Recorded at the request of:

Klamath River Country Estates Owners' Assoc., Inc.
P.O. Box 129
Hornbrook, CA 96044

Siskiyou, County Recorder
Leanna Dancer, Recorder
DOC-03-0014950

Mon, AUG 25, 2003 12:36:21
Ttl Pd $56.00
Receipt #-0000027612
NLE/C2/1-16

When recorded return to:

Klamath River Country Estates Owners' Assoc., Inc.
P.O. Box 129
Hornbrook, CA 96044

AMENDED COVENANTS, CONDITIONS, AND RESTRICTIONS

THE FOLLOWING **Declaration of Covenants, Conditions, and Restrictions** and the **By-Laws** of the **KLAMATH RIVER COUNTRY ESTATES OWNERS' ASSOCIATION, INC.** were approved by the membership, published by the Board of Directors during Mr. Albert E. Winslow's term as Board President circa 1968, and have remained in constant use by both the Board of Directors and the membership since that date. They have been applied uniformly to Units 1 through 5 of the subdivision without challenge.

This recording supercedes the following recorded Declaration of Covenants, Conditions and Restrictions for the Klamath River Country Estates Owners' Association, Inc.:

Document #2989, recorded September 28, 1967;Volume 548, Pages 513 through 526 inclusive.

Document #10964, recorded June 5, 1968; Volume 559, Pages 408 through 419 inclusive.

Document #4882, recorded October 31, 1968; Volume 566, Pages 532 through 542 inclusive.

Document #10949, recorded April 29, 1969; Volume 575, Pages 85 through 97 inclusive.

Document #2346, recorded August 24, 1969; Volume 581, Pages 42 through 55 inclusive.

Susan J. Wallace, PRESIDENT
Board of Directors
Klamath River Country Estates Owners' Assoc, Inc.
August 18, 2003

STATE OF CALIFORNIA, COUNTY OF SISKIYOU

On August 25, 2003 before me, Margaret J. Drew, Notary Public

Personally appeared Susan J. Wallace personally known to me (or proved on the basis of satisfactory evidence) to be the person whose name is subscribed in the within instrument and acknowledged to me that she executed the same in her authorized capacity, and that by her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal,

Margaret J. Drew
NOTARY PUBLIC IN AND FOR THE STATE OF CALIFORNIA

MARGARET J. DREW
Commission # 1370695
Notary Public - California
Siskiyou County
My Comm. Expires Sep 15, 2006

Abstract

Declaration of Covenants, Conditions, and Restrictions
Klamath River Country Estates Owners' Association, Inc.

Whereas, Pacific Cascade Land Company, Inc., [and subsequently Boise Cascade Properties, Inc. of Delaware], hereinafter called "Declarant", is the owner of that certain real property located in the County of Siskiyou, State of California, described as:

Lots 1 through 756, inclusive, as said lots are shown on the map of Klamath River Country Estates, Unit #1 filed September 26, 1967, in Town Map Book 4 on page 71 to 86 inclusive, official Records of Siskiyou County;
and
Lots 1 through 175, inclusive, as said lots are shown on the map of Klamath River Country Estates, Unit #2 filed May 2, 1968, in Town Map Book 4 on page 104 to 109 inclusive, official Records of Siskiyou County;
and
Lots 1 through 211, inclusive, as said lots are shown on the map of Klamath River Country Estates, Unit #3 filed September 26, 1967, in Town Map Book 4 on page 133 to 139 inclusive, official Records of Siskiyou County;
and
Lots 1 through 771, inclusive, as said lots are shown on the map of Klamath River Country Estates, Unit #4 filed March 27, 1969, in Town Map Book 4 on page 148 to 168 inclusive, official Records of Siskiyou County;
and
Lots 1 through 145, inclusive, as said lots are shown on the map of Klamath River Country Estates, Unit #5 filed July 7, 1969, in Town Map Book 4 on page 173 to 177 inclusive, official Records of Siskiyou County

and

WHEREAS, it is the desire and intention of the Declarant to subdivide said real property described above in such manner that the owner of each of Lots 1 through 755 inclusive shall also own an undivided interest in Lot 756, Klamath River Country Estates, and to impose on said real property mutually beneficial restrictions under a general plan or scheme of improvement for the benefit of all said lots, the structures thereon, and the future owners thereof.

NOW THEREFORE, the Declarant hereby declares that all of the real property described above is held and shall be held, conveyed, hypothecated, encumbered, leased, rented, used, occupied and improved subject to the following limitations, restrictions, covenants and conditions, all of which are declared and agreed to be in furtherance of a plan for the subdivision, improvement and sale of said real property and are established and agreed upon for the purpose of enhancing and perfecting the value, desirability and attractiveness of the real property and every part thereof. All of the limitations, covenants, restrictions and conditions shall run with the real property and shall be binding on all parties having or acquiring any right, title or interest in the described real property or any part thereof, and shall be for the benefit of each owner of any portion of said real property, or any interest therein, and shall inure to the benefit of and be binding upon each successor in interest of the owners thereof.

Article I

Definitions

As used in this Declaration, the following definitions shall apply, unless the context otherwise requires:

(a) Articles of Incorporation and By-Laws: Articles of Incorporation or By-Laws, or both, as the case may be, of the Association as the same may be amended from time to time.

(b) Association: Klamath River Country Estates Owners' Association, Inc., a non-profit California corporation.

