

DESCHUTES COUNTY OFFICIAL RECORDS
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Nancy Stevens
335 NE Lafayette
Bend, OR 97701

BYLAWS

OF

HIGHER GROUND HOMEOWNERS ASSOCIATION

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ARTICLE 1. ASSOCIATION STATEMENT

The Higher Ground Homeowners Association is a non-profit co-housing community dedicated to people and the environment. The Association's goals are to achieve a high quality of life for Higher Ground residents through collaboration, sharing personal talents and community work.

ARTICLE 2. DEFINITIONS

Except as specifically stated in these Bylaws, all terms defined in the Declaration shall have the same meaning in these Bylaws.

2.1 "Association" means Higher Ground Homeowners Association (HGHOA), a nonprofit corporation organized and existing under the laws of the State of Oregon.

2.2 "Articles of Incorporation" means the Articles of Incorporation of the Association.

2.3 "The Board" means the Board of Directors of HGHOA.

2.4 "Community Residents" means all individuals over 18 years old residing in HGHOA.

2.5 "Declaration" means the Declaration of Covenants, Conditions and Restrictions of Higher Ground PUD, as amended from time to time.

2.6 "Owners" means all owners of Lots in the Higher Ground PUD.

ARTICLE 3. MEMBERSHIP

3.1 **Owners.** Every Owner of one or more Lots within Higher Ground shall be a member of the Association. Such membership shall commence, exist and continue simply by virtue of such ownership, shall expire automatically upon termination of such ownership, and need not be confirmed or evidenced by any certificate or acceptance of membership.

3.2 **Owner List.** The Secretary shall maintain at the principal office of the Association a list showing the name, mailing address and email address (if any) of the Owners of each Lot. Where there are multiple Owners of a single Lot, the Secretary shall only be required to maintain one mailing address and one email address (if any), and for all purposes, a notice or mailing sent to that address or email address shall be deemed notice or mailing to all Owners of the Lot. The Secretary may, but is not obligated to, maintain additional addresses for co-Owners and send a courtesy notice and mailings to additional co-Owners. The Secretary may accept as satisfactory proof of such ownership a duly executed and acknowledged conveyance, a title insurance policy or other evidence reasonably acceptable to the Board.

ARTICLE 4. MEETINGS AND VOTING

4.1 **Place of Meetings.** Meetings of the Owners shall be held at the Higher Ground Common House unless otherwise stated in the meeting notice, but in no instance will meetings be held further than 10 miles from Higher Ground.

4.2 Annual Meeting. The annual meeting of the Owners for the election of directors and for the transaction of such other business as may properly come before the meeting shall be held at such reasonable hour and on such reasonable day as may be established by the Board or, if the Board should fail to designate a date by the third Wednesday of November, then the annual meeting shall be held at 6:30 pm on the second Wednesday of December.

4.3 Special Meetings. A special meeting of the Association may be called at any time by the President, by a majority of the Directors, or upon written request stating the purpose of the meeting from Owners having at least 25% of the voting rights entitled to be cast at such meeting. Business at a special meeting shall be limited to the purposes stated in the notice of meeting. If the Owners having sufficient voting rights request a special meeting and the notice is not given within 30 days after the written request is delivered to the President or the Secretary, an Owner who signed the request may set the date and time of the meeting and give notice as provided in Section 4.4.

4.4 Notice of Meeting.

(a) A notice of meeting shall be in writing and stating the place, day and hour of the meeting, the items on the agenda, including the general nature of any proposed amendment to the Declaration or these Bylaws, any budget changes, any proposal to remove a director or officer and, in the case of a special meeting, the purpose or purposes for which the meeting is called. The notice shall be personally delivered or mailed to the mailing address or email address of each Owner and mortgagee that have requested notice not less than 10 or more than 50 days before the date of the meeting. A mortgagee may designate a representative to attend a meeting. Notices are deemed to be delivered when personally delivered, when deposited in the United States mail, with postage fully prepaid thereon, addressed to the Owner at his or her most recent address as it appears on the records of the Association or to the mailing address of his or her lot, or on the date sent via electronic mail to the Owner at his or her most recent address as it appears on the records of the Association.

(b) Except as otherwise stated in this subsection, any notice required under the Declaration or these Bylaws may be given by electronic mail. Electronic mail may not be used to give notice of: (a) failure to pay an assessment; (b) foreclosure of an Association lien; or (c) an action the Association may take against an Owner.

