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DOUGLAS COUNTY CLERK, OREGON



CERTIFICATE PAGE

IAW ORS 205.180

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THIS PAGE MUST BE INCLUDED
IF DOCUMENT IS RE-RECORDED

RECORDING COVER SHEET (Please Print or Type)

This cover sheet was prepared by the person presenting the instrument for recording. The information on this sheet is a reflection of the attached instrument and was added for the purpose of meeting first page recording requirements in the State of Oregon, ORS 205.234, and does NOT affect the instrument.

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THE COUNTY RECORDING OFFICE*

AFTER RECORDING RETURN TO:

The Knolls Estate PUD Owners' Association, Inc.

931 NW Highland St

Roseburg, OR 97470

1) TITLE(S) OF THE TRANSACTION(S) ORS 205.234(a)

Amended and Restated Bylaws of Knolls Estates PUD Owners' Association, an Oregon nonprofit corporation

2) DIRECT PARTY / GRANTOR(S) ORS 205.125(1)(b) and 205.160**3) INDIRECT PARTY / GRANTEE(S) ORS 205.125(1)(a) and 205.160****4) TRUE AND ACTUAL CONSIDERATION**

ORS 93.030(5) - Amount in dollars or other

\$ _____ ☐ Other

5) SEND TAX STATEMENTS TO:**6) SATISFACTION of ORDER or WARRANT**

ORS 205.125(1)(c)

CHECK ONE: ☐ FULL
(If applicable) ☐ PARTIAL

7) The amount of the monetary obligation imposed by the order or warrant. ORS 205.125(1)(c)

\$ _____

8) If this instrument is being Re-Recorded, complete the following statement, in accordance with ORS 205.244: "RERECORDED AT THE REQUEST OF _____

TO CORRECT _____

PREVIOUSLY RECORDED IN BOOK _____ AND PAGE _____, OR AS FEE NUMBER _____

After recording, return to:

The Knolls Estates PUD Owners' Association, Inc.
931 NW Highland St.
Roseburg, OR 97470

**AMENDED AND RESTATED BYLAWS
OF
KNOLLS ESTATES PUD OWNERS' ASSOCIATION,
AN OREGON NONPROFIT CORPORATION**

The following constitute the Amended and Restated Bylaws of Knolls Estates PUD Owners' Association, Inc., an Oregon nonprofit corporation, hereafter referred to as "Association."

RECITALS

WHEREAS, that certain Amended and Restated Covenants, Conditions, and Restrictions of The Knolls Estates PUD Owners Association, Inc. provides that the Association is the association of owners within the planned community located at the real property in Douglas County, Oregon, more particularly described as:

See Exhibit "A" attached hereto and incorporated by reference as though fully set forth herein ("Real Property").

The terms and provisions of the Declaration are hereby incorporated by reference as though fully set forth herein.

WHEREAS, the Association, by proposal of a majority of the Board of Directors and by a majority vote or more of its members, and otherwise in compliance with ORS 94.625 and ORS 94.590, has approved this Amended and Restated Bylaws of the Association. Upon motion duly made at a regular or special meeting, this instrument has been approved by at least a majority of owners present.

ARTICLE I

PURPOSE

Section 1. Recitals. The recitals set forth hereinabove are hereby made a part of these Bylaws as though fully set forth herein.

Section 2. Association. The Association is an Oregon non-profit mutual benefit corporation, (as defined in ORS Chapter 65) to be operated and administered as set forth herein. The existence of the Association shall be perpetual unless dissolved pursuant to the terms set forth hereinbelow.

Section 3. Real Property. The Real Property subject to these Bylaws is described in Exhibit "A" attached hereto and incorporated by reference. Each Lot in said Real Property shall be subject to the terms and conditions set forth herein, which terms and conditions shall run with the land. The membership rights of this Association shall be deemed an appurtenance to each Lot in said Real Property, and each Lot is and shall be held, conveyed, sold, leased, rented, used, occupied, hypothecated and encumbered subject to the terms hereof.

Section 4. Distribution of Assets. Pursuant to Oregon Revised Statutes, Chapter 65, the undersigned declares that upon the dissolution of the Association, assets shall be distributed for one or more exempt purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code, or the corresponding Section of any future federal tax code, or shall be distributed to the federal government, or to a state or local government, for a public purpose. Any such assets not so disposed of shall be disposed of by a Court of Competent Jurisdiction of the county in which the principal office of the Association is then located, exclusively for such purposes or to such organizations, as said Court shall determine, which are organized and operated exclusively for such purposes.

Section 5. Definitions. Except as otherwise provided herein, the definitions contained in or adopted by the Declaration shall be applicable to these Bylaws.

Section 6. Role of Association. The Association shall have the general powers and duties of a nonprofit corporation pursuant to the Oregon Nonprofit Corporations Act ("ONCA"), and of a homeowners' association pursuant to the Oregon Planned Community Act ("OPCA"), as well as the specific powers and duties set forth in the provisions of these Bylaws and the provisions of this Declaration that expressly relate to the Association, as well as pursuant to the Articles of Incorporation of the Association ("Articles"). However, unless expressly set forth herein or in the Articles or the Bylaws, the Association shall not act in the capacity of settling disputes between Owners or resolving problems that Owners may experience. Disputes or problems experienced by Owners to which the Association has no express authority or role as set forth in this Declaration shall be resolved by private, lawful means chosen by the affected Owners and there shall be no recourse to the Association.

