

# BYLAWS OF SCOTT MOUNTAIN HOMEOWNERS ASSOCIATION

## ARTICLE I Name and Office

1. Name: The name of the corporation is SCOTT MOUNTAIN HOMEOWNERS ASSOCIATION, hereinafter referred to as the "Association."
2. Principal Office: The principal office of the Association shall be at such location as the Directors may from time to time designate.

## ARTICLE II Definitions

1. "Association" shall mean and refer to Scott Mountain Homeowners Association and its successors and assigns.
2. "Properties" shall mean and refer to that certain real property described in the Declaration of Scott Mountain Protective Covenants, its subsequent annexation documents, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.
3. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the owners.
4. "Lot" shall mean and refer to any plots of land designated for residential use within and identified on the plats of Scott Mountain, Scott Mountain No. 2, and Scott Mountain No. 3.
5. "Owner" shall mean and refer to the owner of record, whether one or more persons or entities, of the fee simple title to any Lot which is a part of the Properties, including contract purchasers, but excluding those having such interest merely as security for the performance of an obligation.
6. "Declaration" shall mean and refer to the Declaration of Scott Mountain Protective Covenants, applicable to the Properties recorded in Clackamas County.
7. "Member" shall mean and refer to those persons entitled to membership as provided in the Declaration.
8. "Voting Membership" shall mean and refer to the owner of an occupied lot. If more than one person is in ownership, voting rights shall nevertheless be limited to one vote per lot.

## ARTICLE III Meetings of Members

1. **Annual Meeting:** The regular annual meeting of the members each October at such place, date, and time as may be prescribed by the Board of Directors.
2. **Special Meeting:** A special meeting of the Association may be called at any time by the President or by a majority of the Board of Directors. A special meeting may also be called upon receipt of a written request from 10 percent or more of the voting membership of the Association. Such request must also state the purpose of the meeting. Business transacted at a special meeting shall be confined to the purpose stated in the notice.
3. **Notice of Meeting:** Not less than 10 nor more than 50 days before any meeting called under Article III of these Bylaws, the President or Secretary shall cause notice to be hand-delivered or mailed to the mailing address of each lot or to the mailing address designated in writing by the owner, and to all mortgagees that have requested such notice. The notice of a meeting shall state the place, date, and time of the meeting and the items on the agenda. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, with postage fully prepaid thereon.

4. **Quorum:** Those members present in person or by proxy at any annual or special meeting of members constitute a quorum except where a greater number is required by the Declaration or these Bylaws.
5. **Special Quorum Requirements:** The presence at any meeting in person or by proxy of 75 percent of the voting membership shall constitute a quorum for action on the following matters:  
 Merger and Consolidations  
 Mortgage of the Common Properties  
 Dedication, sale, or transfer of any part of the Common Properties
6. **Proxies:** Voting may be in person or by proxy executed in writing and filed with the Secretary. 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 of the association. A proxy is not valid if it is undated or purports to be revocable without notice. A proxy shall terminate one year after its date unless the proxy specifies a shorter term.
7. **Majority Vote:** The vote of a majority of the votes entitled to be cast by the members present or represented by proxy at a meeting at which a quorum is present shall be necessary for the adoption of any matter voted upon by the members, unless a greater proportion is required by these Bylaws or the Declaration. Specifically, 80 percent of the voting membership is required for Capital Improvement Assessments, 75 percent for amendments to and/or repeal of any portion of the Declaration, and 60 percent to increase maximum annual maintenance assessment beyond Section 8.2 of the Declaration.
8. **Place of Meeting:** Meetings shall be held in Clackamas County, Oregon.

#### **ARTICLE IV Board of Directors**

1. **Number:** The business of this Association shall be managed by a Board of nine Directors.
2. **Term:** The term of office for a Director shall be three years, beginning January 1 and ending December 31. The Directors shall serve staggered terms so that three shall be elected each year.
3. **Eligibility:** Directors must be members in good standing of the Association. Directors may serve no more than two consecutive terms. After one year following the expiration of the second term of office, a former Director shall again be eligible for election to the Board. A partial term of less than 18 months shall not be counted toward term limits.
4. **Nomination of Directors:** Nomination for election to the Board of Directors may be made by a Nominating Committee appointed by the President prior to each annual meeting. The report of the Nominating Committee shall be included in the notice of the annual meeting. Nominations may also be made from the floor.
5. **Election:** Election to the Board of Directors shall take place by written ballot at the annual meeting of the Association. At such election, the voting membership or their proxies may cast, in respect to each vacancy, the vote they are entitled to exercise. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.
6. **Removal, Death, or Resignation of a Director:** Any Director may be removed from the Board, with or without cause, by a majority vote of all members present and entitled to vote at any meeting of the membership at which a quorum is present. Vacancies occurring on the Board due to the death, resignation, or removal of a Director shall be filled by majority vote of the remaining members of the Board. The newly elected Director shall serve for the unexpired portion of the term of his/her predecessor.
7. **Compensation:** No Director shall receive compensation for any service he/she may render to the Association. However, any Director may be reimbursed for his/her actual expenses incurred in the performance of his/her duties with the approval of the Board of Directors.
8. **Indemnity:** The Association shall indemnify and hold harmless each Director and Officer and the manager or managing agent, if any, against all contractual liability to others arising out of contracts made by the Board of Directors, officers, manager, or managing agent on behalf of the Association unless any contract was made in bad faith or contrary to the provisions of the Declaration or of these Bylaws.

