

OCEAN HILLS HOMEOWNERS ASSOCIATION, INC.

SELLER: _____

Date ___/___/___

BUYER: _____

Lot # _____

Items included in this packet:

- Nonprofit Articles of Incorporation

Statement of Planned Community

Declaration

Declaration Amendment 09-04

Resolution 99-01, Collections

Resolution 00-01, General Fees

Resolution 2004-01, Enforcement

Resolution 2004-02, Adopt Community Guidelines

Resolution 2004-03, Age Restriction

Resolution 2006-01, Fines

Bylaws

Bargain and Sale Deed

Community Guidelines

Architectural Guide

New Owner Register

713704-81

FILED

OCT 01 1999

OREGON
SECRETARY OF STATE

**NONPROFIT
ARTICLES OF INCORPORATION
OF
OCEAN HILLS HOMEOWNERS' ASSOCIATION, INC.**

The undersigned natural person of the age of eighteen (18) years or more, acting as incorporator under the Oregon Nonprofit Corporation Law, adopts the following Articles of Incorporation:

ARTICLE I

The name of this Corporation is Ocean Hills Homeowners' Association, Inc. and its duration shall be perpetual.

ARTICLE II

The purpose for which the Corporation is organized is to engage in any lawful activity, none of which is for profit, for which corporations may be organized under ORS Chapter 65. The primary purpose of the Corporation is to serve as the governing body for Ocean Hills, a planned community located in Waldport, Oregon.

ARTICLE III

The address of the initial registered office of the Corporation is Vial Fotheringham I.L.P., Suite 107, 12725 SW 66th Avenue, Portland OR 97223, and the name of its initial registered agent at such address is A. Richard Vial.

ARTICLE IV

The number of directors constituting the initial board of directors of the Corporation is five (5), and the names and addresses of the persons who are to initially serve as directors are:

Michael A. Searcey
P O Box 1959
Waldport OR 97394

Kent Hazelwood
Golden West Homes, Inc.
2445 Pacific Blvd. S.
Albany OR 97321

Daniel E. Lowe
Puget Bindery Incorporated
6830 South 216th Street
Kent WA 98032

Dave McKenzie
Oakwood Homes Corporation
2222 South Dobson Road
Building 3, Suite 302
Mesa AZ 85202

James H. Hitchman
P O Box 1929
Waldport OR 97394

Each director named has consented to this appointment.

ARTICLE V

The name and address of the incorporator is:

David M. Gordon
Macpherson, Gintner, Gordon & Diaz
423 North Coast Hwy.
P.O. Box 1270
Newport, OR 97365

ARTICLE VI

The provisions for the distribution of assets on dissolution or final liquidation are: they shall be distributed to another nonprofit corporation which shall be qualified under the Internal Revenue Code of 1986, as amended, or if to more than one such nonprofit organization, then to be apportioned among such qualified nonprofit corporations as the directors shall appoint.

ARTICLE VII

The corporation is a mutual benefit corporation.

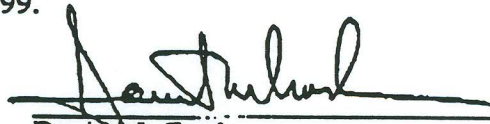
ARTICLE VIII

The corporation will have members

ARTICLE IX

I, the undersigned incorporator, declare under penalties of perjury that I have examined the foregoing and, to the best of my knowledge and belief, it is true, correct and complete.

DATED this 1st day of October, 1999.



David M. Gordon
Incorporator

OCEAN HILLS HOMEOWNERS ASSOCIATION, INC

The Statement of Planned Community Information

Standard Form

1. Ocean Hills is a Planned Retirement Community and is operated by a Board of Directors elected by the lot owners.
2. The Board of Directors is responsible for maintaining the common property, establishing reserves for replacement of common property, insuring the common property and other wise managing the business affairs of the association of lot owners.
3. The Board annually prepares a budget and can assess the lot owners to collect fees to meet the budget. The Board can impose a lien on a lot owner's property and impose fines for nonpayment of fees.
4. **You should read carefully the contents of the Statement of Planned Community Information. You should also read the Declaration, Bylaws, and Rules so that you understand your rights and obligations under this form of home ownership.**
5. Items of particular interest that are included in the Declaration or Bylaws are these:
 - a. A 75% vote is required to amend the Declaration.
 - b. A majority vote is required to amend the Bylaws.
 - c. In this planned community:
 - i. Pets are allowed, but see the Rules and Regulations for details. A 75% vote of the lot owners is required to change this rule.
 - ii. Children under 18 years of age are not allowed except for short term visits and see the Rules and Regulations for details.
 - iii. Renting the dwelling on our lot is allowed. Renters must comply with Rules and Regulations. A 75% vote of the lot owners is required to change this rule.
 - iv. The number of people who can live in your unit is limited to two people except upon approval of the Board of Directors.
 - d. In this planned community the Association is responsible for the following items:
 - i. Common Areas.
 - ii. Streets and entrance.

OCEAN HILLS HOMEOWNERS ASSOCIATION, INC

- e. There are limitations on your right to alter the structures on your lot or build a different structure if yours is damaged or destroyed. See Architectural Standards, (Declaration for Planned Community).
- f. The Association does not have the right of first refusal in the event you wish to sell your lot.
- g. There are other restrictions on your right to sell your lot. See Rules and Regulations, Section 15 for details.

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DECLARATION FOR THE PLANNED COMMUNITY OF
OCEAN HILLS

A. The name of the planned community is Ocean Hills.

B. The name of the city and county in which all of the real property in the planned community is located in the city of Waldport and the County of Lincoln.

C. The legal description of the real property included in the planned community is Ocean Hills as described in the plat recorded in Book 15, pages 36 and 36A, Records of Lincoln County, Oregon.

D. The number of lots on the recorded plat of Ocean Hills is 35. This plat includes the area that is currently developed and is phase one of the planned community of Ocean Hills. The number of lots on the plat for the entire planned community of OCEAN HILLS (which plat has received preliminary approval by the City of Waldport) is 201. This total number of lots is subject to some change. It is anticipated that the lots between 36 and 201 will be developed in two or more phases. Some common area will be included subsequent phases. References in this declaration to lots representing votes shall include the lots in all phases.

E. The legal description of the real property included in the planned community which is common property is described in the plat recorded in Book 15, pages 36 and 36A, records of Lincoln County, Oregon.

The declarant shall have no special rights except as provided in paragraph P, below.

G. The allocation of votes to lots shall be one (1) vote per lot, except as provided in paragraph P, below.

H. The method of determining the liability of each lot for common expenses and the right of each lot to any common profits the association shall be as follows:

1) Responsibility for determining and providing maintenance, repair and replacement of the common areas of Ocean Hills and determining the cost thereof shall be the responsibility of Ocean Hills Association, a non-profit corporation established by Declarant. All owners and contract purchasers of lots in Ocean Hills shall be members of the Association. All costs of such maintenance, repair and replacement shall be borne by the lot owners equally. Common area costs shall be assessed annually by the Association unless a special assessment is necessary.

2) Any owner failing to pay his proportionate share of any costs assessed by the Association within thirty (30) days after it becomes due shall be liable for interest at the rate of twelve percent (12%) per annum and for the cost of collection of such assessment including attorney fees in any suit or action, and any appeal thereon, and all such unpaid amounts shall become a lien on the lot or lots to which such amounts are attributable.

3) All common profits of the Association shall be allocated equally to each lot owner.

I. The provisions for establishing a reserve account, as required by ORS 94.595, shall be as follows:

1) The Declarant shall establish a reserve account for replacement of all items of common property which will normally require replacement, in whole or in part, in more than 3 and

less than 30 years. Said account shall be funded by assessments against the individual lots for maintenance of items for which the reserves are established. The assessments under this sub-section begin accruing from the date the first lot assessed is conveyed. The Declarant may defer payment of the accrued assessment for a lot under this paragraph until the date the lot is conveyed.

2) The reserve account shall be established in the name of the homeowners association. The association shall be responsible for administering the account, for making periodic payments into it and for adjusting the amount of the payments at regular intervals to reflect changes in current replacement costs over time.

3) The account may be used only for replacement of common property and is to be kept separate from assessments for maintenance. However, after the individual lot owners have assumed responsibility for administration of the planned community, the board of directors may borrow funds from the reserve account to meet high seasonal demands on the regular operating funds or to meet other temporary expenses. Funds borrowed to meet temporary expenses under this subsection must be repaid later from special assessments or maintenance fees.

4) Following the second year after the association has assumed administrative responsibility for the planned community under ORS 94.616, if owners of lots representing seventy-five percent (75%) of the votes of the planned community agree to the action, they may vote to increase, reduce or eliminate future assessments for the account.

5) Assessments paid into the reserve account are the property of the association and are not refundable to sellers or

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owners' of lots. The sellers or owners of lots may treat their outstanding share of the reserve account as a separate item in the sales contract.

J. There shall be no restrictions on the alienation of lots except that the Grantee must conform to the provisions of this declaration.

K. The use for which each lot is intended is for residential homes.

L. The association, pursuant to ORS 94.665, may sell, convey or subject to a security interest any portion of the common property.

M. Restriction on the use, maintenance or occupancy of lots shall be as follows:

1) ARCHITECTURAL CONTROL AND ACCEPTANCE: The design and appearance of all the exterior home improvements must be approved by the Architectural Control Committee (ACC) described in paragraph "R" herein.

a) A dimensioned plot plan or any additions to home site must be submitted for approval before any digging, trenching or grading or any structural work can take place. A committee member must make physical inspection of site and materials to be used before commencement of work, and approval in writing is given.

b) A plot plan must show setbacks from all property boundaries and other structures, and must be drawn to a scale of 1" = 10'.

c) Any installation of spas, pools or saunas must be approved by the ACC. A plot plan showing location

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must accompany request, along with manufacturer's specifications. This plan must be signed by the ACC before work commences. A permit must be obtained from the City of Waldport Building Department prior to installation and shown to the prior to work commencing.

d) Patio covers and rooms must be submitted for approval to the ACC along with structural plans and materials to be used. Recommended materials are wood, Masonite, glass, masonry, screen or any wood grain material. Absolutely no shiny aluminum siding or roofing may be used. All plans to be approved in writing by the ACC.

e) Down spouts and gutters require ACC approval. Aluminum extruded and painted to match house trim is requested.

f) If at any time a home or garage needs to be painted and the homeowner chooses to paint the structure another color, to maintain the aesthetic standards of the project, the ACC must approve any possible color change.

g) Air conditioners or heat pumps must be installed at ground level, no window air conditioners are allowed.

h) Front yard landscape is installed by Ocean Hills in accordance with a master plan developed taking into consideration weather, soil conditions, size of yards and other variables that helped in determining quantity and type of plant life to be used. Homeowner is responsible to landscape rear and side yards within sixty (60) days of move-in date. All landscape plans must have the ACC approval.