ARTICLE II

MEMBERSHIP

Section 1. Members. Every Owner of a Lot shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of said Lot.

Section 2. Conveyance of Lots. 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, and shall remain a Member until such person's ownership ceases for any reason. For all purposes of these Bylaws, 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 the Lot purchased, to which shall be affixed the certificate of the recording officer of the County of Douglas, Oregon, showing the date and place of recording of such deed or contract. A copy of the deed or contract filed with the Association as provided above, showing such person to be the current owner or contract purchaser of a Lot, shall cause such person to be recognized as a Member.

Section 3. Voting Rights. Each Member shall have one (1) vote per Lot owned.

Section 4. Suspension of Voting Rights. All voting rights of an Owner shall be suspended during any period in which such Owner is delinquent in the payment of any assessment duly established pursuant to the Declaration or is otherwise in default under the Declaration, the Bylaws or the Rules and Regulations of the Association.

Section 5. Majority of Members. As used in these Bylaws, the term "majority" shall mean those Members holding over fifty percent (50%) of the voting rights allocated to the Members in accordance with Section 3 above. "Majority of Members present" shall mean Members holding over fifty percent (50%) of the votes present at any legal meeting.

Section 6. Quorum for Association Meetings. A quorum for any meeting of the association shall consist of the number of persons who are entitled to cast at least 20 percent of the votes which may be cast for election of the Board of Directors and who are present in person or by proxy at the beginning of the meeting.

Section 7. Voting; Proxy Voting. The vote or votes of a member may be cast in person, absentee ballot or pursuant to a proxy executed by the Member. A Member may not revoke a proxy given pursuant to this Section except by actual notice of revocation to the person presiding over a meeting of the Association. A proxy shall not be valid if it is undated or purports to be revocable without notice. A proxy shall terminate one year after its date unless the proxy specifies a shorter term.

Section 8. Authority to Vote: Except as otherwise set forth herein, all Members shall be entitled to vote on all matters, that is required, including those who have leased their Lot to a third party. A purchaser under a land sale contract entitled to immediate possession of the Lot shall be deemed the Owner thereof, unless otherwise provided in such contract.

Section 9. Fiduciaries and Joint Owners. An executor, administrator, guardian, or trustee may vote, in person, by proxy, or ballot, at any meeting of the Association with respect to any Lot owned or held in such capacity, whether or not the same shall have been transferred to the holder's name; provided, that the holder shall satisfy the Secretary of the holder's status as an executor, administrator, guardian, or trustee. Whenever any Lot is owned by two or more persons jointly, according to the records of the Association, the vote of such Lot may be exercised by any one of the owners then present, in the absence of protest by a co-owner. In the event of such protest, no one co-owner shall be entitled to vote without the approval of all co-owners of that Lot. In the event of disagreement among the co-owners, the vote of such Lot shall be disregarded completely in determining the proportion of votes given with respect to such matter, but this limitation will not preclude counting the Owner(s) for purposes of establishing a quorum.

Section 10. Action by Association; Legal Meeting. Except as otherwise provided in these Bylaws, or the Declaration, decisions and resolutions of the Association shall require approval by a majority of Owners present at any legal meeting. A legal meeting is one duly called pursuant to these Bylaws where a quorum is present in person or by proxy.

Section 11. Annual Meetings. The Association shall hold at least one meeting of the Members each calendar year. At such meetings that occur after the Turnover Meeting, new members of the board of directors shall be announced from election process by the Members in accordance with the requirements of Section 1 & 1.1 of Article III of these Bylaws, to replace those directors whose terms have expired. The Members may also transact such other business of the Association as may properly come before them.

Section 12. Special Meetings. It shall be the duty of the Secretary or Treasure to call a special meeting of the Owners as directed by the President, a majority of the board of directors or upon a receipt by the President or the Secretary or Treasure of a written request for a special meeting signed by fifty percent (50%) or more of the Owners. All meetings called because of request of Members shall be held at a formal gathering, and shall be held within sixty (60) days after receipt of the petition. The notice of any special meeting shall provide in accordance with ORS 94.650 and 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 or as otherwise set out in these Bylaws.

Section 13. Place of Meetings. Formal meetings of the Association shall be held at a place as convenient as possible to the Members as may be designated by the Board of Directors. The Board of Directors may specify that a meeting be conducted as an electronic meeting, in accordance with ORS 94.650(7).

Section 14. Notice of Meetings. Not less than 3 or more than 50 days before any meeting called under this article, the Secretary or designee shall cause notices to be delivered by mail to the mailing address of each Member or to the mailing address designated in writing by the Member, or by electronic communications and to all Mortgagees that have requested such notice. The notice shall state the time and place of the meeting and the primary item on the agenda, including the general nature of any proposed amendment to the bylaws, any budget changes or any proposal to remove a director or officer. All notices of meetings shall comply with ORS 94.650.

Section 15. Electronic Notice. In the discretion of the Board of Directors of the Association, any notice, information or other written material required to be given to an Owner or director under the Declaration or Bylaws may be given by electronic mail, facsimile or other form of electronic communication acceptable to the Board of Directors, in accordance with ORS 94.642, except electronic notice may not be used to provide notice of failure to pay an assessment, foreclosure of an association lien under ORS 94.709 or an action of the Association against an owner. An Owner or director may decline to receive notice by electronic mail, facsimile or other form of electronic communication and may direct the Board of Directors to provide notice in the manner required under the Declaration, Bylaws or ORS 94.550 – 94.783.

