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Lane County Deeds and Records

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BY-LAWS

OF

SOMERSET HILLS HOMEOWNERS ASSOCIATION, INC.

PHASES I & II

ARTICLE I

NAME AND LOCATION. The name of the corporation is Somerset Hills Homeowners Association, Inc., Phases I & II, hereinafter referred to as the "Association". The principal office of the corporation shall be located at P.O. Box 24836, Eugene, OR., 97402-0443, but meetings of members and directors may be held at such places within the State of Oregon, County of Lane, as may be designated by the Board of Directors.

ARTICLE II

DEFINITIONS

Section 1. "Association" shall mean and refer to Somerset Hills Homeowners Association, Inc., Phases I & II, its successors and assigns.

Section 2. "Properties" shall mean and refer to that certain real property described in the Declaration of Covenants, Conditions and Restrictions, recorded as Reception number 7325877 (Phase I) and Reception number 7435131 (Phase II), Lane County Records, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 3. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the Owners.

Section 4. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties with the exception of the Common Area.

Section 5. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 6. "Declarant" shall mean and refer to Breeden Land Co., its successors and assigns if such successors or assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development.

Section 7. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the Properties recorded in the Office of Director of Records, Lane County, Oregon.

Section 8. "Member" shall mean and refer to those persons entitled to membership as provided in the Declaration.

Section 9. Whenever a gender specific pronoun is used, it is to be construed to include both genders.

ARTICLE III

MEETING OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the members shall be held within one year from the date of incorporation of the Association, and each subsequent regular annual meeting of the members shall be held on the third Tuesday of January of each year thereafter, at the hour of 7:30 o'clock, P.M.

Section 2. Special Meetings. Special meetings of the members may be called at any time by the president or by the Board of Directors, or upon written request of the members who are entitled to vote one-fourth (1/4) of all of the votes of the Class A membership.

Section 3. Notice of Meetings. Notice of each meeting of the members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by providing such notice at least 15 days before such meeting to each member entitled to vote. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

Section 4. Quorum. The presence at the meeting of members entitled to cast, or of proxies entitled to cast, one-tenth (1/10) of the votes of each class of membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these By-Laws. If, however, such quorum shall not be present or represented at any

meeting, the members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 5. Proxies. At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his Lot.

ARTICLE IV

Board of Directors

Section 1. Number. The affairs of this Association shall be managed by a Board of not less than three (3) or more than nine (9) directors, who shall be members of the Association.

Section 2. Term of Office. At the first annual meeting, the members shall elect one-third (1/3) of the directors for a term of one (1) year, one-third (1/3) of the directors for a term of two (2) years and one-third (1/3) of the directors for a term of three (3) years; and at each annual meeting thereafter the members shall elect one-third (1/3) of the directors for a term of three (3) years. Notwithstanding the language contained in this sub-paragraph, the Board of Directors reserves the right to reasonably modify by majority vote the method by which Directors are elected.

Section 3. Removal. Any director may be removed from the Board, with or without cause, by a majority vote of the Board of Directors. In the event of death, resignation or removal of a director, his successor shall be selected by majority vote of the remaining members of the Board and shall serve for the unexpired term of his predecessor.

Section 4. Compensation. Directors are exempt from paying annual dues for the year(s) of service on the Board. A director may be reimbursed for his actual expenses incurred in the performance of his duties. No other compensation for directors is allowed or intended.

Section 5. Action Taken Without a Meeting. The directors have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the approval of a majority of the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

ARTICLE V

NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors shall be made by the members of the Board of Directors. Nominations may also be made from the floor at the annual meeting.

Section 2. Election. Election to the Board of Directors shall be by secret ballot, or by such other method or methods as may be approved by a majority of the Board. At such election the

members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VI

MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held at least bi-monthly without notice, at such place and hour as may be fixed from time to time by resolution of the Board.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the president of the Association, or by any two directors, after not less than three (3) days' notice to each director.

Section 3. Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. 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 the act of the Board.

ARTICLE VII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have the power to:

- (a) adopt and publish rules and regulations governing

the use of the Common Area and facilities, and the personal conduct of the members and their guests, and tenants and their guests, and to establish penalties for the infraction thereof;

(b) suspend the voting rights and right to use of the common areas of a member during any period in which such member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days for infraction of published rules and regulations;

(c) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation, or the Declaration;

(d) declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors; and

(e) employ independent contractors or employees as they deem reasonably necessary.

Section 2. Duties. It shall be the duty of the Board of Directors to:

(a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members, or at any

special meeting when such statement is requested in writing by one-fourth (1/4) of the Class A members who are entitled to vote. For purposes of this subparagraph, the official minutes of the Board of Directors shall satisfy the record-keeping requirement.

