



MOUNTAIN PARK HOME OWNERS ASSOCIATION

Governance and Policy Manual

Prepared for:

**Mt. Park Home Owners Association
2 Mt. Jefferson Terrace
Lake Oswego, OR**

Prepared by:

Mt. Park Board of Directors

Revised May 13, 2019

I. Contents

- I. Introduction 4
- II. Purpose 4
- III. Served Communities..... 5
 - A. Members..... 5
 - B. Residents 5
 - C. Guests..... 5
 - D. Clients..... 5
- IV. Process for Setting, Amending and Enforcing Policy 5
- V. Ethical Behavior 6
 - A. Code of Conduct (B-001; B-002; B-008)..... 6
 - B. Conflicts of Interest..... 6
 - C. Gifts, Gratuities, Compensation..... 6
 - D. Social Activities 6
 - E. Charitable Contributions (F-009)..... 7
- VI. Board Responsibilities and Duties..... 7
 - A. Board Member..... 7
 - B. President..... 8
 - C. Vice President 8
 - D. Secretary/Treasurer 8
- VII. Exercising Board Authority..... 9
 - A. Statement of Responsibilities..... 9
 - B. Setting Policy 9
 - C. Exceptions to Policy (B-003)..... 9
 - D. Delegating 10
 - E. Communication (B-001) 10
 - F. Relationship to Executive Director (B-004) 10
 - G. Relationship to Retained Counsel 11
 - H. Legal Advice Procedures (B-009)..... 11
- VIII. Board Meetings 12
 - A. Conducting Meetings 12
 - B. Definition of a Meeting 12
 - C. Emergency Meeting 12
 - D. Action without meeting..... 12
 - E. Quorum requirement 12

F.	Parliamentary Procedures	13
IX.	Board of Directors Processes.....	13
A.	Election of Directors and Officers	13
B.	Monitoring.....	13
C.	Relationship to Committees	13
D.	Relationship to Homeowners	14
E.	Project Management Policy (B-005).....	14
X.	Meetings of Members (M-006)	14
A.	Annual Meeting.....	14
B.	Special Meetings	14
D.	Quorum.....	15
E.	Special Quorum Requirements for Certain Issues	15
F.	Proxies.....	15
XI.	Committees.....	15
A.	Role and Responsibilities of Committees and Members (B-006).....	15
B.	Removal of Committee Members	15
C.	Standing Committees Charters (B-007).....	15
D.	Committee Policy Documents.....	16
XII.	Executive Director.....	16
XIII.	Finance	17
A.	Assessments (F-001)	17
B.	Bad Debt.....	19
C.	Budget	19
D.	Financial Reporting to the Board	19
E.	Annual Financial Reporting/Audit.....	19
F.	Insurance	20
G.	Contracts and Signing Authority (F-006, F-007).....	20
H.	Checks (F-005).....	21
I.	Funds.....	21
J.	Allocation of Excess Monies	21
K.	Financial Decision Tree	21
L.	Reserves (see Appendix C and Appendix D).....	21
M.	Capitalization Policy for Purchased Assets.....	22
XIV.	Association Records.....	22
A.	Record Retention.....	22

C.	Access to Documents (M-001).....	23
D.	Member List Policy (M-002)	23
XV.	General Policies	24
A.	Employment of Members or Residents (M-003)	24
B.	Smoking on MPHOA Properties (M-004) M-005)	24
C.	Parliamentary Procedures.....	24
XVI.	Management and Operations (S-001) (S-002)	24
XVII.	Appendices	24
	Appendix A. Strategic Plans and Master Plans	24
	Appendix B. Parliamentary Procedure	24
	Appendix C. Committee Charters (B-007)	24
	Appendix D. Policy Documents; Rules and Enforcement.....	25
	Appendix E. Board Adopted Policies referenced within this document	25

I. Introduction

It is essential that the business of the Mountain Park Homeowners Association (Association or MPHOA) be conducted in an orderly, professional, business-like fashion with particular attention to the exercise of associated fiduciary responsibilities. To facilitate this process, a set of standards for acceptable business practices and procedures has been established and is being promulgated to those who are responsible for carrying out the Association’s business. It is important to understand that MPHOA is a mutual benefit corporation under Oregon law, governed by Declarations of Restrictions, Articles of Incorporation and Bylaws. Preeminent in this charter is the requirement to maintain and preserve all of the areas owned in common by the Members and to provide for the future welfare of the Corporation.

This manual includes and makes reference to a variety of documents and precedents from historical actions of the Board and Members as well as being based on State Law and the original CC&Rs adopted when MPHOA was formed. The body of this document is organized in Sections (I through XVI) that describe the governance of these activities. The body of the manual is intended to provide a full and coherent statement of MPHOA governance but without being too long and cumbersome to use. More detailed information about governance is contained in the Appendices, Section XVII. It is anticipated that changes in governance that might be made from time to time will mostly impact the material in the Appendices.

Throughout this manual there are references to specific formal resolutions, votes or other actions of the Board or Members. These are noted in the text with [e.g. B-001] and are listed in the Selected List of Key Precedents and Board Actions (Appendix E).

II. Purpose

The purpose of this document is to delineate the standards for business practices and procedures to be followed by the Members, the Board of Directors (Board) and those acting on its behalf, primarily its Committees and the MPHOA management team (Management). It must be

understood by all parties acting on behalf of the Association that compliance with these standards for business practices and procedures is essential.

III. Served Communities

A. Members

The Bylaws of Mountain Park Homeowners Association (Article III) describe the membership categories for owners and residents in Mountain Park. The individual residents of Mountain Park are either Members or Associate Members of the Association according to the following:

1. Members of Mountain Park Homeowners Association are all owners of a Living Unit in Mountain Park (Single Family, Multiplex, Duplex, Townhouse or Condominium). When voting on matters of the Association, Members have one vote for each Living Unit
2. The owners of undeveloped lots are also Members and have one vote per lot.
3. Associate Members are individuals who reside in Mountain Park as tenants of Members or a Leased Living Unit (apartment) within Mountain Park. Associate Members have no vote in matters of the Association.

B. Residents

Residents are all Members and Associate Members (as defined in III.A above) who reside in Mountain Park. Residents are all individuals living in a Single Family, Multiplex, Duplex, Townhouse or Condominium living unit as well as all tenants of Members or a Leased Living Unit (apartment) within Mountain Park.

