

Motions for Amendments to the Bylaws

In accordance with Article IX of the Bylaws of the Quiet Water Homeowners Association and to ensure more openness, transparency and accountability in the governance of QWHA, 12 amendments to the bylaws are proposed. The exact wording of the change is highlighted in the document which follows in its entirety. An explanation of the change is given in a parallel column to the right.

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ARTICLE I Applicability and Binding Effect

1.1 Applicability. The provisions of these bylaws are applicable to QUIET WATER, a subdivision of the City of Yachats, Lincoln County, Oregon.

1.2 Binding Effect. The **QUIET WATER HOMEOWNER ASSOCIATION, INC.**, (herein Association), all members of the Association, and all persons using the facilities of **QUIET WATER** in any manner, are subject to the provisions of these Bylaws and to all rules and regulations which may be promulgated hereunder.

ARTICLE II Members of the Association and Meetings

2.1 Membership and Voting Rights. Membership and the voting rights of a member shall be governed by the provisions of Article II of the Declaration of Protective Covenants, Conditions and Restrictions for QUIET WATER, (herein the Declaration), which has been duly executed and recorded in the Deed Records of Lincoln County, Oregon.

2.2 Annual Meeting. The annual meeting of the Association shall be held in June no earlier than the first Saturday at 10:00 am and no later than the 3rd Saturday at such hour and place as the President may designate. The annual meeting shall be for the purpose of electing Directors and for the transaction of such other business as may properly come before the meeting.

2.2.1 Motions from the floor. All new business requiring a vote of the membership whether initiated by the Board or an association member must be listed on the agenda and information concerning the new business must be part of the annual meeting packet circulated to members prior to the meeting.

The intent is that property owners unable to attend the meeting will have an opportunity to study all motions before giving their proxy to another member. This allows the property owner to make an informed decision when giving instruction to the person exercising the proxy. This is a new section.

2.3 Special meetings. Special meetings of the Association may be called by the President or the holders of 10% or more of the votes of the Association membership.

2.4 Place of Meetings. The Association shall hold meetings at such suitable place convenient to the members as may be designated by the Board of Directors from time to time.

2.5 Notice of Meetings. Notice of all meetings of the Association stating the time and place and the objects for which the meeting is being called shall be given by the President or Secretary. Such Notice shall be in writing and mailed to each member at his/her address as it appears on the books of the Association and to any First Mortgagee requesting such Notice not less than 10 days nor more than 50 days before the date of the meeting. Notice shall be given to all members of record as reflected on the Association's books on the date Notice is given. Proof of mailing of Notices shall be given by the Affidavit of the person giving the Notice. Notice of meeting may be waived by any member before or after meeting. The attendance of a member at any special meeting shall constitute Notice of such meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

2.6 Quorum of Members. The presence at a meeting of members or of proxies entitled to cast more than 50% of all the votes of the membership, shall constitute a quorum at a meeting of members. If a quorum is not present, the majority of votes which are present may adjourn the meeting from time to time until a quorum is present. If a quorum is present, any business may be transacted at the meeting as originally called. The members present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough members to leave less than a quorum.

2.7 Proxies. At all meetings of members of the Association, a member may vote by proxy executed in writing by the member or by the member's duly authorized attorney-in-fact. This proxy shall be filed with the Secretary of the Association before or at any time during the meeting. No proxy shall be valid after eleven (11) months from the date of its execution, unless otherwise provided in the proxy.

2.8 Majority Vote. A majority of the votes present at any meeting at which there is a quorum shall decide any question that may come before the meeting, except as otherwise provided herein, by law, or in the Declaration.

2.9 Fiduciaries and Joint Owners. All provisions of the laws of the State of Oregon respecting the voting membership standing in the name of a corporation, memberships held by an administrator, executor, guardian, trustee, or conservator, membership standing in the name of a receiver, memberships which are pledged and memberships owned by the Association or held by the Association in a fiduciary capacity shall be a part of these Bylaws. When more than one person or entity holds an interest in any lot within the subdivision, the voting rights of such persons or entities shall be as set forth in Article II of the Declaration.

