

DESCHUTES COUNTY OFFICIAL RECORDS
NANCY BLANKENSHIP, COUNTY CLERK

2003-29996

After recording return to:



\$101.00

00161379200300289960000159

05/06/2003 10:42:19 AM

D-PCB Cnt=1 Stn=23 SHIRLEY
\$75.00 \$11.00 \$10.00 \$5.00

✓ Charles Porter
32 SW Gleneagles Way
Bend, OR 97702

BYLAWS
OF



HOMEOWNERS ASSOCIATION

04/07/03

**BYLAWS
OF GOLDEN BUTTE HOMEOWNERS ASSOCIATION**

TABLE OF CONTENTS

ARTICLE 1	
ASSOCIATION NAME.....	1
 ARTICLE 2	
OBJECT.....	1
2.1 Purpose	1
2.2 Organization.....	1
2.3 Powers of the Association.	1
2.4 Applicability.....	1
2.5 Definitions.....	1
 ARTICLE 3	
ASSOCIATION MEMBERSHIP, MEETINGS, VOTING.....	2
3.1 Membership.....	2
3.2 Governing Bodies	2
3.3 Voting Rights	2
3.4 Majority of Owners	2
3.5 Quorum	2
3.6 Decisions of the Association	2
3.7 Meetings.....	2
3.8 Meeting Notices.....	3
 ARTICLE 4	
BOARD OF DIRECTORES.....	3
4.1 Numbers and Qualifications.....	3
4.2 Powers and Duties.....	3
4.3 Other Duties.....	3
4.4 Income Tax Returns.....	4
4.5 Budgets and Financial Statements.....	4
4.6 Elections and Terms.....	4
4.7 Board of Directors Quorum.....	5
4.8 Vacancies.....	5
4.9 Removal of Directors.....	5
4.10 Regular Meetings.....	5
4.11 Special Meetings.....	5
4.12 Emergency Meetings.....	5
4.13 Meetings open to all Members.....	5
4.14 Meetings not open to all Members.....	6
4.15 Compensation of Directors.....	6
 ARTICLE 5	
OFFICERS OF THE ASSOCIATION.....	6
5.1 Designation.....	6
5.2 Election of Officers.....	6
5.3 Removal of Officers.....	6
5.4 President.....	6
5.5 Secretary	6
5.6 Treasurer.....	6

ARTICLE 6	
OBLIGATIONS OF OWNERS.....	6
6.1 Assessments.....	6
6.2 Investment of Reserve Account Funds.....	7
6.3 Initial Assessment	7
6.4 Special Assessments.....	7
6.5 Default.....	7
ARTICLE 7	
INSURANCE.....	7
7.1 Types of Insurance Policies.....	7
7.2 Provisions in Insurance Policies.....	8
ARTICLE 8	
AMENDMENT.....	8
ARTICLE 9	
RECORDS AND AUDIT.....	8
9.1 General Records.....	8
9.2 Records of Receipts and Expenditures.....	8
9.3 Assessment Roll.....	8
9.4 Payment of Vouchers.....	9
ARTICLE 10	
COMPLIANCE WITH OREGON PLANNED COMMUNITIES ACT.....	9
ARTICLE 11	
INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES AND AGENTS.....	9
ARTICLE 12	
MISCELLANEOUS.....	9
12.1 Notices.....	9
12.2 Waiver.....	10
ARTICLE 13	
COMPLIANCE WITH BYLAWS, RESTRICTIONS, NONCOMPLIANCE.....	10
13.1 Compliance.....	10
13.2 Assessment Collection Costs, Suits and Actions.....	10
13.3 Violation of Declarations, Bylaws Rules & Guidelines.....	10
13.4 Enforcement.....	10
13.4.1 Notice.....	10
13.4.2 Hearing.....	11
13.4.3 Corrective Action Plan.....	11
13.4.4 Schedule of Fines.....	11
13.4.5 Appeal.....	11
13.4.6 Lien Against the Property.....	11
ARTICLE 14	
MEDIATION.....	11

BYLAWS
OF
GOLDEN BUTTE
HOMEOWNERS ASSOCIATION

ARTICLE 1
NAME

1.1 NAME. The name of this association is "Golden Butte Homeowners Association" (the Association). The name of the subdivision is "Golden Butte" (the Subdivision).