Absolutely no shrubs or grass may be removed from front yards unless dead or dying, and they must be replaced with the same species and variety. No trees will be removed from front yards for a minimum of three (3) years.

Any additions or rock or plant materials to front yard landscape must be approved by the ACC. All front yards will be maintained in a healthy, weed-free condition. Approval need not be obtained for miscellaneous flowers, pots or ground-covers. Trees of any size and type must be approved by the ACC before planting to determine how large they will grow, or if their root system will damage any underground utilities or crush foundation skirting system.

2) OCCUPANCY Restriction: At least one permanent resident of each home shall be fifty-five (55) years of age. Permanent occupancy of any home shall be limited to two (2) persons, provided, however, additional persons may permanently occupy a home upon approval by the Board of Directors of Ocean Hills Association.

N. Any amendment of this declaration, in accordance with ORS 94.590, shall be by vote or agreement of the owners representing seventy-five percent (75%) of the total votes in the planned community. In no event shall an amendment under this section create, limit or diminish any special declarant rights, increase the number of lots or units or change the boundaries of any lot or any uses to which any lot or unit is restricted unless the owners of the affected lots unanimously consent to the amendment. Any amendment of this declaration shall be effective only upon recordation. Amendments to this declaration under this section shall be executed, recorded and certified on behalf of the association by any officer

of the homeowner association designated for that purpose or, in the absence of such designation, by the president or the board of directors of the association.

O. The Declarant does not choose to limit Declarant rights' to add improvements.

P. The individual owners will assume control of the homeowners association as provided under ORB 94.609, at such time as lots, representing seventy-five percent (75%) of the votes in all phases, have been sold by Declarant. Until such time, Declarant shall have four (4) votes for each lot that it owns instead of one (1) vote, pursuant to paragraph G, above. The Declarant shall call a meeting for the purpose of turning over the administrative responsibility for the development to the homeowners association not more than 120 days after such time. The Declarant shall give notice of the meeting to each owner as provided in the bylaws.

DEVELOPER'S RIGHTS:

Following said turnover meeting, Declarant shall continue to have the right to use all of the private roads within the development and each owner of a lot agrees that he or she will not object to such use.

Q. The deed to the common property shall be delivered at the time of the turnover meeting described in paragraph P.

R. The rights of the association with respect to the common property or the rights of an individual lot owner with respect to the lot or improvements on the lot, shall be restricted as follows:

1) **ARCHITECTURAL REVIEW**

No manufactured home, site-built home nor any other structure shall be commenced, erected, placed, or altered on any lot until

construction plans and specifications and a plat showing the nature, shape, heights, material, colors and proposed location of the structure or change have been submitted to and approved in writing by the Architectural Control Committee. It is the intention and purpose of this Covenant to assure compliance with all applicable governmental requirements, quality of workmanship and materials and harmony of external design with the existing structures as to location and topography and finished grade elevations. In all cases, the Architectural Control Committee's consent is required.

2) **ARCHITECTURAL CONTROL COMMITTEE DECISION**

The Committee may, at its sole discretion, withhold consent to any proposed work if the Committee finds that the proposed work would be inappropriate for the particular lot or incompatible with the design standards that Declarant intends for Ocean Hills. Considerations such as location, shape, size, color, design, height, impairment of the view from other lots within Ocean Hills or other effects on the enjoyment of other factors which the Committee reasonably believes to be relevant, may be taken into account by the Committee in determining whether or not to consent to any proposed work.

3) **PROCEDURE**

In the event the committee fails to render its approval or disapproval within ten (10) working days after plans and specifications have been submitted to it, or in any event, if no suit to enjoin the construction has been commenced prior to the completion thereof, approval will not be required and the related covenants shall be deemed to have been fully complied with.

4) **MEMBERSHIP: APPOINTMENT AND REMOVAL**

The Architectural Control Committee, hereinafter sometimes referred to as the Committee, shall consist of as many persons, but not less than two (2), as the Declarant May from time to time appoint. The Declarant shall keep on file at its principal office a list of names and addresses of the members of the committee. A member of the Committee shall not be entitled to any compensation for services performed pursuant to this Declaration. The powers and duties of such Committee shall cease on July 01, 2000. Thereafter, any duties of the Architectural Control Committee shall be performed by the Homeowners Association. The Architectural Control Committee shall have the right to appoint an advisory committee. In the event the Architectural Control Committee does appoint an advisory committee, the Architectural Control Committee shall consult with the advisory committee on a regular basis.

5) **LIABILITY**

Neither the Architectural Control committee nor any member thereof shall be liable to any owner, occupant, builder or developer for any damage, loss or prejudice suffered or claimed on account of any action or failure to act by the Committee or a member thereof, provided that the member has, in accordance with actual knowledge possessed by him acted in good faith.

6) **ACTION**

Except as otherwise provided herein, anyone member of the Architectural Control committee shall have power to act on behalf of the Committee, without the necessity of a meeting and without the necessity of consulting the remaining members of the committee. The Committee may render its decisions only by written instrument setting, forth the action taken by the members consenting thereto.

7) **NONWAIVE**

Consent by the Architectural control Committee to any matter shall proposed to it and within its jurisdiction under these covenants shall not be deemed to constitute a precedent or waiver impairing its rights to withhold approval as to any similar matter thereafter proposed or submitted to it for consent.

8) **EFFECTIVE PERIOD OF CONSENT**

The Committee's consent to any proposed work shall automatically be revoked one year after issuance unless construction of the work has been commenced or the owner has applied for and received an extension of time from the Committee.

9) **OTHER RESTRICTIONS**

An individual lot owner shall not have the right to divide a lot but shall have the right to combine one lot with another.

S. EXPANSION

1) The planned community may be expanded by including additional acreage owned by Declarant which is included in the preliminary plan approved by the city of Waldport, Oregon. This plan includes additional lots as well as additional common property. This additional acreage may be annexed to the planned community in phases.

2) There is no limitation on the right of the Declarant to annex other additional acreage to the planned community.

3) There is no limitation on the number of lots which may be created or annexed to the planned community.

4) There is no limitation on the right of the Declarant to annex common property to the planned community.

5) In the event of expansion, all additional lots would

receive the same voting rights and responsibilities as existing lots pursuant to paragraph P, above.

6) In the event of expansion, expenses will be reallocated so that each lot in the planned community will share equally in expenses. Lots created or annexed, during a fiscal year will share taxes, insurance and other expenses appropriate to a pro-rate based on time, on such a time pro-rate basis.

T. The Declarant may not withdraw property from the planned community.

U These covenants and restrictions shall run with and bind all the real property within the planned community.

V. In the event of any violation of any of the provisions of this Declaration, the Declarant or any other person or persons, owning real property within Ocean Hills may, at their option, exercise the right to enforce these covenants by prosecuting any proceeding at law or in equity necessary to prevent the violation or to recover damages sustained by reason of such violation. Failure by any party to enforce *any* covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. In any action successfully prosecuted to abate or recover damages for a violation of the provisions of this Declaration, the prevailing party shall be entitled to recover all costs, including reasonable attorney fees, incurred in such enforcement.

W. Invalidation of anyone of these covenants by judgment or court order shall in no way affect any of the other provisions which shall remain in full force and effect.

X. Declarant shall not be liable to any owner on account of action or failure to act by Declarant in performing its duties or rights hereunder, provided that Declarant has, in accordance with actual knowledge possessed by Declarant, acted in good faith.

IN WITNESS WHEREOF, the undersigned, being Declarant herein, has hereunto set his hand this 19th day of January, 1994.

By: Wallace R. Parmelee
Wallace R. Parmelee

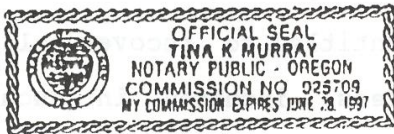
STATE OF OREGON] ss.
County of Lincoln
I, Dana W. Jenkins, County Clerk, in and for said county, do hereby certify that the within instrument was received for record, and recorded in the Book of Records of said county at Newport, Oregon.
Book 275 Page 577
WITNESS my hand and seal of said office affixed.

Dana W. Jenkins
DANA W. JENKINS, Lincoln County Clerk
Doc : 6110438
Fees: 4857 70.00
01/20/1994 11:20:10am



STATE OF OREGON)
) ss
COUNTY OF LANE)

On January 19, 1994, personally appeared before me the above-named Wallace R. Parmelee, who acknowledged the foregoing instrument to be his voluntary act and deed.



Tina K Murray
Notary Public for Oregon
My Commission Expires
MY COMMISSION EXPIRES JUNE 28, 1997

OCEAN HILLS HOMEOWNERS ASSOCIATION

**Declaration for Planned Community,
Amendment, Section "M" Part 1h)**

The Declaration for Planned Community of Ocean Hills, recorded by County Clerk, State of Oregon, County of Lincoln, in Book **275** Page **0577** through Page **0588**.

WHEREAS, Section "N" of Declaration, as recorded in Book 275 Page 0582, "Any Amendment of this Declaration, in accordance with ORS 94.590, shall be by vote or agreement of the owners representing seventy-five percent (75%) of the total votes in the planned community."

WHEREAS, the owners want to amend Section "M", Part 1,h), which currently states:

Front yard landscape is installed by Ocean Hills in accordance with a master plan developed taking into consideration weather, soil conditions, size of yards and other variables that helped in determining quantity and type of plant life to be used. Homeowner is responsible to landscape rear and side yards within sixty (60) days of move-in date. All landscape plans must have the ACC approval.

WHEREAS, all specifications and limits as stated in Section "N" of Declaration, as recorded in Book 275 Page 0582, have been executed by the duly elected Board of Directors.

THEREFORE, the following amendment to Section "M", Part 1h), as originally recorded in Book 275 Page 0581 shall be amended and to read as follows:

All yard landscape is installed by the Homeowner in accordance with a master plan developed taking into consideration weather, soil conditions, size of yards and other variables that helped in determining quantity and type of plant life to be used. Homeowner is responsible to

landscape within sixty (60) days of move-in date. All landscape plans and any extension of time must have the ACC approval.