(c) Common Area: The property delineated and identified as Lot 756 as shown on the Map.

(d) Owner: Each person shown by a duly acknowledged instrument recorded in the Office of the County Recorder of Siskiyou County, California, to be the owner of a fee interest in a unit ownership.

(e) Residence Lot: The portion of a unit ownership as to which an owner is entitled to exclusive occupancy, and including structures and improvements thereon.

(f) Unit Ownership: The entire interest conveyed by deed to an owner, including the residence lot and the related interest in the common area. There shall be one-unit ownership for each residence lot. Until any residence lot is deeded out to a successor owner by the Declarant or the sub-divider, the Declarant or sub-divider as owner of record shall be recognized as its owner and until so deeded out, assessments on the unit ownership comprising such residence lot shall be the debt of the Declarant or sub-divider who is record owner.

Article II

Additions to Existing Property

Additional properties will be brought within the scheme of this Declaration in future stages of the development, consisting of additional single family lots and common recreational areas as shown on the tentative map approved by Siskiyou County and on file with the California Division of Real Estate, provided as follows:

1. That such additions are in accord with a General Plan of Development prepared prior to the sale of any lot and made known to every purchaser (which may be done by brochure delivered to each purchaser) prior to such sale. **And**
2. That the annexation of such properties must take place within three years from date of issuance of the last Final Subdivision Public Report.

Such General Plan of Development shall show the proposed additions to the Existing Property and contain:

1. A general indication of size and location of size and location of additional development stages and proposed land used in each.
2. The approximate size and location of common properties proposed for each stage.
3. The general nature of proposed common facilities and improvements. **And**
4. A statement that the proposed additions, if made, will become subject to assessment for their just share of Association expenses.

The additions authorized under this and the succeeding subsection shall be made by filing of record a Supplementary Declaration of Covenants and Restrictions with respect to the additional property which shall extend the covenants and restrictions of this Declaration to such property.

Article III

Occupancy and Use of Residence Lots and Common Area

Section 1: Residence Lots - Each residence lot shall be used as a residence for a single family and for no other purposes; "Single Family" as used herein shall or may include the casual guests of such family and the domestic employees or servants of such family.

Section 2: Architectural Control - The following requirements shall be followed on all residence lots.

a. That no building to be occupied as a residence with a floor area of less than 600 square feet shall be placed or maintained on said property.
b. That no building shall be erected nearer to any side line than 10 feet, nor shall be located closer than 25 feet from the front or street and shall be no closer than 20 feet to the rear line.
c. That no basement, shack, garage, barn or other out buildings erected in the Tract shall at any time be used as a residence temporarily or permanently, nor shall any structure of a temporary character be used as a residence, except as hereinafter provided.
d. That a house trailer or mobile home may be used as a dwelling; provided, however, that said house trailer or mobile home must contain a minimum floor area of 400 square feet; must be approved in writing by the Architectural Control Board; and must comply with all applicable sections of the Siskiyou County Code.
e. Individual sewage disposal system shall be designed in accordance with all applicable sections of the Siskiyou County Code and shall be subject to the inspection of and approval by the Siskiyou County Health Department.
f. No house, garage, out building, fence or other structure shall be build, erected, placed or altered on any residential lot on said subdivision unless and until the building plans, specifications and plot plan have been reviewed in advance by the Architectural Control Board, and the same has been approved conditionally or otherwise. Said review and approval shall include without being restricted to, topography, finish ground elevations, landscaping, drainage, color, material, design, artistic conformity to the terrain and other residences in the area, and architectural symmetry. Said requirements as to the approval of the architectural design shall apply only to the exterior appearances of said improvements. It not being the intent of these restrictions to control the interior layout or design of said structures.

Section 3: Common Area - The common area shall be preserved as open space and used for recreational purposes and other purposes incidental and ancillary to the prescribed use of the residence lots. There shall be no obstruction of the common area, nor shall anything be altered or constructed in or removed from or stored in the common area without the written consent of the Association. The common area shall be continuously maintained pursuant to the terms of this Declaration for the exclusive use and benefit of the residence lots and the occupants thereof subject to this Declaration.

Section 4: Nuisances - No noxious or offensive activity shall be carried on in or on any residence lot or in the common area, nor shall anything be done therein which may be or become annoyance or nuisance to the other owners.

Article IV

Association

Section 1: Powers and Duties - The Association shall perform each and every duty required of it by this Declaration.

Section 2: Enforcement - The Association shall have the duty to enforce the provisions of this Declaration, including the duty to seek to enjoin any breach or threatened breach of any of the provisions hereof, and to pay all costs of any such action or other enforcement procedure.

Section 3: Taxes - Except to the extent separately assessed and charged to the owners or the unit ownerships of the owners, the Association shall have the authority and duty to pay all taxes and assessments, if any, levied against the common area or the subject property generally.

Section 4: Utilities - To the extent possible all utilities such as electricity, gas, water, telephone, television, trash pickup, and the like services shall be separately metered and/or charged to the owners, but the Association shall have the authority and duty to pay for the utilities and utility services required for the common area.

Section 5: Contracts with Adjoining Associations or Land Owners – The Association shall have the authority and power to enter into contracts with owners of lands adjoining or near the subject property and with

associations having powers with reference to said land similar to the powers held by the Association. Any contracts so entered into may provide, among other things, a joint installation, maintenance and repair of facilities benefiting subject property and other lands for the joint retainer of and use of maintenance, professional and management services for the joint discharge of any of the duties of each party to such contract to the extent that the duties so defined shall not be inconsistent with the duties, powers, and rights of the Association as herein defined. The right conferred upon the Association to contract with landowners of adjacent lands shall include the right to merge with and into such management bodies or associations.