ARTICLE 2
OBJECT

2.1 PURPOSE. The purpose of the Association is to provide for the maintenance, repair and/ or improvement of those properties within the Subdivision which are provided for the common benefit of all occupants of the Subdivision and to protect the values and desirability of property within the Subdivision by enforcement of the Covenants, Conditions and Restrictions under which all property within the Subdivision are subject through the "Declaration, Covenants, Conditions, and Restrictions of Golden Butte" dated 8 August 1993, as amended.

2.2 ORGANIZATION. The Golden Butte Homeowners Association shall be a non-profit Corporation under ORS Chapter 65.

2.3 POWERS OF THE ASSOCIATION. The Association shall have all the power granted to it by these bylaws and the provisions of the Oregon Planned Communities Act, as specified in ORS Chapter 94.572 (1) (a) and ORS 94.630 (4) including the power to enforce the Declaration, or the authority to use funds of the Association to pay for enforcement of the Declaration by the Architectural Review Committee or an owner.

2.4 APPLICABILITY. The provisions of these Bylaws are applicable to the Subdivision property, the Golden Butte Homeowners Association, the Golden Butte Architectural Review Committee, the Golden Butte Private Driveway Association, and all present or future owners, tenants, occupants and their guests and employees or any other person who might use the properties within the Subdivision.

2.5 DEFINITIONS. For purposes of these Bylaws the following definitions apply:

2.5.1 "Common Property" shall mean the mailbox cover structure and electrical wiring located on Troon, the monument sign at the entrance to Golden Butte and such other properties that may be subsequently purchased, erected or acquired for the common good of Golden Butte Subdivision.

2.5.2 "Oregon Planned Community Act" shall mean those provisions of ORS 94 as specified in ORS 94.572 (1)(a) and ORS 94.630 (4).

2.5.3 "Lot" or "Lots" shall mean any lot or lots included in the parcel of land described in exhibit A to the Declaration, Covenants, Conditions and Restrictions of Golden Butte, recorded June 30 1994 in the Deschutes County Records, document number 94-26284, Book 344, Page 1490

2.5.4 "Owner" shall mean the owner of a lot including the purchaser under a contract of sale but not including a person holding only a security interest in a lot.

ARTICLE 3
ASSOCIATION MEMBERSHIP, MEETINGS, VOTING

3.1 MEMBERSHIP. Any owner of a lot, either by deed or purchase under a contract of sale of one or more lots shall automatically be a member in the Association and shall remain a Member of the Association until ownership of one or more lots terminates.

3.2 GOVERNING BODIES. A Board of Directors shall govern the affairs of the Association. The principal officers of the Association shall be a President, a Secretary and a Treasurer. The Architectural Review Committee shall perform and shall be empowered to act as provided in the Declaration on behalf of the Association. Each Director, Officer or Committee member must be an owner of a Lot and if elected or appointed in accordance with the Declaration or these bylaws, may hold any of these positions concurrently.

3.3 VOTING RIGHTS. The Association shall have one class of voting members. Each Lot shall be authorized one vote to be cast by the owner of the Lot. Votes may be cast in person, by absentee ballot, or by proxy and in the event of mail-in balloting, by US mail. Where spouses or co-owners cannot agree upon the vote to be cast, the vote associated with the Lot shall be disregarded completely including determining the proportion of votes given with respect to such matter being voted. In no case will there be fractional votes. A proxy shall be valid for one year unless it specifies a shorter time and shall not be valid if it is undated or purports to be revocable without notice.

3.4 MAJORITY OF OWNERS. As used in these Bylaws, the term "Majority" shall mean those owners holding over fifty percent (50%) of the voting rights allocated to the owners. "Majority of Owners present" shall mean owners holding over fifty percent (50%) of the votes cast at any legal meeting or returned mailed ballots.

3.5 QUORUM. Except as to the amendment of the Declaration, the presence in person or by proxy of owners entitled to cast twenty percent (20%) or more of the authorized votes in the Association, shall constitute a quorum. A legal meeting is one duly called pursuant to these Bylaws where a quorum is present in person or by proxy at a formal gathering, or if a vote is taken by written ballots, when ballots are returned representing twenty percent (20%) of the authorized votes. Amendment of the Declaration shall be as specified in Article VI, section 2 therein or the Oregon Planned Community Act.