Section 16. Adjourned Meetings. If any meeting of Members is not a legal meeting because a quorum has not attended, the Members who are present, either in person or by proxy, may adjourn the meeting to a time not less than forty-eight (48) hours nor more than ten (10) days from the time the original meeting was held.

Section 17. Order of Business. The order of business at all **annual meetings** of the Members shall be as follows:

- 17.1 Roll call; Members sign in, stating name & address.
- 17.2 Notice of meeting or waiver of notice; Not limited to Website, Electronic communications, and or sign posted on property.
- 17.3 Reading of minutes of the preceding meeting; or inform to as posted on website.
- 17.4 Reports of Directors; Current and Annual information
- 17.5 Reports of committees; Current and Annual information
- 17.6 Announcement of Elected or current Directors; As noted in Section III. If needed.
- 17.7 Newly elected board to vote on officers, which may include President, Secretary & Treasurer, if needed
- 17.8 Unfinished business if any.
- 17.9 New business, if any.

17.10 Adjournment.

Section 18. Action by Ballot. Any action that may be taken at a meeting of the Association may, at the discretion of the Board of Directors, be taken without a meeting if the Association delivers a written ballot to every Member that is entitled to vote on the matter, in accordance with ORS 94.647, except written ballot may not substitute for an annual meeting or other actions specified in ORS 94.647(1)(a) – (d). The Board of Directors may, in its discretion, provide that a vote, approval, or consent of a member(s) be given by electronic ballot, in accordance with ORS 94.661.

ARTICLE III

BOARD OF DIRECTORS

Section 1. Number and Qualification. The affairs of the Association shall be governed by a Board of Directors comprised of five (5) persons, and at least three (3) directors, and on the approval of the Board of Directors up to seven (7) directors, each of whom must be a Member or the co-owner of a Lot. An officer or employee of a corporation; an employee, manager or managing member of a limited liability company; a general partner or employee of a partnership, 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, limited liability company, partnership, trust, or estate owns a Lot.

1.1 Board Election Process: If an election is needed for board members in any current year: clarification of the process is as follows. Around October 15th an electronic notice (email) to all homeowners for the nomination process will be sent out, with the number of open positions for the board of directors. For those without emails, a paper notification will be sent. Homeowner Nominations for the board of directors will be taken via email either to current property management or Board of directors. Those without emails can send their nominations to property management at their current mailing address. Nominations will be accepted Until October 31th @ 5pm. Current property management will produce a ballot with the nominations and send ballots to homeowners either via email or paper. Voting will start in November, voting ending November 30th. Current property management will tally the votes received. Example: If all 5 positions are open and if more than 5 nominations, top 5 vote getters will be on the board of directors. (Also, no more than a maximum of 7 board members at any one time). If only 2 open positions, top 2 vote getters will be on the board of directors. New Board of Directors will be announced around Dec 15th and will attend the December monthly board meeting. Please note that the elections are for general Board positions. Once the Board members are elected, then officer positions (President, Treasurer, Secretary) will be determined by the Board at the annual meeting. The Board shall be composed of a minimum of three (3) persons, & maximum of Seven (7) persons, all of whom must be an Owner or a co-owner of a Lot.

Section 2. Powers and Duties. In addition to those powers and duties set forth in the Declaration, 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 Members. Except as otherwise provided, a majority of the existing directors present and voting at any legal meeting of the Board shall constitute a quorum for the transaction of business and the acts of the majority of Directors may decide any issue properly before the Board. In the performance of their duties, officers and members of the Board of Directors shall exercise the care required of fiduciaries. The board of directors may fill vacancies in its membership for the unexpired portion of any term.

Section 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 includes, but not limited to;

- 3.1 Maintaining a current mailing address of the Association;
- 3.2 Annually reviewing the insurance coverage of the Association;
- 3.3 Annually filing any necessary income tax returns for the Association;
- 3.4 Providing for the maintenance of the Common Area, and assigning, supervising assignments, or approving any assignment regarding any common area, as may be required hereunder;
- 3.5 Designation and collection of initial assessments and annual (or other periodic) assessments (for maintenance and services) as well as limited assessments and special assessments from the Owners, in accordance with the Declaration;
- 3.6 Establishment of a budget as provided in the Declaration and payment of all common expenses of the Association and institution, if applicable for such payment;
- 3.7 Obtaining and maintaining insurance policies and payment of premiums therefor out of the common expense funds as more specifically provided in these Bylaws;
- 3.8 Designation and dismissal of the personnel necessary for the maintenance and operation of the Association;
- 3.9 Causing the preparation and distribution of annual financial statements of the Association to each of the Members in accordance with ORS 94.670; This may be done by posting on website, annual meeting or individual request by a member.
- 3.10 Appointing and overseeing the Design Committee pursuant to the Declaration; This includes all committees the board may put in place to assist in the duties of running the association. The board at any time may remove, make additions of homeowners to any committee as well as dissolve or create committees. Committees are an advisory role to the board of directors.
- 3.11 Adoption and amendment of administrative rules and regulations governing the conduct of persons and the operation and use of the Lots, and the Common Areas as it may deem necessary or appropriate in order to assure the peaceful and orderly use and enjoyment of the Property; provided that the Board may not adopt rules or regulations prohibiting lawful activities within the Property if such activities are not otherwise prohibited in the Declaration. A copy of the rules and regulations, upon adoption, and a copy of each amendment, modification, or revocation thereof, shall be available by the Board promptly to each Member and shall be binding upon all Members and occupants of all Lots upon the date available. These may be posted on the website. These bylaws will be posted and available on the website for members. Provided, however, any such rules or regulations shall always be subject to rescission or amendment by the Association upon majority vote of Members present at any properly called meeting.

