

AMENDED BYLAWS
OF
DESERT MEADOWS HOMEOWNERS ASSOCIATION

ARTICLE I
NAME AND LOCATION

1.1 The name of this corporation is Desert Meadows Homeowners Association, an Oregon nonprofit corporation, hereinafter referred to as the "Association." The principal office of the Association shall be located at 533 NE Shoshone Drive, Redmond, Oregon, but meetings of members and directors may be held at such places as may be designated by the Board of Directors.

ARTICLE II
DEFINITIONS

2.1 "Association" shall mean and refer to Desert Meadows Homeowners Association, its successors and assigns.

2.2 "Properties" shall mean and refer to that certain real property described in the Amended Covenants, Conditions and Restrictions, Desert Meadows, A Planned Community, and such additions thereto as may hereafter be brought within the power and jurisdiction of the Association in accordance with the provisions of the Amended Covenants, Conditions and Restrictions, Desert Meadows, A Planned Community.

2.3 "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the Owners.

2.4 "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the properties with the exception of the common area. In the event a platted lot is divided in accordance with the applicable governmental ordinances, rules and regulations and the provisions of the reservations, restrictions and covenants applicable to said lot, the term lot shall include each lot which results from the division of the platted lot.

2.5 "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any lot which is a part of the properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

2.6 "Declarant" shall mean and refer to High Mountain Properties, LLC, an Oregon limited liability company.

2.7 "Declaration" shall mean and refer to the Amended Covenants, Conditions and Restrictions, Desert Meadows, A Planned Community, recorded in the office of the County Clerk, Deschutes County, Oregon.

2.8 "Member" shall mean and refer to those persons entitled to membership as provided in the Declaration.

ARTICLE III MEETING OF MEMBERS

3.1 Annual Meetings. Annual meetings of the members shall be held in February, at a place, time, and date as selected by the board of directors.

3.2 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 members who are entitled to vote one-fourth (1/4) of all votes of the Association.

3.3 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 such notice, postage prepaid, at least fifteen (15) 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 notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

3.4 Quorum. The presence at the meeting of members entitled to cast, or of proxies entitled to cast, one-fifth (1/5) of the votes of the Association shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

3.5 Proxies. At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary. All proxies shall be revocable and shall automatically cease upon conveyance by the member of his lot.

3.6 Voting Rights of Members. Each lot owner shall be entitled to one vote; provided, however, that until such time as lots representing 75 percent of the votes of the Association have been sold by Declarant, Declarant shall have four (4) votes for each lot that it owns.

**ARTICLE IV
BOARD OF DIRECTORS
SELECTION, TERM OFFICE**

4.1 Number. The affairs of this Association shall be managed by a Board of three (3) or more Directors, who shall be members of the Association.

4.2 Term of Office. At the first annual meeting and at each subsequent annual meeting, the members shall elect three (3) or more directors for a term of one (1) year.

4.3 Removal. Any director may be removed from the Board, with or without cause, by a majority of all of the votes of the Association. In the event of death, resignation or removal of a director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

4.4 Compensation. No director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

4.5 Action Taken Without a Meeting. The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the director.

**ARTICLE V
NOMINATION AND ELECTION OF DIRECTORS**

5.1 Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a chairman, who shall be a member of the Board of Directors, and two (2) or more members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the members, to serve from the close of such annual meeting until the close of the next annual meeting, and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations shall be made from among members.

5.2 Election. Election to the Board of Directors shall be by secret written ballot if requested by any member present. At such election the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes

shall be elected. Cumulative voting is not permitted.

ARTICLE VI MEETINGS OF DIRECTORS

6.1 Regular Meetings. Regular meetings of the Board of Directors shall be held quarterly without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

6.2 Special Meetings. Special meetings of the Board of Directors shall be held when called by the president of the Association, or by any two (2) directors, after not less than three (3) days notice to each director.