4.5 Quorum. At any meeting of the Association, Owners having at least 50% of the voting rights entitled to cast at such meeting, present in person or by proxy shall constitute a quorum, except at a meeting to amend the Declaration or these Bylaw, in which case at least 75% of the voting rights entitled to cast at such meeting shall constitute a quorum. When a quorum is once present to organize a meeting, it cannot be broken by the subsequent withdrawal of an Owner. If any meeting of Owners cannot be organized because of a lack of quorum, the Owners who are present, either in person or by proxy, may adjourn the meeting for not less than 48 hours or more than 30 days from the time the original meeting was called until a quorum is present.

4.6 Voting Rights. Owners shall each be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, the vote for such Lot shall be exercised as the Owners among themselves determine, but in no event shall more than one vote be cast with respect to any Lot.

4.7 Majority Vote. The vote of a majority of voting rights entitled to be cast by the Owners present or represented by absentee ballot or proxy at a meeting at which a quorum is present, shall be

necessary for the adoption of any matter voted upon by the Owners, unless a greater proportion is required by law, by the Declarations, by these Bylaws.

4.8 Fiduciaries and Joint Owners. An executor, administrator, guardian or trustee may vote, in person, by proxy or by absentee ballot, at any meeting of the Association with respect to any Lot owned or held in such capacity, whether or not the same shall have been transferred to his or her name; provided that such person shall satisfy the Secretary that he or she is the executor, administrator, guardian or trustee, holding such Lot in such capacity. Whenever any Lot is owned by two or more persons jointly, according to the records of the Association, the vote or proxy of such Lot may be exercised by any one of the Owners then present, in the absence of protest by a co-Owner. In the event of disagreement among the co-Owners, the vote of such Lot shall be disregarded completely in determining the proportion of the votes given with respect to such matter, unless a valid court order establishes the authority of a co-Owner to vote.

4.9 Proxies. A vote may be cast by proxy. A proxy given by an Owner to any person who represents such Owner at meetings of the Association shall be given in writing and signed by such Owner, and shall be filed with the Secretary at any time prior to or at the start of the meeting. A proxy can be filed with the Secretary by electronic communication as long as it is delivered not less than three (3) days prior to the meeting. An Owner may not revoke a proxy given pursuant to this Section except by actual notice of revocation to the person presiding over a meeting or by written notice to the Secretary delivered at least three (3) days prior to the meeting. A proxy shall not be valid if it is undated or proposes to be revocable without notice. Every proxy shall automatically terminate one year after its date unless the proxy specifies a shorter term. Every proxy shall also terminate upon the sale of the Lot by the Owner.

4.10 Absentee Ballot. An absentee ballot shall set forth each proposed action and provide an opportunity to vote for or against each proposed action. All requests for votes by absentee ballot shall include: (1) Instructions for delivery of the completed absentee ballot to the Secretary; and (2) Instructions about whether the ballot may be cancelled if the ballot has been delivered to the Secretary. An absentee ballot shall be counted as an Owner present for the purposes of establishing a quorum. Even if an absentee ballot has been delivered to the Owner the Owner may vote in person at a meeting if the Owner has returned the ballot but the Owner has cancelled the absentee ballot and cancellation is permitted as stated on the ballot.

4.11 Ballot Meetings.

(a) At the discretion of the Board, except as stated in this Section 4.11, any action that may be taken at a special meeting of the Association may be taken without a meeting if the Association delivers a written ballot to every Owner who is entitled to vote on the matter addressed to the Owner's address of record. A written ballot without a meeting may not be used if the agenda includes a proposal to remove a director from the Board or in lieu of a special meeting called by the Owners. The written ballot shall set forth each proposed action and provide an opportunity to vote for or against each proposed action.

(b) The Board shall provide Owners with at least 10 days' notice before written ballots are mailed or otherwise delivered. If, at least three (3) days before written ballots are scheduled to be mailed or otherwise distributed, at least ten percent (10%) of the Owners petition the Board requesting secrecy procedures, a written ballot must be accompanied by a secrecy envelope, a return identification envelope to be signed by the Owner, and instructions for making and returning the ballot. The notice shall state the general subject matter of the vote, the right of the Owners to request secrecy procedures, the date after which ballots may be distributed, the date and time by which any petition must be received by the

Board requesting secrecy procedures and the address where any petition must be received. Notwithstanding the applicable provisions of paragraph (c) of this Section, written ballots that are returned in secrecy envelopes may not be examined or counted before the deadline for returning ballots has passed.