Residents may enjoy all of the facilities and programs offered by MPHOA unless restricted by other program or governance policies.

C. Guests

Guests are non-resident individuals who participate in programs or access facilities of MPHOA when invited and accompanied by a Resident of MPHOA.

Guests are subject to the policies of MPHOA.

D. Clients

Clients are individuals who access facilities or participate in programs offered to the general public. Some examples of clients are students of the Pre-School and KidZone programs, patron members, attendees at functions housed in the Clubhouse facilities when rented, participants in concerts and other programs offered to the public.

IV. Process for Setting, Amending and Enforcing Policy (Relationship to Restrictions, Articles of Incorporation and Bylaws)

The primary governance documents for the Mountain Park Homeowners Association are the Declarations of Restrictions, Articles of Incorporation and Bylaws of Mountain Park Homeowners Association (usually called the CC&Rs). These documents were put in place in 1968 and have been amended from time to time since then. The CC&Rs (as formally amended) are available on the Association's website and in the Clubhouse offices.

The CC&Rs present a framework for governance and include a description of some specific requirements, policies and guidelines. However, many issues are not described in detail in the CC&Rs. In Article VII of the Bylaws the Board of Directors is given the authority and responsibility to extend the general policies and restrictions contained in the CC&Rs and to "adopt and publish rules and regulations governing the use of the Common Properties and facilities

provided by the Association, and the personal conduct of members and their guests thereon, and to establish penalties for the infraction thereof.” The Board of Directors is also empowered to “Exercise for the Association all powers, duties and authority vested in or delegated to the Association and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation or the Declaration”. The powers, duties and authority reserved to the membership are described in the Bylaws (Articles III and IV).

The Board of Directors has established policies and rules through a process of formal action on resolutions presented and voted on during meetings of the Board. In many cases, standing and ad-hoc Committees of the Board have developed reports and recommendations that include policies and rules. These recommendations have become policy and rule only after being voted on and approved by the Board of Directors. This Governance and Policy Manual, in the following sections and the Appendices, contains a collection of these actions, policies and rules.

The collection of policies and rules contained in this Manual are intended to be current and complete. Many of the actions and resolutions of the Board of Directors over the years are not included in this document because they are outdated or have been superseded by subsequent actions of the Board of Directors or Members. When, in future, actions of the Board of Directors create new policies or rules, this Manual will be updated accordingly. However, in all cases, the policies and rules of the Board of Directors are always subordinate to, and are intended to be consistent with, the CC&Rs of the Association. Policies that have been adopted by the Board of Directors are presented within specific sections of this document.

The Board policies that have been summarized in this document are listed in Appendix E.

V. Ethical Behavior

A. Code of Conduct (B-001; B-002; B-008)

The Board will at all times act in accordance with the MPHOA Code of Civility (Appendix D).

B. Conflicts of Interest

Members of the Board will strictly avoid any conflict of interest, either real or perceived. Members of the Board must not only excuse themselves in any matter involving the potential award of a contract to a relative or friend, or in any instance where they may have a financial interest, but they must further publicly disclose that relationship to the other members of the Board in a regularly scheduled open meeting, an emergency meeting, or during an executive session, whichever is most expedient and appropriate and which best serves the spirit of this policy.

C. Gifts, Gratuities, Compensation

In keeping with the spirit of openness that the Board seeks to promote, Board members must disclose to the Board acceptance of any gift or gratuity from any contractor or potential contractor regardless of its value or purpose. This requirement to disclose includes lunches, dinners, flowers, golf outings, *etc.* Gifts should be declined when possible.

D. Social Activities

No Association monies may customarily be spent for purely social activities that directly benefit the Board and its members. This prohibition does not, however, apply to the occasional (read “infrequent” or “rare”) need for a “working lunch.”

E. Charitable Contributions (F-009)

MPHOA and its staff are sometimes solicited by individuals or organizations to contribute to various charitable causes. The Articles of Incorporation of Mountain Park Home Owners Association require of its Board of Directors to provide, inter alia, for the maintenance, preservation and operation of the Common Properties, to the exclusive benefit of the Members of Mountain Park community.

Neither the Articles of Incorporation nor the Bylaws provide for any other designation for the properties and funds of the Association. Even if the entity soliciting a charitable contribution were a Member of the Association, the purpose of the contribution cannot be for the advantage of all or most of the Members of the Association. Consequently, use of Association funds for purposes that would not benefit all, or the greatest majority of Members would be in contradiction with the scope and duties of the Association.

All Members, whose beliefs and preferences would be challenged by such contributions, were they made, may not support causes of a charitable nature, in principle. The Board may therefore not contribute in any way or form any donations or liberalities of assets or funds of the Association to any charitable causes or entities.

VI. Board Responsibilities and Duties

In this section the rights, roles and responsibilities of the Board of Directors and its officers are presented. Subsequent sections describe the roles and responsibilities of other individuals and groups involved in MPHOA governance, i.e. the Executive Director and committees. From time to time the Board of Directors will adopt Strategic Plans or Master Plans that present a comprehensive statement of the vision, goals and objectives for the future of MPHOA. Copies of these plans are presented in Appendix A.

A. Board Member

Duties and Authority as per bylaws:

Each Director is a fiduciary of the Mountain Park Homeowners Association and must act in the best interests of the Association and its members, with honest and reasonable care. The Director has the responsibility to govern the Association in a financially prudent manner and oversee the operation of the Association within generally accepted moral and ethical standards such as one would handle its own affairs. The Director must uphold the bylaws and the Articles of Incorporation of the Mountain Park Homeowners Association.

Functions

1. Sets the direction, upholds existing policy, establishes new policy consistent with the CC&Rs of the Association and empowers staff with implementation.
2. Monitors Committees and establishes parameters within which they exercise discretion and acts as liaison with Committees as assigned by the President.
3. Affirms and upholds the Association's mission and value statements.
4. Establishes and monitors short and long-term financial goals.
5. Reviews, approves and monitors the annual budget.
6. Reviews, approves and executes the strategic plan.
7. Hires, supports, monitors, reviews and establishes duties and compensation for the Executive Director and, if necessary, terminates the Executive Director.
8. Treats all Association Members, fellow board members and Association staff with respect.
9. Has the responsibility to promote teamwork, cooperation, transparency and synergy within the Board and MPHOA.