Section 6: Improvements – The Association shall have the authority and power to construct, improve, repair and reconstruct any and all improvements on or over or under the common area not inconsistent with this Declaration, and appropriate for the use and benefit of the members of the Association, and to charge for the use thereof. Provided, however, that no capital improvements to be funded or paid for by any assessments levied pursuant to the provisions of Article V hereof, in excess of $2,000, shall be made unless such capital improvements shall have first been authorized by a vote of a majority of the voting power of the Association excluding the vote of the Declarant and the sub-divider.

Article V

Assessments

Section 1: Annual Assessments - Not less than thirty days prior to the beginning of each calendar year, the Association shall estimate the net cash requirements for the ensuing year necessary for the Association to operate and to maintain the property subject to the jurisdiction in accordance with the duties, and each unit ownership shall be assessed for an equal pro rate share of the amount so estimated.

Section 2 : Special Assessments – In addition, if the annual assessment is inadequate or anticipated to be inadequate the Association may, from time to time, establish a special assessment to remedy any such inadequacy, and each unit ownership shall be assessed for an equal pro rate share of any such special assessment.

Article VI

Liens

Section 1: General – The amount of any assessment, plus any other charges thereon, such as interest and costs, as may be provided for in this Declaration, shall be and become a lien, upon the unit ownership assessed when the Association causes to be recorded with the County Recorder of Siskiyou County, California, a notice of assessment, which shall state the amount of such assessment and such other charges as may be authorized by this Declaration, a description of the unit ownership against which the same have been assessed, and the name of the record owner thereof. Such notice shall be signed by an authorized representative of the Association. Upon payment of said assessment and charges in connection with which such notice has been so recorded, or other satisfaction thereof, the Association shall cause to be recorded a further notice stating the satisfaction and release of the lien thereof.

Such lien shall be prior to all other liens recorded subsequent to the recordation of said notice of assessment, except that such liens shall be subordinate to any valid bonafide first mortgage or first trust deed which has been or may here after be given in good faith and for value on any unit ownership covered by this Declaration. Any lien imposed upon any unit ownership pursuant to these Restrictions shall remain and continue in full force and effect until satisfied and released.

Such lien may be enforced by sale by the Association, its attorney or other person authorized to make the sale, after failure of the owner to pay such an assessment in accordance with its terms, such sale to be conducted in accordance with the provisions of Sections 2924, 2924b and 2924c of the California Civil Code, applicable to the exercise of powers of sale in mortgages and deeds of trust, or in any other manner permitted by law. The Association shall have power to bid in the unit ownership at foreclosure sale and to hold, lease, mortgage and convey the same.

Article VII

Repair and Restoration

Section 1: Owners - The owner of each residence lot shall at his expense maintain, and in the case of damage or destruction, shall repair or restore his residence lot and all improvements thereon. All such repair or restoration shall be done substantially in accordance with the original plans and specifications, or in accordance with any modification thereof as approved by the Association. If the owner shall fail to perform his obligations under this Section 1 of this Article VII, the Association shall be authorized to effect such repairs or restoration and charge such owner all costs thereof.

Section 2: The Association – The Association shall have the obligation to maintain at its expense, and in case of damage or destruction shall promptly repair or restore at its expense, the common area and all improvements thereon.

Section 3: Apportionment of Expenses – If two or more owners cannot agree on the apportionment of expenses or maintenance and repair or restoration, they shall be conclusively apportioned by the Association. If the Association is involved in a dispute over the apportionment of such expenses, then the dispute shall be settled by arbitration as provided in article IX.

Section 4: Liens – If the Association undertakes any work which Section 1 hereof requires an owner to undertake, the Association shall assess the unit ownership of the owner for such work and shall so inform the owner thereof in writing. Such assessment shall be a lien upon the unit ownership of the owner and may be foreclosed, as set forth in Articles V and VI hereof.

Article VIII

Easements

Section 1: Ingress, Egress and Support – An easement for ingress, egress and support through the common area is appurtenant to each residence lot and the common area is subject to such easements.

Section 2: Rights of Association – There is reserved to the Association an easement, to which the entire project shall be subject, of entry and of access for the performance generally of its rights and duties as provided in the Declaration. Entry into the residence of an owner pursuant to this easement shall be restricted to reasonable times and must be preceded by reasonable notice to the occupant, unless entry is required by an emergency.

Section 3: Private Roads – There is reserved for the benefit of each residence lot, an easement for ingress and egress over and upon any and all private roads delineated on the map on Klamath River Country Estates filed September 26, 1967, in Town Map Book 4 on page 71 to 86 inclusive, official records of Siskiyou County.

Article IX

Miscellaneous

Section 1: Acceptance of Provisions by Grantees - The Association and each Grantee hereafter of any part of portion or interest in the project, and any purchaser under any grant of contract of sale, or any lessee under any lease covering any part of portion of or interest in the project, accepts the same subject to all of the restrictions, conditions, covenants, reservations, liens, and charges, and the jurisdiction, rights and powers of the Association and Declarant provided for in the Declaration.