ATTEST:

(Signed David L. Hutson)

(Signed Daniel E. Lowe)

President, Board of Directors,

Secretary

Ocean Hills Homeowners Association

Date: Jan 12, 2005

SUBSCRIBED and SWORN to before this ____ day of _____,
200____, by _____, its _____.

NOTARY PUBLIC for Oregon

My Commission Expires: _____

OCEAN HILLS HOMEOWNERS' ASSOCIATION

Resolution 99-01 of the Board of Directors

WHEREAS, "Declaration" is the Declaration for the Planned Community of Ocean Hills and "Association" is the Ocean Hills Homeowners' Association;

WHEREAS, "assessments," as used in this Resolution, includes all amounts validly assessed against a Lot Owner ("Owner") pursuant to the Declaration, the Association's Bylaws, Rules and Regulations, and any Board of Director Resolution, including, but not limited to common expenses, interest, fees, fines, attorney fees and all collection costs;

WHEREAS, Article 1, Section 1.3, and Article 6, Section 6.1, of the Bylaws of Ocean Hills Homeowners' Association ("Bylaws") states that Owners are subject to and must comply with the Declaration, Bylaws, and Rules and Regulations;

WHEREAS, Article 3, Sections 3.2 and 3.3.3; Article 5, Section 5.5.2; and Article 12 of the Bylaws authorize the Board to enforce provisions of the Declaration, Bylaws and Rules and Regulations, including action to collect unpaid assessments;

WHEREAS, Article 12 and Article 5, Section 5.6 of the Bylaws and the Oregon Planned Community Act authorizes the Board to establish late charges and fines and the Board;

WHEREAS, Article 5, Section 5.6 of the Bylaws and Paragraph H (2) of the Declaration provide for interest on past due assessments at the rate of 12% per annum;

WHEREAS, the Oregon Planned Community Act and Article 5, Section 5.6 of the Bylaws provides that all assessments, together with interest, attorney fees and costs of collection shall be a continuing lien upon the lot against which each such assessment is made;

WHEREAS, the Oregon Planned Community Act and Article 5, Section 5.6 of the Bylaws authorize the Board, on behalf of the Association, to bring suit to foreclose the lien against the lot or to bring an action to obtain a money judgment against an Owner for damages and/or for unpaid assessments;

WHEREAS, Article 12 of the Bylaws and Paragraph H (2) of the Declaration provide that Owners shall be obligated to pay reasonable fees and costs including, but not limited to, attorney fees incurred in connection with efforts to collect delinquent and unpaid assessments, whether or not suit or action is commenced, and/or to enforce the provisions of the Declaration, Bylaws, rules and regulations or the Act,

WHEREAS, assessments are currently due and payable on the first (1st) day of each month;

WHEREAS, from time to time Owners become delinquent in the payments of their assessments and fail to respond to the demands from the Board to bring their accounts current, and it is imperative assessment payments are timely received;

WHEREAS, the Board deems it in the Association's best interest to adopt a uniform and systematic procedure for the collection of unpaid assessments in a timely manner, and further believes it to be in the Association's best interest to refer these accounts promptly to an attorney for collection so as to minimize the Association's loss of assessment revenue.

NOW, THEREFORE, IT IS RESOLVED, that pursuant to Article 5, Section 5.6 of the Bylaws, there is hereby levied against any assessment account which is not paid in full as of the tenth (10) day of the month a late fee in the amount of ten percent of the unpaid assessment;

NOW, BE IT FURTHER RESOLVED, that the following steps be adopted to provide for the uniform and systematic procedure for the collection of unpaid assessments:

1. If any assessment remains unpaid by an Owner for more than thirty (30) days from the due date for its payment, the Board shall send a notice to the Owner indicating the amount due, including notice of the late fees, and demand for immediate payment thereof.

2. If any assessment remains unpaid by the Owner for more than ninety (90) days from the due date for its payment, the Board shall turn collection over to the Association's attorney ("Attorney"), who shall proceed as provided herein;

3. Attorney shall send a written demand for immediate payment, indicating that if the account is not paid in full within thirty (30) days, further collection action will be instituted, including the filing of a lien, and the Owner will be liable for payment of charges imposed by Attorney to cover fees and costs associated with all collection efforts. The demand for payment shall include all collection costs to date.

4. If any assessment remains unpaid by the Owner thirty (30) days after the date of Attorney's demand, Attorney shall prepare and record a lien against the Owner's lot. Attorney shall notify the Owner within twenty (20) days of recording that the lien has been recorded. The lien amount shall include all collection costs to date, including the cost of preparing and recording the lien, and for the notice of lien required by law.

5. If any assessment remains unpaid by the Owner thirty (30) days after the lien notice is sent, Attorney shall send Owner a ten (10) day demand letter for payment or the Association will file suit to either obtain a money judgment or foreclose on the lien. The demand shall include the updated amount owing, including all collection costs to date.

6. If any assessment remains unpaid by the Owner ten (10) days after the notice of Association intent to file suit, Attorney shall file suit for a money judgment, unless the Board, after recommendation by Attorney, determines that lien foreclosure is advisable under the circumstances.

7. If the Association is successful in obtaining a money judgment, Attorney shall collect on the judgment in this order: (1) file and send a ten (10) day demand to pay judgment; (2) garnish bank accounts, wages and/or rents; (3) levy against any personal and real property; and (4) levy against the lot. Additional steps may be necessary to determine the availability and location of the judgment debtor's assets. If the Association is successful in a suit to foreclose on the lien, Attorney shall proceed as necessary to complete the foreclosure.

NOW, BE IT FURTHER RESOLVED, that all legal fees and costs incurred in the collection of a delinquent account shall be assessed against the delinquent Owner and shall be collected as an assessment as provided in Article 12 of the Bylaws, Paragraph H (2) of the Declaration, and the Oregon Planned Community Act.

NOW, BE IT FURTHER RESOLVED, that all contacts and/or contracts with the delinquent Owner shall be through Attorney. Neither the Board nor any of its agents shall discuss the collection of the account directly with the Owner after it has been turned over to Attorney, unless one of the attorneys is present or has consented to the contact and/or contract.

NOW, BE IT FURTHER RESOLVED, that Attorney shall have the discretion to enter into an installment payment plan with a delinquent Owner in appropriate circumstances. In all cases, any such plan must be secured by a Stipulated Judgment. Any payment plan providing for a down payment of less than the greater of one-third (1/3) of the delinquent balance or twice the current monthly assessment, or a duration in excess of twelve (12) months shall require approval of the Board president.

NOW, BE IT FURTHER RESOLVED, that Attorney, in its initial demand notice, shall communicate to Owner that the account has been turned over to it for collection, and that all payments are to be made to Attorney until the account has been brought current. Attorney shall deposit all payments in its trust account. All amounts collected shall be disbursed by Attorney according the provisions of the Association and Attorney representation agreement.

NOW, BE IT FURTHER RESOLVED, that nothing in this Resolution precludes the Board from taking further action in the collection of unpaid assessments permitted by the Association's governing documents or applicable law, including, but not limited to, adopting or enforcing rules regarding the termination of utility services paid for out of assessments of the association and access to and use of recreational and service facilities available to owners and, after giving notice and an opportunity to be heard, terminate the rights of any owners to receive such benefits or services until the correction of any violation covered by such rule has occurred.

NOW, BE IT FURTHER RESOLVED, that the Board is directed to consult with

This is an OCR copy. An original copy may be obtained from County Clerk, STATE of OREGON, County of Lincoln

Attorney and turn over for collection immediately any outstanding account where the Owner files or is the subject of a petition for relief in bankruptcy or a lender has commenced any action for foreclosure of its lien against the lot.

NOW, BE IT FURTHER RESOLVED, that a copy of this resolution shall be sent to all Owners at their last known address.

ATTEST:

(signed) Daniel E. Lowe
Chairman (President), Board of Directors,
Ocean Hills Homeowners' Association

(signed) Michael Searcey
Secretary

Date: Nov 18, 1999

OCEAN HILLS HOMEOWNERS' ASSOCIATION

Resolution of the Board of Directors

WHEREAS, "Declaration" is the Declaration for the Planned Community of Ocean Hills and "Association" is Ocean Hills Homeowners' Association;

WHEREAS, "assessments," as used in this Resolution, includes all amounts validly assessed a Lot Owner (Owner') pursuant to the Declaration, the Association's Bylaws, Rules and Regulations, and any Board of Director Resolution, including, but not limited to common expenses, interest, fees, fines, attorney fees and all collection costs;

WHEREAS, Article 3, Sections 3.2 and 3.3.3; Article 5, Section 5.5.2; and Article 12 of the Bylaws authorize the Board to enforce provisions of the Declaration, Bylaws and Rules and Regulations, including action to collect unpaid assessments;

WHEREAS, Oregon Planned Community Act, ORS 94.630, authorizes the Board to establish reasonable fees and fines;

WHEREAS, the Board deems it is in the Association's best interest to adopt a uniform schedule of fees for services provided and fines for violation of Association's Rules and Regulations.

NOW, THEREFORE, IT IS RESOLVED, that the following Fee and Fine schedule be adopted:

- | | |
|--|---------------------------------|
| 1. Checks Returned for Insufficient Funds | \$25.00 |
| 2. Copy Document per Page, (minimum Charge \$1.00) | \$0.20 |
| 3. Delinquent Letter Fee | \$5.00 |
| 4. Escrow Questionnaire without Financial Copies | \$25.00 |
| 5. Escrow Questionnaire with Financial Copies | \$50.00 |
| 6. Escrow Questionnaire Expedited, (72 hours), Additional | \$25.00 |
| 7. Resale Documents, Declaration (supplements and amendments) Bylaws, Rules and Regulations, Current Status of Homeowners Association, Certificate of Insurance for Common Areas, Architectural Rules and Current Budget. | 2 X current monthly dues |
| 8. Resale Documents Expedited, (72 hours), Additional | \$50.00 |
| 9. Finance Charges on 61day Past Due Balances, Annual | 12.0% |
| 10. Association Rule and Regulation infraction, First Charge | \$25.00 |

REQUIRES BOARD ACTION and APPROVAL...

NOW, BE IT FURTHER RESOLVED, when the Board deems it is in the Associations best interest, it may alter a specific application of the Schedule when circumstances warrant, except item number seven (7).

NOW, BE IT FURTHER RESOLVED, item number seven (7), Resale Documents, is required through and before Close of Escrow and is not optional.

NOW, BE IT FURTHER RESOLVED that a copy of this resolution should be sent to all Owners at their last known address.