B. President

Duties and Authority as per bylaws:

The President is a member of the Board of Directors and shall preside at the annual meeting of the members of the Association and of all meetings of the Board of Directors. The President shall recommend to the Board of Directors the establishment or dissolution of ad hoc Committees. As prescribed by the Board of Directors, the President shall sign for the Association all contracts and other documents as required and shall perform all acts and duties usually performed by a president. The President will ensure that a strategic framework for operations of the Association is established and maintained through timely strategic plans.

Functions

1. The President formally appoints all Committee chairpersons and Committee members. The formal appointment follows recommendation for these Committee participants from the Committee Chair, Director Liaison and/or the Executive Director. All Committee Chairpersons and members must receive a supporting vote from the Board prior to appointment.
2. Facilitates an environment within the Board of Directors that promotes open and constructive communication.
3. Sets the meeting date to elect officers according to the Articles of Incorporation.
4. Reports on the Association's activities during the preceding year.
5. Assures that any vacancy occurring on the Board is filled by the affirmative vote of a majority of the remaining Directors.
6. Provides, along with the Executive Director, orientation to newly elected Directors.
7. Provides direction, oversight and ongoing guidance to the Executive Director.
8. Acts as the official voice of the Board of Directors and the Mountain Park Homeowners Association.
9. Serves as ex-officio member of all Committees unless three other Directors are on the Committee.
10. Corresponds with Association members in writing as necessary.
11. Attends Association events such as Volunteer Brunch and Employee Service Awards.

C. Vice President

Duties and Authority as per bylaws:

The Vice President is a member of the Board of Directors and, in the absence or disability of the 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 President or Board of Directors.

Functions

1. Monitors Board activities, ongoing projects and critical issues arising throughout the year.
2. Keeps or causes to be kept a complete record of all meetings of the Association and of the Board of Directors.
3. Maintains the Association's policy manual, ensuring all Board motions, policies and Committee charters are up-to-date.

D. Secretary/Treasurer

Duties and Authority as per bylaws:

The Secretary/Treasurer is a member of the Board of Directors and shall keep such records, make such reports and perform such other duties as may be required from time-to-time by the Board of Directors.

Functions

1. Works with designated staff members to supervise the Association's finances.
2. Maintains an in-depth understanding of the Association's financial statements and budgets and maintains current knowledge of financial results as the year progresses.
3. Maintains in-depth understanding of Association's fund accounts.
4. Monitors staff approach to significant budget variances.
5. Ensures Board action complies with Financial Policy.
6. Establishes and chairs Finance Committee.
7. Has a constructive working relationship with audit firm personnel. May hold executive sessions with auditors as appropriate.
8. Reviews audited Association financial statements.
9. Prepares Annual Treasurer's Report for the Association.
10. Presents Treasurer's Report at Annual Meeting.
11. Signs official documents on behalf of the Board.

VII. Exercising Board Authority

A. Statement of Responsibilities.

In general, the responsibilities of the Board of Directors are according to CC&Rs article VII 7.2 a-e to maintain and otherwise manage all of the common area and all facilities, improvements and landscaping thereon, including interior and exterior maintenance of all common area buildings; contract for goods and/or services for the common area or for the Association; employ a managing agent or such other employees as it deems necessary; prepare budgets, financial statements, other reports or audits; obtain and maintain in force policies of insurance; levy assessments on the owners and enforce payment of such assessments; keep a record of all its acts and the corporate affairs of the Association; delegate its powers to Committees, officers or employees of the Association; exercise for the Association all powers, duties and authority vested in, or delegated to, the Association which is not reserved for the members; and cause such other duties of the Association as are set forth in the By-Laws or the Declaration to be performed. This is not a complete list of responsibilities that may arise.

B. Setting Policy

To facilitate the fulfillment of the Board's responsibilities the Board establishes policies and procedures. Policies and procedures may be new or revisions of established policies and procedures.

C. Exceptions to Policy (B-003)

Article VII of the Bylaws sets the powers and duties of the Board of Directors, which include the adoption and publishing of rules and regulations governing the use of the Common Properties and facilities provided by the Association, and the personal conduct of members and their guests. In reliance upon this authority, the Board has adopted certain policies from time to time. The Board recognizes that policies are intended to cover most situations for which they are adopted, but the established policies may not fit certain situations. Situations or circumstances may arise under which the Board believes that diversion from or amendment of those policies may be necessary for expediency or the general benefit of the Association.

The Board may, in the exercise of its judgment, take exception from the terms of its established and published policies, when it finds that such action is in the best interests of the Association, for expediency, or to protect the members of the Association, its property or the public. If the Board takes such action to existing policy as an exception, it must be on a case-by-case basis. All exceptions should be documented by written findings justifying the exception.

D. Delegating

From time to time the Board may delegate to an individual, group, or entity the authority to act on its behalf to address a particular issue; however, in no instance may the Board delegate responsibility. The Board is the body that bears the ultimate responsibility for anything and everything falling under its purview as delineated in the By-Laws, Declaration and the Articles of Incorporation.

E. Communication (B-001)

All print communications (letters, articles, mailings and internet) between Board members and the public pertaining to the Association business must be approved by the Board prior to publication. This requirement also applies to public presentations by Board members. The Board may either (1) review and approve an article or (2) assign someone the task of preparing an article and submitting an article without further review. Board members are not to publish their personal opinions on Association matters without Board consent. (3) The Board President is allowed to make a statement on behalf of the MPHOA without prior approval from the Board (B-002).

This requirement is not intended to prevent Board members from responding to questions from members of the Association or dialoguing with members, so long as directors adhere to the principle that they will support decisions of the Board.

This requirement is not intended to prevent directors from going public with conduct they view as unethical or otherwise improper. Board members have an obligation to report unethical conducts. In such a case, however, the director opposing the board must state clearly that his opposition to board conduct or policy is on ethical grounds. Furthermore, he/she must indicate what about the board conduct or policy is unethical or improper.

