opened until the designated date of the vote, at which time, all envelopes will be opened by the election committee and placed in a common box, mixed then counted.

3.8 Quarterly Meetings. The Quarterly meeting shall be on a Saturday to conduct any membership matters to be preceded by an optional potluck. Members shall decide when the next meeting shall occur. These meetings shall not conflict with prescheduled Board meetings.

CHAPTER IV

BOARD OF DIRECTORS:

4.1 Number and qualifications. The affairs of the Association shall be governed by a Board of Directors composed of seven persons. Directors must be members of the Association with all dues and assessments current throughout their term. It is required that no less than four (4) members of the Board of Directors be permanent residents of Wagon Trail Ranch Property Owners Association.

4.2 Term. All directors shall be elected for three-year terms, with the right to run for re-election.

4.3 Vacancies. A vacancy in the Board of Directors shall be filled by the member with the next highest votes, from the prior annual meeting and will serve in the position until the next annual meeting. Any additional vacancies shall be appointed by the Board of Directors to serve until the next annual meeting.

4.4 Removal of Directors. Directors may be removed from office before their term expires by a majority vote of all members, whether voting by absentee voting method or in person, at a special meeting called for the purpose of such removal or at a general meeting. Such removal shall be without prejudice to contract right of the person removed. Any Board member removed for violation of the Declaration or By-Laws or illegal Association activities shall not be allowed to run for office again.

4.5 Compensation. No director shall receive any compensation for any service they may render to the Association as a director. However, any director may be reimbursed for their actual expenses which are incurred in the performance of their duties as director or may receive compensation for services to the Association in a capacity other than as a director.

4.6 Manner of Election. Prospective directors will run for a vacancy. No member may run for office if they are delinquent in payment or is in violation of the Declaration or By-Laws. Members interested in running for the Board shall send a short (50 words or less) paragraph resume to the nominating committee by May 30th and this shall automatically nominate them. After nominations from the floor at the annual meeting and/or by a nominating committee appointed by the Chairperson of the Board of Directors, a secret written ballot will be taken of all members and/or through absentee voting methods for the vacancy. The person receiving the most votes shall be elected. Election will be for directors at large.

(a) Ballots. Detachable lot numbers shall be at the top of each ballot. The detachable lot numbers shall be placed in one box and ballots shall be placed in another box. This shall enable validation on number of ballots.

CHAPTER V

MEETING OF THE BOARD OF DIRECTORS: All meetings, except Executive Board meetings shall be open to the membership and held in the Recreational Center.

5.1 Regular Meetings. Immediately after each annual meeting of members, the directors elected at such meeting and those remaining shall hold a meeting for the purpose of electing officers as hereinafter provided and for the transaction of such other business as may come before the meeting. No prior notice of such meeting shall be required to be given to the directors. The Board of Directors by resolution shall establish dates, times for regular meetings of the Board, at least one per quarter. A quarterly notification of scheduled meetings shall be sent out quarterly with the billing to members.

5.2 Emergency Meetings. Emergency meetings may be called by the chairperson at the request of at least two directors, or at the chairperson's discretion. These emergency meetings may be held at such reasonable times as the chairperson may determine and shall be limited to only those items of business described in the notice of such emergency meeting.

5.3 Notices. Notice of Emergency meetings shall be given at least five (5) working days prior to the time of the meeting, unless immediate action is needed to safeguard lives or property. Notice shall include all business to be considered at such meeting. Notice posted on the bulletin board at the Ranch entrance shall be considered adequate.

5.4 Quorum. A majority of the directors shall constitute a quorum.

CHAPTER VI

POWERS AND DUTIES OF THE BOARD OF DIRECTORS:

6.1 General Powers. The Board of Directors, by majority vote shall have the power to exercise all powers, duties, and authority vested in or delegated to the Association and not reserved to the membership by provisions of these by-laws, the Articles of the Incorporation and The Wagon Trail Ranch Declaration. Unauthorized actions of individual Board Members will be subject to Board review.

6.2 Assessment. The Board of Directors shall have the power, as more fully provided in The Wagon Trail Ranch Declaration, to fix the amount of the annual assessment against each lot and give the owner subject thereto written notice of such assessment at least 30 days prior to the due

date thereof, and to cause to be prepared a roster of property subject to assessment with assessments applicable to each such property and to keep such roster in the Associations's office subject to inspection by any owner.