NOW, BE IT FURTHER RESOLVED, effective date of the Schedule shall be 30 days after date signed.

ATTEST:

(David L. Hutson)

Chairman (President), Board of Directors,
Ocean Hills H.O.A., Inc.

(Daniel E. Lowe)

Secretary

Date: October 16, 2000

OCEAN HILLS HOMEOWNERS ASSOCIATION
Resolution of the Board of Directors
No. 2004-01
REGARDING ENFORCEMENT PROCEDURE
Nuisances; Improper, Offensive, or Unlawful Activities;
And Violation of Rules of Conduct

RECITALS

A. Article 3, Section 3.2 of the Bylaws of Ocean Hills Homeowners Association (“Bylaws”) empowers the Board of Directors with the powers and duties necessary for the administration of the affairs of the Association and empowers the Board of Directors to do all acts and things as are not by law or by the Bylaws directed to be exercised and done by the Owners.

B. Article 3, Section 3.3.8 of the Bylaws empowers the Board of Directors to adopt and publish rules and regulations governing the details of operation and use of the Common Property.

C. Article 6, Section 6.2 empowers the Board of Directors to make and amend rules and regulations concerning the use of the Property or Lots located within Ocean Hills.

D. ORS 94.630(1)(n) provides that the Board of Directors may levy reasonable fines for violations of the Declaration, Bylaws, and Rules and Regulations of the Association after notice and an opportunity to be heard if the fine is based on a schedule of fines adopted by a resolution of the Board;

E. ORS 94.630(1)(m) provides that the Board of Directors may:

(1) Adopt rules regarding termination of utility services paid for out of assessments of the Association and access to and use of recreational and service facilities available to Owners; and

(2) Terminate the rights of any Owners to receive such benefits or services until the correction of any violation covered by such rule has occurred;

F. ORS 94.709(5) provides that fees, late charges, fines and interest imposed pursuant to ORS 94.630(1)(L) and (n) are enforceable as assessments.

G. From time to time the Board of Directors receives complaints from owners regarding alleged nuisances; improper, offensive, or unlawful activities or use of the premises; or other alleged violations of the Declaration, Bylaws, or Rules and Regulations.

H. For the benefit and protection of the Association and of the individual owners, the Board of Directors deems it necessary and desirable to establish a procedure to ensure that owners receive notice and an opportunity to be heard in cases involving alleged noncompliance by an owner or resident with the provisions of the Declaration, Bylaws or Rules and Regulations.

I. The Board deems it necessary and desirable to adopt a *Schedule of Fines* to be used as guidance by the Board in determination of sanctions for violations of the Declaration, Bylaws, or Rules

and Regulations of the Association.

J. No formal procedure presently exists for the handling of complaints or the enforcement of provisions of the Declaration, Bylaws or Rules and Regulations.

K. **NOW, THEREFORE, IT IS RESOLVED** that the procedure set forth below be adopted to provide for the formal, uniform, and systematic procedure for handling complaints and enforcement of violations of the Declaration, Bylaws, and Rules and Regulations with respect to alleged nuisances; improper, offensive, or unlawful use of the premises; or other violations of the rules of conduct.

ARTICLE 1 **ENFORCEMENT**

1.1 **Board of Directors.** If a complaint of an alleged violation is initiated by the Board of Directors, the procedure for handling enforcement shall be governed by Article 2 below.

1.2 **Disputes between Owners.** If an Owner ("Complaining Owner") alleges that another Owner ("Alleged Offending Owner"), or the tenant, guest, visitor or occupant of the Alleged Offending Owner's lot, is creating a nuisance or participating in offensive or unlawful conduct in violation of the Declaration, Bylaws or Rules and Regulations of the Association, the Complaining Owner shall first contact the Alleged Offending Owner and request that all such activities cease before submitting a complaint to the Board of Directors. The procedure for handling complaints by Owners about other Owners, or their guests, tenants, visitors, or occupants shall be governed by Article 3 below.

ARTICLE 2 **PROCESS FOR COMPLAINT BY BOARD OF DIRECTORS**

2.1 **Determination of Violation.** If the Board of Directors determines that there is a violation or probable violation of the Declaration, Bylaws, or Rules and Regulations, the Board may proceed as provided in this article without having received a Complaint from an Owner.

2.2 **Notice of Violation.**

(a) **Notice to Alleged Offender.** Except as otherwise provided in this Article, the Board shall notify the Alleged Offending Owner or the guest, tenant, visitor, or occupant of the Alleged Offending Owner in writing of the alleged violation. The notice:

- (1) Shall describe the alleged violation.
- (2) Shall state that the Alleged Offending Owner has the right to request a hearing in accordance with Section 2.4 below.
- (3) May provide for any of the actions specified in Section 2.3 below or Articles 4 or 5 below.
- (4) Shall be mailed or delivered to the Alleged Offending Owner at the

Owner's address as shown on the records of the Association.

2.3 **Remedies.** The written notice given pursuant to Section 2.2 above may provide or specify any or all the following:

- (a) The action required to abate the violation.
- (b) The time period during which the violation may be abated without further sanctions.
- (c) A statement advising the Alleged Offender that if the alleged violation is not abated by the specified compliance deadline, fines will be automatically assessed beginning on the compliance deadline date pursuant to the Schedule of Fine adopted by the Board of Directors.
- (d) Such other information the Board deems appropriate under the circumstances.

2.4 **Specific Types of Violations.**

(a) **Certain Types of Violations.** The Board in its discretion may designate certain types of violations as exempt from a cure and abatement period and provide that such violations shall not be entitled to a cure and abatement period.

(b) **Repeat Violations.** Owners who commit repeated violations shall not be entitled to a cure and abatement period. For such violations, the Board shall give notice of the violation in the manner specified in Section 2.1. The notice shall:

- (1) Describe the violation.
- (2) State the amount of the fine to be imposed;
- (3) State that the Offending Owner may request within fourteen (14) days to have a hearing regarding the alleged violation before the fines are finally imposed.

2.5 **Right to Request a Hearing.** Before a fine is imposed, an Owner shall be entitled to notice of and opportunity for a hearing as set forth herein.

2.6 **Hearing.** The Board shall give reasonable notice of the time and place of the hearing to the Alleged Offending Owner.

(a) **Appearance.** If a hearing has been requested, but the Alleged Offending Owner fails to appear within fifteen minutes of the time set for the hearing, the Board may, at its sole discretion, conduct the hearing without the presence of the Alleged Offending Owner or may adjourn the hearing to another date and time.

(b) **Conduct.** The Board may limit testimony and evidence as it determines is reasonable.

(c) Determination and Action by the Board. Determinations and Actions by the Board shall be pursuant to Articles 4 and 5 below.

ARTICLE 3
PROCESS FOR COMPLAINTS BY OWNERS TO BOARD

3.1 **Written Complaint to Board.**

(a) If the informal request of Alleged Offending Owner under Section 1.2 above does not cause the offending activity to stop, and the Complaining Owner desires the Board to take corrective action, Complaining Owner shall submit a Complaint in writing directed to the Board of Directors. Such Complaint shall be signed by the Complaining Owner and include:

- (1) The name and address of the Complaining Owner;
- (2) The name and address of the Alleged Offending Owner;
- (3) A description of the offending behavior or activity, including date and approximate time;
- (4) The date and approximate time that the complaining Owner contacted the Alleged Offending Owner;
- (5) A statement that the parties have not been able to resolve the matter;
- (6) Why attempts to make personal contact with the Alleged Offending Owner were either not successful or otherwise ineffective; and
- (7) The date and approximate time that such behavior or activity continued thereafter.

(b) Any Complaint which is not in writing shall not be addressed as a formal complaint under the procedures set forth herein. The Board shall have discretion to refuse to investigate any complaint which fails to establish clearly that the procedures set forth in Section 1.2 or Section 3.1 above have been followed.

3.2 **Notice of Complaint.** Upon receipt of any written Complaint, a copy will be provided to Alleged Offending Owner. If the Complaint is against a tenant, guest, visitor, or occupant of a lot, rather than the Owner of such lot, a copy of the Complaint will be provided to the Alleged Offending Owner and, when the Board deems appropriate, to the offending tenant, guest, visitor, or occupant.

3.3 **Preliminary Investigation.** Upon receipt of a written Complaint, the Board or a person authorized by the Board may conduct a preliminary investigation to confirm the nature and existence of the allegations contained in the Complaint.

3.4 **Informal Action.** The President, a designated Board member, or other person authorized by the Board shall first attempt to resolve the matter either by an informal meeting with, telephone call to, or a letter to the Alleged Offending Owner. The President, designated Board member, or person authorized by the Board shall report to the Complaining Owner what action was taken.

3.5 **Notice of Hearing.**

(a) If the Board receives a second Complaint regarding the same, or substantially the same, conduct or alleged violation within 30 days after the first attempt by the Board to resolve the matter, a copy of the Complaint shall be provided to the Alleged Offending Unit Owner and the Board shall set a time and place for a hearing on the Complaint. The Board shall give reasonable notice of the time and place of the hearing to the Complaining Owner.

3.6 **Appearances Required at Hearing.** All parties, including the Alleged Offending Owner and Complaining Owner, shall be required to appear at the hearing.

(a) **Procedure if Complaining Owner Fails to Appear.** If the Complaining Owner fails to appear at the hearing within fifteen (15) minutes of the time set for the hearing, the Board shall dismiss the Complaint; unless, however, the Board determines at that time that there is just cause:

- (1) To allow the Complaining Owner additional time to appear that day or
- (2) To reset the hearing to another date and time.

(b) **Procedure if Alleged Offending Owner Fails to Appear.** If the Complaining Owner appears at the hearing but the Alleged Offending Owner fails to appear within fifteen (15) minutes of the time set for the hearing, the Board shall proceed to hear from the Complaining Owner and make a determination whether the Declaration, Bylaws, or Rules and Regulations have been violated and what action, if any, the Board shall take with respect to the Complaint in accordance with Sections (6) and (7) below, unless the Board determines at that time that there is just cause:

- (1) To allow the Alleged Offending Owner additional time that day to appear,
or
- (2) To reset the hearing to another date and time.

(c) **Dismissal.** In the case of dismissal, the Board shall notify the Complaining Owner and the Alleged Offending Owner in writing that the Complaint has been dismissed. Any further or later Complaint in writing by the same Complaining Owner relating to the same, or substantially the same, conduct or alleged violation shall be treated as a first Complaint.