3.6 DECISIONS OF THE ASSOCIATION. Unless otherwise provided in these Bylaws or in the Oregon Planned Community Act, Association votes or elections will be governed by the "majority of owners present" provided the requirements for a quorum have been met.

3.7 MEETINGS. The Association shall hold at least one meeting of the owners each calendar year. Special meetings of the Association may be called by the president, a majority of the Board of Directors or by petition signed by twenty five percent (25%) or more of the owners. A meeting of the Association may be by written ballot as the Directors may determine. Any action that may be taken at an annual, regular or special meeting may be taken without a meeting if the Association delivers a written ballot setting forth the proposed action to every member entitled to vote.

3.8 MEETING NOTICES. Not less than ten (10) or more than fifty (50) days before any meeting of the Homeowners Association that is called under these bylaws, the Secretary or other officer of the Association shall cause a notice of the meeting to be hand delivered or mailed to the mailing address of each lot owner and to all mortgage holders that have requested such notice. The notice of a meeting shall state the time and place of the meeting and the items on the agenda, including the general nature of any proposed amendment to the Declaration or Bylaws, any budget changes or any proposal to remove a director or officer. Business transacted at a special meeting shall be confined to the purposes stated in the notice.

ARTICLE 4 BOARD OF DIRECTORS

4.1 NUMBERS AND QUALIFICATIONS. There shall be three (3) members of the Board of Directors, each being an owner of a lot.

4.2 POWERS AND DUTIES. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are not by law or by these Bylaws directed to be exercised and done by the owners.

4.3 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:

4.3.1 Care and upkeep of the Common Property including establishment and maintenance of replacement reserve accounts and other reserves which are required or permitted to be maintained by the Oregon Planned Community Act, the Declaration or these Bylaws.

4.3.2 Designation and collection of assessments from the owners, in accordance with these Bylaws, and the Oregon Planned Community Act.

4.3.3 Establishment of a budget and payment of all common expenses of the Association and maintenance of a voucher system for such payment, which shall require a sufficient number of signatories thereon as may be reasonably necessary to prevent any misuse of Association funds.

4.3.4 Obtaining, maintaining and annually reviewing insurance policies and payment of premiums therefore out of the common expense funds as more specifically provided in Article 7 of these Bylaws.

4.3.5 Causing the preparation and distribution of annual financial statements of the Association to each of the owners.

4.3.6 Causing the Association to comply with the Oregon Planned Community Act relating to maintenance of documents and maintenance and distribution of financial statements. Also to maintain copies suitable for duplication of the following: Declaration, Bylaws, Association rules and regulations and any amendments thereto, the most recent annual financial statement and the current operating budget of the Association.

4.4 **INCOME TAX RETURNS.** The fiscal year of the Association shall be the calendar year unless otherwise determined by the Board of Directors and the Board of Directors, in its sole discretion, shall determine the manner in which all necessary income tax returns are filed and of selecting any and all persons to prepare such tax returns.

4.5 **BUDGETS AND FINANCIAL STATEMENTS.** The following financial and related information shall be regularly prepared and distributed by the Board of Directors to all members of the Association:

- (a) An operating budget for the immediately ensuing fiscal year consisting of at least the following information;
 - (1) Estimated revenue and expense on an annual basis.
 - (2) The amount of the total cash reserves of the Association currently available for maintenance, replacement or repair of common property.
- (b) A balance sheet as of the end of the fiscal year.
- (c) An operating (income) statement and a statement of changes in financial position for the fiscal year.

4.5.1 The Board of Directors shall annually distribute within the Association, a statement of the Association's policies and practices in enforcing its remedies against members for defaults in the payment of regular and special assessments including the recording and foreclosing of liens against members subdivision interests.

4.5.2 The failure of the Board of Directors to timely prepare and/or to present a budget to the owners shall not be cause for any owner to fail or refuse to pay assessments. Assessments shall continue, based upon the last adopted or accepted budget, until a new budget is created and announced. Retroactive increases and/or special assessments may be made by the Board of Directors to make up for any deficiency.

4.5.3 In the event the Board of Directors fails to timely adopt a budget for a new fiscal year, owners, by a majority of the votes cast at any general or specially called meeting, may adopt such a budget, announce it to the owners and immediately commence assessments based on the newly adopted budget. Additionally, at any general or specially called meeting, owners, by a majority of the votes cast may amend any budget adopted by the Board of Directors. Thereafter, assessments to owners shall be based on the budget as so amended until a new budget is adopted. Any such budget established under this paragraph must provide the funding necessary to avoid lapses in required insurance.