(c) If approval of a proposed action would otherwise require a meeting at which a certain quorum must be present and at which a certain percentage of total votes cast is required to authorize the action, the proposal will be deemed to be approved when the date for return of ballots has passed, a quorum of Owners has voted, and the required percentage of approving votes has been received. Otherwise, the proposal shall be deemed to be rejected. If approval of a proposed action otherwise would require a meeting at which a specified percentage of Owners must authorize the action, the proposal shall be deemed to be approved when the percentage of total votes cast in favor of the proposal equals or exceeds such required percentage. The proposal shall be deemed to be rejected when the number of votes cast in opposition renders approval impossible or when both the date for return of ballots has passed and such required percentage has not been met. Except as otherwise provided in paragraph (b) of this Section, votes may be counted from time to time before the final return date to determine whether the proposal has passed or failed by the votes already cast on the date they are entered.

(d) All solicitations for votes by written ballot shall state the number of responses needed to meet any applicable quorum requirement and the total percentage of votes needed for approval. All such solicitations for votes shall specify the period during which the Association will accept written ballots for counting, which period shall end on the earliest of (i) the date on which the Association has received a sufficient number of approving ballots to pass the proposal, (ii) the date on which the Association has received a sufficient number of disapproving ballots to render the proposal impossible of passage, or (iii) a date certain by which all ballots must be returned to be counted. A written ballot may not be revoked.

ARTICLE 5.

DIRECTORS: MANAGEMENT

5.1 Number and Qualification. The affairs of the Association shall be governed by a Board of Directors of not less than three (3) or more than seven (7) persons. All directors shall be Owners. For purposes of this Section, the officers of any corporate Owner, the members of any limited liability company and the partners of any partnership shall be considered co-Owners of any Lots owned by such corporation, limited liability company or partnership.

5.2 Election and Tenure of Office. At a meeting where these Bylaws are first adopted, the directors will be divided into classes, as nearly equal in number as possible, with the term of office of the first class ("Class I") to expire at the first annual meeting of Owners after the classification and the term of office of the second class ("Class II") to expire at the second annual meeting of Owners after the classification. At each annual meeting of Owners, directors elected to succeed those directors whose terms expire will be elected to serve two-year terms and until their successors are elected and qualified, so that the term of one class of directors will expire each year. When the number of directors is changed within the limits provided herein, any newly created directorships, or any decrease in directorships, will be so apportioned among the classes as to make all classes as nearly equal as possible, but no decrease in the number of directors constituting the Board will shorten the term of any incumbent directors. A Board member may be re-elected without limitation on the number of terms he or she may serve.

5.3 Vacancies.

(a) A vacancy in the Board shall exist upon the death, resignation or removal of any director, or if the authorized number of directors is increased, or if the Owners fail at any annual or special meeting of Owners at which any director or directors are to be elected to elect the full authorized number of directors to be voted for at that meeting.

(b) Vacancies in the Board may be filled by a majority of the remaining directors even though less than a quorum, or by a sole remaining director. Each director so elected shall hold office for the balance of the unexpired term and until his or her successor is elected.

5.4 Removal of Directors. All or any number of the directors may be removed, with or without cause, at any meeting of Owners at which a quorum is present, by a vote of a majority of the number of votes entitled to be cast at an election of directors. No removal of a director shall be effective unless the matter of removal was an item on the agenda and stated in the notice of the meeting as provided in these Bylaws.

5.5 Powers. The Board shall have all the powers and duties necessary for the administration of the affairs of the Association, except such powers and duties as by law or by the Declaration or by these Bylaws may not be delegated to the Board by the Owners. The Board may delegate responsibilities to committee or a managing agent, but shall retain ultimate control and supervision. The powers and duties to be exercised by the Board shall include, but not be limited to, those set forth in Section 5.4 of the Declaration and the following:

(a) Carry out the program for maintenance, upkeep, repair and replacement of any property required to be maintained by the Association as described in the Declaration and these Bylaws.

(b) Determine the amounts required for operation, maintenance and other affairs of the Association, and the making of such expenditures.

(c) Prepare a budget for the Association, and assessment and collection of the Assessments.

(d) Employ and dismiss such personnel as may be necessary for such maintenance, upkeep and repair.

(e) Employ legal, accounting or other personnel for reasonable compensation to perform such services as may be required for the proper administration of the Association; provided, however, the Board may not incur or commit the Association to incur legal fees in excess of \$5,000 for any specific litigation or claim matter unless the Owners have enacted a resolution authorizing the incurring of such fees by a majority vote pursuant to Section 4.7 or approved by written ballot pursuant to Section 4.11. This limitation shall not be applicable to legal fees incurred in defending the Association or the Board from claims or litigation brought against them. To the extent required by the Oregon Planned Community Act, the Board shall notify the Owners before instituting litigation or administrative proceedings. With regard to any pending litigation involving the Association, the Board shall periodically report to the Owners as to the status (including settlement offers), progress, and method of funding such litigation. Nothing in this paragraph shall be construed as requiring the Board to disclose any privileged communication between the Association and its counsel.