3.7 **Conduct of Hearing.**

(a) **Testimony from Parties.** If both the Complaining Owner and the Alleged Offending Owner appear, the Board shall proceed to hear from the Complaining Owner and from the

Alleged Offending Owner, and make a determination whether the Declaration, Bylaws, or Rules and Regulations have been violated and what action, if any, the Board shall take with respect to the Complaint.

(b) Evidence and Witnesses. The Complaining Owner and the Alleged Offending Owner may present evidence and witnesses at the hearing. The Board may limit testimony and evidence as it determines is reasonable.

ARTICLE 4 **ACTION BY BOARD**

4.1 Board Determination.

(a) The Board shall make a determination of what action, if any, is appropriate under the circumstances.

(b) Deliberations by the Board shall be in an open meeting of the Board in accordance with ORS 94.640, unless otherwise permitted under ORS 94.640 as it may be amended from time to time.

(c) The Board shall either render its decision at conclusion of the hearing or take the matter under advisement and render the decision at a later Board meeting.

(d) All decisions of the Board shall be in writing, a copy of which should be provided to the Alleged Offending Owner within seven calendar days of the decision/determination.

4.2 Board Actions. Action by the Board may include, but is not limited to:

(a) Imposition of Assessments of one-time fines and continuing fines until the Alleged Offending Owner takes corrective action satisfactory to the Board pursuant to the *Schedule of Fines* set forth in attached **Exhibit A**;

(b) Suspension of the right to use recreational facilities of Offending Owner during any period in which such owner shall be in default in the payment of any assessment levied by the Association.

(c) Suspension of the right to use of recreational facilities of Offending Owner, including use by tenants, occupants and guests of owner's lot, for a period not to exceed sixty (60) days for infraction of published rules and regulations.

(d) Termination of utility services paid for out of assessments of the Association;

(e) Legal action against the Alleged Offending Owner, and/or tenants, guest, or other occupants of the lot of the Alleged Offending Owner.

(f) Any other action specifically provided for pursuant to the Declaration, Bylaws, Rules and Regulations, or a resolution adopted by the Board of Directors.

4.3 **Additional Corrective Action by Board.**

(a) **Right of Board to Take Additional Corrective Action.** If after the Board has made a determination under Section 4.1 above, Alleged Offending Owner fails to correct the matter, the Board may take additional corrective action without prior notice to the Alleged Offending Owner or opportunity for hearing under Section 2.5 or Section 3.5 above.

(b) **Notice of Additional Action.** The Board shall give Alleged Offending Owner written notice of any additional action taken under Subsection (a) of this section 4.3.

ARTICLE 5
IMMEDIATE LEGAL ACTION

Notwithstanding any other provision in Article 1 through Article 4 above, the Board may take immediate legal action as it deems reasonably necessary to enjoin conduct which it determines is in violation of the Declaration, Bylaws, Rules and Regulations or applicable state or federal law.

ARTICLE 6
MISCELLANEOUS

NOW, BE IT FURTHER RESOLVED that the *Schedule of Fines* attached hereto as **Exhibit A** be adopted by the Board of Directors in determining fines for violations of the Declaration, Bylaws, and Rules and Regulations of the Association.

NOW, BE IT FURTHER RESOLVED that the Board reserves the right to amend, revise or add to the *Schedule of Fines* from time to time as the Board deems necessary.

NOW, BE IT FURTHER RESOLVED that a copy of this resolution shall be sent to all owners at their last known address and any further amendments to the *Schedule of Fines* shall also be sent to all owners.

ATTEST:

(Signed) David L. Hutson
President, Board of Directors,
Ocean Hills Homeowners Association

(Signed) Daniel E. Lowe
Secretary, Board of Directors
Ocean Hills Homeowners Association

Date: January 19, 2004

EXHIBIT A
SCHEDULE OF FINES

| | |
|---|----------------|
| 1. Unauthorized commercial activities | \$ 100 |
| 2. Obstruction, damage, or interference with use of common elements | \$ 100 |
| 3. Offensive or Unlawful Activities | \$ 100 |
| 4. Animals | \$ 50 |
| 5. Unauthorized exterior lighting or noise making devices | \$ 50 |
| 6. Windows, balconies, and outside walls | \$ 50 |
| 7. Unauthorized parking of a trailer, motorcycle, truck, camper, boat, boat trailer, or other recreational vehicle | \$ 50 |
| 8. Unauthorized leasing or rental of units | \$ 50 |
| 9. Garage door violations | \$ 50 |
| 10. Non-emergency breaking of glass fire latches | \$ 75 |
| 11. Violation of Declaration or Rules and Restrictions not set forth above | \$ 50 |
| 12. Violation of any provisions of the Declaration, Bylaws, or Association Rules and Regulations not set forth above | \$ 50 |
| 13. Architecture Control Committee Rules violations will be limited to a maximum of If more than one violation, each handled separately. | \$ 200 per mo. |

The above fines may be imposed on a one-time, each occurrence, or continuing daily, weekly, or monthly basis as determined by the Board except ACC fines. See item 13.

OCEAN HILLS HOMEOWNERS ASSOCIATION
Resolution of the Board of Directors
No. 2004-02
REGARDING ADOPTION OF AMENDED AND REVISED
OCEAN HILLS HOMEOWNERS ASSOCIATION
COMMUNITY GUIDELINES

RECITALS

A. Article 3, Section 3.2 of the Bylaws of Ocean Hills Homeowners Association ("Bylaws") empowers the Board of Directors with the powers and duties necessary for the administration of the affairs of the Association and empowers the Board of Directors to do all acts and things as are not by law or by the Bylaws directed to be exercised and done by the Owners.

B. Article 3, Section 3.3.8 of the Bylaws empowers the Board of Directors to adopt and publish rules and regulations governing the details of operation and use of the Common Property.

C. Article 6, Section 6.2 **of the Bylaws** empowers the Board of Directors to make and amend rules and regulations concerning the use of the Property or Lots located within Ocean Hills.

D. The Board of Directors deems it necessary and desirable to amend and revise the Ocean Hills Homeowners Association Community Guidelines to conform to Enforcement Resolution 2004-01, a copy of which shall be distributed to all owners.

E. **NOW, THEREFORE, IT IS RESOLVED** that the Board of Directors adopts the amended and revised Ocean Hills Homeowners Association Community Guidelines.

F. **NOW, BE IT FURTHER RESOLVED** that a copy of this resolution and a copy of the amended and revised Ocean Hills Homeowner Association Community Guidelines shall be sent to all owners at their last known address.

ATTEST:

David L. Hutson (signed)
President, Board of Directors,
Ocean Hills Homeowners Association

Daniel E. Lowe (signed)
Secretary, Board of Directors
Ocean Hills Homeowners Association

Date: 01/19/2004

OCEAN HILLS HOMEOWNERS ASSOCIATION
Resolution of the Board of Directors
No. 2004-03
REGARDING INTERPRETATION OF THE AGE RESTRICTION
IN THE DECLARATION OF
OCEAN HILLS HOMEOWNERS ASSOCIATION

RECITALS

A. Article 3, Section 3.2 of the Bylaws of Ocean Hills Homeowners Association ("Bylaws") empowers the Board of Directors with the powers and duties necessary for the administration of the affairs of the Association and empowers the Board of Directors to do all acts and things as are not by law or by the Bylaws directed to be exercised and done by the Owners.

B. Article 3, Section 3.3.8 of the Bylaws empowers the Board of Directors to adopt and publish rules and regulations governing the details of operation and use of the Common Property.

C. Article 6, Section 6.2 of the Bylaws empowers the Board of Directors to make and amend rules and regulations concerning the use of the Property or Lots located within Ocean Hills.

D. The Declaration for the Planned Community of Ocean Hills ("Declaration"), Section M, Subsection 2 states that one permanent resident of each home must be 55 years of age and that the occupancy of any home is limited to 2 people unless the Board approves more.

E. Section 6, Subsection (c) of the Statement of Planned Community Information says specifically that children are not allowed.

F. The descriptions of Ocean Hills provided by the developer including the signs in the Association, state that Ocean Hills is a retirement community which implies that no children under 18 years of age are allowed to live in the community.

G. Because it appears to be the intent of the developer and the intent of the Association to have Ocean Hills as a 55 years and older community, the Board has the authority to clarify and amend the Community Guidelines to restrict occupants less than 18 years of age.

H. **NOW, THEREFORE, IT IS RESOLVED** that the Board of Directors adopts to the Community Guidelines, Section 2, Subsection 3, (OCCUPANCY RESTRICTIONS), 3.1.1. Ocean Hills is a retirement community; no children less than 18 years of age are allowed to live in the community.

F. **NOW, BE IT FURTHER RESOLVED** that a copy of this resolution and a copy of the amended and revised Ocean Hills Homeowner Association Community Guidelines shall be sent to all owners at their last known address.

ATTEST:

(David L. Hutson)

President, Board of Directors,
Ocean Hills Homeowners Association

Daniel E. Lowe

Secretary, Board of Directors
Ocean Hills Homeowners Association

Date: 1/19/2004

OCEAN HILLS HOMEOWNERS' ASSOCIATION

Resolution of the Board of Directors Architectural Control Committee Fines

WHEREAS, "Declaration" is the Declaration for the Planned Community of Ocean Hills and "Association" is Ocean Hills Homeowners' Association;

WHEREAS, "assessments," as used in this Resolution, includes all amounts validly assessed a Lot Owner (Owner') pursuant to the Declaration, the Association's Bylaws, Rules and Regulations, and any Board of Director Resolution, including, but not limited to common expenses, interest, fees, fines, attorney fees and all collection costs;

WHEREAS, Article 3, Sections 3.2 and 3.3.3; Article 5, Section 5.5.2; and Article 12 of the Bylaws authorize the Board to enforce provisions of the Declaration, Bylaws and Rules and Regulations, including action to collect unpaid assessments;

WHEREAS, Oregon Planned Community Act, ORS 94.630, authorizes the Board to establish reasonable fees and fines;

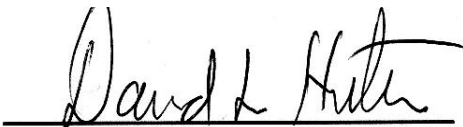
WHEREAS, the Board deems it is in the Association's best interest to adopt a uniform schedule of fees for services provided and fines for violation of Association's Rules and Regulations.

NOW, THEREFORE, IT IS RESOLVED, the Fee and Fine schedule as adopted for the Architecture Control Committee Rules violations will be limited to a maximum of \$200.00 per month.