2.10 Electronic Notification and Electronic Voting.

Any action requiring the vote of the membership---with the exception of the initial adoption of the annual budget and election of the Board---may be done by electronic voting, without a formal meeting, if all members entitled to vote are notified by electronic means not less than 10 days nor more than 50 days before the date of the action requested. An action shall be considered valid if at least 51% of the eligible voting membership responds either by vote on the action or by abstention.

Given the desire to move our governance process to a more collaborative model and given the increasing complexity of and volume of QW affairs, it is both prudent and desirable to take advantage of new technology that allows the board to solicit both input and decisions from members virtually using secure systems. The need for this option becomes clear as you read some of the other motions. This change adds to existing language to add an electronic option based on technology that did not exist when the by-laws were initially written.

**ARTICLE III
Board of Directors**

3.1 General Powers. The Board of Directors shall manage the business and affairs of the Association and shall perform those duties and responsibilities set forth in the Declaration.

3.1.1 Matters requiring a vote of the membership

- a. Any** contract with an individual or entity that is longer than one year in duration.
- b. Any** change of procedure or governance that requires reallocation of funds approved in the annual budget.
- c. Any** change in a long standing policy or practice or in one that was previously approved by the membership.

This is an expansion of the General Powers section. It includes three sub-sections. The first concerns contracts. If the board wants to enter into a contract that is longer than one year, it requires membership approval. The intent is that a board should not obligate a future board without concurrence from the membership.

The second sub-section assumes that changes in

procedures or governance that require budget reallocation are important enough to warrant membership involvement.

The third item addresses changes in policies and practices previously approved by the membership. This would include things like the DRC policies, procedures, and practices. In short, if the membership has approved a contract or action the board may not reverse that approval on their own.

3.2 Number, Term and Qualifications. The Board of Directors consists of four (4) directors. Two directors shall be elected at the annual meeting each year by members of the Association for a term of two years and shall hold office until the election and qualification of his or her successor. Directors need not be residents of the State of Oregon. Directors shall be members of the Association, or shall be the lawful agent of a member of the Association. In addition, the Directors may request involvement of the General Manager, the Treasurer, the Secretary and committee chairs if those positions are filled by members who are not directors. Only duly elected directors may vote on Board actions.

3.3 Removal. Any director may be removed at any time with or without cause at a special meeting of the members called expressly for that purpose and conducted in accordance with Article II of these Bylaws. Furthermore, any director who ceases to be a member of the Association shall automatically cease to be a director and that position shall be filled as provided in these Bylaws.

3.4 Vacancies. Any vacancy in the Board of Directors caused by death, resignation, lack of qualification for a position, or other cause may be filled by an affirmative vote of a majority of the remaining directors at a special meeting called for that purpose. A directorship to be filled by reason of an increase in the number of directors shall be filled by election at a special meeting of members called for that purpose. Any director so chosen shall hold office until the next annual meeting of the members or until a successor is elected and qualified.

3.5 Resignation. A director or officer may resign his office at any time. Any resignation shall be made in writing, and shall be effective from the time of the delivery of the resignation to the President.

3.6 Regular Meetings. The regular meeting of the Board of Directors shall be held immediately following the annual members' meeting. No notice shall be required for this meeting. The Board may provide, by resolution, the time and place either within or without the State of Oregon, for the holding of additional regular meetings.

3.7 Notification to Members. The time and place and agenda of all Board Meetings shall be published on a web calendar for the association at least 5 days in advance of the meeting. Members may attend any Board Meeting except those called for executive session involving personnel matters, lawsuits, fines, or liens. Members may participate in discussion if invited to do so by any director; however members have no vote in ~~executive~~-board decisions.

3.8 Reports to the Membership. The Board shall publish via e-mail or other electronic means the Treasurer's Report and minutes of all Board Meetings (except executive session) on a quarterly basis. Printed copies shall be provided upon a member's request.

This mandates that the board shall keep members informed about the time and place of board meetings and specifies use of a web site for universal access. This is a new section.

In keeping with the concept of transparency, the board shall make available copies of the treasures report and minutes of board meetings on a quarterly basis. The objective is to make the internal administrative working of the organization more accessible to members. This is a new section.