(f) Open bank accounts on behalf of the Association and designating the signatories required therefor.

- (g) Prepare and file, or cause to be prepared and filed, any required income tax returns or forms for the Association.
- (h) Purchase Lots at foreclosure or other judicial sales in the name of the Association or its designee.
- (i) Sell, lease, mortgage, vote the votes related to (other than for the election of directors), or otherwise deal with Lots acquired by the Association or its designee.
- (j) Obtain insurance or bonds pursuant to the provisions of these Bylaws and review such insurance coverage at least annually.
- (k) Make additions and improvements to, or alterations of, the Common Areas, or modify, close, remove, eliminate or discontinue use of any common facility, including any improvement or landscaping, except that any such modification, closure, removal, elimination or discontinuance (other than on a temporary basis) of any community building must be approved by a majority vote of the Owners at a meeting or by written ballot held, or conducted in accordance with these Bylaws.
- (l) From time to time adopt, modify, or revoke such rules and regulations governing the details for the operation of the Association, the conduct of persons and the operation and use of the Property as the Board may deem necessary or appropriate to ensure the peaceful and orderly use and enjoyment of the Property. Such action may be overruled or modified by vote of the Owners conducted pursuant to Article 4.
- (m) Enforce by legal means the provision of the Declaration, these Bylaws and any rules and regulations adopted hereunder.
- (n) In the name of the Association, maintain a current mailing address of the Association, file annual reports with the Oregon Secretary of State, and maintain and keep current the information required to enable the Association to comply with ORS 94.670(7).

5.6 Meetings.

- (a) Meetings of the Board shall be held at the Common House.
- (b) Annual meetings of the Board shall be held within thirty (30) days following the adjournment of the annual meetings of the Owners.
- (c) Special meetings of the Board for any purpose or purposes may be called at any time by the President or by any two directors.
- (d) Unless other rules of order are adopted by resolution of the Association or the Board, all meetings of the Board shall be conducted according to the latest edition of Robert's Rules of Order, published by Robert's Rules Association.

5.7 Open Meetings.

- (a) All meetings of the Board shall be open to Owners except that, in the discretion of the Board, the following matters may be considered in executive session: (i) consultation with legal counsel concerning the rights and duties of the Association regarding existing or potential litigation, or criminal matters; (ii) personal matters, including salary negotiations and employee discipline; (iii)

negotiation of contracts with third parties; and (iv) collection of unpaid assessments. Except in the case of an emergency, the Board shall vote in an open meeting whether to meet in executive session. If the Board votes to meet in executive session, the presiding officer shall state the general nature of the action to be considered, as precisely as possible, when and under what circumstances the deliberations can be disclosed to Owners. The statement, motion or decision to meet in the executive session shall be included in the minutes of the meeting, and any contract or action considered in executive session shall not become effective unless the Board, following the executive session, reconvenes in open meeting and votes on the contract or action, which shall be reasonably identified in the open meeting and included in the minutes.

(b) Meetings of the Board may be conducted by telephonic communication or by other means of communication that allows all members of the Board participating to hear each other simultaneously or otherwise to be able to communicate during the meeting, except that if a majority of the lots are principal residences of the occupants, then for other than emergency meetings, notice of each Board meeting shall be posted at a place or places on the property at least three (3) days prior to the meeting, or notice shall be provided by a method otherwise reasonably calculated to inform the Owners of such meeting. Emergency meetings of the Board may be conducted by telephonic communication or such other means that allows all members of the Board participating to hear each other simultaneously or otherwise to be able to communicate during the meeting but all other meetings shall be held in person. The meeting and notice requirements of this Section may not be circumvented by chance or social meetings or by any other means.

5.8 Notice of Meetings.

(a) Notice of the time and place of an emergency meeting shall be given to each director orally, or delivered in writing personally or by regular or electronic mail, at least twenty-four (24) hours before the meeting. Notice of time and place of all other meeting shall be sent at least seven (7) days before the meeting. Notice shall be sufficient if actually received at the required time or if mailed not less than seventy-two (72) hours before the meeting. Notice mailed shall be directed to the mailing address or email address shown on the Association's records or to the director's actual address ascertained by the person giving the notice. Such notice need not be given for an adjourned meeting if such time and place is fixed at the meeting adjourned.

(b) Attendance of a director at a meeting shall constitute a waiver of notice of such meeting except when a director attends a meeting at the beginning of the meeting and objects to the transaction of any business because the meeting is not lawfully called or convened and the director does not otherwise participate in the meeting.

5.9 Quorum and Vote.

(a) A majority of the directors shall constitute a quorum for the transaction of business.