Section 2: Conclusiveness of Records – A certificate of the Secretary of the Association, or in his absence, of any two members of the Association, shall be conclusive proof of all matters contained in the certificate when the certificate shall relate to acts or non-acts of the Association, its Board of Directors, or any committee or agent of the Association, and when the certificate shall be prepared for or delivered to any title insurer or land abstractor for use in a search, in preparing an abstract or in insuring title or in any unit ownership or other

interest therein, or lien thereupon. For the same purposes, a certificate of any officer of Declarant shall be conclusive proof of its contents.

Section 4: Assignment of Powers - Any and all rights, and powers of Declarant provided for in this Declaration, and any modification or amendment hereof, may be delegated, transferred, assigned, conveyed, or released by Declarant to the Association, and the Association shall accept the same upon the recording of a notice thereof, and the same shall be effective for the period and to the extent stated therein.

Section 5: Waiver and Exemptions - The failure by the Association or of Declarant or of any owner of any unit ownership included in the project, or any other person, to enforce any of the restrictions, conditions, covenants, reservations, liens, or charges to which said unit ownership or any part thereof is subject, shall in no event be deemed a waiver of the right to do so thereafter or to enforce any other restrictions, conditions, covenants, reservations, lien or charge.

Section 6: Titles – All titles used in this Declaration, including those of articles, sections and subsections, are intended solely for convenience of reference, and the same shall not, nor shall any of them effect that which is set forth in such article, section or subsection nor any of the terms or provisions of this Declaration nor the meaning thereof.

Section 7: Arbitration – If the Association and one or more owners are unable to agree on the meaning or effect of any part of this Declaration, the dispute shall be conclusively settled by arbitration. The Association shall name one arbitrator; the owner or owners shall name one arbitrator. The two arbitrators so named shall name a third, and these three shall resolve the dispute.

Section 8: Amendment – This Declaration may be amended upon vote or consent of not less than a 75% majority in interest of the owners in this project given after reasonable notice.

Any amendment shall be binding upon every owner and every unit ownership whether the burdens thereon are increased or decreased thereby, and whether the owner of each and every unit ownership consents thereto or not.

Section 9: Duration - The restrictions of the Declaration shall continue in full force and effect for a period of sixty years from the date of recordation of the Declaration, unless otherwise extended by a majority of the then property owners.

IN WITNESS WHEREOF the undersigned has caused this Declaration to be executed this 28th day of September, 1967.

Declarant: Pacific-Cascade Land Company, Inc.

By: (Original signed)
John Sparrowk, Vice President

Klamath River Country Estates
Owners' Association, Inc.

By-Laws

Forward

It is the intent of these By-Laws to establish rights, procedures, and responsibilities for the operation of the Klamath River Country Estates Owners' Association, Inc., hereinafter called the "Association", which is comprised of owners of residential lots in the County of Siskiyou, State of California, within the real estate development known as Klamath River Country Estates Subdivision.

All of the provisions herein shall be subject to the Articles of Incorporation of the Klamath River Country Estates Owners' Association, Inc., the Declaration of Covenants, Conditions and Restrictions of Klamath River Country Estates Owners' Association, Inc., and to the laws of the State of California.

Article I

Principal Office

The principal office of the Association shall be located in the County of Siskiyou, State of California.

Article II

Property Rights and Rights of Enjoyment

Each member of the Association shall be entitled to the use and enjoyment of the common properties and facilities of the Association, subject to the provisions of the Articles of Incorporation and By-Laws of the Association, to the Declaration of Covenants, Conditions and Restrictions relating to the Klamath River Country Estates Subdivision, Rules of the Association, and to the laws of the State of California.

Each member may delegate his rights of enjoyment in said properties and facilities to the individual members of his family or to tenants who reside upon the lot or parcel owned by such member under a rental agreement. A member who rents his lot or parcel to a tenant shall thereby transfer to the tenant, for the duration of such tenancy, the member's privileges to use the facilities in the development, based upon ownership of the rented lot or parcel. A member who delegates his rights to a tenant shall identify the tenant to the Association by a written notification delivered to the Secretary of the Association. The Association shall not be required to recognize the delegation prior to receipt of the written notice. Such rights of use and enjoyment shall also be subject to the provisions of these By-Laws, including the suspension provisions.

Article III

Purposes and Powers

The primary purpose of the Association is to own, promote, improve, and maintain the property of the Association for the use, pleasure, recreation and enjoyment of all of the members of the Association.

In carrying out such purpose, the Association shall be empowered to construct, repair, improve and maintain streets, roadways and easements; to construct, improve, maintain and repair the property of the Association and all manner of structures, animal enclosures, fences, gardens and common facilities; to enter into and perform contracts of any kind in furtherance of the purposes of the Association; to promote the health, safety, and welfare of the members of the Association; to enforce any and all covenants, restrictions, and agreements applicable to the Klamath River Country Estates Subdivision and any additions thereto; and to exercise all of the

powers conferred upon nonprofit corporations by the General Nonprofit Corporation Law of the State of California.

Article IV

Members

Section 1: Members – Every person or entity who is the record owner of a fee interest in any lot or parcel within the Klamath River Country Estates Subdivision, which is subject to the Declaration of Covenants, Conditions and Restrictions affecting such lots and parcels, and to assessment by this Association and the Developer as set forth below, shall be a member of the Association; provided that any person or entity who holds or which holds such fee interest merely as a security for the performance of an obligation shall not be a member of the Association.