F. Relationship to Executive Director (B-004)

The nature of the Board's responsibilities and the daily management requirements make it necessary for the Board to depend heavily upon the Executive Director to perform the everyday managerial functions of the Association. All Board Members must be sensitive to the appropriate roles of the Board and the Executive Director. As defined above, the Board has clear but limited responsibilities that are focused on strategy and policy – not operation of Mountain Park Homeowners Association. The Executive Director is responsible for the day-to-day operation, all staff hiring and performance, and successful implementation of policies and strategy.

It is especially important for the Board to avoid micromanagement of the Association operations. The Board members should not:

- Be involved with the selection of vendors;
- Participate in staff hiring and defining job descriptions (besides the Executive Director's);
- Approve individual staff salaries;

- Contact staff members directly for information - without explicitly being invited by the Executive Director;
- Create committees that duplicate staff work;
- Send a Board representative to staff meetings;

G. Relationship to Retained Counsel

The Association is subject to many laws that govern its structure, business practices, relationship to employees and other issues. Board members, both individually and collectively, must have a keen appreciation of the importance of the law in carrying out its responsibilities. Accordingly, it is essential that members of the Board become familiar with the basic tenets of the law as it applies to common interest developments such as MPHOA and other important legal canons such as the client-lawyer privilege. The Board should look to legal counsel for guidance on these and other legal issues. If there is any doubt as to the legal implications of any issue, counsel should be consulted. Board members should come to think of counsel as an adjunct member of the Board, whose role is to see that the interests of the Board and the Association are protected.

The Board of Directors retains all legal counsel to MPHOA. The Executive Director may identify a need for legal counsel and may make recommendations for an appointment, but the final decision and responsibility rests with the Board.

H. Legal Advice Procedures (B-009)

Any consultation with an attorney or written opinion obtained from an attorney is considered legal advice and must follow the procedures outlined below.

1. Requests to obtain legal advice must be approved by the Board ahead of time unless it is an emergency.
2. Prior to obtaining the legal advice a document must be prepared following the template "Request for Legal Advice" which appears in Appendix D. The Board member(s) most familiar with the issue, facts, and context should participate in formulating the request and in any attorney meetings regarding the issue.
3. Requests for legal advice should occur in person or via conference call. Email should not be used except for the simplest type of questions.
4. Each discussion with legal counsel must be documented and must include the attorney advice discussed at the meeting. If a Board member, rather than the attorney, documents the consultation, the document should then be reviewed and confirmed by the attorney to ensure correct understanding.
5. Requests for legal advice must be done by the Board (minimum of two Board members present) or the Executive Director. Committees can request attorney opinions through the Board, but Board members are the actual liaisons with the attorney.
6. All legal advice must be indexed, saved digitally and easily accessible in MPHOA official files.
7. The Executive Director has responsibility for archiving and making the legal advice documents available for review as needed.
8. The Board Liaison to each committee is responsible for providing the Board's decisions which implement the legal advice to the affected committee in order that the committee record and follow this precedent in future decisions.

VIII. Board Meetings

A. Conducting Meetings

With the exception of executive sessions to consider litigation, formation of contracts, member discipline and personnel matters, Board meetings are to be open to all Members. Matters discussed in executive session should be generally noted in the Board minutes.

B. Definition of a Meeting

A meeting of the Board includes any congregation of a majority of the members of the Board at the same time and place to hear, to discuss or to deliberate upon any item of business scheduled to be heard by the Board, except those matters previously addressed which may be discussed in executive session. A Board meeting will include all gatherings of Board members, including workshops and informal meetings; such meetings will be considered formal board meetings, and Members are entitled to attend, except for executive sessions. Two types of meetings are:

1. Regular meeting
 - Date set in advance by resolution of board
 - 3 days of notice required
 - MPOHA office will publish an annual calendar of the scheduled regular meetings
 - Any business may be transacted
2. Special meeting
 - May be called by President
 - Must be called at request of two directors
 - 3 days of notice required
 - Any business may be transacted

C. Emergency Meeting

Emergency meetings of the Board may be called by the President or by any two members of the Board other than the President. An emergency meeting is justified only when circumstances could not have been reasonably foreseen and require immediate attention and possible Board action. It is not necessary to provide notice to Members for an emergency meeting. Unless the meeting qualifies as an executive session, the Board may meet in emergency session only if it can be documented that the subject of the meeting and circumstances leading to its necessity could not have been reasonably foreseen and required immediate attention. Documentation of the reasons for the emergency meeting is required to be in the minutes of the meeting. For emergency meetings:

- No notice required / Nature of emergency must be stated in minutes (94.640.8.b)
- Only meeting that may be telephonic (94.640.8.c)
- May be called by President
- Must be called at request of two directors
- May only deal directly with the emergency

D. Action without meeting

Any action may be taken with written approval of ALL directors (CC&Rs & ORS 65). Unanimous electronic record of a vote is acceptable.

E. Quorum requirement

All meetings require the attendance of four Directors. To approve any formal action the affirmative votes of four Directors is required.

Notice may be given by posting the notice on the Association website, by mail or by newsletter or similar means of communication.

F. Parliamentary Procedures

Meetings of MPHOA, its Board of Directors and Committees will, in general, be conducted consistent with the standards and rules of Robert's Rules of Order and the Parliamentary Procedure for Home Owners Associations. (See Appendix B)

IX. Board of Directors Processes

A. Election of Directors and Officers

At the first meeting of the Board of Directors following an Annual Meeting, officers of the Board will be elected. Consistent with Robert's Rules of Order, the election of officers will be done as follows. The presiding officer (prior President if still a member of the Board or the longest-serving Board member) begins the election process by asking for nominations for the presidency.

1. any Board member can bring forth a nomination. A person can nominate himself or herself and the president may nominate.
2. a nomination does not need a second.
3. a member can decline the nomination during the nominating process.
4. the president continues presiding, even if he or she is one of the nominees for the office.
5. the president closes nominations when no further nominations come forward and declares the nominees for the presidency.
6. the president then asks the Directors how they vote for each nominated candidate by the raising of hands, with the president voting as well.
7. the candidate with the most votes becomes the president. A majority is not needed. In case of a tie, the vote is done again with the candidate with the least votes being eliminated.
8. after the president is selected, he or she takes over the meeting and proceeds with the selection of the vice-president and secretary-treasurer.
9. a member can be nominated for more than one office but can only be selected for one office.