(b) supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;

(c) as more fully provided in the Declaration, to:

(1) fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period;

(2) provide notice of each assessment to each Owner subject thereto at least thirty (30) days in advance of each annual assessment period; and

(3) file the lien against any property for which assessments are not paid within the calendar year in which the assessment is due or to bring an action at law against the owner personally obligated to pay the same, at the discretion of a majority of the Board of Directors;

(d) issue, or cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been

paid, such certificate shall be conclusive evidence of such payment;

(e) procure and maintain adequate liability and hazard insurance on property owned by the Association;

(f) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;

(g) cause the Common Area to be maintained, as the majority of the Board deems appropriate.

ARTICLE VIII

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The officers of this Association shall be a president and vice-president, who shall at all times be members of the Board of Directors, a secretary, and a treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2. Election of Officers. The election of officers shall take place at the annual meeting of the members, immediately following the election of the Board of Directors.

Section 3. Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such author-

ity, and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by a majority vote of the Board. Any officer may resign at any time giving written notice to the Board, the president, or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by majority vote of the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Multiple Offices. The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Duties. The duties of the officers are as follows:

President

The president shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds, contracts and other written instruments and shall co-sign all checks and

promissory notes in excess of \$499.99.

Vice-President

The vice-president shall act in the place and stead of the president in the event of the president's inability or refusal to execute his duties, and the vice-president shall exercise and discharge such other duties as may be required of him by the Board.

Secretary

The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of members, and shall perform such other duties as required by the Board.

Treasurer

The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association and keep proper books of account; keep appropriate current records showing the members of the Association together with their addresses; complete an annual summary of the Association books to be made every year beginning with the books of 2006 by a qualified individual; and prepare an annual statement of income and expenditures to be presented to the membership at its regular annual meeting.

ARTICLE IX

COMMITTEES

The Association may, in its discretion and on an *ad hoc* basis, appoint an Architectural Control Committee, as provided in the Declaration. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose.

ARTICLE X

BOOKS AND RECORDS

The Declaration, the Articles of Incorporation, the By-Laws of the Association and the books, records and papers of the Association shall be available for inspection by any member upon reasonable advance notice to any officer of the Association. Copies may be purchased at a reasonable cost, the amount of which shall be established by the Board of Directors.

ARTICLE XI

ASSESSMENTS

As more fully provided in the Declaration, each member is obligated to pay to the Association annual and special assessments, if any. Annual assessments shall be established by the Board of Directors in November of each year. Notice of the annual assessment so established shall be delivered to each Owner no later than December 31 of each year. Such assessments shall be due on January 1 (the "due date") and shall be considered

delinquent after March 31 of each year. Any assessment not paid by March 31 shall accrue interest from the due date at the rate of six percent (6%) per annum for Lots 1 through 83 and at the rate of ten percent (10%) per annum for Lots 84 through 162. Unpaid assessments may be secured by a continuing lien upon the property against which the assessment is made. The Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs, and reasonable attorney's fees for any such action or suit shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the Common Area or abandonment of his Lot.

ARTICLE XII

CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words: Somerset Hills Homeowners Association, Inc., Phases I & II.

ARTICLE XIII

AMENDMENTS

Section 1. These By-Laws may be amended by a majority vote of the Board of Directors

Section 2. In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles shall control;

and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

ARTICLE XIV

MISCELLANEOUS

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year.

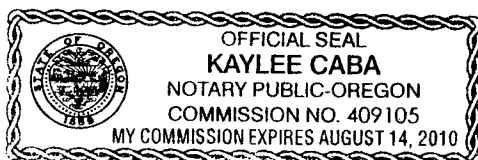
IN WITNESS WHEREOF, I, being the President of the Somerset Hills Homeowners Association, Inc., Phases I & II, have hereunto set my hand this 5th day of December, 2006.

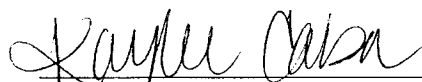

Michael Weisman, President

STATE OF OREGON)
) ss:
COUNTY OF LANE)

On this 5th day of December, 2006, before me, the undersigned, a Notary Public in and for said County and State, personally appeared the within named Michael Weisman who is known to me to be the identical individual described in and who executed the same freely and voluntarily.

In testimony whereof, I have hereunto set my hand and affixed my official seal the day and year last above written.




Notary Public for Oregon
My Commission expires: 8/14/10

IN WITNESS WHEREOF, I, being the Secretary of the Somerset Hills Homeowners Association, Inc., Phases I & II, have hereunto set my hand this 28th day of November, 2006.

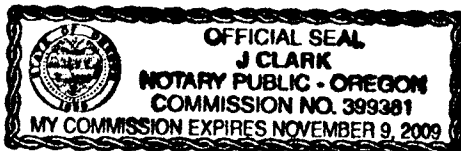
(Corporate Seal)

Linda Y. Lee
Linda Y. Lee, Secretary

STATE OF OREGON)
) ss:
COUNTY OF LANE)

On this 28th day of November, 2006, before me, the undersigned, a Notary Public in and for said County and State, personally appeared the within named Linda Y. Lee who is known to me to be the identical individual described in and who executed the same freely and voluntarily.

In testimony whereof, I have hereunto set my hand and affixed my official seal the day and year last above written.



[Signature]
Notary Public for Oregon
My Commission expires: 11/09/09