Until the sale of the last lot in the development know as Klamath River Country Estates Subdivision which the Developer thereof, Boise Cascade Recreation Communities Corporation of Delaware its successors and assigns, elects to subdivide and sell, Developer shall be deemed the owner of all unsold lots in said entire development which have been subdivided or which Developer intends to subdivide.

Section 2: Voting Rights/Cumulative Voting – The Association shall have but one class of membership. Members shall be entitled to one vote for each lot owned in the Klamath River Country Estates Subdivision as hereinabove stated. When more than one person holds an interest or interests in a lot, all such persons shall be members of the Association, and the vote for such jointly-owned lot shall be exercised in such manner as said co-owners may determine, but in no event shall there be more than one vote with respect to any one lot. In the event that co-owners of a lot can not determine among themselves the manner in which a vote shall be exercised, the applicable vote pertaining to the co-owned lot shall not be exercisable. Each member may vote or execute consents in person or by written proxy, and there shall be a right to cumulative voting for election or removal of directors, as defined by Section 2235 of the California Corporation Code.

Section 3: Evidence of Membership and Membership Certificates – Certificates of membership in the Association shall be issued to all members. They shall be in such form as the Board shall designate and shall be issued over the signatures of the President or Vice President and Secretary or Assistant Secretary. Either or both of said signatures may be a facsimile signature. A certificate book shall be maintained in which shall be shown the name of the member, the certificate number, date of issue and a sufficient description of the lot upon which such membership is based. Only one certificate need be issued to a member, regardless of the number of lots owned. Membership of the Developer need not be evidenced by certificates of membership.

Section 4: Transfer – Memberships in the Association are transferable only upon the conveyance of the lot giving rise to such membership and any other attempted transfer or assignment or such membership shall be null and void. Transfers of record which occur by reason of the conveyance of any lot subsequent to the initial conveyance from the developer (or any other developer in the case of any apartment or living unit in a multiple-family dwelling) shall be subject to a fee set by the Board of Directors based on actual costs, and to payment of all indebtedness to the Association of the member whose membership is transferred.

Section 5: Issuance – Members shall be entitled to exercise all of the rights and privileges of membership herein described and they shall be subject to all of the obligations and liabilities thereof, without the actual issuance and possession of certificates of membership; provided, however, that the Association shall incur no liability for failure to give adequate notice to members not of record.

Section 6: Membership Cards – The Association may issue cards to members from time to time as the Board may deem necessary to assure proper control and identification.

Section 7: Lot Descriptions – "Lot" means any numbered lot as designated on the final subdivision recorded maps and including any subdivision thereof once duly recorded.

Article V

Assessments

Section 1: General – The Association shall have the power to levy uniform annual and special assessments as herein set forth. All assessments shall be prepaid on an annual basis or paid to the Association in installments, as may be determined by the Board.

Section 2: Annual Assessment – Each year the Board shall consider the current and future needs of the Association and, in light of such needs, pass by resolution a budget and the amount of annual assessment for purposes other than capital improvements or acquisition to be levied against each lot in the development. Each annual assessment shall become a debt of the member, whose lot or lots are so assessed. Any increase in the annual assessment shall require approval of the membership by a majority vote of those voting. The budget may include an amount not to exceed 20 percent of the total budget for future capital improvements or acquisitions. Such portion, if not expended, shall become capital reserves of the Association and shall not be expended for non-capital purposes without the approval of the membership by a majority of those voting.

Section 3: Special Assessments – Special assessments may be made by the Board upon a determination by the majority of the members whose lots are so assessed, that such assessment is necessary for capital improvements of the Association property or for purposes related to the health, safety and welfare of such members. No special assessment shall be levied without benefit of a hearing for which at least 20 days written notice shall be given to all members whose lots are affected thereby.

Section 4: Notice – The Secretary shall mail to each member whose lot is assessed, at such member's record address, written notice of each annual or special assessment and the time and manner for payment thereof at least two weeks prior to the time such assessment shall become due and payable.

Section 5: Suspension – The Association shall not be required to transfer memberships on its books or to allow the exercise of any rights or privileges of membership on account thereof to any member or to any persons claiming under them unless and until all assessments and charges to which such memberships are subject have been paid.

Section 6: Lien – The amount of any assessment, plus any other charges thereon, including interest at 12 percent per annum from date of delinquency and costs of collection, including attorney's fees, if any, shall constitute and become a lien on the lot so assessed when the Board caused to be recorded in the office of the County Recorder of Siskiyou, California, a notice of assessment which shall state the amount of such assessment, and such other charges and a description of the lot which has been assessed, Such notice shall be signed by the Secretary of the Association. Upon payment of said assessment and charges in connection with which such notice has been so recorded, or other satisfaction thereof, the Board shall cause to be recorded a further notice stating the satisfaction and the release of the lien thereof.

Section 7: Priority of Lien – Such lien shall be prior to all other liens recorded subsequent to said notice of assessment except that liens of first mortgages or deeds of trust incurred for the purpose of constructing a residence or other improvement and which are recorded in accordance with applicable law shall be superior to any and all such lien provided for herein.

Section 8: Enforcement – The lien provided herein may be foreclosed by suit by the Association in like manner as a mortgage and in such event, the Association may be a bidder at a foreclosure sale. The Association may also pursue any other remedy against any member owing money to it which is available to it by law for the collection of debt.

The Board of Directors is also authorized to suspend the rights and privileges of any member of the Association upon failure to pay such dues and assessments within thirty (30) days after payment is due.