B. Monitoring

In order to be fully informed it is essential that the Board of Directors routinely monitor the business of the Association. Appropriate monitoring includes distribution by the Executive Director of monthly financials, key performance indicators, etc.

C. Relationship to Committees

Committees as outlined in this Policy Manual serve a vital function in the decision process and actions of the Board. Committees are expected to act independently in the routine performance of their responsibilities after receiving policy and philosophical guidance from the Board. Committees are also expected to report to the Board routinely regarding actions taken and to obtain appropriate approvals when the circumstances dictate.

The Board may delegate to Committees the authority to make decisions on behalf of the Board as described in the policies contained in Appendix D. All Committee decisions are subject to approval by the Board, if required, and all decisions of Committees may be appealed to the Board.

D. Relationship to Homeowners

The Board members must always keep in mind that they serve at the pleasure of the Association's Members and it is the Association's Members who should be the central focus of all decisions made by the Board. The Board must continually remind itself of its fiduciary relationship to the homeowners in this regard. A most important responsibility is keeping the Association's Members informed. To that end, a number of different methods will be employed (*i.e.*, Board Meetings, Minutes of Board Meetings, Annual Meetings, Open Forums, Newsletters, special mailings, *etc.*) to ensure that Association Members are fully and forthrightly appraised of all matters related to the allocation and expenditure of the Association's funds.

E. Project Management Policy (B-005)

All projects must be managed and implemented according to sound business practices. Guidelines have been established for the types of projects that need to be structured and reviewed following established procedures.

Refer to Appendix D for the Project Management Procedures document.

X. Meetings of Members (M-006)

Overview of Meetings of the Members of the Association

The Bylaws of Mountain Park Homeowners Association (Article IV) describe the requirements and structure for meetings of the Members of the Association. The following sections describe the policies and practices that have developed consistent with the Bylaws.

A. Annual Meeting

The annual meeting of the Members shall be held at such date and time in the month of March of each year as may be prescribed by the Board of Directors. Consistent with the Bylaw requirement, the Annual Meeting must be held in Clackamas or Multnomah Counties.

B. Special Meetings

Special meetings of the Members may be called at any time by the Board of Directors. Upon written request from one-quarter of the votes of the Association Members, the Board of Directors must call a Special Meeting.

C. Meeting Notice

Notice of all meetings of Members shall be mailed to all Members not less than seven days nor more than 50 days prior to the date of such meeting. The notice of the meeting shall specify the place, day and hour of the meeting and provide an agenda or statement of purpose for the meeting.

When matters listed below are to be considered, the notification period is changed to be not less than 30 days nor more than 50 days with respect to any meeting.

- Additions to the Properties,
- Dedication, sale or transfer of any part of the Common Properties,

- Merger or consolidation;
- Mortgage of any part of the Common Properties,
- Dissolution of the Association,
- Levy of special assessment for capital improvements or change in maximum annual assessment.

D. Quorum

A quorum will require the presence at any meeting of Members entitled to cast one-tenth of the votes. For the purpose of defining a quorum, presence can be in person or by proxy.

E. Special Quorum Requirements for Certain Issues

For a Meeting to consider the issues listed in paragraph X.C above called “Meeting Notice”, a quorum will be 60% of those Members entitled vote.

F. Proxies

A Member may vote in person or by proxy executed in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically terminate upon termination of Membership.

XI. Committees

Committees as outlined in this Policy Manual serve a vital function in the decision process and actions of the Board. Committees are expected to act independently in the routine performance of their responsibilities after receiving policy and philosophical guidance from the Board. Committees are also expected to report to the Board routinely regarding actions taken and to obtain appropriate approvals when the circumstances dictate. The Committee Charters (Appendix C) describe the specific responsibilities of each committee. These Charters may be revised from time to time and all revisions must be adopted by the Board. Normal practice will be to review and update each Charter annually.

The Board may delegate to Committees the authority to make decisions on behalf of the Board as described in the Committee charters contained in Appendix C. All Committee decisions are subject to approval by the Board, if required, and all decisions of Committees may be appealed to the Board.

A. Role and Responsibilities of Committees and Members (B-006)

Roles and Responsibilities of Committees and members are described in the document Committee Responsibilities and Duties in Appendix D.

B. Removal of Committee Members

The Board may require the resignation of a Committee chairperson or member following a majority vote by the Board members.

C. Standing Committees Charters (B-007)

See Appendix C for the Committee Charter outline to be used.

1. Architectural Review Committee
2. Clubhouse Committee
3. Common Property Committee
4. Home Maintenance Committee

5. Finance Committee
6. Reserve Committee
7. Select (Ad Hoc) Committees

D. Committee Policy Documents

See Appendix D

XII. Executive Director

The Executive Director functions as the general manager of all aspects of the Mountain Park Homeowners Association and acts as the liaison between its Board of Directors, members, guests, employees, community, government and industry. The Executive Director coordinates and administers the Association's policies as defined by its Board of Directors, develops operating policies and procedures and directs the work of all department managers. A priority is oversight of financial management that develops, implements, and monitors the budget and programs to protect the MPHOA assets, including facilities and equipment. Essential Duties and Responsibilities include the following. Additional duties may be assigned:

Operations

1. Plans, develops and approves specific operational policies, programs, procedures and methods to ensure compliance with the CCRs and policies established by the Board of Directors.
2. Ensures that MPHOA is operated in accordance with all applicable local, state and federal laws.
3. Develops and monitors the quality of the programs, services and events offered to members and their guest and ensure member satisfaction.
4. Resolves member conflict and member service matters.
5. Manages the care, cleanliness and maintenance of all of MPHOA's physical assets, facilities and grounds.
6. Works with subordinate department heads to schedule, supervise and direct the work of all employees.
7. Gives direction to and work closely with vendors, outside contractors, firms and individuals providing services to the club.
8. Manages the Manager on Duty program and participates as needed.

Human Resources

1. Develops and disseminates MPHOA's management philosophy to guide all employees toward optimal operating results, employee morale and member satisfaction.
2. Recruits, hires and terminates employees.
3. Provides and support employee development, coaching and training.
4. Develops and enforces HR policy.
5. Provides employee performance evaluations and improvement systems.
6. Manages employee relations.
7. Administers employee benefits.