**ARTICLE V**  
**Meetings of Board of Directors**

1. **Meetings:** Regular meetings of the Board of Directors shall be held at a place convenient to the membership of the Association. Meetings shall be held no less than nine times during a calendar year and shall be open to attendance by the membership.
2. **Emergency Meetings:** An emergency meeting of the Board of Directors may be called by the President or the Vice President. Upon the request of at least three Directors, the President or the Vice President must call an emergency meeting.
3. **Notice of Meeting:** For other than emergency meetings, notice of Board of Directors' meetings shall be posted at a place or places on the property at least three days prior to the meeting, or notice shall be provided by a method otherwise reasonably calculated to inform lot owners of such meetings. Emergency meetings may be held without notice, provided that the reason for the emergency is stated in the minutes of the meeting. The meeting and notice requirements in this section may not be circumvented by chance or social meetings or by any other means.
4. **Quorum:** A majority of the Directors shall constitute a quorum. 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 of Directors.
5. **Voting:**
  - A. When action is taken on any matter at a meeting of the Board of Directors, the vote or abstention of each Director present must be recorded in the minutes of the meeting.
  - B. A Director who is present at a meeting of the Board of Directors at which action is taken on any association matter is presumed to have assented to the action unless the Director votes against the action or abstains from voting on the action because the Director claims a conflict of interest.
6. **Proxies and Secret Ballots:** Directors may not vote by proxy or by secret ballot at meetings of the Board of Directors.
7. **Executive Session:**
  - A. At the discretion of the Board, the following matters may be considered in executive session:
    - (1) Consultation with legal counsel concerning the rights and duties of the association regarding existing or potential litigation, or criminal matters.
    - (2) Personnel matters, including salary negotiations and employee discipline.
    - (3) Negotiation of contracts with third parties.
    - (4) Collection of unpaid assessments.
  - B. Except in the case of an emergency, the Board of Directors shall vote in an open meeting whether to meet in executive session. If the Board votes to meet in executive session, the presiding officer of the Board of Directors shall state the general nature of the action to be considered and, as precisely as possible, when and under what circumstances the deliberations can be disclosed to owners. The statement, motion, or decision to meet in executive session must be included in the minutes of the meeting.
  - C. A contract or an action considered in executive session does not become effective unless the Board of Directors, following the executive session, reconvenes in open meeting and votes on the contract or an action, which must be reasonably identified in the open meeting and included in the minutes.

**ARTICLE VI**  
**Powers and Duties of the Board of Directors**

1. **General Powers:** The Board of Directors shall have power to:
  - A. Adopt and publish rules and regulations governing the details of operation and use of Lots and the Common Area, personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof.
  - B. Impose fines or penalties for infractions specified in the Declaration or Rules and Regulations.

- C. Suspend voting rights, impose interest, or both, during any period in which such member shall be in default in the payment of any assessment levied by the Association. Such rights will be suspended after notice and hearing, until said assessment and interest is paid.
  - D. Exercise for the Association all powers, duties, and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation, or the Declaration.
  - E. Declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three consecutive regular meetings of the Board of Directors.
  - F. Employ an independent contractor, or such other persons as deemed necessary, and to prescribe their duties and fix their compensation.
  - G. Levy assessments in accordance with Article VII, paragraph 7.5; Article VIII, paragraph 8.2; and Article X, paragraph 10.3 of the Declaration.
  - H. Impose and foreclose a lien against any property for which assessments and or fines are not paid within 30 days after date of final notice, or to bring an action at law against the Owner personally obligated to pay the same. To enforce said lien, assessment, or fine by sale by the Association or an organization authorized by the Association, in accordance with the provisions of Article IX, paragraph 9.5 of the Declaration, and the laws of jurisdiction.
2. **Duties:** It shall be the duty of the Board of Directors to:
- A. Keep a complete record of all of its acts and the proceedings of its meetings, and present at the annual meeting of the members a report reviewing the business and affairs of the Association for the year.
  - B. As more fully provided in the Declaration, to:
    - (1) Prepare a report for the Association prior to the annual meeting listing past and present assessment year receipts and expenditures, and, where possible, include a forecast of upcoming expenses, with adequate allowance for reserves.
    - (2) Pro-rate the amount of the annual assessment against each Lot at least 30 days in advance of the annual assessment periods thereafter.
    - (3) Send written notice of each assessment to every owner of an occupied lot no later than May 1.
    - (4) Prepare a roster of property subject to assessment, with assessments applicable to each such property, and to keep such roster in the Association office subject to inspection by any owner.
  - C. Issue, upon demand by any person, an evidentiary certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates.
  - D. Procure and maintain adequate liability and hazard insurance on property owned, leased, or otherwise used by the Association.
  - E. Procure and maintain insurance protecting the Board of Directors and committee members appointed by the Board against liability in the course of their duties as outlined herein and in the Declaration.
  - F. Review annually the Association's insurance needs and coverage.
  - G. Prepare and adopt an annual budget. Within 30 days after adopting the annual budget, the Board of Directors shall provide a summary of the budget to all owners.
  - H. Conduct annually a study of the Association's reserve account.
  - I. Cause all officers or employees having fiscal responsibilities to be bonded, as it may be deemed appropriate.
  - J. Cause the Common Area or common access ways and any improvements thereon to be maintained.

