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CERTIFICATE PAGE



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**RESTATED BYLAWS OF
MOUNTAIN HIGH HOMEOWNERS' ASSOCIATION**

The Board of Directors of Mountain High Homeowners Association on _____, 2004 adopted a Resolution in accordance with ORS 94.625(9) and has caused the Bylaws to be restated and recorded. The Bylaws and Amendments being restated were adopted in accordance with the Bylaws and ORS 94.625(4) as follows: 1) Bylaws dated January 13, 1999; and 2) an Amendment dated May 24, 1999. The Bylaws of January 13, 1999 and Amendment of May 24, 1999 were never recorded.

ARTICLE I. NAME AND LOCATION OF ASSOCIATION

The name of this Association is the Mountain High Homeowners Association. The principal office is located at 20505 Murphy Road, Bend, Oregon 97702

ARTICLE II. DEFINITIONS

All terms defined in the "Declarations of Covenants, Conditions and Restrictions" for the Mountain High Homeowners Association are hereby incorporated herein.

ARTICLE III. MEMBERSHIP AND MEETINGS

Section 1. Membership: Members of the Association shall be all lot owners in those villages of Mountain High which have subjected to the governing documents of the Mountain High Homeowners Association. There shall be no other qualification for membership. Membership shall terminate upon the transfer of a fee simple title to a lot or upon sale on contract by an existing lot owner to a new owner.. Each Member shall file a Deed with the Association showing the current ownership of any property.

Section 2. Meeting of Members and Place: Meetings of the members shall be held at the principal office of the Association or at such other place as may be designated by the Board of Directors.

Section 3. Annual Meetings: The Annual Meeting of the members shall be held as may be determined by the Board of Directors. At the Annual Meeting, new members of the Board of Directors shall be elected and the owners may transact such other business as may properly come before them.

Section 4. Special Meetings: Special meetings of the members may be called at any time by the President or by the Board of Directors, or upon written request of not less than ten (10) per cent or the members who are entitled to vote.

Section 5. Notice of Meetings: Written notice of each meeting of the members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing a copy of said notice at least thirty (30) days before such meeting, to each member entitled to vote thereat, addressed to the member's address last appearing on the books of the Association, or supplied by such member to the Association for the purpose of such notice. Such notice shall specify the place, day, hour and purpose of the meeting.

RETURN TO: Harriett Heisey 60733 Beckenridge, Bend, OR. 97702

Section 6. Quorum: (by amendment May 24, 1999) Except as otherwise provided herein, the presence of members in person or by proxy entitled to cast at least twenty-five (25) percent of the total votes to be cast shall constitute a quorum for the transaction of business at all meetings. When a quorum is present at a meeting, it cannot be broken by subsequent withdrawal of a member or members. If any meetings cannot be organized for lack of a quorum, the members who are present may adjourn the meeting from time to time until a quorum is present.

Section 7. Voting: (by amendment May 24, 1999) All members shall have one vote for each lot owned. With respect to the election of directors and/or any amendment to the Covenants, Conditions, and Restrictions, balloting shall be by mail only. With respect to any amendment of the By-Laws, balloting shall be conducted at a Regular, Special, or Annual Meeting of the Association as set forth in Article IX, Section 1 of the By-Laws. Proxy voting and voting by absentee ballot shall be permitted in accordance with Section 94.660 of the "Planned Communities" section of Oregon Statutes.

ARTICLE IV. BOARD OF DIRECTORS

Section 1. Number: (by amendment dated May 24, 1999) The Board of Directors shall consist of one or more members from each village that has consented to subject to the Mountain High Homeowners Association CC's. There shall be one member from each village for each fifty (50) units or fraction thereof.

Section 2. Powers and Duties: The affairs of the Association shall be managed by a Board of Directors and 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.