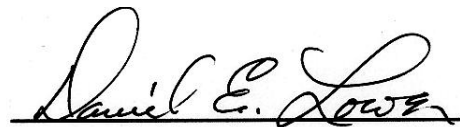
NOW, BE IT FURTHER RESOLVED that a copy of this resolution should be sent to all Owners at their last known address.

NOW, BE IT FURTHER RESOLVED, effective date of the Schedule shall be 30 days after date signed.

ATTEST:



Chairman (President), Board of Directors,
Ocean Hills H.O.A., Inc.



Secretary/Treasurer,
Ocean Hills H.O. A., Inc.

Date: April 3, 2006

8397 P0388
**BYLAWS
OF
OCEAN HILLS HOMEOWNERS' ASSOCIATION**

**ARTICLE 1
PLANNED COMMUNITY PLAN OF
LOT OWNERSHIP; DEFINITIONS**

1.1 Lot Ownership. Lots 1 through 35 and the adjacent common area of Ocean Hills, in the County of Lincoln, State of Oregon (the "Property"), are subject to the provisions of Oregon Revised Statutes, Sections 94.550, *et seq.*, the Oregon Planned Community Act.

1.2 Bylaws Applicability. The provisions of these Bylaws are applicable to the Property, the Ocean Hills Homeowners' Association ("Association") and the entire management structure thereof.

1.3 Personal Application. All present or future Owners, tenants, occupants, future tenants or their employees, or any other person that might use the facilities of the Property in any manner, are subject to the regulations set forth in these Bylaws.

The acquisition, occupancy or rental of any of the Lots of the Property or the mere act of occupancy of any said Lots will constitute acceptance and ratification of these Bylaws and agreement to comply with all the provisions hereof.

**ARTICLE 2
ASSOCIATION MEMBERSHIP, VOTING,
MAJORITY OF OWNERS, QUORUM, PROXIES**

2.1 Membership in the Association. Upon recordation of a conveyance or contract to convey 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 said Association until such time as such person's ownership ceases for any reason. For all purposes of the Declaration and the administration of the property, Lot ownership shall be determined from the records maintained by the Association. The record shall be established by the Owner filing with the Association a copy of the deed to or land sale contract 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. No person shall be recognized as an Owner unless a copy of the deed or contract has been filed with the Association as provided above showing him or her to be the current Owner or contract purchaser of a Lot.

2.2. Voting Rights. All Owners of Lots shall be entitled to one (1) vote for each Lot owned with respect to all matters upon which Owners are entitled to vote. 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

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purposes of determining a quorum. The total number of votes shall be equal to the total number of Lots subject to these Bylaws.

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

2.4. Quorum. Except as otherwise provided in these Bylaws, the presence in person or by proxy of Owners holding forty percent (40%) or more of the outstanding votes in the Association, as defined in Section 2.2, shall constitute a quorum. A legal meeting is one duly called pursuant to these Bylaws where a quorum is present in person or by proxy at a formal gathering, or if a vote is taken by written ballots, when ballots are returned representing more than forty percent (40%) of the vote.

2.5. Place of Meetings. Formal meetings of the Association shall be held at the principal office of the Property or such other suitable place convenient to the Owners as may be designated by the Board of Directors. Any vote taken by written ballot shall be determined by the Board of Directors within forty-eight (48) hours of the deadline for return of ballots. Each Owner shall be notified within ten (10) days after the ballots have been counted by mail or other delivery of written notice of the results of the ballot meeting or that a quorum of ballots was not returned.

2.6. Annual Meetings. The first annual meeting of the Association (also known as the Organizational Meeting) shall be held on September 27, 1999. The date for subsequent annual meetings, 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 Owners in accordance with the requirements of Sections 3.8 and 3.9 of these Bylaws, to replace those directors whose terms have expired. The Owners may also transact such other business of the Association as may properly come before them.

2.7. Special Meetings. It shall be the duty of the President to call a special meeting of the Owners as directed by resolution of the Board of Directors or upon a petition signed by twenty-five percent (25%) or more of the Owners having been presented to the Secretary. All meetings called because of petition of Owners shall be held at a formal gathering and not by ballot, and shall be held within sixty (60) 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 Owners of the Lots or as otherwise set out in these Bylaws unless required by an emergency threatening the health, safety or physical damage to the Association, its members or the Property. Special meetings of the Association shall be held no more frequently than once during every three-month period.

2.8. Notice of Meetings. It shall be the duty of the Secretary to mail a notice of each annual, special or meeting by ballot, stating the purpose thereof and the time and place where it is to be held, to each Owner of record at least seven (7) but not more than fifty (50) days prior to such

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meeting or the date when ballots for a ballot meeting are required to be returned. The mailing shall be to the Owner's address last given the Secretary in writing by the Owner or his or her vendee. 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 Project Lot address shall be sufficient. The mailing of a notice in the manner provided in this Section shall be considered notice legally served.

2.9. Adjourned Meetings. If any gathering of Owners is not a legal meeting because a quorum has not attended, the Owners 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 ballot.

2.10. 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 inspectors of election.
- (g) Election of directors.
- (h) Unfinished business.
- (i) 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 five (5) persons, all of whom must be an Owner or the co-owner of a Lot. An officer, employee or agent of a corporation or the trustee of a trust, or personal representative of an estate, or an employee of the trust or estate may serve on the Board of Directors, if the corporation, trust or estate owns a Lot.

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 or by these Bylaws directed to be exercised and done by the Owners.

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 Property.

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3.3.2 Establishment and maintenance of replacement reserve accounts and 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 monthly assessments from the Owners, in accordance with these Bylaws, the Declaration 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 and payment of premiums therefore out of the common expense funds with respect to the Common Property as more specifically provided in Article 7 of these Bylaws.

3.3.6 Designation and dismissal of the personnel necessary for the maintenance and operation of the Project.

3.3.7 Causing the preparation and distribution of annual financial statements of the Association to each of the Owners 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 Property. Provided, however, any such rules or regulations shall always be subject to rescission or amendment by the Association upon majority vote of Owners present at any properly called meeting.

3.3.9 Causing the Association to comply with the Oregon Planned Community Act relating to maintenance of documents 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.

3.4. Limited Authority. The Board of Directors shall be prohibited from taking any of the following actions, except with the vote or written assent of a majority of the voting power of the owners:

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

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duration provided that the policy permits short rate cancellation by the insured.

(c) Agreements for cable television services and equipment or satellite television services and equipment of not to exceed five years duration.

(d) Agreements for sale or lease of burglar alarm and fire alarm equipment, installation and services of not to exceed five years duration.

3.4.2 Incurring aggregate expenditures for capital improvements to the common area of any fiscal year in excess of five percent (5%) of the budgeted gross expenses of the Association for that fiscal year.

3.4.3 Selling during any fiscal year property of the Association having an aggregate fair market value greater than five percent (5%) of the budgeted gross expenses of the Association for that fiscal year.

3.4.4 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) A pro forma operating budget for the immediately ensuing fiscal year consisting of at least the following information shall be distributed not less than 45 days and not more than 60 days prior to the beginning of the fiscal year.

(1) Estimated revenue and expense on an accrual basis.

(2) The amount of the total cash reserves of the Association currently available for replacement or major repair of common facilities and for contingencies.

(3) An estimate of the current replacement costs of, and the estimated remaining life of,

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and the methods of funding used to defray the future repair, replacement or additions to, those major components of the common areas and facilities which the Association is obligated to maintain.

(4) A general statement setting forth the procedures used by the governing body in the calculation and establishment of reserves to defray the costs of repair, replacement or additions to major components of the common areas and facilities for which the Association is responsible.

(a) A balance sheet as of an accounting date which is the last day of the month closest in time to six months from the date of closing of the first sale of an interest in the Project and an operating statement for the period from the date of the first closing to the said accounting date, shall be distributed within 60 days after the accounting date. This operating statement shall include a schedule of assessments received and receivable identified by the number of the subdivision interest and the name of the entity assessed.

(b) A report consisting of the following shall be distributed within 120 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.

(3) A statement of changes in financial position for the fiscal year.

3.6.2 If the report referred to in Section 3.6.1 above is not prepared by an independent accountant, it shall be accompanied by the certificate of an authorized officer of the Association that the statement was prepared from the books and records of the Association without independent audit or review.

3.6.3 In lieu of the distribution of the pro forma operating budget required by Section 3.6.1, the Board of Directors may elect to distribute a summary of the items described in Section 3.6.1 to all members of the Association with a written notice that the budget is available at the business office of the Association or at another suitable location and that copies will be provided upon request and at the expense of the Association. If any member requests copies of the pro forma operating budget including the items described in Section 3.6.1 to be mailed to the member, the Association shall provide such copies to the member by first-class United States mail at the expense of the Association and mailed within five days. The written notice that is distributed to each of the Association members shall be in at least 10-point bold type on the front page of the summary of the statements.

3.6.4 In addition to financial statements, the Board of Directors shall annually distribute within 60 days prior to the beginning of the fiscal year, 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' subdivision interests.

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3.6.5 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) Cause a current reconciliation of the Association's reserve accounts to be made and review the same.
- (c) Review the current year's actual reserve revenues and expenses compared to the current year's budget.
- (d) Review the most current account statements prepared by the financial institution where the Association has its operating and reserve accounts.
- (e) Review an income and expense statement for the Association's operating and reserve accounts.
- (f) The failure of the Board of Directors to timely prepare and/or to present a budget to the Owners shall not be cause for any Owner 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.
- (g) In the event the Board of Directors fails to timely adopt a budget for a new fiscal year, Owners holding a majority of the votes of the entire Association, at any general or specially called meeting, may adopt such a budget, announce it to the Owners and immediately commence assessments based on the newly adopted budget. Additionally, at any general or specially called meeting, Owners holding a majority of the votes of the entire Association may amend any budget adopted by the Board of Directors. Thereafter, assessments to Owners shall be based on the budget as so amended until a new budget is adopted.

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 duties and services as the Board shall authorize, including, but not limited to, the duties listed in Section 3.3.

3.8. Election and Term of Office. At the Organizational Meeting of the Association, the term of office of two (2) Directors shall be fixed for two (2) years. The term of office of three (3) Directors shall be fixed at one (1) year. Should more Directors be added, the same sequential election terms shall apply as nearly as is practicable. At the expiration of the initial term of office of each respective Director, his or her successor shall be elected to serve a term of two (2) years. The Directors shall hold office until their successors have been elected and hold their first meeting. At the Organizational Meeting, the Board of Directors may be elected by a single ballot with each Owner permitted to vote for five (5) nominees. In such event, the two (2) nominees receiving the highest number of votes shall be the two (2) year Directors and the three (3) nominees receiving the next highest number of votes shall be the one (1) year Directors. The Association may increase or

decrease the number of Directors and length of terms for which each is elected upon amendment of this Section 3.8.