Section 4. 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, provided however, that any such professional management contract may not be entered into for a term exceeding one (1) year, and provided further that such management contract shall provide that it may be terminated with cause upon thirty (30) days' written notice, and ninety (90) days' written notice without cause.

Section 5. Election and Term of Office. Each respective Director shall be elected to serve a term of two (2) years, with terms staggered, (if possible), so that fifty (50) percent (or as close to fifty (50) percent as practicable where there is an odd number of directors, (if possible) of the director seats are up for election each year, which staggering may be effected by, on approval of the Board of Directors, reducing an individual term of a director seat(s) to one year such that subsequent two (2) year terms will be staggered with the terms of the other directors' seats. The directors shall hold office until their successors have been elected and hold their first meeting, in a new year.

Section 6. 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. Each Member so elected shall be a Director until a successor is elected upon expiration of the original term to which such Member was elected by the other Directors.

Section 7. Removal of Directors. Notwithstanding any contrary provision of these Bylaws the Members may remove any member of the Board of Directors, at any legal annual meeting, with or without cause, by a vote of not less than 80% of all (160 Lots) Members and entitled to vote at any meeting of the Members at which a quorum is present. No removal of a director is effective unless the matter of removal is an item on the agenda and stated in the notice for the meeting required under Article II, Section 14 of the Bylaws.

Section 8. Organizational Meeting. The first meeting of a newly-elected Board of Directors shall be held within ninety (90) days of their election, (in the new year) at such time and place as shall be fixed by the Directors at the meeting at which such Directors were elected. No notice to the newly-elected Directors shall be necessary to make such meeting legal, provided a majority of the newly-elected Directors are present when the time and place of such meeting is fixed.

Section 9. 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. In addition, regular meetings of the board of directors may be called by the President on three (3) days' notice to each Director, given personally or by mail, telephone, email, or other similarly reliable method, such as electronically communications, which notice shall state the time, place, and purpose of the meeting.

Section 10. Telephone Meetings: Only emergency meetings of the Board of Directors may be conducted by telephonic communication.

Section 11. Special Meetings. Special meetings of the Board of Directors may be called by the President or Treasure or Secretary or on the written request of at least two (2) directors. Special meetings of the Board of Directors may be called on three (3) days' notice to each Director, given personally or by mail, telephone, email, fax or telegraph, which notice shall state the time, place, and purpose of the meeting.

Section 12. Emergency Meetings. No advance notice or written notice is required for emergency meetings. Emergency meetings of the Board of Directors may be conducted by telephonic communication.

Section 13. 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 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.

Section 14. 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 is less than a quorum present, the majority of those present may adjourn the meeting from time to time. Upon reconvening any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 15. Board Meetings Open to All Association Members. All meetings of the Board of Directors shall be open to all Members of the Association. 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 chair shall have authority to exclude any Association Member who disrupts the proceedings at a meeting of the Board of Directors, as well as attending any future meetings. Notwithstanding the foregoing, the Board of Directors may hold a closed meeting in an executive session to consult with legal counsel or for other purposes specified in ORS 94.644(2)(a).

Section 16. Compensation. No director shall receive any compensation from the Association for exercising his/her/their duties and obligations as a Director, except for out-of-pocket expenses. Unless a 51% vote of all association members have approved.

Section 17. Conduct of Meetings. The President shall preside over all meetings of the Board of Directors, or whom the president appoints and the Secretary and/or management agent shall keep a minute book of the Board of Directors recording therein all resolutions adopted by the Board of Directors and a record of all transactions and proceedings occurring at such meetings. Roberts Rules of Order (latest edition) as modified by the Board of Directors shall govern the conduct of the meetings of the Board of Directors when not in conflict with these Bylaws. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as an act of the Board.

Section 18. Notice to Association Members of Board Meetings. For other than emergency meetings, notice of meetings shall be posted on the Property or provided by a method otherwise reasonably calculated to inform Members of the meetings, including, but not limited to, by electronic communication under ORS 94.652.

ARTICLE IV

OFFICES

Section 1. Designation. The principal officers of the Association (also known as the executive board) shall be the president, the secretary, and the treasurer, all of whom shall be elected by the Board of Directors. The Board of Directors may additionally appoint an administrator of the Association. If no administrator is appointed, the President will be administrator. The Association may appoint a vice-president, an assistant secretary, and such other officers as in its judgment may be necessary. Any office may be held by a member of the Board of Directors. The offices of secretary and treasurer may be held by one individual. The same individual may hold the office of the president while also serving as an appointed administrator, but no individual shall hold the offices of secretary or treasurer while holding the office of president or serving as the appointed administrator.

Section 2. Election of Officers. The officers (President, Treasurer, Secretary) of the Association shall be elected annually by the Board of Directors at the organizational meeting of each new Board of Directors. They shall serve and hold office at the pleasure of the board, but may sooner resign by written notice to the Board of Directors, President, Treasurer or Secretary. A vacancy in any office may be filled by the Board of Directors.