4.6 **ELECTIONS AND TERMS.** The Board members shall be elected at an Association meeting called for that purpose. A Director's term shall be three (3) years. The initial terms of office shall be staggered so that one-third of the Director's term will expire in one (1) year; one-third in two (2) years and one-third in three (3) years. Voting shall be by a single ballot with each authorized voter permitted to vote for three (3) nominees. The nominee with the most votes will serve the three-year term, next most the two-year term and the next most, the one-year term. Ties will be resolved by random selection. The Association may increase or decrease the number of Directors and length of terms for which each is elected upon amendment of this Section 4.6. At the expiration of the initial term of office of each respective Director, his or her successor shall be elected to serve a three-year term. The Directors shall hold office until their successors have been elected and attend their first meeting.

4.7 **BOARD OF DIRECTORS QUORUM.** At all meetings of the Board of Directors, a majority of the existing Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors shall be the acts of the Board of Directors. If at any meeting of the Board of Directors there be less than a quorum present, the majority of those present may adjourn the meeting from time-to-time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

4.8 **VACANCIES.** Vacancies on the Board of Directors caused by any reason other than the removal of a Director by a vote of the Association shall be filled for the balance of the term of each directorship by vote of a majority of the remaining Directors, even though they may constitute less than a quorum; and each person so elected shall be a Director until a successor is elected upon expiration of the term for which such person was elected by the other Directors to serve.

4.9 **REMOVAL OF DIRECTORS.** At any legal annual or special meeting, other than a meeting by ballot, any one or more of the Directors may be removed with or without cause, by a majority vote of the total voting power of the Owners and a successor may be then and there elected to fill the vacancy thus created. Provided however, the notice of meeting shall specifically indicate that the removal of one or more named Directors is an agenda item for such meeting: Any Director whose removal has been proposed by the Owners shall be given an opportunity to be heard at the meeting. Any Director or Directors who fail(s) to attend three (3) successive meetings of the Board of Directors which have been properly called, or who has failed to attend more than one third (1/3) of the Board of Directors meetings during a twelve (12) month period which have been properly called, may be removed by a majority of the remaining Directors.

4.10 **REGULAR MEETINGS.** Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the Directors. Notice of regular meetings of the Board of Directors may be called by the President on three (3) days' notice to each Director, given personally or by mail, telephone or telegraph, which notice shall state the time, place (as hereinabove provided) and purpose of the meeting. Notices of Board of Directors regular meetings shall be posted on the bulletin board in the mailbox area at least three days prior to the meeting to inform owners of such meetings.

4.11 **SPECIAL MEETINGS.** Special meetings of the Board of Directors may be called by the President or Secretary of the Association 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 or telegraph, which notice shall state the time, place and purpose of the meeting. Notices of Board of Directors special meetings shall be posted on the bulletin board in the mailbox area at least three days prior to the meeting to inform owners of such meetings.

4.12 **EMERGENCY MEETINGS.** Emergency meetings may be held without notice if the reason for the meeting so stated in the minutes of the meeting. Only emergency meetings may be held telephonically.

4.13 **BOARD OF DIRECTORS MEETINGS OPEN TO ALL ASSOCIATION MEMBERS.** Except as provided in 4.14 below, all meetings of the Board of Directors shall be open to any and all members of the Association. Provided, however, no Association member shall have a right to participate in the Board of Directors meetings unless such member is also a member of the Board of Directors. The President shall have authority to exclude any Association member who disrupts the proceedings at a meeting of the Board of Directors.

4.14 **BOARD OF DIRECTORS MEETINGS NOT OPEN TO ALL ASSOCIATION MEMBERS.** At the discretion of the board, matters of consultation with legal counsel concerning the rights and duties of the Association regarding existing or potential litigation or criminal matters, personnel matters and negotiation of contracts with third parties, and hearings or appeals under Article 13 of these Bylaws may be considered in executive session. Except in cases of emergency and for hearings or appeals under Article 13, the Directors shall vote in an open meeting whether to meet in executive session and state the general nature of the action to be considered and as precisely as possible, when such deliberations can be disclosed to Owners.