Article VI

Meetings

Section 1: Time and Place of Meetings – Meetings of members shall be held at a time and place designated by the written notice for such meeting.

Section 2: Annual Meetings – An annual meeting shall be held each year. The purpose of such annual meetings shall be to consider reports of the affairs of the Association, to elect a Board of Directors and to transact such other business as may properly be brought before the meeting.

Section 3: Special Meetings – Special meetings of the members may be called and held at any reasonable time and place by written notice thereof by the President, or by any two Directors of the Association and must be called by the President upon receipt of a written request from 10 percent or more of the voting power of the Association. Such special meetings shall be held at the time and place designated by said notice, which shall not be sooner than fifteen (15) days after the giving of notice of the calling and place of such special meeting, subject to change in time, place and procedure for the calling of special meetings by duly adopted amendment to these By-Laws.

Section 4: Notice of Meeting – Notices of the calling and place of meetings, annual and special, shall be given by the Secretary or Assistant Secretary to all members of the Association. In the case of a failure by such officer to give notice of a properly called meeting, any officer, director, or member may give notice of a duly called meeting. Notices shall be given in writing not less than fifteen (15) days or more than sixty (60) days before the holding of any annual or special meeting, and may be given by prepaid mail, personal delivery or other means to the address of each member in the records of the Association.

Section 5: Quorum – The presence in person or by proxy of the holders of 40 percent of the membership entitled to vote at any meeting shall constitute a quorum for the transaction of business. The members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough members to leave less than a quorum.

Section 6: Adjourned Meetings and Notice Thereof – Any members' meetings, annual or special, wherein a quorum is present may be adjourned from time to time by the vote of a majority of the voting power present in person or represented by proxy.

When any members' meeting, either annual or special, is adjourned for ninety (90) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting; otherwise it shall not be necessary to give any notice of the time and place of the adjourned meeting or of the business to be transacted thereat, other than by announcement at the meeting at which such adjournment is taken.

If any meeting, annual or special, cannot be held for lack of a quorum the same may be adjourned, as hereinabove provided (but no other business may be transacted at any such meeting) for a period of not less than 48 hours or more than ninety (90) days from the time the original meeting was called, at which adjourned meeting the quorum requirement shall be reduced to the presence in person or by proxy of not less than 25 percent of the voting power.

Section 7: Voting – Except as otherwise provided by law, only members in whose names memberships entitles to vote stand on the records of the Association on the record date for voting purposes, fixed as provided in Article IX, Section 1 of these By-Laws, shall be entitled to vote at such meeting. Such vote may be via voice or by ballot. Except as otherwise provided herein, each member is entitled to one vote for each lot owned by him. Every member entitled to vote at any election for Directors shall have the right to cumulate his vote and give one candidate his votes on the same principle among as many candidates as he thinks fit. The candidates receiving the highest number of votes, up to the number of directors to be elected, shall be elected.

Section 8: Proxies – Every member entitled to vote or execute consents shall have the right to do so either in person or by an agent or agents authorized by a written proxy executed by such member or his duly authorized agent and filed with the Secretary of the Association; provided that no such proxy shall be valid after the expiration of eleven (11) months from the date of its execution unless the person executing it specifies therein the length of time for which such proxy is to continue in force, which in no event shall exceed seven (7) years from the date of its execution.

Section 9: Parliamentary Procedure – The Association President or Vice President shall preside at all meetings of members, and the Association Secretary or Assistant Secretary shall record the minutes of all meetings. In case of the absence of such officers, the voting members may elect a chairman of the meeting and a recording secretary. All meetings shall be conducted in accordance with the rules of parliamentary procedure set forth in Robert's Rules of Order as Revised.

Article VII

Directors

Section 1: Directors – The affairs of the Association shall be managed by a Board of Directions consisting of at least five (5) but not exceeding seven (7) Directors.

Section 2: Powers – Subject to any limitations of the Articles of Incorporation, of these By-Laws, and of the General Nonprofit Corporation Law of California, and subject to the duties of Directors as prescribed by these By-Laws, all corporate powers of the Association shall be exercised by or under the authority of, and the business and affairs of the Association shall be controlled by the Board of Directors. Without prejudice to such general powers, but subject to the same limitations, it is hereby expressly declared that the Directors shall have the following powers as stated below.

The powers of the Board of Directors shall include a power to establish dues, levy assessments, and enforce the payment thereof in accordance with these By-Laws; to adopt and publish rules and regulations governing the use of the properties and facilities of the Association and the personal conduct of members and guests thereon; to appoint and remove at pleasure all officers, agents and employees of the Association and to prescribe their duties and compensation; to supervise the performance of the duties and responsibilities of all officer, agents and employees of the Association; to enforce the Covenants, Conditions and Restrictions pertaining to all lots and parcels in the Klamath River Country Estates Subdivision; and to take all measures which the Board of Directors in its discretion shall deem to be for the best interests of the Association and its members.

Section 3: Election and Tenure of Office – The Directors shall be elected by ballot at the annual meeting of the members, to serve for one (1) year or until their successors are elected and have qualified. Members of the Board of Directors shall be elected by a plurality of the votes cast at the annual meeting of the members of the corporation. Their term of office shall begin immediately after election.

Section 4: Vacancies – Vacancies in the Board of Directors may be filled by a majority of the remaining Directors, or by a sole remaining Director, and each Director so elected shall hold office until his successor is elected at an annual meeting of members or at a special meeting called for the purpose.