Section 3. Removal of Officers. Upon the 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/her/their successor may be elected at any regular meeting of the Board of Directors, or at any special meeting of the Board of Directors.

Section 4. President. The President shall be the chief executive officer of the Association. He/she/they shall preside at all meetings of the Association and of the Board of Directors. He/she/they shall have all of the general power and duties which are incident to the office of president of a corporation organized in the State of Oregon, including, but not limited to, the power to appoint or remove committees from among the Members from time to time as he/she/they may in his/her/their discretion decide is appropriate to assist in the conduct of the affairs of the Association. This may also include removing or adding homeowners to any committee. All committees have an advisory role to the board, as well as such other powers and duties that may be prescribed by the board or these ByLaws.

Section 5. Secretary. The Secretary shall keep the minutes or approved management agent of all meetings of the Association and of the Board of Directors; he/she/they shall have charge of such books and papers as the Board of Directors may elect, and he/she/they shall, in general, perform all of the duty's incident to the office of the Secretary of a corporation organized in the State of Oregon.

Section 6. Treasurer. The Treasurer shall have charge of all Association funds and bank accounts, and shall oversee the collection of all assessments, payment of all Association expenses, and the preparation of the annual budget for consideration by the Board of Directors in accordance with ORS 94.645, beginning no later than the end of the calendar year in which the Association's Articles of Incorporation are filed with the Oregon Secretary of State. Annual budgets need to be approved by the board of directors no later than 90 days after the first day of the calendar year.

Section 7. Compensation of Officers. No officer shall receive any compensation from the association solely for exercising his/her/their duties and obligations as an officer. Unless a 51% vote of all association members have approved.

ARTICLE V

LIABILITY AND INDEMNIFICATION OF OFFICERS AND DIRECTORS

Section 1. Liability and Indemnification of Officers and Directors. The Association shall indemnify every officer and director of the Association against any and all expenses, including counsel fees, reasonably incurred by or imposed upon any officer or director in connection with any action, suit or other proceeding (including settlement of any suit or proceeding if approved by the then Board of Directors of the Association) to which he/she/they may be made a party by reason of being or having been an officer or director of the Association whether or not such person is an officer or director at the time such expenses are incurred. The officers and directors of the Association shall not be liable to the owners for any mistakes of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. The officers and directors of the Association shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association (except to the extent that such officers or directors may also be Owners of Lots) and the Association shall indemnify and forever hold each such officer and director free and harmless against any and all liabilities to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer or director of the Association or former officer or director of the Association may be entitled.

Section 2. Common Interested Directors. The directors shall exercise their powers and duties in good faith and with a view to the interests of the Association. No contract or other transaction between the Association and one or more of its directors, or between the Association and any corporation, firm or association in which one or more of the directors of the Association are directors or officers or are peculiarly or otherwise interested, is either void or voidable because such director or directors are present at the meeting of the Board of Directors or any committee thereof which authorizes or approves the contract or transaction, or because his, her or their votes are counted for such purposes, if any of the conditions specified in any of the following subparagraphs exist:

2.1 The fact of the common directorate or interest is disclosed or known to the Board of Directors or a majority thereof or noted in the minutes, and the board authorizes, approves, or ratifies such contract or transaction in good faith by a vote sufficient for the purpose; or

2.2 The fact of the common directorate or interest is disclosed or known to the Members, or a majority thereof, and they approve or ratify the contract or transaction in good faith by a vote sufficient for the purpose; or

2.3 The contract or transaction is commercially reasonable to the Association at the time it is authorized, ratified, approved, or executed.

Common or interested directors may be counted in determining the presence of a quorum of any meeting of the Board of Directors or committee thereof which authorizes, approves or ratifies any contract or transaction, and may vote thereat to authorize any contract or transaction with like force and effect as if he/she/they were not such director or officer of such Association or not so interested.

ARTICLE VI

OPERATION OF THE ASSOCIATION

Section 1. Association Responsibilities. The Association will have the responsibility of administering and enforcing these Bylaws, including but not limited to, approving the annual budget, establishing and collecting assessments and arranging for the operation, management, and maintenance of the Common Areas, including negotiating and contracting with and supervising any person, persons, or business entity with respect to such matters.

Section 2. Association Duty to Keep Documents and Records; Examination.

2.1 The Association shall retain all documents, information and records as the Board of Directors deems reasonably necessary for the efficient operation thereof.

2.2 The Association shall keep financial records sufficiently detailed for proper accounting purposes. Within 90 days after the end of the fiscal year, the Board of Directors shall make available to each Owner and, upon written request, any mortgagee of a Lot, a copy of the annual financial statement consisting of a balance sheet and income and expenses statement for the preceding fiscal year. These documents may be posted on the association's website for homeowner's review and/or electronically communicated to the homeowners on request.

2.3 The Association shall make the documents, information and records described in subsections (a) and (b) of this Section and all other records of the Association reasonably available for examination by any Owner and any mortgagee of a Lot. Upon the written request of an Owner or mortgagee of a Lot the Association shall make available during reasonable hours all such records for duplication. The Association shall maintain a copy, suitable for the purpose of duplication, of the following: These may be available on the website for homeowners.

a. The articles, bylaws, Association rules and regulations and any amendments or supplements to them;

b. The most recent annual financial statement prepared pursuant to subsection (a) of this Section;

- c. The current operating budget of the association; and
- d. Any contracts between the Association and third parties then in effect, are on file at the property management.