4.15 **COMPENSATION OF DIRECTORS.** No Director shall be compensated in any manner, except for out-of-pocket expenses, unless such compensation is approved by vote of the Owners.

ARTICLE 5 OFFICERS OF THE ASSOCIATION

5.1 **DESIGNATION.** The principal officers of the Association shall be a President, a Secretary and a Treasurer, all of whom shall be elected by the Directors. A member of the Board of Directors may be an Officer of the Association as may be a member of the Architectural Review Committee.

5.2. **ELECTION OF OFFICERS.** The officers of the Association may be elected by the Board of Directors at the organizational meeting of each new board or any board meeting thereafter, and shall hold office for a period of two years or upon resignation, removal, or loss of right to membership in the Association.

5.3. **REMOVAL OF OFFICERS.** Upon an affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and his or her successor elected at any regular or special meeting of the Board of Directors.

5.4. **PRESIDENT.** The President shall be the chief executive officer of the Association. The President shall preside at all meetings of the Association and of the Board of Directors. The President shall have all of the general powers and duties which are usually vested in the office of president of an association, including, but not limited to, the power to appoint committees from among the Owners from time to time as he or she may in his or her discretion decide is appropriate to assist in the conduct of the affairs of the Association.

5.5 **SECRETARY.** The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the Association; he or she shall have charge of such books and papers as the Board of Directors may direct; and he or she shall, in general, perform all the duties incident of the office of secretary.

5.6. **TREASURER.** The Treasurer shall have responsibility for Association funds and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He or she shall be responsible for the deposit of all moneys and other valuable effects in the name, and to the credit, of the Association in such depositories as may from time to time be designated by the Board of Directors.

ARTICLE 6 OBLIGATIONS OF OWNERS

6.1 **ASSESSMENTS.** All Owners are obligated to pay assessments imposed by the Association to meet all the Association's general common expenses. Assessments shall be payable on an annual basis at the beginning of the year. All initial, general and special assessments shall be allocated equally among the Lots.

6.2. **INVESTMENT OF RESERVE ACCOUNT FUNDS.** Each reserve account shall be kept in an account with a safe and responsible depository, shall be accounted for separately and, if invested, the obligation or security shall be fully guaranteed as to principal by the United States of America or one of its agencies. Assessments paid into the reserve accounts are the property of the Association and are not refundable to sellers of Lots. Provided, however, nothing herein shall prevent sellers of Lots from treating their outstanding allocable share of reserve accounts as a separate or reimbursable item in a sales agreement. No Owner shall have any individual rights in any of these reserves, although it is understood that the value of their respective Lots may increase in proportion to each Lot's allocable share.

6.3. **INITIAL ASSESSMENT.** The initial assessment to Owners shall be based on a budget determined by those initiating the formation of the Association. Future assessments shall thereafter be subject to review by the Board of Directors. The budget and initial lot assessments for all Lots shall be payable from the date the Association bylaws are recorded.

6.4 **SPECIAL ASSESSMENTS.** The Board of Directors shall have the power to levy special assessments against an Owner or all Owners in the following manner for the following purposes:

6.4.1 To correct a deficiency in the operating budget by vote of a majority of the Board;

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

6.4.3 Upon vote of a majority of the Board of Directors, to make repairs or renovations to the common property for which the Association has maintenance responsibility if sufficient funds are not available from the operating budget or replacement reserve accounts; or

6.4.4 To make capital acquisitions, additions or improvements, by vote of a majority of authorized votes.

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

ARTICLE 7 INSURANCE

7.1. **TYPES OF INSURANCE POLICIES.** For the benefit of the Association and the owners, the Board of Directors may obtain and maintain at all times, and shall pay for out of the common expense funds, insurance relating to the common property, the activities of the Association, or other related risks, to the extent available at reasonable cost. The Board of Directors may obtain such policies with such coverage as it in its discretion may determine, but in general, the Board of Directors will seek to obtain the following coverage's:

7.1.1 Insurance for all insurable improvements in the common property against loss or damage by fire or other hazards, including extended coverage, vandalism and malicious mischief. The insurance shall cover the full replacement costs of any repair or reconstruction in the event of damage or destruction from any such hazard.

7.1.2 A public liability policy covering all common property and all damage or injury caused by the negligence of the Association.

7.1.3 A Directors and Officers policy covering the Association officers, Board of Directors, the Architectural Review Committee and such other Association members and committee that will be from time to time established.