Policies and Procedures

1. Implements the association's statutory as well as general policies and procedures established by the Board of Directors.
2. Ensures the policies and procedures evolve with the Association, updating them as necessary.

3. Interprets the policies and procedures to cover any areas of uncertainty that might present during the association's operations.

Planning Administration

1. Provides leadership and vision to the organization by assisting the Board and staff with the development of strategic direction through long range and annual plans, and with the evaluation and reporting of progress on plans.
2. Manages preparation of an annual report summarizing progress on short- and long-range plans.
3. Attends and participates in board meetings, present monthly financial reports, and assist in administrative tasks.
4. Serves as the recording Secretary of the Board.
5. Serves on all MPHOA Committees as needed.
6. Serves as liaison between all staff and the board.
7. Ensure accurate documentation and record keeping of MPHOA data;
8. Researches and writes discussion papers, analysis documents and proposals as needed to assist the organization in determining and meeting its long- and short-term goals.
9. Performs other duties as directed by the Board of Directors.

Financial Management

1. Manages preparation of annual operations and reserves budget, monthly financial statements and the annual audit.
2. Provides vision and leadership in long-range fiscal planning to ensure the continuity and solvency of the Association.
3. Provides recommendations regarding effective utilization of long- and short-term debt, including refinancing and purchasing/sales.
4. Updates and maintains Reserve Study annually.
5. Manages collection of assessments from residents, including lien and legal notices.
6. Analyzes financial statements, manage cash flow and establish controls to safeguard funds. Reviews income and costs relative to goals; takes corrective action as necessary.
7. Performs competitive analyses on MPHOBAs, fitness clubs and other businesses through personal observations and historical reports.
8. Arranges for and obtains bids and oversees activities of contract service representatives. Negotiates and recommends Board approval for contracts.
9. Maintains point-of-contact with MPHOBAs legal, insurance and banking services.

XIII. Finance

A. Assessments (F-001)

Each year the Board adopts an annual budget to cover expenses and capital expenditures of the Association. The budget serves as the basis for determining the Annual Assessment for each Member of the association. Each fall, the Board will set the base assessment for the following year at a level not to exceed the Maximum Annual Assessment for that year. The annual assessment for each detached single-family dwelling will be equal to the base assessment. The annual assessment for each living unit will be determined by multiplying the assessment ratio for that unit by the base assessment.

1. Definitions

Maximum annual assessment means the limit, set by the members of the Association that the base assessment may not exceed.

CPI means the non-seasonally adjusted Consumer Price Index for the Portland – Salem area as published by the U.S. Bureau of Labor Statistics.

Base assessment means the assessment set by the Board each year for single family detached dwellings.

Assessment ratio is the percentage of the base assessment that each living unit must pay.

2. Maximum Annual Assessment

The Annual Assessment may be set at or below the maximum annual assessment. Without a vote of the membership, the Board can adjust the maximum annual assessment up to an amount equal to the cost of the cumulative living increase over a baseline year as determined by the Consumer Price Index for All Urban Consumers (CPI-U) not to exceed five percent (5%) per annum. The following is the procedure on how to set the maximum annual assessment from year to year.

Pursuant to a vote of the members at the March 2008 annual meeting, the Maximum Annual Assessment (MAA) automatically increases each year based on the CPI. The MAA for the following year will be determined each fall using the mid-year CPI's, referred to as HALF1 in CPI tables, for the current year and the preceding year. Except for the situations specified in sections 1 & 2 below, the MAA for the following year will be determined by the following formula:

$$\text{Future MAA} = \text{Current MAA} \times \frac{\text{CPI, HALF1 for current year}}{\text{CPI, HALF1 for preceding year}}$$

(1) If deflation occurs, that is the CPI for the current year is less than the CPI for the previous year, then the MAA for the following year will be left at the current level.

(2) If the increase in CPI exceeds 5%, that is

$$\frac{\text{CPI, HALF1 for current year}}{\text{CPI, HALF1 for preceding year}} > 1.05,$$

then the MAA for the following year will be determined by the following formula:

$$\text{Future MAA} = \text{Current MAA} \times 1.05$$

3. Assessment Ratios

The assessment ratio for each living unit shall be set by the Board according to the criteria specified in Article V, Section 3 of the Declaration. Once set, the assessment ratio for each unit carries forward from year to year until changed by the Board. The assessment ratios for different living units are:

- Single Family Unit 1.0
- Duplex Unit 0.8
- Townhouses/Condominiums * 0.8
- Condominium (> one living unit high) 0.5
- Apartments 0.5

*Note that townhouses without amenities are not entitled to reduction in their assessment below that of detached dwellings

4. Billing (F-002) (F-003)

MPHOA operates with a semiannual billing cycle with due dates of January 1 and July 1

of each year. Statements are sent to Members at least 30 days prior to the due date. MPHOA offers monthly billing to Members who are enrolled in the direct debit (ACH) plan. No additional fees are charged for the monthly payment plan.

When a payment is judged to be late, MPHOA is authorized to assess an additional \$50 collection fee and to charge interest on late payments of 7% per annum.

5. Collection of Unpaid MPHOA Assessments (F-004, F-008)

In the event that there is a serious delinquency in payments, the Association is authorized to place a lien on the property and to place the account with an attorney for collection. MPHOA has a formal agreement in place with our attorney to implement this policy.

Consistent with Article IV Section 3 sub C, MPHOA is authorized to suspend the enjoyment rights of any member for any period during which any assessment remains unpaid and for any period, not to exceed thirty days, for any infraction of its published rules and regulations (see Appendix D).

B. Bad Debt

Delinquent assessments receivable should be analyzed from time to time to determine collectability. Uncollectable debt should be classified as bad debt when the attorney in charge of collections informs the Association that the case is closed and collections efforts have ceased. The Finance Committee will review the status of bad debt at least once a year and, when appropriate, recommend to the Board that certain bad debt should be written off as uncollectable. The annual operating budget should include a bad debt allowance.

C. Budget

Annually the Association prepares and adopts an operating budget and a reserves budget for the ensuing fiscal year. The budget is proposed by the Executive Director based on review with the Board and staff of the strategic plan, Key Performance Indicators and the overall financial status of MPHOA.