Section 3. Other Duties: In addition to duties imposed by these Bylaws or by resolutions of the Association, the Board of Directors shall have authority to carry out and be responsible for the following matters:

- 3.1 Adopt and publish Rules and Regulations governing the use, appearance, and maintenance of property and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof.
- 3.2 Care, upkeep and supervision of the Common property.
- 3.3 Establishment and maintenance of replacement reserve accounts and other reserves which re required to be maintained by the Oregon Planned Community Act, the Declaration or these Bylaws and such other reserve accounts as are permitted by these Bylaws.
- 3.4 Designation and collection of general assessments from the Owners, in accordance with these Bylaws, the Declaration and the Oregon Planned Community Act.

- 3.5 Establishment of a budget and payment of all common expenses of the Association and institution 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.
- 3.6 Obtaining and maintaining insurance policies and payment of premiums therefore out of the common expense funds in respect to the Common Property.
- 3.7 Designation and dismissal of the personnel necessary for the maintenance and operation of the Common Property.
- 3.8 Causing the preparation and distribution of annual financial statements of the Association to each of the Owners.
- 3.9 Adoption and amendment of administrative rules and regulations governing the details of operation and use of the Common Property. Provided, however, any such rules or regulations shall always be subject to rescission or amendment by the Association upon Majority vote of Owners present at any properly called meeting.
- 3.10 Causing the Association to comply with the Oregon Planned Community Act relating to maintenance and distribution of financial statements and maintaining copies suitable for duplication of the following: Amended Covenants, Conditions, and Restrictions, Bylaws, Association Rules and Regulations and any amendments thereto, the most recent Annual Financial Statement, and the current Operating Budget of the Association.
- 3.11 Suspend the voting rights and right to use of the recreational facilities of a member during any period in which such member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice by action of the Board of Directors for infraction of published rules and regulations. This power is subject to owner appeal.
- 3.12 May declare the office of a member of the Board of Directors vacant in the event such member shall be absent from three (3) consecutive, regular meetings of the Board of Directors.
- 3.13 Appoint committees as provided for in the CCRs.
- 3.14 Perform all other responsibilities given to it by the "CCRs".
- 3.15 Perform all other powers and duties granted by law.
- 3.16 Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at all meetings of the members held by the Board.

- 3.17 Procure and maintain adequate liability and hazard insurance on property owned by the Association, including Directors and Officers insurance.
- 3.18 Cause all officers or employees having fiscal duties to be bonded as it may seem appropriate.
- 3.19 May affiliate with a local, state, or national organization only with the approval of a majority of the Board of Directors.. Upon approval, representation shall be determined by the Board of Directors.

Section 4. **Budgets and Financial Statements.**

4.1 The following financial and related information shall be regularly prepared and distributed by the Board of Directors to all members of the Association:

4.1.1 A pro forma operating budget for the ensuing fiscal year consisting of at least the following, information shall be distributed:

4. 1.1.1 Estimated revenue and expense.

4.1.1.2 The amount of the total cash reserves of the Association currently available.

4.1.1.3 An estimate of the current replacement costs of, and the estimated remaining life of, and the methods of funding used to defray the future repair, replacement or additions to, those major components of the common areas and facilities which the Association is obligated to maintain.

4.1.2 A balance sheet.

4.1.3 A report consisting of the following shall be distributed after the close of the fiscal year.

4.1.3.1 A balance sheet as of the end of the fiscal year.

4.1.3.2 An operating (income) statement for the fiscal year.

4.2 In lieu of the distribution of the pro forma operating budget required by Section 4.1.1, the Board of Directors may elect to distribute a summary of the items described in Section 4.1.1 to all members of the Association with a written notice that the budget is available at the business office of the Association or at another suitable location and that copies will be provided upon request and at the expense of the Association. If any member requests copies of the pro forma operating budget including the items described in Section 4.1 to be mailed to the member, the Association shall provide such copies to the member by first-class United States mail at the expense of the Association.