3.9 Special Meetings. Special meetings of the Board of Directors may be called by the President or any two (2) directors. Those authorized to call special meetings of the Board of Directors may fix any place either within or without the State of Oregon, as the place for holding any special meeting. Unless otherwise indicated in the notice thereof, any and all business may be transacted at a special meeting. At any special meeting in which every director is present, even though without notice, any business may be transacted, unless one or more of the directors is present only for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called or convened.

3.10 Notice of Special Meetings. The Secretary shall give notice of each special meeting by delivering personally or mailing or emailing or phoning to each director at least ten (10) days before the meeting, but notice may be waived by any director. Such notice shall be deemed to be delivered when deposited in the United States Mail with postage prepaid or when electronic or phone connections have been completed. The attendance of a director at any special meeting shall constitute notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called or convened.

3.11 Quorum. Two directors constitutes a quorum for the transaction of business.

3.12 Manner of Acting. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors. Action can not be passed by a tie vote.

3.13 Informal Action by Directors. Any action required to be taken at a meeting of the directors may be taken if a consent in writing, setting forth the action so taken, is signed by all directors entitled to vote with respect to the subject matter thereof.

3.14 Presumption of Assent. A director who is present at a meeting of the Board of Directors at which action on any Association matter is taken shall be presumed to have assented to the action taken unless his dissent is entered in the minutes of the meeting or unless he files his written dissent to such action with the person acting as the Secretary of the meeting before the adjournment thereof or forwards such dissent by registered mail to the Secretary of the Association immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

3.15 Compensation of Directors. The directors shall serve without compensation except that any director shall be entitled to compensation for out-of-pocket expenses incurred in the performance of his or her duties. All reimbursements made or authorized by the Board of Directors to any director shall be reported annually to the members.

3.16 Directors to Adopt Administrative Rules and Regulations. The Board of Directors shall periodically adopt such administrative rules and regulations as may be necessary or desirable to govern the details of the operation and use of the common elements and may, by such administrative rules and regulations, adopt restrictions and requirements with respect to the use and maintenance of QUIET WATER and the use and maintenance of the common elements as are desirable to prevent unreasonable interference with the use of their respective units and of the common elements by the members of the Association. All rules and regulations adopted by the Board of Directors shall be consistent with the Declaration.

3.17 Establishment of Committees. The Board of Directors shall establish an architectural committee as provided in Article III of the Declaration. Selection of the initial members of the architectural committee shall be by the Board of Directors. Thereafter, all architectural committee members (now called the Design Review Committee) shall be elected by the Association at the annual meeting. The duties and responsibilities of the architectural committee shall be as provided in the Declaration. In addition the Board of Directors may, by resolution or resolutions, passed by a majority of the Board, designate and appoint such committee or committees on any subject within the powers of the Association. Such committee or committees shall have such power, exercise such duties and perform such services as may be periodically prescribed by the Board of Directors.

ARTICLE IV Officers

4.1 Number and Qualifications. The officers of the Association shall be the President, Secretary and Treasurer. The Board may create such other offices as it deems necessary. The office of Secretary and Treasurer may be held by the same person. All officers shall be members of the Association.

4.2 Election and Term of Office. The officers of the Association shall be elected annually by the Board of Directors at its regular meeting held immediately after the annual meeting of the members. If the election of officers is not held at such meeting, the election shall be held as soon thereafter as is convenient. Each officer shall hold office until his successor is duly elected or until his death, or until he resigns or is removed in the manner provided in Paragraph 4.3 below.

4.3 Removal. All officers and agents shall be subject to removal by the affirmative vote of a majority of the Board of Directors at any time that the Board deems that the best interests of the Association will be served thereby. Such removal shall be without prejudice to the contractual rights, if any, of the person so removed. A minimum of 2 weeks' notice shall be given for any salaried position except in the case of removal for cause. Furthermore, any officer who ceases to be a member of the Association shall automatically cease to be an officer and that position shall be filled as provided in these Bylaws.

People employed by the association shall be given a minimum of two weeks notices before termination. The intent is that this basic personnel practice should be extended to Quiet Water workers. This is an addition to an existing section.

4.4 Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by the Board of Directors for the unexpired portion of the term.