(b) The action of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board unless a greater number is required by law, the Declaration, the Articles of Incorporation or these Bylaws.

5.10 Liability. Neither a member of the Board nor an officer of the Association shall be liable to the Association, any Owner or any third party for any damage, loss or prejudice suffered or claimed on account of any action or failure to act in the performance of his or her duties so long as the individual

acted in good faith, believed that the conduct was in the best interests of the Association, or at least was not opposed to its best interests, and in the case of criminal proceedings, had no reason to believe the conduct was unlawful. In the event any member of the Board or any officer of the Association is made a party to any proceeding because the individual is or was director or officer of the Association, the Association shall defend such individual against such claims and indemnify such individual against liability and expenses incurred to the maximum extent permitted by law.

5.11 Compensation. No director shall receive any compensation from the Association for acting as such.

5.12 Executive, Covenants and Other Committees. Subject to law, the provision of the Declaration and these Bylaws, the Board may appoint such advisory committees as the Board deems necessary. Such Committees shall be advisory in nature and may expend funds for projects approved by the Board and that have been allocated to them in the annual budget or by resolution of the Board. Such committees shall hold office at the pleasure of the Board.

A Quorum at a Committee meeting shall be a majority of all Committee members in place immediately before the meeting begins. If a quorum is present, action is taken by an affirmative vote of a majority of the Committee members present.

No committee (i) may approve dissolution, merger, or the sale, pledge, or transfer of any of the Association's assets; (ii) may elect, appoint, or fill vacancies on the Board or on any of its committees; or (iii) may adopt, amend, or repeal the Articles, Bylaws, or any resolution by the Board or Association.

5.13 Enforcement Procedures. The Association shall have the power, as provided in the Declaration, to impose sanctions for any violation of the Declaration, these Bylaws, or the Rules and Regulations. To the extent specifically required by the Declaration, the Board shall comply with the following procedures prior to the imposition of sanctions:

(a) **Notice.** The Board shall serve the alleged violator with written notice describing (i) the nature of the alleged violation, (ii) the proposed sanction to be imposed, (iii) a statement that the alleged violator shall have fourteen (14) days to present a written request for a hearing before the Board, and (iv) a statement that the proposed sanction may be imposed as contained in the notice unless a hearing is requested within fourteen (14) days of the notice.

(b) **Response.** The alleged violator shall respond to the notice to the alleged violation in writing within such fourteen (14) day period, regardless of whether the alleged violator is challenging the imposition of the proposed sanction. If the alleged violator cures the alleged violation and notifies the Board in writing within such fourteen (14) day period the Board may, but shall not be obligated to, waive or suspend the sanction. Such waiver shall not constitute a waiver of the right to sanction future violations of the same or other provisions by any person. If a timely request for a hearing is not made, the sanction stated in the notice shall be imposed. Any response or request for a hearing shall be delivered to the President or Secretary, or as otherwise specified in the notice of violation.

(c) **Proof of Notice.** Prior to the effectiveness of sanctions imposed pursuant to this Section, proof of proper notice shall be placed in the minutes of the Board. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered in the minutes by the officer, director, or agent who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator or its representative requests and appears at the hearing.

(d) **Hearing.** If a hearing is requested within the allotted fourteen (14) day period, the hearing shall be held before the Board. The alleged violator shall be afforded a reasonable opportunity to be heard. The minutes of the meeting shall contain a written statement of the results of the hearing (i.e., the decision) and the sanction, if any, to be imposed.

(e) **Enforcement Policies.** The Board, by Resolution, may adopt additional policies and procedures governing enforcement of the Declaration, these Bylaws or the Rules and Regulations.

ARTICLE 6. OFFICERS

6.1 Designation and Qualification. The officers of the Association shall be the President, the Secretary and the Treasurer. Each officer shall be a member of the Board. Each office shall be held by a different person.

6.2 Election and Vacancies. The officers of the Association shall be elected annually by the Board at its annual meeting of each new Board member to serve for one (1) year and until their respective successors are elected. If any office shall become vacant by reason of death, resignation, removal, disqualification or any other cause, the Board shall elect a successor to fill the unexpired term at any meeting of the Board.

6.3 Removal and Resignation.

(a) Any officer may be removed upon the affirmative vote of a majority of the directors whenever, in their judgment, the best interests of the Association will be served thereby. An officer that is removed shall remain a Board member unless removed by a vote of the Owners.

(b) Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Any such resignation shall take effect upon receipt of such notice or at any later time specified therein. Unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective, provided, however, that the Board may reject any postdated resignation by notice in writing to the resigning officer.