The Executive Director will meet with and present a draft budget to the Finance Committee at least 60 days prior to the beginning of a new budget cycle. Following review, the Finance Committee will present a draft budget to the Board at least 30 days prior to the beginning of a new budget cycle. The Board will adopt a budget prior to the beginning of a new budget cycle.

D. Financial Reporting to the Board

Financial reports are prepared on the accrual method; the reports show the revenue of the period earned and expenses in the period incurred. On a monthly basis the Board is given the following financial reports:

- Balance Sheet
- Statement of revenues and expenses that reflects the budget to actual comparison.
- Cash Flow statement
- Reserve Report

In addition, the Board may request a Key Performance Indicators report that includes data from the period about usage of the services and programs.

E. Annual Financial Reporting/Audit

The Association is subject to annual financial reporting requirements. An independent CPA is required to perform auditing procedures as promulgated by G.A.A.P, to enable the CPA to express an opinion as to the fairness of the financial information. Any weaknesses in internal controls and other operational efficiency comments should be communicated via a management letter to the Board.

Upon completion of the audit, the Board of Directors' President or Treasurer and the Executive Director will be required to sign a client representation letter and to review and approve and sign off on any proposed adjusting journal entries prepared by the CPA. The client representation letter from the Association's management states that all questions and information provided for the audit have been answered fully and truthfully and acknowledges that management is responsible for and agrees with and understands the listed items in the letter.

F. Insurance

The Association should engage an insurance broker to assist in acquiring insurance that is appropriate for the risks and requirements of MPHOA. The Executive Director should request an annual meeting with the insurance broker to discuss the insurance coverage including replacement costs, director's and officer's liability coverage, workers comp insurance, property and liability coverage. In addition, it is appropriate to conduct an annual review of claims.

The Executive Director will report on recommended insurance coverage to the Finance Committee and, through this Committee, to the Board.

G. Contracts and Signing Authority (F-006, F-007)

Insurance Contracts, Benefit Plans, Consulting Services and Maintenance Service Agreements related to routine operations of Mountain Park HOA require prior budget approval by the Board of Directors and must be signed for by the Executive Director.

Any Contract in excess of \$5,000.00 must be signed for by the Executive Director and one authorized member of the Board of Directors. **Annual Vendor Bid Reviews are strongly recommended.* The signing requirement for contracts is tabulated below.

Contract Type	Exceed \$1,000	Benefit < 3 years	Co-signed by Officer	Board approval	Proposal required
Operating tools & expenses	No	yes	No	Operations budget	no
Reserve items	Yes	no	Yes		Yes
Insurance & benefit plans	Yes	yes	Yes	Operations budget	Yes
Consulting services	No/yes		Yes	Yes if exceeds \$1,000	Yes
Maintenance contracts		Yes	No	Operations budget	Yes
Special Projects				Yes if exceeds \$1,000	Yes

Irregular or unique Project Components, Contracts and Agreements specific to a project will require Project Budget approval by the Board of Directors. This category of equipment

and/or services shall be purchased by written quote or proposal and signed for by the Executive Director and an authorized member of the Board of Directors.

Authorized members of the Board of Directors for the purposes of signature or contract approval are the President, Vice President and Secretary/Treasurer. In the absence of the Executive Director, contracts and agreements may be signed by two authorized members of the Board of Directors.

H. Checks (F-005)

MPHOA policy requires two authorized signatures on all checks. Checks are to be signed by the appropriate staff member, the Executive Director, and one of the three Board Officers — President, Vice President, or Secretary/Treasurer. In absence if the Executive Director, two Board Officers may sign the check. Bank signature cards should be updated after the annual election of the officers.

All checks received will be endorsed for deposit only. Voided checks will be properly disposed. Blank checks may not be signed and must be stored in a locked cabinet.

I. Funds

Financial management and records for the Mountain Park Homeowners Association will be based on Fund Accounting principles and methods. The following funds will be used:

1. Operations Fund

The operations fund is to pay for all expenses as budgeted in the operations budget.

2. Operations Contingency Fund

This fund is established to:

- Cover short-term cash flow shortages.
- Cover unexpected and/or urgent operations expenditures that are not within the budget (e.g. rate hike in insurance premiums, attorney fees, natural emergencies, etc.).
- Cover shortfalls of possible losses in income.

3. Mandatory Reserves Fund

The mandatory reserves fund is established to fund all capital expenses scheduled per the reserve study.

J. Allocation of Excess Monies

Annually the Board will review the allocation of excess monies (amount is determined in the annual financial report as the excess of revenues over expenses + depreciation). The monies may be allocated to MPHOA funds listed in order of priority and/ or, based on the fulfillment of the target balance levels of these funds.

K. Financial Decision Tree

Annually the Board will review the allocation of excess monies (amount is determined in the annual financial report as the excess of revenues over expenses + depreciation). The monies may be allocated to MPHOA funds listed in order of priority and/or, based on the fulfillment of the target balance levels of these funds.

L. Reserves (see Appendix C and Appendix D)

1. Investments (F-010)

The Executive Director, acting with the advice and authorization from the Board of

Directors, will be responsible for management of excess cash and other funds available for investment. The overriding principle for investment management will be preservation of capital.

Consistent with this policy, the only approved instruments will be certificates of deposit, savings accounts and similar vehicles available through banks and institutions insured by FDIC.

M. Capitalization Policy for Purchased Assets

Capitalization is the recognition on the balance sheet of the Association's property and equipment. Real estate and common properties of the Association are not capitalized on the financial statements because these assets are not recognized under G.A.A.P. G.A.A.P restricts capitalization for assets that the Association will not dispose of in the ordinary course of business.

The purchased assets that can be capitalized should be depreciated over the estimated useful life of the asset on a straight-line basis. For MPHOA the only capitalized assets are those having the following criteria:

- The Association has clear title or other evidence of ownership
- The Association can dispose of the property for cash
- The equipment is used by the Association to generate cash from non-member sources.
- The item must have a value of at least \$5,000.

XIV. Association Records

A. Record Retention

The Association should establish a record retention policy based on advice from the auditor, human resources attorney and other advisors. All records are stored on site and/or safeguarded electronically.

B. Access to Records and Member Privacy

Amended (March 19, 2009) Article 11.1 of the bylaws states: "Access to the records of the Association by its Members shall be governed by applicable sections of the Oregon Revised Statutes. The Board shall establish and publish policies consistent with the law that assure Member access to information while protecting individual privacy."