2.4 Upon written request of a prospective purchaser, the Association shall make available for examination and duplication during reasonable hours the documents and information specified in subsection (c) of this Section.

2.5 The Association may charge a reasonable fee for furnishing copies of any documents, information or records described in this Section.

Section 3. Fiscal Year. The fiscal year of the Association shall consist of the twelve (12) month period commencing on January 1 of each year and terminating on December 31 of the same year, unless otherwise designated by the Board of Directors.

Section 4. Bank Accounts. The Association shall establish a bank account, or bank accounts, at such banks or credit unions as the Board of Directors chooses. All assessments and other revenues or funds received by the Association shall be deposited in Association bank accounts. Funds held in the accounts may be drawn upon the signature of the President and such other officers, directors and Members as may be authorized by the Board of Directors. In addition, the Board of Directors shall have the discretion to create restrictions or limitations regarding the drawing of funds as it deems proper, including the requirement of two signatures where the amount drawn exceeds a certain limit.

Section 5. Association Budget. The Board of Directors shall annually prepare and submit to the Members a budget setting forth estimated expenses and charges, as provided in the Declaration.

Section 6. Collection of Assessments. The Association shall charge and collect annual assessments and special assessments from the Members as provided in the Declaration.

Section 7. Effect of Failure to Prepare or Adopt Budget. Notwithstanding the failure or delay of the Board of Directors to prepare or adopt the annual budget for any fiscal year shall not constitute a waiver of release in any manner of a Member's obligation to pay his/her/their allocable share of assessments as herein provided, whenever the same shall be determined, and in the absence of any annual budget or adjusted budget, each Member shall continue to pay the assessment at the then existing rate established for the previous fiscal period until the new annual budget shall have been adopted.

Section 8. Enforcement of Declaration. In addition to the powers and duties conferred upon the Association as herein set forth, the Association shall take responsibility for enforcement of the provisions of the Declaration as specifically incorporated herein by reference.

ARTICLE VII

COLLECTION OF ASSESSMENTS; ENFORCEMENT

Section 1. Compliance with Declaration, Bylaws, Rules and Regulations. Each Owner shall comply with the Declaration, Bylaws, and rules and regulations adopted pursuant thereto, as well as with such other covenants, conditions and restrictions contained in the deed to the Lot. Failure to comply therewith shall be grounds for an action maintainable by the Association or by an aggrieved Owner.

Section 2. Authority to Enforce and Collect. The Board of Directors, or its designee, shall have the right to impose an assessment against each lot owner, and shall be responsible for notifying all Members of all annual, limited and special assessments, and the collection thereof. Notice and billing of member assessments shall be sent at least annually, prior to the start of the new year, upon the approval of the Board of Directors. Assessments shall be payable not more frequently than monthly, as determined by the Board of Directors. Notice and billing of special assessments shall be sent to all affected Owners. The Board of Directors, on behalf of the Association, shall take prompt action against any violator to enforce the provisions of the Declaration, Bylaws, and rules and regulations adopted pursuant thereto, including prompt action to collect any unpaid assessment. In doing so, the Board may exercise one or more of the remedies, separately or concurrently, specified in the Declaration or in this Article, as well as any other remedies which may be available at law.

Section 3. Abatement and Enjoining of Violations. In the event of the violation of the Declaration, Bylaws, or any rules or regulations adopted pursuant thereto, the Board of Directors shall have the right to:

3.1 Enter the Lot in which, or as to which, such violation exists and summarily abate and remove, at the expense of the Owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions of the documents (except that judicial proceedings must be instituted before items of construction can be altered or demolished), and the Board and its agents shall not thereby be deemed guilty of any manner of trespass; and/or

3.2 Enjoin, abate, or remedy such thing or condition by appropriate legal proceedings.

Section 4. Late Charges; Fines. As provided in the Declaration, the Board may, if it deems appropriate, impose charges for late payments of assessments and, after giving notice and an opportunity to be heard, levy reasonable fines for violations of the Declaration, Bylaws and rules and regulations adopted pursuant thereto. Schedule of Fines are posted on the website.

Section 5. Foreclosure of Lien Against Lot; Appointment of Receiver; Power of Bid at Foreclosure Sale. The Board of Directors, on behalf of the Association, may bring suit to foreclose the lien against the Lot as provided under Oregon law. In any such foreclosure suit, the Owner shall be required to pay reasonable rental for the Lot. The plaintiff in such foreclosure suit shall be entitled to the appointment of a receiver to collect the rent. The Board of Directors, acting on behalf of the Owners, shall have the power to bid for the Lot at the foreclosure sale, and to acquire and hold, lease, mortgage, and convey the same, if approved by a majority of the Members.

Section 6. Action to Obtain and Recover a Money Judgment. The Board of Directors, on behalf of the Association, may bring an action to obtain a money judgment against an Owner for damages and/or for unpaid assessments. An action to recover a money judgment for unpaid assessments may be maintained without foreclosing or waiving the lien securing the same.

Section 7. Assessment Collection Costs; Attorney's Fees. Owners shall be obligated to pay reasonable fees and costs including, but not limited to, attorney's fees incurred in connection with efforts to collect delinquent and unpaid assessments, and/or to enforce the provisions of the OPCA, Declaration, Bylaws or rules and regulations adopted pursuant thereto, whether or not suit or action is commenced. In the event suit or action is commenced for any of the foregoing, the defendant Owner or Owners, jointly and severally, will be liable for the costs of such suit or action, at trial, on appeal, and on any petition for review, in addition to all other obligations.