3.9. Vacancies. Vacancies on the Board of Directors caused by any reason other than the removal of a Director by a vote of the Association shall be filled for the balance of the term of each directorship by 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.

3.10. Removal of Directors. At any legal annual or special meeting, other than a meeting by ballot, anyone or more of the Directors may be removed with or without cause, by a majority vote of the total voting power of the Owners and a successor may be then and there elected to fill the vacancy thus created. Provided however, 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 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.

3.11. Organizational 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.

3.12. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the Directors. Notice of regular meetings of the Board of Directors may be called by the President on ten (10) days' notice to each Director, given personally or by mail, telephone or telegraph, which notice shall state the time, place (as hereinabove provided) and purpose of the meeting unless required by an emergency threatening the health, safety or physical damage to the Association, its members or the Property. Special meetings of the Board shall be held no more frequently than once during every three-month period.

3.13. 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 three (3) Directors. Special meetings of the Board of Directors may be called on ten (10) days' notice to each Director, given personally or by mail, telephone or telegraph, which notice shall state the time, place (as hereinabove provided) and purpose of the meeting unless required by an emergency threatening the health, safety or physical damage to the Association, its members or the Property. Special meetings of the Board shall be held no more frequently than once during every three-month period.

3.14. Waiver of Notice to Directors. Before, at or after any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be

deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by 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.

3.15. Board of Directors' Quorum. At all meetings of the Board of Directors, a majority of the existing Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors shall be the acts of the Board of Directors. If at any meeting of the Board of Directors there be 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.

3.16. Board of Directors Meetings Open to All Association Members. All meetings of the Board of Directors shall be open to any and all members of the Association. Provided, however, no Association member shall have a right to participate in the Board of Directors meetings unless such member is also a member of the Board of Directors. The President shall have authority to exclude any Association member who disrupts the proceedings at a meeting of the Board of Directors.

3.17. 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 Property at least ten (10) days' prior to the meeting or notice shall otherwise be provided to each member of the Association 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 Owners.

3.18. Telephonic Meetings. 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 Association members shall be required for a telephonic meeting of the Board of Directors to be held for any emergency action. Provided, however, no such telephonic meeting shall occur unless at least seventy- five percent (75%) of the Board of Directors participate in the same and after an attempt has been made to call each Director at the telephone number maintained on file with the Board of Directors for such purpose.

3.19. 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 Owners.

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.

4.3. Removal of Officers. Upon an affirmative vote of a majority of the members 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 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 Owners 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 Board of Directors and the minutes of all meetings of the Association; he or she shall have charge of such books and papers as the Board of 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 Board of Directors.

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

ARTICLE 5 OBLIGATIONS OF THE OWNERS

5.1. Assessments. All Owners are obligated to pay assessments imposed by the Association to meet all the Association's general common expenses as more particularly set forth in the Declaration. Assessments shall be payable on a periodic basis, not more frequently than monthly, as determined by the Board of Directors. All initial, general and special assessments shall be allocated equally among the Lots.

5.2. Investment of Reserve Account Funds. Each 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, nothing herein shall prevent sellers of Lots from treating their outstanding allocable share of reserve accounts as a separate or reimbursable item in a sales agreement. No Owner 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 Lot's right to receive repair, maintenance and replacement there from.

5.3. Initial Assessment. The initial annual assessment to Owners shall be \$684.00 for maintenance and operation and \$156.00 for replacement reserves for the Common Property subject to replacement; for a monthly assessment of \$70.00. The monthly assessment shall thereafter be subject to review by the Board of Directors. The lot assessments for all Lots shall be payable from October 1, 1999.

5.4. Initial Assessment of Lots Subjected in the Future. The initial assessment for owners of Lots subjected to the Declaration subsequent to the submission of Lots 1-35 to the Declaration shall be an amount equal to one-sixth (1/6th) the annual assessment then in effect for Lots in Ocean Hills, plus a prorated portion of the assessment for the assessment installment period during which the Lots in such stages are annexed to Ocean Hills. Thereafter, the owners of such Lots shall be assessed directly by the Association. The initial assessment equal to one sixth (1/6th) of the current annual assessment shall be a one-time contribution of working capital of Ocean Hills. The total initial assessment of Lots subsequently subjected to the Declaration shall be paid by the Owner of said Lots and delivered to the Association within thirty (30) days from the time such Lots are annexed to Ocean Hills. Upon the annexation of additional Lots to Ocean Hills, the Board of Directors shall promptly prepare a new budget reflecting the additional Lots and shall recompute any previous assessment covering any period after the annexation.

5.5. Special Assessments. The Board of Directors shall have the power to levy special assessments against an owner or all owners in the following manner for the following purposes:

5.5.1 To correct a deficit in the operating budget by vote of a majority of the Board;

5.5.2 To collect amounts due to the Association from an owner for breach of the owner's obligations under the Declaration, these Bylaws, or the Association's rules and regulations, by vote of a majority of the Board;

5.5.3 Upon vote of a majority of the Board of Directors, to make repairs or renovations to the common area or those portions of the buildings for which the Association has maintenance responsibility if sufficient refunds are not available from the operating budget or replacement reserve accounts; or

5.5.4 To make capital acquisitions, additions or improvements, by vote of at least seventy-five percent (75%) of all votes allocated to Lots in the Planned Community.

5.6. Default. Failure by an Owner to pay any assessment of the Association shall be a default by such Owner of his or her obligations pursuant to these Bylaws and the Oregon Planned Community Act. In addition to the interest which may be charged on delinquent assessments, the Board of Directors, at its option, may impose a late charge penalty in respect to any monthly assessment not paid within ten (10) days from the due date. Such penalty may not exceed the sum of ten percent (10%) of the monthly assessment. The Association shall be entitled to a lien which

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may be enforced upon compliance with the provisions of the Oregon Planned Community Act. In any foreclosure suit by the Association with respect to such lien, the Association shall be entitled to collect reasonable rent from the defaulting Owner for the use of his or her Lot or shall be entitled to the appointment of a receiver. Any default by the Owner in any provisions of these Bylaws or of the Oregon Planned Community Act shall be deemed to be a default by the Owner of any mortgage to which the Owner is a party or to which the Lot is subject.

5.7. Maintenance and Repair.

5.7.1 Except as otherwise specifically provided in the Declaration and Bylaws, every Owner must perform promptly all maintenance and repair work within his or her own Lot, which if omitted would affect the Common Property, and shall be responsible for the damages and liabilities that his or her failure to do so may cause.

5.7.2 All repairs of internal installations located on each Lot, such as water, lights, gas, power, sewage, telephones, air conditioners and sanitary installations, doors, windows, lamps and all other accessories located on the Lot shall be at the sole expense of the Owner of such Lot.

5.7.3 An Owner shall reimburse the Association for any expenditures incurred in repairing or replacing any Common Property and/or facility damaged through his or her fault, not otherwise covered by insurance policies carried by the Association for the Owner's and Association's benefit.

ARTICLE 6 USE AND OCCUPANCY RESTRICTIONS; RULES OF CONDUCT

6.1. Failure by an Owner (his family, invitees or lessees) to comply with the rules of conduct and restrictions set forth in the Declaration, these Bylaws or other Rules and Regulations promulgated by the Board of Directors shall be cause for which the Board of Directors may deny or restrict such Owner's right to use any common facility with respect to which such Owner otherwise had a right of use.

6.2. Additional Rules. Rules and regulations concerning the use of the Property or Lots located within Ocean Hills may be made and amended from time to time by the Board of Directors. Copies of such rules and regulations will be furnished to all Owners and residents of the Project, upon request.

ARTICLE 7 INSURANCE

The Board of Directors shall obtain and maintain at all times insurance of the type and kind and in the amounts hereinafter provided, and including insurance for such other risks of a similar or dissimilar nature as are or shall hereafter customarily be covered with respect to other planned communities similar in construction, design and which insurance shall be governed by the provisions in this numbered section.

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7.1. Types of Insurance Policies. For the benefit of the Association and the owners, the Board of Directors shall obtain and maintain at all times, and shall pay for out of the common expense funds, the following insurance to the extent available at reasonable cost:

7.1.1 A policy or policies of property insurance including, but not limited to, fire, extended coverage, vandalism and malicious mischief, for the full insurable replacement value, if available, of the common property.

7.1.2 A policy or policies insuring the Association, its Board of Directors, the owners individually, and any manager against any liability to the public or the owners and their invitees or tenants, incident to the ownership, supervision, control or use of the property. Limits of liability under such insurance shall be not less than \$1,000,000 per occurrence for bodily injuries and property damage liability. Such limit and coverage shall be reviewed at least annually by the Board of Directors which may increase the limit of and/or coverage, in its discretion. Said policy or policies shall be issued on a comprehensive liability basis and shall provide cross liability endorsements wherein the rights of the named insured under the policy or policies shall not be prejudiced as respects his, her or their action against another named insured.

7.1.3 Workers' compensation insurance to the extent necessary to comply with any applicable laws.

7.1.4 A fidelity bond naming such persons as may be designated by the Board of Directors as principals and the Association and the owners as obliges, for the amount determined by the Board of Directors. Provided, however, the Board of Directors shall require that all officers and employees of the Association handling or responsible for Association funds obtain adequate fidelity bonds. The premiums on such bonds shall be paid by the Association.

The Association shall not be responsible for any loss or damage to property of any owner, whether stored on the common property or stored on the owner's Lot, nor shall the Association maintain any insurance coverage for such loss.

7.2. 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 "AAA," or better, by Best's Insurance Reports, or as may be otherwise acceptable to all mortgagees and directors.

7.3. Authority to Adjust Losses. All losses under policies hereafter in force regarding the property shall be settled exclusively with the Board of Directors or its authorized representative.

7.4. Insurance Deductible/Owner and Tenant Insurance. The Board of Directors shall determine the amount of the deductible for property loss insurance policies, as well as other insurance policies required to be procured by the Association under this Article 7. In determining the deductible under the policies, the Board, among other factors, shall take into consideration the availability, cost, and loss experience of the Association. In this regard, as in other Board responsibilities, the Board members shall exercise their reasonable business judgment.