7.2 PROVISIONS IN INSURANCE POLICIES. The Board of Directors shall make every effort to secure insurance policies that will provide for the following:

7.2.1 A waiver of subrogation by the insurer as to any claims against the Board of Directors, or the owners and their respective servants, agents and guests.

7.2.2 The Board of Directors shall determine the amount of the deductible for property loss insurance policies, as well as other insurance policies required to be procured by the Association under this Article.

ARTICLE 8 AMENDMENT

Except as otherwise provided in this Article, and the restrictions set forth elsewhere herein, these Bylaws may be amended by the Association at any time by an instrument approved by at least a majority of the total votes cast. Amendments may be proposed by a majority of the Board of Directors or 30 % of the owners. Any amendment must be executed, recorded and certified as provided by law. Provided, however, no amendment of the Bylaws may affect an amendment of the Declaration or the Articles of Incorporation without compliance with the provisions of such documents or the Oregon Nonprofit Corporation Act, respectively.

ARTICLE 9 RECORDS AND AUDIT

9.1. GENERAL RECORDS. The Board of Directors shall preserve and maintain all applicable documents and records in accordance with ORS 94.670 including minutes of the meetings of the Association, the Board and any committees. The Board of Directors shall maintain a list of Owners entitled to vote at meetings of the Association. The minutes of the Association, the Board and committees, and the Association's financial records shall be reasonably available for review and copying by the Owners. A reasonable charge may be imposed by the Association for providing copies.

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

9.3. ASSESSMENT ROLL. The assessment roll shall be maintained in a set of accounting books in which there shall be an account for each Lot. Such account shall designate the name and address of the Owner or Owners, the amount of each assessment against the Owners, the dates and amounts in which the assessment comes due, the amounts paid upon the account and the balance due on the assessments.

9.4 PAYMENT OF VOUCHERS. The Treasurer shall pay all vouchers and Association bills up to \$200. Any voucher in excess of \$200 shall require the signature of the President or the Secretary, or other person authorized by the Board of Directors, provided however, any withdrawal from reserve accounts shall require the signature of two board members or one board member and an officer of the Association who is not a board member.

ARTICLE 10
COMPLIANCE
WITH THE OREGON PLANNED COMMUNITY ACT

These Bylaws are intended to comply with the provisions of the Oregon Planned Community Act, ORS 94.572 (1)(a) and ORS 94.630(4) and to supplement the provision in the Subdivision Declaration. In case any of the provisions hereof conflict with the provisions of said statute, the statutory provisions shall apply. In case of any conflict between the provisions hereof and the Declaration, the provisions in the Declaration shall apply.

ARTICLE 11
INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES AND AGENTS

The Corporation shall indemnify an individual made a party to a proceeding because the individual is or was a Director, officer, employee or agent of the Corporation against liability incurred in the proceeding if: (a) the conduct of the individual was in good faith; (b) the individual reasonably believed that the individual's conduct was in the best interests of the Corporation, or at least not opposed to its best interests; and (c) in the case of any criminal proceeding, the individual had no reasonable cause to believe the conduct of the individual was unlawful.

The termination of a proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent is not of itself, determinative that the director did not meet the standard of conduct described in this section.

The Corporation shall not indemnify a director: (a) in connection with a proceeding by or in the right of the Corporation in which the director was adjudged liable to the Corporation; or (b) in Connection with any other proceeding charging improper personal benefit to the director in which the director was adjudged liable on the basis that personal benefit was improperly received by the director

Indemnification permitted under this section in connection with a proceeding by or in the right of the Corporation is limited to reasonable expenses incurred in connection with the proceeding,

The provisions of this Article are intended to provide Directors, officers, employees or agents of the Corporation with broad indemnity protection and shall be so construed. If the provisions of ORS Chapter 65 provide for or allow indemnity to a greater extent than provided for herein, now or in the future, those provisions will apply.

ARTICLE 12
MISCELLANEOUS

12.1. NOTICES. All notices to the Association or to the Board of Directors shall be sent to the principal office of the Association or to such other address as the Board of Directors may hereafter designate from time to time. All notices to any Owner shall be sent to such address as may have been designated by him or her from time to time, in writing, to the Board of Directors, or if no address has been designated, then to the Owner's Lot.