6.3 Other Powers. The Board shall have the power to declare the office of a member of the Board of Directors vacant in the event such member shall be absent without excuse from two regular meetings of the Board of Directors. The Board shall have power to employ employees and officials and prescribe their duties and fix their compensation. The Board shall have power to let contracts, after the submission of at least three (3) bids. Services to Wagon Trail Ranch shall be done through a competitive bid process. At least three documented competitive bids shall be solicited and available to the members for review. At least two bids shall be other than Board members.

6.4 Duties of the Board of Directors. It shall be the duty of the Board of Directors to: (a) cause to be kept a complete record of all of its acts and the proceedings of its meetings and to cause to be presented at the annual meeting of the members a report reviewing the business and affairs of the Association for the past year; (b) procure and maintain adequate insurance on property owned, leased or otherwise used by the Association (c) cause, in its discretion, all officers or employees having the fiscal responsibilities to be bonded with sufficient surety for the faithful performance of their official duties with the premium on such bond to be paid by the Association; (d) to perform all other responsibilities given to it by The Wagon Trail Ranch Declaration; and (e) to perform all other powers and duties granted by law.

6.5 Liability and Indemnification of Directors. The directors shall not be liable to the Association or the unit owners for any mistake of judgment, negligence or otherwise except for their own willful misconduct or bad faith. The Association shall indemnify and hold harmless each director and the manager or managing agent, if any, against all contractual liability to others arising out of contracts made by the Board of Directors, manager, or managing agent on behalf of the Association unless any such contract shall have been made in bad faith or contrary to the provisions of the Declaration filed herewith or of these By-Laws. Each director and the manager or managing agent, if any, shall be indemnified by the Association against all expenses and liabilities, including attorney's fees, reasonably incurred or imposed upon them in connection with any proceedings to which they may be a party, or in which they may become involved, by reason of being or having been a director, manager or managing agent and shall be indemnified upon any reasonable settlement thereof; provided, however, there shall be no indemnity if the director, manager or managing agent is adjudged guilty of willful nonfeasance or malfeasance, or malfeasance in the performance of their duties.

CHAPTER VII

COMMITTEES: The Board of Directors shall recognize such committees as it deems necessary to assist in the operation of the affairs of the Association. Members shall have the right to request the formation of committees. If the Board denies, a special committee can be formed, if a petition with 25 member's signatures are presented. The findings of the special committee will be presented to the Board and to the membership. Such committees shall exercise all powers and be subject to all duties which the Board of Directors shall give them. Committee members need not be members of the Board of Directors, but shall be members of the Association. The ratio of Board member allowed in any committee will be one (1) Board member to four (4) members. A majority of the members of any committee shall fix its procedures.

7.1 Welcome Wagon Committee. A Welcome Wagon Committee will be established with one Board member as a liaison. The Committee shall be responsible for meeting with potential new members, new members and existing members to provide copies of the Declaration, By-Laws, answer any questions and provide new recreation center cards to new members.

7.2 Newsletter Committee. A Newsletter Committee shall be established to inform the membership on a quarterly basis of activities on Wagon Trail Ranch.

7.3 Audit/Review Committee. An Audit/Review Committee shall be established to audit and review the Associations books on a quarterly basis.

7.4 Nominating Committee. A Nominating Committee shall be established to solicit for nominee to run for the Board of Directors. The Committee will organize all nominees information for the Annual Meeting and provide the Newsletter committee with resumes on the nominees to be distributed to all Members.

7.5 Election Committee. An Election Committee shall be established to validate all voters, either in person or by absentee voting methods, verify and count all votes conducted either by a show of hands or by secret ballot.

CHAPTER VIII

OFFICERS:

8.1 Designation and Election. The principal officers of the Association shall be a Chairperson of the Board and a Vice Chairperson, who shall be members of the Board, and a Recording Secretary and Treasurer who need not be members of the Board, all of whom shall be members of the Association. The Board may appoint an assistant secretary or an assistant treasurer by resolution. The officers of the Association shall be elected annually by the Board of Directors and shall hold office at the pleasure of the Board. A photo display of Board members and officers with addresses and phone numbers shall be posted in the Recreation Center. No Board member or member of the Association shall hold more than one office simultaneously. Board members are encouraged and empowered to delegate responsibilities to volunteer members. Board members shall have the ultimate responsibility for volunteers and assistants actions and non-actions.

8.2 Removal, Resignation and Vacancies. Any officer may be removed by an affirmative vote of he majority of the members of the Board of Directors whenever, in it's judgment, the interest of the Association would be served thereby; but such removal shall be without prejudice to the contract rights of the person removed. A vacancy in any office may be filled in the manner prescribed for regular elections with the officer elected filling the remainder of the term of the officer they replace.