Section 5. Nominating and Elections Committee: Not less than ninety (90) days prior to the an election, the Board of Directors shall appoint a Nominating Committee consisting of one owner/member from each village for the purpose of nominating candidates. With respect only to the initial election, Nominating Committees shall be appointed by the Directors of the existing village associations. No member of the Nominating Committee shall serve more than two consecutive terms.

The committee shall nominate candidate(s) in accordance with Article IV, Section I and shall prepare a ballot for mailing to members of the Association not less than thirty (30) days prior to the date of the election.

Section 6. Election of Directors and Term: (by amendment dated May 24, 1999): The Board of Directors shall at all times include at least one member from each village, as set forth in Article IV, Section 1 amended. In no event shall the Declarant-Developer or his designee(s) occupy more than one position on the Board of Directors. Members shall cast ballots only for the candidate(s) nominated from their respective villages. The candidate from each village receiving the highest number of votes shall serve a term of three years with the remaining directors serving terms of two years. With respect to future elections, new directors would serve the same terms as their predecessors.

In the event that the number of directors representing each village may, at such time as this amendment becomes effective, be more or less than the number specified in Article IV, Section 1, the number of directors may be changed to comply with Article IV, Section 1 by utilizing the authority provided the board under Article IV, Section 7, "Vacancies" and Article IV, Section 8, "Removal of Directors".

Section 7. Vacancies: Vacancies on the Board of Directors shall be filled by a vote of a majority of the remaining Directors. The remaining term of the vacancy filled shall be served by the Director so elected. The vacant position shall be filled by an owner/member from the same Village as the vacating member.

Section 8. Removal of Directors: Directors may be removed, with or without cause, from office before their term expires by a majority vote of the Board of Directors.

Section 9. Compensation: No director shall receive any compensation for any service he or she may render to the association as a director. However, any director may be reimbursed for actual expenses incurred in the performance of duties as a director or may receive compensation for services to the Association in a capacity other than as a director.

Section 10. Manner of Election: Director candidates will run for specific vacancies. Nominations of candidates for the Board of Directors shall be (1) made by the Nominating Committee or (2) may be made by petition signed by no less than twenty-five percent of the

the lot owners of a village. Nominees must agree to serve if elected. Petitions must be submitted to the Nominating Committees of each village no later than sixty days prior to the election. Cumulative voting and proxy voting are not permitted. Nominations from the floor at the Annual Meeting shall not be permitted.

Section 11. Liability and Indemnification of Directors: The directors shall not be liable to the Association or to the lot owners for any mistake of judgment, negligence, or otherwise except for their own willful misconduct or bad faith. The Association shall hold harmless and indemnify each director and the manager or managing agent, if any, against all contractual liability to others arising out of contracts made by the Board of Directors, manager, or managing agent on behalf of the Association unless such contract shall have been made in bad faith or contrary to the provisions of the Declaration or of these Bylaws. Each director, and the manager or managing agent, if any, shall be indemnified by the Association against all expenses and liabilities, including attorneys fees, reasonably incurred or imposed upon them in connection with any proceeding to which they may be a party, or in which they may become involved, by reason of being or having been a director, manager, or managing agent and shall be indemnified upon any reasonable settlement thereof; provided, however, there shall be no indemnity if the director, manager, or managing agent is adjudged guilty of willful nonfeasance or malfeasance in the performance of his duties.

ARTICLE V. MEETINGS OF THE BOARD OF DIRECTORS

Section 1. Regular Meetings: Immediately after each Annual Meeting of members, the directors elected at such meeting and those holding over shall meet to elect officers as hereinafter provided and to transact such other business as may come before the meeting. No prior notice of such meeting shall be required to be given to the directors. The Board of Directors by resolution may establish other dates, times, and places for regular and special meetings of the Board.

Section 2. Special Meetings: Special meetings may be called by the President at the request of at least three directors, or at the President's discretion. These special meetings may be held at such reasonable times and places as the President may determine and shall be limited to only those items of business described in the notice of such meetings.