ARTICLE VIII

MAINTENANCE AND USE OF THE REAL PROPERTY

Section 1. Maintenance and Repair.

1.1 All maintenance, repairs, upkeep, and replacements to any Lot shall be made by the Owner of such Lot, who shall keep the same in good order, condition and repair and shall do all exterior maintenance and painting which at any time may be necessary to maintain the good appearance of its Lot and comply with any rules and regulations of the Association.

1.2 All maintenance, repairs, upkeep, and replacements to the Common Area shall be made by the Association and shall be charged to all the Owners as a common expense, except as expressly provided in the Declaration. If new Lots are annexed to the planned community during the fiscal year, common expenses shall be apportioned equally among the Lots, or as otherwise specified in the Declaration, with the obligation of the new, annexed Lots to be prorated in proportionate to the number of days remaining in the fiscal year, except the annexed Lot(s) will be responsible for any increase in common expenses that would not have occurred but for the annexation.

Section 2. Use of Lots. Subject to the restrictions, limitations, exceptions, and rights set forth in the Declaration, the Lot shall be occupied and used by the Owners only for residential purposes. Additional rules and regulations for in home businesses are in the rules & regulations.

Section 3. Rules of Conduct. The following rules of conduct apply to all Owners and all other persons using the Real Property, except as expressly provided in the Declaration or these Bylaws.

3.1 There shall be no obstruction of the Common Areas. Nothing shall be constructed on or attached to or stored on the Common Areas without the express authorization of the Board of Directors.

3.2 Nothing shall be done or kept in any lot or in the Common Areas which will increase the cost of insurance on the Common Areas. Unless approved by the Board of Directors. No Owner shall permit anything to be done or kept in its lot or in the Common Areas which will result in cancellation of insurance on any part of the common elements.

3.3 No noxious or offensive activity shall be carried on any lot or in the Common Area elements, nor shall anything be done therein which may be or become an annoyance or nuisance to other Owners or occupants. No Owner shall do or permit anything which will interfere with the rights, comforts, or convenience of other Owners.

ARTICLE IX

INSURANCE

Section 1. Insurance. The Association shall obtain and maintain at all times insurance, as set forth herein, including insurance against fire, vandalism and malicious mischief to the extent applicable with endorsement for extended coverage for the full insurable replacement value, of the Association property and Common Elements, however, the Association may have a dollar amount deductible regarding this coverage. The named insured shall be the Association, individually and as agent for the Owners, without naming them, and as agent for their mortgagees. In addition to this above provision, the insurer shall be governed by the following provisions.

1.1 That the insurer waives its rights of subrogation to any claims against the Members, Board of Directors, the managing agent, the Owners and their respective agents, employees, guests and, in the case of Owners, the Members of their households;

1.2 That the master policy on the Association property cannot be cancelled, invalidated, or suspended on account of the conduct of any Member of the Board, officer or employee of the Board of Directors or the managing agent or Owners, without a prior demand in writing that the Board of Directors or the managing agent cure the defect;

1.3 That the policy may not be cancelled or substantially modified without at least thirty (30) day's prior written notice to the Board of Directors;

1.4 All policies of insurance shall be written with a company licensed to do business in the State of Oregon and holding a rating of "A" or better by Best's Insurance Reports, or equivalent;

1.5 In no event shall the insurance coverage obtained and maintained by the Board of Directors hereunder be brought into contribution with insurance purchased by individual Owners or their mortgagees;

1.6 Provisions shall be made for the insurance of mortgagee endorsements and memoranda of insurance to mortgagees.
Section 2. Coverage.

2.1 Casualty. All buildings, if any, and improvements owned by the Association shall be insured in an amount equal to the maximum insurable replacement value, said value to be determined annually by the Board of Directors. Such coverage shall afford protection against:

a. Loss or damage by fire and other hazards covered by a standard extended coverage endorsement; and

b. Such other risks as from time to time shall customarily be covered with respect to buildings similar in construction, location and use as the buildings described in this Section including, but not limited to, vandalism and malicious mischief.

2.2 Public Liability. A public liability policy covering all damage or injury caused by the negligence of the Association shall be obtained in such amounts and with such coverage as shall be required by the Board of Directors, including a cross-liability endorsement to cover liabilities of the Owners as a group to an Owner. The Board of Directors shall review such limits once a year, but in no event shall such insurance be less than two million dollars (\$2,000,000.00) per occurrence for bodily injury and property damage liability. It shall be the responsibility of each Owner to obtain, at his/her/their own expense, liability insurance with respect to his/her/their ownership and/or use of his/her/their Lot, and the Board of Directors shall not be responsible for obtaining such insurance;

2.3 Workmen's compensation insurance meeting all the requirements of the laws of Oregon, if necessary;

2.4 Directors and Officers liability insurance;

2.5 Such other insurance as the Board of Directors shall determine from time to time to be desirable.

ARTICLE X

MORTGAGE PROTECTION

Section 1. General. Notwithstanding any other provision of these Bylaws, no amendment or violation of these Bylaws shall operate to defeat or render invalid the rights of the beneficiary under any deed of trust or mortgagee under any mortgage upon a Lot made in good faith and for value, and recorded prior to the recordation of such amendment, provided that after the foreclosure of any such deed of trust such Lot shall remain subject to these Bylaws, as amended. Notwithstanding any and all provisions of these Bylaws to the contrary, in order to induce any Government Financing Agency to participate in the financing of any Lot within the Real Property, the following provisions are added hereto (and to the extent these added provisions, pertaining to the rights of mortgagees, beneficiaries and grantors under a trust deed, and mortgagee under a mortgage, including any Government Financing Agency, conflict with any other provisions of these Bylaws or any other of the restrictions, these added restrictions shall control):