4.5 President. The president shall be elected from, and be a member of, the Board of Directors. The President shall be the principal executive officer of the Association and, subject to the control of the Board of Directors, shall supervise and control all of the business and affairs of the Association. When present, the President shall preside at all meetings of the members and the Board of Directors. He/she shall sign, with the Secretary or any other proper officer of the Association authorized by the Board of Directors, all agreements and other instruments which the Board of Directors or members of the Association have authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors, by these Bylaws, or by the Declaration to some officer or agent of the Association, or shall be required by law to be otherwise signed or executed. In general the President shall perform all duties incident to the office of President and shall perform other duties as may be periodically prescribed by the Board of Directors.

4.6 Secretary. The Secretary shall keep a record of the meetings of the Board of Directors and of the members. The Secretary shall file amendments to the Declarations or the Bylaws with the appropriate office of records and shall maintain a file of all Association or Board minutes, resolutions and actions. These records are to be organized and passed in their entirety to the new Secretary at the completion of a term of office. The Secretary shall serve all notices required by law, the Declaration, or Bylaws of the Association, and, in the case of the Secretary's absence or refusal or inability to act, the Secretary's duties may be performed by any person whom the Board of Directors may direct. The Secretary need not be a member of the Board of Directors.

4.7 Treasurer. The Treasurer shall have overall responsibility for all corporate funds of the Association. The Treasurer shall perform, or cause to be performed the following duties: (a) to keep full and accurate accounts of all financial records of the Association; (b) to deposit all monies and other valuable effects in the name and to the credit of the Association in such depositories as may be designated by the Board of Directors; (c) disburse all funds when proper to do so; (d) make monthly financial reports as to the financial condition of the Association to the Board of Directors; (e) invoice and collect from members all Association assessments; and (f) any other duties as may be prescribed by the Board of Directors. The Board may delegate to

an independent contractor, agent, or employee of the Association the performance of any of the duties enumerated above, but the responsibility for proper performance shall remain with the Treasurer. The Treasurer need not be a member of the Board of Directors.

4.8 Compensation of Officers. The officers shall serve without compensation except that any officer shall be entitled to compensation for out-of-pocket expenses incurred in the performance of his or her duties. The Board of Directors shall authorize all reimbursements and all reimbursements made or authorized to any officer shall be reported annually to the members.

ARTICLE V Budget, Expenses and Assessments

5.1 Budget. The Board of Directors shall from time to time, and at least annually, prepare a budget for the Association, estimate the common expenses expected to be incurred and expected assessment receipts. The budget shall provide for an adequate reserve fund for maintenance, repairs and replacement of those common and limited common elements which must be replaced on a periodic basis and that exterior building maintenance to be performed by the Association. The reserve study shall be updated at least every ~~three~~ years.

Specifies that a reserve study shall be updated annually. The study shall be used to calculate adjustments in member assessments. This is an addition to an existing section.

5.2 Determination of Common Expenses. Common expenses shall include:

- a) Expenses of administration
- b) Expenses of maintenance, repair or replacement of common elements.
- c) Expenses of maintenance and repair of all exterior surfaces of all improvements located on general common areas.
- d) Cost of insurance or bonds obtained in accordance with these Bylaws.
- e) A general operating reserve.
- f) Reserve for replacements and deferred maintenance.
- g) Any deficit in common expenses for any prior period.
- h) Utilities for the general common areas such as trash collection, pool/spa water and sewer.
- i) Any other items properly chargeable as an expense of the Association.

5.3 Determination of Limited Common Expenses. Limited common expenses shall include:

- a) Expenses of maintenance, repair or replacement of limited common elements.
- b) Expenses of maintenance and repair of all exterior surfaces of all improvements located on limited common areas.
- c) Reserve for replacements and deferred maintenance of any limited common elements.
- d) Any deficit in limited common expenses for any prior period.
- e) Electrical utilities for limited common areas that are on a limited common meter.

5.4 Special assessments for Capital Improvements. Any special assessments for capital improvements shall be proposed by the Board of Directors by Resolution and voted upon by the members in accordance with the provisions of ARTICLE II 4.4 of the Declaration.