6.4 President. The President shall be the chief executive officer of the Association and shall, subject to the control of the Board, have powers of general supervision, direction and control of the business and affairs of the Association. He or she shall preside at all meetings of the Owners and of the Board. He or she shall have the general powers and duties of management usually vested in the office of president of a nonprofit corporation, and shall have such other powers and duties as may be prescribed by the Board or these Bylaws. If as a result of absence or disability the President cannot perform the duties of his or her office, then the President may appoint any other director to serve as interim President for a period not to exceed one (1) month.

6.5 Secretary.

(a) The Secretary shall keep or cause to be kept a book of minutes of all meeting of directors and all meetings of Owners showing the time and place of the meeting, whether it was regular or special, and if special, how authorized, the notice given, the names of those present at directors' meetings, the number of Owners present or represented at Owners' meetings and the proceedings thereof.

(b) The Secretary shall give or cause to be given such notice of the meetings of the Owners and of the Board as is required by these Bylaws or by law. The Secretary shall have such other powers and perform such other duties as may be prescribed by the Board or these Bylaws. If the President is unable to perform his or her duties because of an absence or disability, and the President has not appointed an interim President, then the President's duties and powers shall be performed and exercised by the Secretary.

6.6 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 and disbursements. The books of accounts shall at all reasonable times be open to inspection by any director. The Treasurer shall deposit or cause to be deposited all moneys and other valuables in the name and to the credit of the Association with such depositories as may be designated by the Board. The Treasurer shall disburse or cause to be disbursed the funds of the Association as may be ordered by the Board, shall render to the President and directors, whenever they request it, an account of all of the Treasurer's 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.

6.7 Compensation of Officers. No officer shall receive any compensation from the Association for acting as an officer.

ARTICLE 7. ASSESSMENTS, RECORDS AND REPORTS

7.1 Assessments. As provided in the Declaration, the Association, through its Board, shall do the following:

(a) Assess and collect from every Owner Assessments in the manner described in the Declaration.

(b) Keep all funds received by the Association as Assessments, in the Operations Funds except reserves which shall be kept in the Reserve Fund.

(c) From time to time, and at least annually, prepare a budget for the Association, estimating the common expenses expected to be incurred with adequate allowance for reserves based upon the reserve study and determine whether the Annual Assessment should be increased or decreased. Within thirty (30) days after adopting a proposed annual budget, the Board shall provide a summary of the budget to all Owners. If the Board fails to adopt a budget, the last adopted annual budget shall continue in effect.

(d) Fix the amount of the Annual Assessment against each Lot at least thirty (30) days in advance of each Annual Assessment period. Written notice of any Assessment shall be sent to every Owner subject thereto and to any first mortgagee requesting such notice. The due dates shall be established by the Board, which may fix a regular flat Assessment payable on a monthly, quarterly, semiannual or annual basis. The Board shall cause to be prepared a roster of the Lots showing Assessments applicable to each Lot. The roster shall be kept in the Association office and shall be subject to inspection by any Owner or mortgagee during regular business hours. Within ten (10) business days after receiving a written request, and for a reasonable charge, the Association shall furnish to any Owner or mortgagee a recordable certificate setting forth the unpaid Assessments against such Owner's Lot.

Such certificate shall be binding upon the Association, the Board, and every Owner as to the amounts of unpaid Assessments.

(e) Enforce the Assessments in the manner provided in the Declaration.

(f) Keep records of the receipts and expenditures affecting the Operations Fund and Reserve Fund and make the same available for examination by Owners and their mortgagees at convenient hours, maintain an Assessment roll showing the amount of each Assessment against each Owner, the amounts paid upon the account and the balance due on the Assessments, give each Owner written notice of each Assessment at least 30 days before the time when such Assessments shall become due and payable; and for a reasonable charge, promptly provide to any Owner or mortgagee who makes a written request a written certificate of such Owner's unpaid Assessments.

7.2 Records. The Association shall keep within the state of Oregon correct and complete financial records sufficiently detailed for proper accounting purposes, keep minutes of the proceedings of its Owners, Board and committees, and retain all documents, information and records turned over to the Association by Declarant. All documents, information and records delivered to the Association by Declarant pursuant to ORS 94.616 shall be kept within the state of Oregon.

7.3 Statement of Assessments Due. The Association shall provide, within ten (10) business days after receipt of a written request from an Owner, a written statement that provides: (a) the amount of assessments due from the Owner and unpaid at the time the request was received, including regular and special assessments, fines and other charges, accrued interest, and late-payment charges; (b) the percentage rate at which interest accrues on assessments that are not paid when due; and (c) the percentage rate used to calculate the charges for late payment or the amount of a fixed-rate charge for late payment. The Association is not required to comply with this Section if the Association has commenced litigation by filing a complaint against the Owner and the litigation is pending when the statement would otherwise be due.