The members may at any time elect a Director to fill any vacancy not filled by the Directors, and may elect the additional Directors at the meeting at which an amendment of the By-Laws is voted authorizing an increase in the number of Directors.

A vacancy or vacancies shall be deemed to exist in case of the death, resignation or removal of any Director, or if the members shall increase the authorized number Directors but shall fail at the meeting at which such increase is authorized, or at an adjournment thereof, to elect the additional Director so provided for, or in case the members fail at any time to elect the full number authorized Directors.

If the Board of Directors accepts the resignation of a Director tendered to take effect at a future time, the Board, or the members, shall have power to elect a successor to take office when the resignation shall become effective.
No reduction of the number of Directors shall have the effect of removing any Director prior to the expiration of his tem of office.

Section 5: Removal of Directors – The entire Board of Directors or any individual Director may be removed from office by a vote of members holding a majority of the total votes of the membership entitled to vote at an election of Directors. However, unless the entire Board is removed, an individual Director shall not be removed if the number of votes cast against the resolution for his removal exceeds the quotient arrived at when the total number of outstanding votes entitled to vote is divided by one plus the authorized number of Directors. If any or all Directors are so removed, new Directors may be elected at the same meeting.

Section 6: Place of Meetings – Meetings of the Board of Directors shall be held at any place within the State of California designated by resolution of the Board of Directors or written consent of all of the members of the Board. Any meeting shall be valid, wherever held, if written consent thereto is given by all members of the Board of Directors either before or after the meeting and is filed with the Secretary of the Association.

Section 7: Organization Meetings – The organization meetings of the Board of Directors shall be held immediately following the adjournment of annual meeting of the members.

Section 8: Other Regular Meetings – Regular meetings of the Board of Directors shall be held at the Association offices, or such other place as may be designated by the Board of Directors at such times as shall be designated by resolution of the Board of Directors. If said day shall fall upon a holiday, such meeting shall be held on the next succeeding business day thereafter. No notice need be given of the organization or regular meetings of the Board of Directors.

Section 9: Special Meetings/Notices – Special meetings of the Board of Directors for any purpose shall be called at any time by the President or if he is absent or unable or refuses to act by any Vice President or by any two Directors.

Written notice of the time and place of special meetings shall be delivered personally to the Directors or sent to each Director by letter of by telegram, charges prepaid, addressed to him at his address as it is shown upon the records of the Association, or if it is not so shown on such records or is not readily ascertainable, at the place in which the meetings of the Directors are regularly held. In case such notice is mailed or telegraphed, it shall be deposited in the United States mail or delivered to the telegraph company in the place in which the principal office of the Association is located at least 48 hours prior to the time of the holding of the meeting. In case such notice is delivered as above provided, it shall be so delivered at least 24 hours prior to the time of the holding of the meeting. Such mailing, telegraphing or delivery as above provided shall be due, legal and personal notice to such Director.

Section 10: Waiver of Notice – When all of the Directors are present at any Directors' meeting, however called or noticed, and sign a written consent thereto on the records of such meeting, or if a majority of the Directors are present, and if those not present sign in writing a waiver of notice of such meeting, whether prior to or after the holding of such meeting, which said waiver shall be filed with the Secretary of the Association, the transactions thereof are as valid as if at a meeting regularly called and noticed.

Section 11: Directors Acting without a Meeting – Any action required or permitted to be taken by the Board of Directors may be taken without a meeting and with the same force and effect as if taken by a unanimous vote of Directors, if authorized by a writing signed by all members of the Board. Such consent shall be filed with the regular minutes of the Board.

Section 12: Notice of Adjournment – Notice at the time and place of holding an adjourned meeting need not be given to absent Directors if the time and place be fixed at the meeting adjourned.

Section 13: Quorum – A majority of the number of Directors as fixed by the Articles of Incorporation or By-Laws shall be necessary to constitute a quorum for the transaction of business, and the action of a majority of the Directors present at any meeting at which there is a quorum, when duly assembled, is valid as a corporate act; provided that a minority of the Directors in the absence of a quorum may adjourn from time to time but may not transact business.

Section 14: Executive Committee – An Executive Committee may be appointed by resolution passed by a majority of the whole Board. The Executive Committee shall be composed of members of the Board, and shall have such powers as may be expressly delegated to it by resolution of the Board of Directors. It shall act only in the intervals between meetings of the Board and shall be subject at all times to the control of the Board of Directors.

Section 15: Directors' Compensations – Directors' compensation, if any, shall be approved by the members.

Article VIII

Officers

Section 1: General – The officers of the Association shall be a President, one or more Vice Presidents, a Secretary and a Treasurer, each of whom shall be elected by the Board. The Association may also have such other officers, including one or more Assistant Secretaries, as may be appointed by the Board. Officers, other than the President, need not be Directors. One person may hold two or more offices, except those of President and Secretary.

Each officer shall hold his office until he shall resign or shall be removed or otherwise disqualified to serve, or his successor shall be elected and qualified; provided that officers may be appointed at any time by the Board for the purpose of initially filling an office or filling a newly created or vacant office.

Section 2: Removal and Resignation – Any officer may be removed, either with or without cause, by a majority of the Directors in office at the time, at any regular or special meeting of the Board.

Any officer may resign at any time by giving written notice to the Board or to the President, or to the Secretary of the Association. Any such resignation shall take effect at the date of the 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 3: Vacancies – A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in these By-Laws for regular appointments to such office.