12.2. **WAIVER.** No restriction, condition, obligation or provision contained in these Bylaws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches thereof which may occur.

ARTICLE 13
COMPLIANCE WITH BYLAWS
AND OTHER RESTRICTIONS REQUIRED, EFFECT OF NONCOMPLIANCE

13.1 **COMPLIANCE.** Each Owner shall comply with the Golden Butte Declaration, Golden Butte Homeowners Association Bylaws and the Golden Butte Architectural Rules and Guidelines. Failure to comply shall be grounds for an action maintainable by the Homeowners' Association or by an aggrieved Owner.

13.2 **ASSESSMENT COLLECTION COSTS, SUITS AND ACTIONS.** Owners shall be obliged to pay reasonable fees and costs including, but not limited to, attorney fees incurred in connection with efforts to collect any delinquent unpaid assessments. In addition to the regular assessments for operating expenses and the funding of reserves, such assessments may include fees, late charges, fines and interest imposed pursuant to Oregon law. In the event suit or action is commenced by the Association for the collection of any amounts due pursuant to these Bylaws or for the enforcement of any provisions of the Declarations, Rules and Guidelines, Bylaws or the Oregon Planned Community Act, the Owner or Owners defending, jointly and severally, will in addition to all other obligations, pay the costs of such suit or action and the prevailing party in such suit or action shall recover such amount as the Court may determine to be reasonable as attorney's fees at trial and upon any appeal or petition thereof.

13.3 **VIOLATION OF DECLARATIONS, BYLAWS, RULES AND GUIDELINES OF GOLDEN BUTTE.** The Association may assess reasonable fines against a Member for any violation of the following: Declaration, Covenants, Conditions and Restrictions, the Bylaws, the Architectural Rules and Guidelines, or the Oregon Planned Community Act. Fines may be levied due to the action of a Member, Member's guest or invitee or an Occupant of a property owned by the Member in accordance with the fine schedule set forth in these bylaws.

13.4 **ENFORCEMENT:** In the event of a violation, the Association shall communicate, verbally and/or in writing with the member to discuss the nature of the violation and attempt resolution. If the violation is a first-time, unintentional, or relatively minor offense, the Association and/or the Board may, in their sole discretion, accept assurances that the violation will be corrected and/or not be repeated and/or agree upon specific actions and timeline for correction. If in the sole opinion of the Association a timely remedy is not forthcoming, the Association will, subject to Article 14, entitled Mediation, initiate administrative action as follows:

13.4.1 **Notice:** Provide the Member with a written notice of the violation containing (i) the nature of the violation including the specific provision and document containing the violated rule/regulation and/or guideline, (ii) the proposed fine to be imposed in accordance with the fine schedule contained herein (iii) confirmation that a period of not less than fourteen (14) days exists within which the alleged violator shall correct the violation, present a written request to the Association or Board of Directors for a hearing, or submit a corrective action plan with specific actions to be taken and with specific milestone dates, and (iv) a statement that the proposed fine shall be imposed as contained in the notice unless the condition is corrected, a request for a hearing is made, or a corrective action plan is submitted within fourteen (14) days of the notice. If the violation is not corrected and a timely request for a hearing or a corrective action plan is not submitted, the fine stated in the notice shall be imposed. The Association is not required to provide notice and opportunity to be heard for recurring or continuing violations or for failure of the owner to complete corrective action under any accepted corrective action plan.

13.4.2 Hearing. If a hearing is requested, such hearing shall be held within fourteen (14) days of the request, and the minutes of such hearing shall contain a written statement of the results of the hearing and the fine, if any, that is imposed. The Member shall be provided the resulting determination in writing.

13.4.3 Corrective Action Plan. If a corrective action plan is submitted, the Association or Board of Directors whichever shall have received the plan shall within fourteen (14) days from receipt of the plan meet in executive session and render a decision in writing to the member, to either accept the plan or reject the plan and impose the stated fine. The Member shall be given a reasonable opportunity, under the circumstances, to correct the violation.

13.4.4 Schedule of Fines. Fines as shown below will be assessed commencing on; (a) fourteen (14) days from the date of the written notice if the violator takes none of the actions specified in 13.4.1 (iii) or, (b) the date any hearing results confirming any fine are furnished to the violator, or, (c) the date any corrective action plan is rejected, or, (d) the date the member is notified that the approved corrective action plan has been violated by the member. Fines shall be as follows

:

\$25 for the first seven (7) days or part thereof.