Section 3. Notices: No notice shall be given for regular meetings held pursuant to Article V, Section I, Notice of Special Meetings must be given at least five (5) days prior to the time of the meeting and shall include all business to be considered at such meetings.

Section 4. Quorum: A majority of the directors shall constitute a quorum. The acts of at least three directors or a majority of directors, whichever is greater, shall be the acts of the Board of Directors. In the event that there shall be no more than three directors constituting a quorum, any vote as to any issue brought before the Board by the Directors must be unanimous.

ARTICLE VI. OFFICERS OF THE ASSOCIATION

Section 1. Designation and Election: The principal officers of the Association shall be a president, a vice-president, a secretary, and a treasurer, who shall be members of the Board. The Board may appoint an assistant secretary or an assistant treasurer by resolution. The officers of the Association shall be elected annually by the Board of Directors and shall hold office at the pleasure of the Board.

Section 2. Removal, Resignation and Vacancies: Any officer may be removed by an affirmative vote of a majority of the members of the Board of Directors. A vacancy in any office may be filled in the manner prescribed for regular election with the officer elected filling the remainder of the term of the officer replaced.

Section 3. President: The president shall preside at all meetings of the Association. He shall have all the general powers and duties which are usually vested in the president of an Association.

Section 4. Vice-President: The vice-president shall take the place of the president and perform his duties whenever the president shall be absent or unable to act. If neither the president or vice-president is able to act, the Board will appoint another Board member to do so on an interim basis. He shall also perform such other duties as may be delegated to him by the Board of Directors.

Section 5. Secretary: The secretary shall keep the minutes of all meetings of the members of the Association and of the Board; shall serve notice of any such meetings; shall keep appropriate records of the names and addresses of Association members; and shall perform other duties incident to the office of secretary.

Section 6. Treasurer: The treasurer shall have care and custody of and be responsible for all the funds of the Association and shall deposit such funds in the name of the Association in such depositories as the Board may designate; shall make, sign, and endorse in the name of the Association all checks, drafts, notes and other instruments for the payment of money; and further shall perform all duties incident to the office which the treasurer of an association normally performs. The signatures of two members of the Board shall be required on all checks.

Section 7. Delegation and Change of Duties: In the event of absence or disability of any officer the Board of Directors may delegate during such absence or disability the powers or duties of such officer to any director.

ARTICLE VII. BOOKS AND RECORDS

Section 1. Inspection by Members: The books, records, and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any member. The Declarations, Articles of incorporation, and Bylaws of the Association shall be available for inspection by any member at the principal office of the Association, where copies may be purchased for reasonable cost.

Section 2. Execution of Instruments: All checks, notes, drafts, bonds, acceptances, deeds, leases, contracts, and other instruments shall be signed by such person or persons as may be designated by general or special resolution of the Board of Directors, and in the absence of any such general or special resolution applicable to any such instrument, then such instrument shall be signed by the president.

ARTICLE VII. COLLECTION OF ASSESSMENTS

As provided in the Declaration, each member is obligated to pay to the Association the annual and special assessments which are secured by a continuing lien upon the property against which the assessments are made. Any assessments which are not paid when due shall be delinquent. If the assessments are not paid within thirty (30) days after the due date the assessment shall bear interest from the date of delinquency at the maximum legal rate per annum, and the Association may bring an action against the owner personally obligated to pay the same or file a lien against, the property and interest, costs, and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Areas or abandonment of his lot.

ARTICLE IX. AMENDMENTS

Section 1. Amendments: These Bylaws may be amended, at any Regular, Annual, or Special meeting of members; by a vote of a majority of a quorum of members present.

Section 2. Conflict: In case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

ARTICLE X. 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. All notices to any member shall be sent to such address as may have been designated by him from time to time, in writing, to the Board of Directors.

ARTICLE XL MISCELLANEOUS

Section 1. 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.