5.6 Authorization to Spend. The annual budget as approved by the membership is the only authorization to spend funds of the association. A vote of the membership is required if any line item is expected to exceed the budgeted amount by more than 30% or \$2,000 whichever is greater. The only exception is in the case of property destruction or a safety issue requiring immediate action. Membership approval by secure electronic means is permitted.

The board's authority to spend is limited to an approved budget document. An approved budget may be amended by a vote of the members. This is a new section.

ARTICLE VI Records and Authority

6.1 Financial Records. The Board of Directors or its designee shall keep financial records sufficient for proper accounting purposes.

6.2 Reports and Audits. An annual Financial Statement consisting of a balance sheet and income and expense statement for the preceding fiscal year shall be rendered by the Board of Directors to all members and to all First Mortgagees who have requested the same within ninety (90) days after the end of each fiscal year. From time to time the Board of Directors, at the expense of the Association may obtain an audit of the books and records pertaining to the Association and furnish copies of the audit to members and Mortgagees making request.

6.3 Availability of Records. During normal business hours or under other reasonable circumstances, the Association shall make available to members, prospective purchasers and lenders and to first Mortgagees, current copies of the Declaration, Bylaws, or other rules concerning QUIET WATER and the books, records, Financial Statements and current operating budget of the Association.

6.4 Contracts. The Board of Directors may authorize the President and Secretary or other officer to enter into any contract not to exceed one year or execute and deliver any instrument in the name of and on behalf of the Association. Such authority may be general or confined to specific instances.

– limits the authority of the board to enter into contracts to one year unless approved by a vote of the membership. Contracts may be renewed but only for one year. See section 3.1.1a above. This is an addition to an existing section.

6.5 Loans. No loans shall be contracted on behalf of the Association and no evidence of indebtedness shall be issued in its name unless authorized by a Resolution of the Board of Directors. Such authority may be general or confined to specific instances.

6.6 Checks and Drafts. All checks, drafts, or other orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the Association shall be signed by the President and Secretary or other officers or agents designated by the Board of Directors.

6.7 Deposits. All funds of the Association not otherwise employed shall be deposited to the credit of the Association in such banks, trust companies, or other depositories as the Board of Directors may select. In the absence of such selection by the Board of Directors, the Treasurer may select such depository.

6.8 Insurance. For the benefit of the Association and its members, the Board of Directors shall obtain and maintain at all times, and pay for out of the common expense funds, property damage insurance covering loss or damage from fire, with standard extended coverage and all risk endorsements to the improvements located on common and limited areas. Further, the Association shall maintain comprehensive general liability insurance coverage insuring the Association, Board of Directors and its members. The limits of liability on the comprehensive general liability policy shall not be less than \$1,000,000.00 on a combined single limit basis.

6.9 Indemnification. The Association shall indemnify any person who was or is a party, or is threatened to be made a party to any threatened pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Association) by reason of the fact that the person is or was a director, officer, employee, or agent of the Association, against expenses (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with such action, suit or proceeding if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the Association, and with respect to any criminal action or proceeding, had no reasonable cause to believe the conduct of the person was unlawful.

ARTICLE VII Notices and Validity

7.1 Notices. All notices to the Association or to the Board of Directors shall be sent to such address and the Board of Directors may from time to time designate. All notices to any member shall be sent to such address as the member shall designate from time to time, in writing, to the Board of Directors, or if no address has been designated, then to the member's address in QUIET WATER.

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

7.3 Waiver of Notice. When any notice is required to be given to any member or director of the Association, a written waiver thereof, signed by the person entitled to such notice, whether before or after the time stated in the notice, shall be deemed equivalent to the giving of such notice.

7.4 Invalidity; Number; Captions. The invalidity of any part of these Bylaws shall not impair or affect in any manner the validly, enforceability or effect of the balance of these Bylaws. As used herein, the singular shall include the plural and the plural the singular. The

masculine, feminine 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.

ARTICLE VIII

Fiscal Year

The Fiscal Year of the Association shall begin on June 1 and end on May 31.

ARTICLE IX

Amendment of Bylaws

The Bylaws may be amended by a vote of a majority of the members of the Association at any annual or special meeting provided the substance of the proposed amendment shall have been stated in the notice of the meeting.