An additional \$50 for the second seven (7) days or part thereof.

An additional \$100 for the next fourteen (14) days or part thereof, and

An additional \$150 for each of the following 30 days or part thereof until the condition is corrected

13.4.5 Appeal. The violator shall have the right to appeal an adverse decision by the Association to the Board of Directors. To perfect this right, a written notice of appeal must be received by the President or Secretary of the Association within ten (10) days after the adverse decision is conveyed to the member. The Board of Directors will, in executive session, act on the appeal within fourteen (14) days and prepare a written response to the member. Any fees will accrue per the schedule of fees set forth herein unless stopped or reduced by the Board as a result of the appeal.

13.4.6 Lien Against The Property. Fines, including associated fees and costs specified in 13.2, shall constitute a personal obligation of the Owner, as well as a lien upon the property of the Owner, which lien shall be filed and recorded when such fines and fees total not less than \$175.00 and such lien may be foreclosed in the same manner as a lien for unpaid association assessments pursuant to the bylaws and the Oregon Planned Community Act.

ARTICLE 14 MEDIATION

14.1 Except as otherwise provided in this section, before initiating litigation, or an administrative proceeding in which the Association and an Owner have an adversarial relationship, the party that intends to initiate litigation, or an administrative proceeding shall offer to use any dispute resolution program available within Deschutes County, Oregon, that is in substantial compliance with the standards and guidelines adopted under ORS 36.175. The written offer must be hand-delivered or mailed by certified mail, return receipt requested, to the address, contained in the records of the Association, for the other party.

14.2 If the party receiving the offer does not accept the offer within ten (10) days after receipt of the offer, such acceptance to be made by written notice, hand-delivered or mailed by certified mail, return receipt requested, to the address, contained in the records of the Association, for the other party, the initiating party may commence the litigation, or administrative proceeding. The notice of acceptance of the offer to participate in the program must contain the name, address and telephone number of the body administering the dispute resolution program.

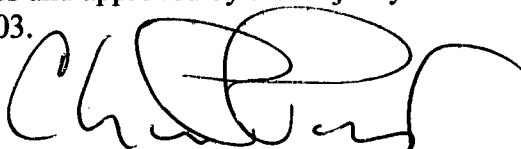
14.3 If a qualified dispute resolution program exists within Deschutes County, Oregon and an offer to use the program is not made as required under paragraph 14.1 of this section, then litigation, or an administrative proceeding may be stayed for thirty (30) days upon a motion of the noninitiating party. If the litigation, or administrative action is stayed under this paragraph, both parties shall participate in the dispute resolution process.

14.4 Unless a stay has been granted under paragraph 14.3 of this section, if the dispute resolution process is not completed within thirty (30) days after receipt of the initial offer, the initiating party may commence litigation, or an administrative proceeding without regard to whether the dispute resolution is completed.

14.5 Once made, the decision of the court, or administrative body arising from litigation, or an administrative proceeding may not be set aside on the grounds that an offer to use a dispute resolution program was not made.

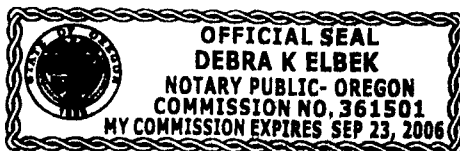
14.6 The requirements of this section do not apply to circumstances in which irreparable harm to a party will occur due to delay or to litigation or administrative proceedings initiated to collect assessments, other than assessments attributable to fines.

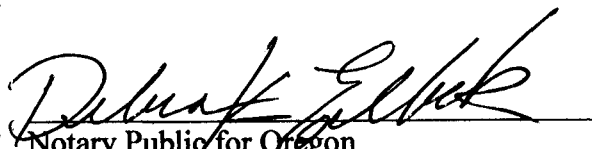
The foregoing bylaws were duly adopted by the Board of Directors and approved by the majority of the owners present at the organizational meeting on the 30th day of April 2003.

By 
Charles P. Porter
Secretary, Golden Butte Homeowners
Association

State of Oregon)
County of Deschutes) ss.

This instrument was acknowledged before me on 6 May, 2003 by Charles. P. Porter, the Secretary of Golden Butte Homeowners Association.




Notary Public for Oregon