Section 2. Invalidity; Number; Captions: The invalidity of any part of these Bylaws shall not impair or affect in any manner the validity, enforceability of effect of the balance of these Bylaws. As used herein, the singular shall include the plural, and the plural the singular; the masculine and neuter shall each include the masculine, feminine, and neuter, as the context requires. All captions used herein are intended solely for convenience of reference and shall in no way limit any of the provisions of these Bylaws.

Section 3. Distribution of Documents to Members: The Board of Directors shall be responsible for the distribution to all Association members of copies of the Articles of Incorporation, CCR's, Bylaws, and Rules and Regulations of the Association.

IN WITNESS THEREOF _____ we, being a majority of the Board of Directors of the Mountain Homeowners Association, have hereunto set our hands this 13th day of January, 1999.

**MOUNTAIN HIGH HOMEOWNERS ASSOCIATION
BEND, OREGON**

The Board of Directors on October 19, 2004 adopted a Resolution in accordance with ORS 94.625 (9) and has caused the Bylaws to be restated and recorded. The Bylaws and Amendment(s) being restated were not recorded. The Bylaws being restated and amendment(s) are: (1) Bylaws dated January 13, 1999; and (2) an Amendment dated May 24, 1999.

The undersigned President and Secretary of the Association certify that these Restated Bylaws include all previously adopted Amendments that are in effect and there are no other changes, except changes to correct scrivner's errors or to conform to format and style.

Dated this 25th day of October, 2004

By Harriett Heisey
Name: Harriett Heisey
Title: President

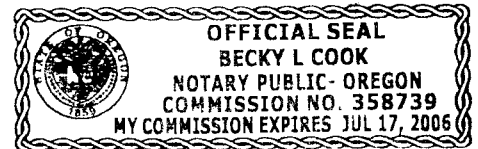
By David Blahnik
Name: David Blahnik
Title: Secretary

STATE OF OREGON }
 } §
County of Deschutes }

On this 25th day of October, 2004, personally appeared before me, Harriett Heisey, who being duly sworn, states ~~he~~/she is the President of MOUNTAIN HIGH HOMEOWNERS ASSOCIATION, an Oregon nonprofit corporation, and that the foregoing instrument was signed and sealed on behalf of said corporation and ~~he~~/she acknowledged said instrument to be the voluntary act and deed of said corporation.

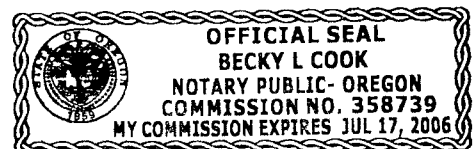
Becky L. Cook
Notary Public for Oregon

STATE OF OREGON }
 } §
County of Deschutes }



On this 25 day of October, 2004, personally appeared before me, David Blahnik, who being duly sworn, states ~~he~~/she is the Secretary of MOUNTAIN HIGH HOMEOWNERS ASSOCIATION, an Oregon nonprofit corporation, and that the foregoing instrument was signed and sealed on behalf of said corporation and ~~he~~/she acknowledged said instrument to be the voluntary act and deed of said corporation.

Becky L. Cook
Notary Public for Oregon



MT. HIGH HOMEOWNERS ASSOCIATION
BEND, OREGON

RESOLUTION OF OCTOBER 19, 2004

BE IT RESOLVEDThat the Board of Directors in accordance with ORS 94.625 (9) by this Resolution and without the further approval of the owners, have caused these Bylaws dated January 13, 1999 and an Amendment to those Bylaws dated May 24, 1999 to be prepared, Restated and recorded to codify individual amendments that have been adopted in accordance with subsection (4) of this section.

IN WITNESS WHEREOF, the President and Secretary hereby certify that the foregoing Resolution was adopted by the Board of Directors at a duly called meeting on October 19, 2004.

Dated this 25th of October, 2004

By Harriett Heisey
Harriett Heisey, President

By Dave Blahnik
Dave Blahnik, Secretary