<http://www.oregonlaws.org/ors/94.670>

Records kept by or on behalf of the association may be withheld from examination and duplication to the extent the records concern:

(A) Personnel matters relating to a specific identified person or a person's medical records.

(B) Contracts, leases and other business transactions that are currently under negotiation to purchase or provide goods or services.

(C) Communications with legal counsel that relate to matters specified in subparagraphs (A) and (B) of this paragraph and the rights and duties of the association regarding existing or potential litigation or criminal matters.

(D) Disclosure of information in violation of law.

(E) Documents, correspondence or management or board reports compiled for or on behalf of the association or the board of directors by its agents or Committees for consideration by the board of directors in executive session held in accordance with ORS 94.640 (Association board of

directors) (7).

(F) Documents, correspondence or other matters considered by the board of directors in executive session held in accordance with ORS 94.640 (Association board of directors) (7).

(G) Files of individual owners, other than those of a requesting owner or requesting mortgagee of an individual owner, including any individual owner's files kept by or on behalf of the Association.

C. Access to Documents (M-001)

Members have a right to copies of the following accessible information of the Association: a) Board of Director meeting and Committee meeting minutes, and b) policies. All requests for copies of Association documentation of accessible information are to be made to the Executive Director. Requests for the most recently approved minutes of the Board or Committees meetings will be available no later than one working day following a meeting. Requests for documents of more than four pages may not be available sooner than seven business days. If information other than the accessible information described above is requested, a written request must be submitted to the Board of Directors.

D. Member List Policy (M-002)

Members of the Mountain Park Homeowners Association and their designated agents have the right to inspect and or copy an alphabetical list of Members of the Association and addresses (only) subject to the following restrictions. The list may not be:

- a. Used to solicit money or property unless such money or property will be used solely to solicit the vote of the Members in an election to be held by the Association;
- b. Used for commercial purpose;
- c. Sold or purchased by any person; or
- d. Obtained or used by any person for any purpose unrelated to a Member's interest as a Member, without consent of the Board of Directors.
- e. To request a copy of the membership list, the requesting Member must complete and submit a board-approved form containing the following elements:
 - 1) The name and address of the Member requesting the list;
 - 2) The name of the Member's designated agent (if any);
 - 3) Purpose for which the list is requested;
 - 4) The format in which the Member would like to receive the list (there may be a charge for certain formats such as mailing labels);
 - 5) The list of restrictions;
 - 6) A signed statement indicating agreement to abide by the restrictions.

The list will be provided within five business days after the Association receives the request, provide that the purpose of the request conforms to the restrictions listed above. Board approval is not required if the stated purpose of the request is to communicate with the membership regarding Association business or some other similar purpose which conforms to the restrictions listed above. If the Executive Director feels that the purpose of the request is not appropriate, he/she will consult the President of the Board. No request will be denied without a formal vote of the Board of Directors supporting the denial.

There will be no charge to inspect the list on the premises. For copies of the list, Members will be charged an amount that covers the cost of labor and materials to prepare the copies.

Special Policy on Access to Member Lists When a Meeting of the Association Has Been Called – Following an announcement calling a meeting of the Members of the Association and until that meeting is held, the policy on Member Lists will be modified in the following way:

- 1) Within two (not five) business days of when notice of the meeting is given, the list will be available for inspection by any Member;
- 2) Requests for copies will be filled within two business days after a written request on a Board approved form is received.

XV. General Policies

A. Employment of Members or Residents (M-003)

MPHOA, through its Executive Director may employ homeowners or residents. If employed, a homeowner or resident will be asked by the Executive Director to sign a confidentiality agreement certifying that all information acquired as a consequence of employment will be kept in the strictest confidence. Failure to do so may result in termination. The MPHOA Executive Director may be a homeowner or resident of Mountain Park.

B. Smoking on MPHOA Properties (M-004) M-005)

No smoking is permitted in any facilities of the MPHOA Community Center or on the adjacent parking lots or access streets within the Common Property. No smoking is permitted on any of the Common Properties of MPHOA including all parks, trails and playgrounds.

C. Parliamentary Procedures

Meetings of MPHOA, its Board of Directors and Committees will, in general, be conducted consistent with the standards and rules of Robert's Rules of Order and the Parliamentary Procedure for Home Owners Associations. A summary of these rules is contained in Appendix B.

XVI. Management and Operations (S-001) (S-002)

The structure of Management, including the job descriptions for staff and the operating procedures of Management, are included located on the Employee Share Drive.

XVII. Appendices

Appendix A. Strategic Plans and Master Plans

- Strategic Plan
- Common Property Master Plan

Appendix B. Parliamentary Procedure

- Robert's Rules of Order for Homeowners Associations

Appendix C. Committee Charters (B-007)

MPHOA has adopted a process for structuring Committee Charters that provides consistency in describing the following issues for each committee:

- A. Purpose
- B. Composition, Liaison to the Board of Directors, Quorum
- C. Responsibilities and Tasks
 - a. Training covering key documents
- D. Operating Standards and Processes
- E. Meeting Announcement, Frequency and Location
- F. Committee Budget
- G. Reports – contents and frequency
- H. Approved Exceptions

Committees are expected to review and, if necessary, revise the Committee Charter annually.

- Architectural Review Committee Charter
- Clubhouse Committee Charter
- Common Property Committee Charter
- Home Maintenance Committee Charter
- Finance Committee Charter
- Reserves Committee Charter

Appendix D. Policy Documents; Rules and Enforcement

The following policies have been adopted by the Mountain Park Board of Directors and represent the current enforceable rules applicable within MPHOA. The rules, procedures and policies are consistent with the MPHOA CC&Rs and, when appropriate, laws of other jurisdictions, including the State of Oregon.

These rules may be changed from time to time through a formal action of the Board. Normal practice will be to review and confirm the rules annually. Any changes to the rules will only become effective after the change in rules has been sent in written form to all Members.

- Committee Responsibility and Duties
- Architectural Policy and Procedures
- Standards for Mountain Park Clubhouse
- Policies and Practices of the Common Property Committee
- Standards for Home Maintenance
- Code of Civility
- Project Management Procedures
- Request for Legal Advice Template

Appendix E. Board Adopted Policies referenced within this document