Section 4: President – The President, who shall be chosen from the Board, shall be the Chief Executive Officer of the Association and shall, subject to the control of the Board, have general supervision, direction, and control of the business and officers of the Association. He shall preside at all meetings of the members and of the Board.

He shall be an ex officio member of all the standing committees, if any and shall have the general powers and duties of management usually vested in the office of president of a corporation and such powers and duties as may be prescribed by the Board or these By-Laws.

Section 5: Vice Presidents – In the absence or disability of the President, the Vice Presidents in order of their rank as fixed by the Board, or if not ranked, the Vice President designated by the Board, shall perform all the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Vice Presidents shall have such other powers and perform such other duties as may be prescribed for them by the Board, the President or these By-Laws.

Section 6: Secretary – The Secretary shall keep or cause to be kept, at the principal office or such other place as the Board may order, a book of minutes of all meetings of Directors and members, or a duplicate thereof, with the time and place of holding, whether regular or special, and if special, how authorized, the notice thereof given, the names of those present at Director's meetings, the number of memberships present or represented at members' meeting, and the proceedings thereof.

The Secretary shall keep or cause to be kept, in any form permitted by law, at the principal office or such other place as the Board may order, a membership register, or a duplicate thereof, showing the names of the members and their addresses, the description and number of lots, if more than one, upon which such membership is based, the number and the date of membership certificates issued, and the number and date of cancellation of membership certificates surrendered for cancellation.

The Secretary shall give, or cause to be given, notice of all the meetings of the members and of the Board required by these By-Laws or by law to be given, and shall keep the Seal of the Association in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the Board, the President, or these By-Laws.

Section 7: Treasurer – The Treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the Association, including accounts of its assets, liabilities, receipts, disbursements, gains or losses. The books of account shall at all times be open to inspection by any Director.

The Treasurer shall deposit all monies and other valuables in the names of and to the credit of the Association with such depositories as may be designated by the Board. He shall disburse the funds of the Association as may be ordered by the Board, shall render to the President and Directors, whenever they request its, and account of all of his transactions as Treasurer and of the financial condition of the Association, and shall have such other powers and perform such other duties as may be prescribed by the Board, the President, or these By-Laws.

Section 8: Officers and Employees Compensation – Officers and employees compensation, if any, shall be approved by the Board of Directors.

Article IX

Miscellaneous

Section 1: Record Date – The Board may fix a time in the future as a record date for the determination of the members entitled to notice of and to vote at any meeting of members. The record date so fixed shall not be more than thirty (30) days prior to the date of the meeting. When a record date is so fixed, only members of record on that date shall be entitled to notice of and to vote at the meeting, notwithstanding any transfer of or issuance of membership certificates on the books of the Association after the record date.

Section 2: Inspection of Records – The membership register or duplicate membership register, the books of account and minutes of proceedings of the members, the Board and committees, if any, shall be open to inspection upon the written demand of any member at any reasonable time and for a purpose reasonably related to his interests as a member.

Section 3: Checks and Drafts – All checks, drafts or other orders for payment of money, notes of other evidences of indebtedness issued in the name of or payable to the Association shall be signed or endorsed by such person or persons and in such manner as, from time to time, shall be determined by resolution of the Board.

Section 4: Annual Accounting – An independent audit of the accounts of the Association shall be made not later than sixty (60) days after the end of the fiscal year, and a copy of the report shall be furnished to each member not less than fifteen (15) days prior to the annual meeting of the Association members.

Section 5: Execution of Contracts – The Board, except as may be otherwise provided in these By-Laws, may authorize any officer of officers, agent or agents, to enter into contract or execute any instrument or document in the name of and on behalf of the Association and such authority may be general or confined to specific instance. Unless otherwise specifically determined by the Board or otherwise required by law, formal contracts, promissory notes and other evidences of indebtedness, deeds of trust, mortgages and other corporate instruments or documents requiring the corporate seal, shall be executed, signed or endorsed by the President (or any Vice President) and by the Secretary (or any Assistant Secretary) or Treasurer.

Section 6: Seal – The seal of the Association shall be in the form of two concentric circles with word Klamath River Country Estates Owners' Association, Inc., appearing between said circles in the upper periphery, the word "CALIFORNIA" (in caps) appearing in the lower periphery and the date of incorporation appearing in the center thereof. When the affixing of the seal to any instrument is appropriate, the same may be done by means of a metal die causing an impression of said seal or by an imprint of the words and figures of the seal in the same from thereof.

Section 7: Limitation of Powers – No contract shall be entered into with the Developer which binds the Association for a period in excess of one year without reasonable cancellation provisions included therein.

The Association shall not incur debt in excess of $3,000.00 per year for the purchase of real or personal property, the issuance of bonds of debentures, or the mortgage or any of its property without prior vote or written consent of a majority of its members entitled to vote.

Section 8: Inspection of By-Laws – The Association shall keep in its principal office for the transaction of business the original or a copy of the By-Laws as amended or otherwise altered to date, certified by the Secretary, which shall be open to inspections by the members at all reasonable times.

Section 9: Dissolution – In the event of the dissolution of the Association, each member shall receive his pro rata portion of the Association's property and assets after all of its debts and liabilities have been paid or provided for.

Article X

Amendments

New By-Laws may be adopted or these By-Laws may be amended or repealed by the affirmative vote or written consent of a majority of the voting power of the Association.