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The Association shall have no responsibility to procure or assist in procuring property loss insurance for any owner or tenant for: (a) damage to a Lot or improvements located thereon; or (b) for any damage or loss to the owner's or tenant's personal property.

Owners shall be responsible for purchasing insurance policies insuring their real and personal property for any loss or damage.

7.5. Review of Insurance Policies. At least annually, the Board of Directors shall review all insurance carried by the Association, which review shall include a consultation with a representative of the insurance carrier writing the master policy.

ARTICLE 8 AMENDMENT

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 a majority of the total votes of Owners that are eligible to vote. Any amendment must be executed, recorded and certified as provided by law. Provided, however, no amendment of the Bylaws may effect an amendment of the Declaration or the Articles of Incorporation without compliance with the provisions of such documents and the Oregon Nonprofit Corporation Act.

ARTICLE 9 RECORDS AND AUDITS

9.1. General Records. The Board of Directors and the managing agent or manager, if any, shall preserve and maintain minutes of the meetings of the Association, the Board and any committees. The Board of Directors shall maintain a list of Owners entitled to vote at meetings of the Association and a list of all mortgagees of Lots. The minutes of the Association, the Board and committees, and the Association's financial records shall be reasonably available for review and copying by the Owners. A reasonable charge may be imposed by the Association for providing copies.

9.2. Records of Receipts and Expenditures. The Board of Directors or its designee shall keep detailed, accurate records in chronological order of the receipts and expenditures affecting the Common Property, itemizing the maintenance and repair expenses of the Common Property and any other expenses incurred. Such records and the vouchers authorizing the payments shall be available for examination by the Owners and mortgagees at convenient hours of weekdays.

9.3. 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 Owner or Owners, the amount of each assessment against the Owners, the dates and amounts in which the assessment comes due, the amounts paid upon the account and the balance due on the assessments.

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9.4. Payment of Vouchers. The Treasurer shall pay all vouchers up to \$1,000 signed by the President, managing agent, manager or other person authorized by the Board of Directors. Any voucher in excess of \$1,000 shall require the signature of the President. Provided, however, any withdrawal from reserve accounts shall require the signature of two board members or one board member and an officer of the Association who is not a board member.

9.5. Reports and Audits. 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 Owners and to all mortgagees of Lots within ninety (90) days after the end of each fiscal year. 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.

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

ARTICLE 10 COMPLIANCE

These Bylaws are intended to comply with the provisions of the Oregon Planned Community Act, which are incorporated herein and to supplement the provision in the Declaration. In case any of the provisions hereof conflict with the provisions of said statutes, the statutory provisions shall apply. In case of any conflict between the provisions hereof and the Declaration, the provisions in the Declaration shall apply.

ARTICLE 11 INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES AND AGENTS

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, whether civil, criminal, administrative or investigative (other than an action by the Association) by reason of the fact that he or she 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 if he or she acted in good faith and in a manner he or she 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 his or her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or with a plea of no contest or its equivalent, shall not of itself create a presumption that a person did not act in good faith and in a manner which he or she 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 reasonable cause to believe his or her conduct was

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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, should it be proven at a later time that said 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 benefitted from the acts which created said liability.

ARTICLE 12 ASSESSMENT COLLECTION COSTS; SUITS AND ACTIONS

Owners shall be obliged to pay reasonable fees and costs including, but not limited to, attorney fees incurred in connection with efforts to collect any delinquent unpaid assessments. In addition to the monthly assessment for operating expenses and the funding of reserves, such assessments may include fees, late charges, fines and interest imposed pursuant to ORS 94.630(4)(j)(L). In the event suit or action is commenced by the Directors for the collection of any amounts due pursuant to these Bylaws or for the enforcement of any provisions of the Declaration, Bylaws or of the Oregon Planned Community Act, the Owner or Owners, jointly and severally, will in addition to all other obligations, pay the costs of such suit or action, including reasonable attorney fees to be fixed by the trial court and, in the event of an appeal, the cost of the appeal, together with reasonable attorney fees in the appellate court to be fixed by such court.

ARTICLE 13 APPLICATION OF BYLAWS TO ADDITIONAL PHASES OF OCEAN HILLS

Ocean Hills was originally planned as a multi-phase planned community subject to the provisions of Oregon Revised Statutes, Sections 94.550, et seq. It is contemplated that an additional phase or phases of development expanding the Ocean Hills community will occur and that such further development will, upon completion and sale, be subject to the Declaration, the Articles of Incorporation, the Bylaws of the Ocean Hills Homeowners' Association and any rules and regulations adopted by the Association. It is hereby agreed by the Owners that access to property for the purposes of such development, including necessary engineering, construction and development activities, is allowed over the common property of Ocean Hills and that no restrictions shall be imposed by the Association upon such access. It is further agreed that, notwithstanding the provisions of Article 8 of these Bylaws or any other provision hereof, this Article may be amended only by instrument approved by at least 60 percent of the total votes of Owners that are eligible to vote.

ARTICLE 14 MISCELLANEOUS

14.1. 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 Owner shall be sent to such address as may have been designated by him or her from

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time to time, in writing, to the Board of Directors, or if no address has been designated, then to the Owner's Lot.

14.2. 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.

14.3. 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. Provided, however, that if any of the provisions of these Bylaws would violate the rule against perpetuities or any other limitation on the duration of the provisions herein contained imposed by law, then such provision shall be deemed to remain in effect only for the maximum period permitted by law, or in the event the rule against perpetuities applies, until twenty-one (21) years after the death of the last survivor of the now living descendants of _____. 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 of reference and shall in no way limit any of the provisions of these Bylaws.

DATED this 3 day of February, 2000

OCEANHILLS HOMEOWNERS' ASSOCIATION

David E. Lowe

SUBSCRIBED AND SWORN to before this 3rd day of February, ²⁰⁰⁰~~1999~~,
by Keith A. Christian, its _____.



Keith A. Christian
NOTARY PUBLIC for ~~Oregon~~ Washington
My Commission Expires: 9-10-00

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time to time, in writing, to the Board of Directors, or if no address has been designated, then to the Owner's Lot.

14.2. 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.

14.3. 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. Provided, however, that if any of the provisions of these Bylaws would violate the rule against perpetuities or any other limitation on the duration of the provisions herein contained imposed by law, then such provision shall be deemed to remain in effect only for the maximum period permitted by law, or in the event the rule against perpetuities applies, until twenty-one (21) years after the death of the last survivor of the now living descendants of _____. 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 of reference and shall in no way limit any of the provisions of these Bylaws.

DATED this 21 day of October, 1999.

OCEAN HILLS HOMEOWNERS' ASSOCIATION

Daniel Lowe

^{affirmed}
SUBSCRIBED AND SWORN to before this 21st day of October, 1999,
by Daniel Lowe, its _____.



Tina Kittel
NOTARY PUBLIC for Oregon
My Commission Expires: Jun. 5, 2002

BARGAIN AND SALE DEED

KNOW ALL MEN BY THESE PRESENTS, that Golden West Homes, Inc., a California corporation, hereinafter called grantor, for the consideration hereinafter stated, does hereby convey to Ocean Hills Homeowners' Association, Inc., an Oregon non-profit corporation, hereinafter called grantees, and unto grantees' heirs, successors and assigns all of the grantor's right, title and interest in that certain real property with the tenements, hereditaments and appurtenances thereunto belonging or in any way appertaining, situated in the County of Lincoln, State of Oregon, described as follows, to-wit:

The Common Area, OCEAN HILLS, in the City of Waldport, County of Lincoln, State of Oregon.

Reserving and excepting, however, to grantor, its heirs, successors and assigns, its agents and independent contractors, access rights at all times to the grantor's remaining adjacent property over and across the hereinabove described property for the purposes of grantor's development, including necessary engineering, construction and development activities, on all or any part of said adjacent property subject to the Declaration recorded January 20, 1994 in volume 275, page 577, Film Records and the Bylaws of the Ocean Hills Homeowner's Association as adopted on October 21, 1999.

The true and actual consideration paid for this transfer, stated in terms of dollars, is \$0.00. However, the actual consideration consists of or includes other property or value given which is the whole consideration.

In construing this deed, where the context so requires, the singular includes the plural and all grammatical changes shall be made so that this deed shall apply equally to corporations and to individuals.

In Witness Whereof, the grantor has executed this instrument this 25th day of February, 2000; if a corporate grantor, it has caused its name to be signed and its seal, if any, affixed by an officer or other person duly authorized thereto by order of its board of directors.

THIS INSTRUMENT WILL NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATION. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES AND TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES AS DEFINED IN ORS 30.930.

Golden West Homes, Inc.

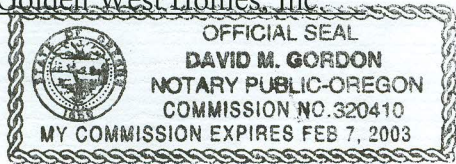
By:


Dave McKenzie, Sr. Vice President-Manufacturing

STATE OF OREGON,)
) ss
County of Lincoln.)

This instrument was acknowledged before me on the 25TH day of February, 2000,

by Dave McKenzie
as Senior Vice President
of Golden West Homes, Inc.



[Signature]
Notary Public for Oregon
My commission expires 2/7/03

Golden West Homes, Inc.
2445 Pacific Blvd. S.
Albany, OR 97321
Grantor's Name and Address

Ocean Hills Homeowners' Association, Inc.
P O Box 1488
Waldport, Oregon 97394
Grantee's Name and Address

After recording return to (Name, Address, Zip):
David M. Gordon
Macpherson, Gintner, Gordon & Diaz
423 North Coast Highway
P.O. Box 1270
Newport, Oregon 97365

Until requested otherwise send all tax statements to (Name, Address, Zip):
David M. Gordon
Macpherson, Gintner, Gordon & Diaz
423 North Coast Highway
P.O. Box 1270
Newport, Oregon 97365

STATE OF OREGON,)
) ss
County of Lincoln.)

I certify that the within instrument was received for record on the ___ day of _____, 19___, at _____ o'clock ___M., and recorded in book/reel/volume No. _____, Record of Deeds of said County.

SPACE RESERVED
FOR
RECORDER'S USE

Witness my hand and seal of County affixed.

Name _____ Title _____
By _____,
Deputy

STATE OF OREGON } ss.
County of Lincoln }
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.
Book 400 Page 1664
WITNESS my hand and seal of said office affixed.

[Signature]
DANA W. JENKINS, Lincoln County Clerk

Doc : 6226592
Rect: 100853 32.00
04/14/2000 03:24:04pm