7.4 Inspection of Books and Records. Except as otherwise provided in ORS 94.670(5), during normal business hours or under other reasonable circumstances, the Association shall make reasonably available for examination and, upon written request, available for duplication, by Owners, lenders, and holders of any mortgage of a Lot that make the request in good faith for a proper purpose, current copies of the Declaration, Articles, Bylaws, Rules and Regulations, amendments or supplements to such documents and the books, records, financial statements and current operating budget of the Association. The Association shall maintain a copy, suitable for purposes of duplication, of each of the following: (a) the Declaration, these Bylaws, the Rules and Regulations and any amendments or supplements to them, (b) the most recent financial statement of the Association, and (c) the current operating budget of the Association. The Association, within ten (10) business days after receipt of a written request by an Owner, shall furnish copies of such documents to the requesting Owner. Upon written request, the Association shall make such documents, information and records available to such persons for duplication during reasonable hours. The Board, by resolution, may adopt reasonable rules governing the frequency, time, location, notice and manner of examination and duplication of Association records and the imposition of a reasonable fee for furnishing copies of such documents, information or records. The fee may include reasonable personnel costs for furnishing the documents, information or records.

7.5 Payment of Vouchers. The Treasurer or managing agent shall pay all vouchers for all budgeted items and for any nonbudgeted items, up to \$1,000 signed by the President, managing agent,

manager or other person authorized by the Board. Any voucher for nonbudgeted items in excess of \$1,000 shall require the authorization of the President or a resolution of the Board.

7.6 Execution of Documents. The Board may, except as otherwise provided in the Declaration, Articles of Incorporation, or these Bylaws, authorize any officer or agent to enter into any contract or execute any instrument in the name of and on behalf of the Association. Such authority may be general or confined to specific instances. Unless so authorized by the Board, no officer, agent, or employee shall have any power or authority to bind the Association by any contract or engagement, to pledge its credit, or to render it liable for any purpose or for any amount.

7.7 Reports and Audits. An annual financial statement consisting of a balance sheet and an income and expense statement for the preceding year shall be rendered by the Board to all Owners and to all mortgagees who have requested the same within ninety (90) days after the end of each fiscal year. From time to time, the Board, at the expense of the Association, may obtain an audit of the books and records pertaining to the Association and furnish copies thereof to the Owners. At any time any Owner or holder of a mortgage encumbering any Lot may, at their own expense, cause an audit or inspection to be made of the books and records of the Association.

ARTICLE 8. INSURANCE

8.1 Types of Insurance. For the benefit of the Association and the Owners, the Board shall obtain and maintain at all times, and shall pay for out of the Operations Fund, the following insurance:

(a) **Property Damage Insurance.**

(i) The Association shall maintain a policy or policies of insurance covering loss or damage from fire, with standard extended coverage and "all risk" endorsements, and such other coverages as the Association may deem desirable.

(ii) The amount of the coverage shall be for not less than one hundred percent (100%) of the current replacement cost of the improvements on the Common Areas (exclusive of land, foundation, excavation and other items normally excluded from coverage), subject to a reasonable deductible.

(iii) The policy or policies shall include all fixtures and building service equipment to the extent that they are part of the Common Areas and all personal property and supplies belonging to the Association.

(b) **Liability Insurance.**

(i) The Association shall maintain comprehensive general liability insurance coverage insuring the Association and the Board against liability to the public or to Owners and their invitees or tenants, incident to the operation, maintenance, ownership or use of the Common Areas, including legal liability arising out of lawsuits related to employment contracts of the Association. There may be excluded from such policy or policies coverage of an Owner (other than as a member of the Association or Board) for liability arising out of acts or omissions of such Owner and liability incident to the ownership and/or use of the part of the Property as to which such Owner has the exclusive use or occupancy.

(ii) Limits of liability under such insurance shall not be less than One Million Dollars (\$1,000,000) on a combined single-limit basis.

(iii) Such policy or policies shall be issued on a comprehensive liability basis and shall provide a cross-liability endorsement wherein the rights of named insureds under the policy or policies shall not be prejudiced as respects his, her or their action against another named insured.

(c) **Worker's Compensation Insurance.** The Association shall maintain workers' compensation insurance to the extent necessary to comply with any applicable laws.

(d) **Fidelity Bonds.**

(i) The Board may cause the Association to maintain blanket fidelity bonds for all officers, directors, trustees and employees of the Association and all other persons handling or responsible for funds of, or administered by, the Association. The cost of such insurance, if any, may be borne by the Association.