## ARTICLE VII

### Officers

1. **Officers:** The officers of this Association shall be a President, Vice President, Secretary, and Treasurer, who shall at all times be members of the Board of Directors. The Board of Directors may appoint an Assistant Secretary or an Assistant Treasurer by resolution entered on its minutes.

2. **Term:** The term of office for a Board officer is one year, beginning January 1 and ending December 31.
3. **Election:** Persons elected to the Board at the annual meeting shall attend and observe the next regular meeting of the Board. At the conclusion of that meeting, the continuing Directors and the newly elected Directors shall elect officers for the next calendar year.
4. **Resignation and Removal:** Any officer may be removed from office with or without cause by majority vote of the Board. Any officer may resign at any time by giving written notice to the Board, the President, or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.
5. **Vacancies:** A vacancy in any office may be filled by majority vote of the Board. The officer elected to fill such vacancy shall serve for the remainder of the term of the officer he/she replaces.
6. **President:** The President shall preside at all meetings of the members of the Association and of the Board of Directors. The President shall sign for the Association such contracts and other documents as may be authorized by the Board of Directors to sign, and shall perform all acts and duties usually performed by a President or as prescribed by the Board of Directors.
7. **Vice President:** In the absence or disability of the President, the Vice President shall preside and perform the duties of the President. The Vice President shall also perform such other duties as may be delegated by the Board of Directors.
8. **Secretary:** The Secretary shall record the votes and shall keep, or cause to be kept, the minutes of all meetings and proceedings of the Board and of the members, serve notice of meetings of the Board and of the members, and shall perform such other duties as required by the Board.
9. **Treasurer:** The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association, and shall disburse such funds as directed by resolution of the Board of Directors, keep proper books of account, keep appropriate current records showing the owners of occupied lots together with their addresses, cause an annual audit of the Association books to be made prior to the completion of each fiscal year, and shall prepare a statement of income and expenditures to be presented to the membership at its regular annual meeting.

## **ARTICLE VIII**

### **Committees**

The Board of Directors shall appoint an Architectural Control Committee, an Audit Committee, and such other committees as it deems necessary to assist in the operation of the affairs of the Association. Each committee shall be chaired by a member of the Board of Directors; other committee members need not be members of the Board. The powers and duties of committees shall be determined by Board resolution.

## **ARTICLE IX**

### **Books and Records**

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.
2. **Execution of Corporate Documents:** When the execution of any instrument has been authorized by the Board of Directors without specifying the executing officer, such instrument may be executed by any two of the following officers: The President, Vice President, Secretary, and Treasurer. The Board of Directors may, however, authorize any one of such officers to sign any of such instruments for and on behalf of the Association, and may designate officials or employees of the Association other than those named above who may sign such instrument.

**ARTICLE X**  
**Assessments and Fines**

As more fully provided in the Declaration, each owner of an occupied lot is obligated to pay to the Association annual or special assessments as well as any fines that have been levied pursuant to the Declaration or Rules and Regulations. Assessments and fines are secured by a continuing lien upon the property against which the assessment or fine is made. Any assessments or fines that are not paid when due shall be delinquent. If the assessment or fine is not paid within 30 days after the due date, the assessment or fine shall bear interest from the date of delinquency at the rate of 18 percent per annum, and the Association may bring an action at law against the property, and interest, costs, and reasonable attorneys fees of any such action shall be added to the amount of such assessment or fine. No Owner may waive or otherwise escape liability for the assessment or fine provided for herein by nonuse of the Common Area or abandonment of his/her Lot.

**ARTICLE XI**  
**Amendments**

1. These Bylaws may be amended by a majority of the Board members or at a regular or special meeting of the membership by a majority of the voting membership present in person or by proxy, provided that notice of the amendment had been included in the notice of the meeting.
2. Any matter stated in these Bylaws which is in fact governed by the Declaration may not be amended except as provided in such Declaration.

**ARTICLE XII**  
**Miscellaneous**

1. The fiscal year of the Association shall begin on the first day of May and end on the last day of April of each year.
2. In the case of any conflict between the Declaration and these Bylaws, the provisions of the Declaration shall control.
3. In the case of any conflict between the Declaration or these Bylaws and the Oregon Revised Statutes, the provisions of the Oregon Revised Statutes shall control.

ADOPTED BY THE BOARD OF DIRECTORS  
SCOTT MOUNTAIN HOMEOWNERS ASSOCIATION  
September 11, 2007

Recorded by Sherry Hall, Clackamas County Clerk  
November 15, 2007 11:46 a.m.  
Seal Document 2007-096869