6.3 Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE VII POWERS AND DUTIES OF THE BOARD OF DIRECTORS

7.1 Powers. The Board of Directors shall have power to:

(A) Adopt and publish rules and regulations governing the use of the common area and facilities, and the personal conduct of the members and their guests thereon, and to establish fines and penalties for the violation thereof;

(B) Suspend the voting rights of a member and the right of a member to use the common area and facilities 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 and hearing, for a period not to exceed sixty (60) days for violation of any published rules and regulations;

(C) 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;

(D) Declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors; and

(E) Employ a manager, an independent contractor, or such other employees as

they deem necessary, and to prescribe their duties.

7.2 Duties. It shall be the duty of the Board of Directors to:

(A) Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members, or at any special meeting when such statement is requested in writing by members possessing one fourth (1/4) of the total votes of the Association;

(B) Supervise all officers, agents and employees of the Association, and see that their duties are properly performed;

(C) As more fully provided in the Declaration, to:

(1) Fix the amount of the annual assessment against each lot at least thirty (30) days in advance of each annual period;

(1.1) Establish the Annual Operational and Maintenance Budget.

(1.2) Fix the amount of any special assessments against each lot provided that any special assessment that exceeds fifty (50) percent of the Annual Operational and Maintenance Budget must be approved by a majority vote of the members representing the total votes in the Association.

(2) Send written notice of each assessment to every owner subject thereto at least thirty (30) days in advance of each annual assessment period; and

(3) Foreclose the lien against any property for which assessments are not paid within ninety (90) days after due date or to bring an action at law against the owner personally obligated to pay the same;

(D) Issue, or to cause an appropriate officer to issue, upon demand by any person, a 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. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

(E) Procure and maintain adequate liability and hazard insurance on property owned by the Association;

(F) Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;

(G) Provide for the maintenance, repair and replacement of the common areas

including, but not limited to, (a) maintaining all private roads within the development, (b) performing STEP System maintenance and monitoring activities; and (c) operating and maintaining the Landscape Irrigation System including the holding ponds, the main lines bringing water to each lot, and the zone valving and timing system controlling delivery of water to each watering zone, excluding the sprinkler system on each individual lot.

(H) Administer the reserve account which shall be established by the Declarant in accordance with the provisions of the Declaration.

ARTICLE VIII OFFICERS AND THEIR DUTIES

8.1 Enumeration of Officers. The officers of this Association shall be a president and vice-president, who shall at all times be members of the Board of Directors, a secretary, and a treasurer, and such other officers as the Board may from time to time by resolution create.

8.2 Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the members.

8.3 Term. The officers of this association shall be elected annually by the Board and shall each hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise be disqualified to serve.

8.4 Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may from time to time determine.

8.5 Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time giving written notice to the Board, the president or the secretary. Such resignations 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.

8.6 Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

8.7 Multiple Offices. The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one (1) of any of the other offices except in the case of special offices created pursuant to Section 8.4 of this Article.

8.8 Duties. The duties of the officers are as follows:

(A) President. The president shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes.

(B) Vice-President. The vice-president shall act in the place and stead of the president in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

(C) Secretary. The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the members; keep appropriate current records showing the members of the Association, together with their addresses, and shall perform such other duties as required by the Board.

(D) 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; shall sign all checks and promissory notes of the Association; keep proper books of account; cause all tax returns and other governmental reports to be timely prepared and filed; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting and deliver a copy of each to the members.

**ARTICLE IX
BOOKS AND RECORDS**

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

**ARTICLE X
ASSESSMENTS**

As more fully provided in the Declaration, each member is obligated to pay to the Association annual and special assessments which are secured by a lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the due date at the rate of 12

percent per annum, and the Association may bring an action at law against the owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs and reasonable attorney's fees of any such action and any appeal thereof shall be added to the amount of such assessment. No owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the common area or abandonment of his lot.

ARTICLE XI AMENDMENTS

11.1 These Bylaws may be amended, at a regular or special meeting of the members, by a vote of members representing 50 percent of the total votes in the Association.

11.2 In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of conflict between the Declaration and these Bylaws, the Declaration shall control.

ARTICLE XII

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

ARTICLE XIII

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.