8.3 Chairperson. The chairperson shall preside at all meetings of the Board and of the Association. They shall have all the general powers and duties which are usually vested in the president of an Association. The Chairperson shall use the Robert's Rules of Order to conduct all meetings.

8.4 Vice Chairperson. The Vice Chairperson shall take the place of the Chairperson and perform their duties whenever the chairperson shall be absent or unable to act. If neither the Chairperson of Vice Chairperson is able to act, the Board will appoint some other Board member to do so on an interim basis. They shall also perform such other duties that may be delegated to them by the Board of Directors.

8.5 Recording Secretary. The Recording Secretary shall maintain the Corporate Books in accordance with Oregon Revised Statutes and County of Klamath. Said book to include the minutes of all meetings of the members of the Association and of the Board. The recording secretary shall serve notice of all membership meetings; shall keep appropriate records of the names and addresses of the Association members; and shall perform other duties incident in the office of the recording secretary. All minutes of meetings shall be recorded, red, corrected and approved at said meeting.

8.6 Treasurer. The treasurer shall have care and custody of and be responsible for all funds of the Association and shall deposit such funds in the name of the Association in such banks or safe

deposit companies as the Board may designate; shall make, sign, and endorse in the name of the Association all checks, drafts, notes and other orders for the payment of money; and further shall perform all duties incident to the office which the treasurer of an association normally performs.

8.7 Delegation and Duties. In the event of absence or disability of any officer the Board of Directors may delegate during such absence or disability the powers or duties of such officer to any other officer or director. The Board of Directors shall maintain a current Manual with detailed descriptions of the duties and responsibilities of officers, directors and employees.

8.8 Agent of Record. The agent of record shall be a Member of the Association.

CHAPTER IX

BOOKS, RECORDS, AUDIT:

9.1 Inspection by Members. The books, records and papers of the Association shall be available at all times or by appointment and shall be subject to inspection by any member or their authorized agent at the office of the Association without fee. Cost of copies are the responsibility of the Members.

9.2 Audits and Reviews. An aural review shall be made by a Certified Public Accountant previous to the date of each annual meeting, at which meeting such report shall be presented. A special audit shall be made at any time upon order of the Board of Directors or upon a majority vote of the Members at any regular or special meeting. An Audit/Review Committee shall audit the books quarterly. The Committee shall consist of four (4) members at large, one (1) Board Member and/or the treasurer.

9.3 Execution of Instruments. All checks, drafts, notes, bonds, acceptances, deeds, leases, contracts and other instruments shall be signed by such person or persons as may be designated by general or special resolution of the Board of Directors. In the absence of any such general or special resolution applicable to any such instrument, then such instrument shall be signed by the chairperson.

9.4 Records. Logs shall be kept on all equipment (date, mileage, purpose, fuel, oil, etc.). Association phone (date, time, to whom, number, purpose, length of call), and lawyer expenditures (date, purpose, time spent and charges). Records shall include documentation of all reimbursed expenses and or administrative costs. Copies of all job descriptions and contracts granted shall be kept on file.

CHAPTER X

AMENDMENT: These By-Laws may be amended by two-thirds of the Members either voting in person or by absentee voting methods at any special or regular meeting provided that a quorum is present. Amendments may be proposed by the Board of Directors or by petition signed by at least twenty (20) percent of the Members. A statement of any proposed amendment shall accompany the notice of any regular or special meeting at which such proposed amendment shall be voted upon. In the case of any conflict between The Wagon Trail Ranch Declaration and these By-Laws such Declaration will control.

CHAPTER XI

GENERAL PROVISIONS:

11.1 Notices. All notices to the Association or to the Board of Directors shall be sent to the principal office of the Association. All notices to any Member or designated agent shall be sent to such address as may have been designated by him from time to time, in writing, to the Board of Directors.

11.2 Waiver. No restriction, condition, obligation or provision contained in these By-Laws 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. Enforcement of existing Declarations and By-Laws shall be equal and retroactive to all Lots and owners. New Declarations and By-Laws shall grandfather existing conditions.

11.3 Invalidity; Number; Caption. The invalidity of any part of these By-Laws shall not impair or affect in any manner the validity, enforce ability, or effect of the balance of these By-Laws. As used herein, the singular shall include the plural, and the plural the singular. All

captions used herein are intended solely for convenience of reference and shall in no way limit any of the provisions of these By-Laws.