1.1 Each first mortgagee of a mortgage encumbering any lot, upon filing a written request for notification with the Board, is entitled to written notification from the Association of any default by the mortgagor of such Lot in the performance of such mortgagor's obligations, the Articles or these Bylaws, which default is not cured within thirty (30) days after the Association learns of such default;

1.2 Each first mortgagee of a mortgage encumbering any Lot which obtains title to such Lot pursuant to judicial foreclosure or the powers provided in such mortgage shall take title to such Lot free and clear of any claims for unpaid assessments or charges against such Lot which accrued prior to the acquisition of title to such lot by the mortgagee;

1.3 Unless at least fifty one percent (51%) of the first mortgagees (based upon one vote for each mortgage owned) or seventy five percent (75%) of the Members have given their prior written approval, neither the Association nor the Owners shall:

a. Fail to maintain fire and extended coverage insurance on insurable Association property on a current replacement cost basis in an amount as near as possible to one hundred (100%) percent of the insurable value based on current replacement cost;

b. Use hazard insurance proceeds for losses to any Association property for other than the repair, replacement or reconstruction of such improvements; or

c. Amend these Bylaws or the Articles of Incorporation of the Association in such a manner that the rights of any first mortgagee will be adversely affected.

1.4 First mortgagees, upon written request, shall have the right to: 1) examine the books and records of the Association during normal business hours; 2) require from the Association the submission of annual financial reports and other financial data; 3) receive written or electronic notice of all meetings of the Members; and 4) designate in writing or electronically a representative to attend all such meetings;

1.5 All first mortgagees, upon prior written request, shall be given a thirty (30) day written or electronic communication notice prior to the effective date of any proposed, material amendment to these Bylaws;

1.6 First mortgagees may, jointly and singly, pay taxes or other charges which are in

default and which may or have become a charge against any Association property and may pay any overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy, for such property, and first mortgagees making such payments shall be owed immediate reimbursement therefor from the Association.

ARTICLE XI

AMENDMENT TO BYLAWS

The Bylaws may be amended anytime by an instrument approved by at least a majority of owners present, in person, by proxy or absentee ballot, upon a motion duly made at any regular or special meeting for which notice (including the proposed amendment(s)) has been properly given. If approved, said amendments shall be recorded in Douglas County, Oregon.

ARTICLE XII

GENERAL PROVISIONS

Section 1. Notice. Any notice permitted or required to be delivered as provided herein shall be in writing and may be delivered either personally, by mail, electronically or posted on website. Notice may be given electronically as provided in and subject to Article II Section 15, above. If delivery is made by mail, it shall be deemed to have been delivered forty-eight (48) hours after a copy of the same has been deposited in the United States mail, postage prepaid, addressed to any person at the address given by such person to the Association for the purpose of service of such notice, or to the residence of such person if no address has been given to the Association. Such address may be changed from time to time by notice in writing to the Association.

Section 2. Waiver. The failure of the Association, the Board of Directors, or an Owner to enforce any right, provision, covenant, or condition which may be granted by these Bylaws, or the rules and regulations shall not constitute a waiver of the right of the Association, the Board of Directors or the Owner to enforce such right, provision, covenant, or condition in the future. All rights, remedies and privileges granted to the Association, the Board of Directors, or any Owner pursuant to any term, provision, covenant or condition of these Bylaws, or the rules and regulations shall be deemed to be cumulative, and the exercise of any one or more thereof shall not be deemed to constitute an election of remedies, nor shall it preclude the party exercising the same from exercising such privileges as may be granted to such party by these Bylaws, or the rules and regulations, or at law or in equity.

Section 3. Severability. Invalidity of any one of these covenants or restrictions by judgment, decree or order shall in no way affect any other provision hereof, each of which shall remain in full force and effect.

Section 4. Conflict. In the event of any conflict between the terms of these Bylaws and the terms of the Declaration, the terms of the Declaration shall control.

The undersigned President and Secretary/Treasurer of the Association hereby CERTIFY that this Amended and Restated Bylaws have been adopted by the Association in accordance with the Association's existing bylaws and ORS 94.625

Dated this 22nd day of May, 2025.

[Signatures follow]

**The Knolls Estates PUD Owners' Association, Inc.,
an Oregon Corporation**

By: Greg T. Gardner
Greg T. Gardner, President

By: Tom Schaub
Tom Schaub, Secretary/Treasurer

STATE OF OREGON §
COUNTY OF Douglas §

This record was acknowledged before me on May 22nd, 2025 by Greg T. Gardner as President of The Knolls Estates PUD Owner's Association, Inc., an Oregon Corporation.



Haylie Kaitlyn Harrington
Notary Public - State of Oregon

STATE OF OREGON §
COUNTY OF Douglas §

This record was acknowledged before me on May 22nd, 2025 by Tom Schaub as Secretary/Treasurer of The Knolls Estates PUD Owner's Association, Inc., an Oregon Corporation.



Haylie Kaitlyn Harrington
Notary Public - State of Oregon

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