(ii) The total amount of fidelity bond coverage required shall be based upon the best business judgment of the Board.

(iii) Such fidelity bond shall name the Association as obligee and shall contain waivers by the bond issuers of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees" or similar terms or expressions. The bonds shall provide that they may not be canceled or substantially modified (including cancellation for nonpayment of premium) without at least ten (10) days' prior written notice to the Association.

8.2 Insurance by Lot Owners. Each Owner shall be responsible for obtaining, at his or her own expense, homeowner's insurance covering the improvements on the Owner's Lot and liability resulting from use or ownership of the Lot. The insurance coverage maintained by the Association shall not be brought into contribution with the insurance obtained under this Section by the Owners.

8.3 Planned Community Act Requirements. The insurance maintained by the Association shall comply with the requirements of the Oregon Planned Community Act, ORS 94.550 to 94.780.

ARTICLE 9.

GENERAL PROVISIONS

9.1 Notice. All notices to the Association or to the Board shall be sent to the principal office of the Association or to such other address as the Board may hereafter designate from time to time. All notices to Owners shall be sent to each Owner's Lot or to such other address as may have been designated by the Owner from time to time in writing to the Board.

9.2 Waiver of Notice. Whenever any notice to any Owner or director is required by law, the Declaration, the Articles of Incorporation, or these Bylaws, a waiver of notice in writing signed at any time by the person entitled to notice shall be equivalent to the giving of the notice.

9.3 Action Without Meeting. Any action that the law, the Declaration, the Articles of Incorporation or the Bylaws require or permit the Owners or directors to take at any meeting may be

taken without a meeting or ballot meeting if a consent in writing setting forth the action so taken is signed by all of the Owners or directors entitled to vote on the matter. The consent, which shall have the same effect as a unanimous vote of the Owners or directors, shall be filed in the records of minutes of the Association.

9.4 Conflicts. These Bylaws are intended to comply with the Oregon Planned Community Act, the Oregon Nonprofit Corporation Law, the Declaration and the Articles of Incorporation. In case of any irreconcilable conflict, such statutes and documents shall control over these Bylaws.

ARTICLE 10. AMENDMENTS TO BYLAWS

10.1 How Proposed. Amendments to these Bylaws shall be proposed by either a majority of the Board or by Owners holding at least thirty percent (30%) of the voting rights entitled to be cast for such amendment. The proposed amendment must be put in writing and shall be included in the notice of any meeting at which action is to be taken thereon or be attached to any request for consent to the amendment.

10.2 Adoption.

(a) A resolution adopting a proposed amendment may be proposed by either the Board or by an Owner and may be approved by the Owners at a meeting called for such purpose, by a ballot meeting pursuant to Section 4.11 hereof, or by written consent of the Owners. Owners not present at the meeting considering such amendment may express their approval in writing or by proxy. Any resolution must be approved by Owners holding a majority of the voting rights. Amendment or repeal of any provision of these Bylaws that is also contained in the Declaration must be approved by the vote of a majority of voting rights entitled to be cast by the Owners present or represented by absentee ballot or proxy at a meeting at which a quorum is present.

10.3 Execution and Recording. An amendment shall not be effective until certified by the President and Secretary of the Association as being adopted in accordance with these Bylaws and ORS 94.625, acknowledged and recorded in the Deed Records of Deschutes County, Oregon.

IN WITNESS WHEREOF, the President and the Secretary each certify, by the signature below, that these Bylaws were adopted by the Association at a meeting duly noticed and at which a quorum was present and by an affirmative vote of a majority vote of the Owners present at the meeting.

**Higher Ground Homeowners Association,
an Oregon non-profit corporation**

By: Elaine Giraidi, President
Elaine Giraidi, President

By: Nancy Stevens, Secretary
Nancy Stevens, Secretary

[notary blocks on next page]

STATE OF OREGON, County of Deschutes) ss.

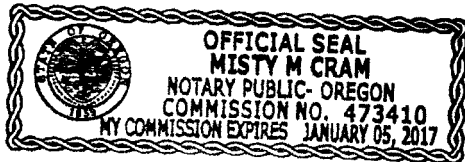
The foregoing instrument was acknowledged before me this 4th day of December, 2013,
by Elaine Giraldi, President of Higher Ground Homeowners Association, an Oregon non-profit corporation.



Notary Public for Oregon

STATE OF OREGON, County of Deschutes) ss.

The foregoing instrument was acknowledged before me this 4th day of December, 2013,
by Nancy Stevens, Secretary of Higher Ground Homeowners Association, an Oregon non-profit corporation.



Notary Public for Oregon