

Published April 2022

High Lostine Owners Association *Companion Document*
CC&R Supplemental Information Including:
Policies, Procedures, and Interpretations

Substantive Changes After 08 28 2021 (Last published version):

- Section 10.5.11: Clarified language for HLOA/Owner cost sharing for water meter and setter installation.

Substantive Changes after the 02 07 2020 – 08 28 2021:

- Section 8: Financial policies adopted and included in appendix
- Section 8.6: Assessments more than 210 days overdue may be enforced with denial of water service and building approval
- Section 10.2: Rental restrictions amended to include maximum of five homes at a time
- Section 10.5.2: Owner pet responsibility to prevent nuisance restated from CC&Rs
- Section 10.5.11 Water System: Policy added providing that private water tanks for fire may be filled without charge annually
- Section 11: Right of Entry and Fines policy added
- Additional Information and Resources: Disclaimer and recommendations regarding fire preparedness
- Text boxes for “pending” items eliminated

Substantive Changes 06 01 2017 – 02 07 2020:

- Updated Purpose
- Section 3.3.8: insurance added
- Section 3.3.11: committees’ and their authority defined
- Section 4: owners’ contact information removed from website, method of communicating with owners specified
- Section 6.15: board procedure for email voting specified
- Section 8.4: reserve fund added to financial accounts
- Section 8.6: enforcement of assessments procedures clarified
- Section 9 General Guidelines (4)(a)(i): application of setbacks to non-HLOA boundaries clarified
- Section 10.2: Rental restrictions added
- Section 10.5.2: Keeping pack animals prohibited with one exception
- Section 10.5.11 Water System: Water meter requirements and payment changed; policy for shutting off water changed; sprinkler limitations added; 30-year plan references added.
- Additional Information and Resources: Referral and disclaimer regarding living with wildlife

Table of Contents

Purpose of This Document

Vision of the High Lostine Owners Association

CC&R Supplemental Material

Section 3: Membership including Association Formation, Duties and Powers

Section 4: Owners

Section 5: Meetings of Owners

Section 6: Board of Directors

Section 7: Officers

Section 8: Assessments and Finances

Section 9: Architectural and Design Control

Section 10: Property Use and Restrictions (Including Water System)

Section 11: Right of Entry; Fines

Common Areas: Tamarack Lane, Lots 1100 and 3500

Conflict/Dispute Resolution Guidelines

Additional Information and Resources

Appendix: Financial Policies and Procedures

Purpose of this document

The Covenants, Conditions and Restrictions (CC&Rs) establish legal limits that accompany the deed to land within the High Lostine Subdivision. These CC&Rs reside at the Wallowa County Courthouse, and are the final, official authority (subject to state and federal laws) in settling issues and disputes regarding how the lots are developed and used. The High Lostine CC&Rs create an Owners Association, and authorize election of a Board of Directors to implement the CC&Rs. The Board accomplishes this by formally adopting policies and procedures, often using committees and owner membership meetings to gather input. The Board, and its officers and committees then implement the decisions.

In most situations, the CC&Rs are straight forward. The Board simply adds details and specificity for issues that are authorized in the CC&Rs. In a few situations, the CC&Rs are confusing, self-contradictory, or impractical. In these cases, Oregon law directs the Board of Directors to act in good faith for the best interests of all the Owners. The Board is prohibited from making decisions that flatly contradict the CC&Rs except in cases where the CC&Rs are not consistent with state or federal law, including court interpretations.

The purpose of this ***HLOA CC&R Companion Document*** is to consolidate the policies and procedures and decisions that the Board has adopted and implemented over its two-decade history. By creating this document the association is formalizing these decisions and this experience in a single resource. The intent is to create a document that improves continuity, consistency and clear communication with the membership. Consolidating these decisions also makes it easier to manage updates and changes.

WARNING: This document references the original CC&Rs when necessary to provide a reference point for the interpretations contained in this *Companion Document*. However, **this document does not restate all of the CC&Rs**. All Owners should have a copy of the original CC&Rs and understand the restrictions on their lots. Material in this document is only included where elaboration of the CC&Rs has been necessary.

One last note on how this document was created. The formality of the Association's processes and procedures has increased as the HLOA has grown. The information contained here was originally compiled in 2017 from minutes and memories of the current and past officers. Specific language and the dates decisions were adopted are documented only for the more recent issues. The authors have summarized older decisions, but have not systematically reviewed all the old minutes for specific language.

Homeowners are encouraged to be thoroughly familiar with both the original CC&Rs and this *Companion Document*, and to bring any issues or concerns to the Board.

Vision Statement

We, the residents of the High Lostine Subdivision, value the natural beauty of the Lostine River Valley with its mountain vistas, forests, abundant wildlife, and pristine river. In part, these most cherished values result from and bind us to the Eagle Cap Wilderness and Wallowa County. We have an obligation to protect and preserve this beauty for future generations. Therefore, we will add to our property values through responsible stewardship with respect and tolerance for the diversity of all our neighbors -- human and others. We want to protect the investment we have made in our property through good stewardship as development proceeds. We promise to abide by our Covenants, Conditions and Restrictions (CC&Rs) and work through our differences as neighbors and friends, honestly and openly, remembering how fortunate we are to be a community at the edge of the wilderness.

CC&R Supplemental Material

CC&R Section 3: Association Formation

3.3.8: The HLOA purchases minimum policies for directors-officers and liability insurance. Payment source may be the general assessment or the water assessment as funds are available.

3.3.11: Committees function under the supervision of the Board. The Water Committee and Architectural Control Committee have decision-making authority formally delegated through written procedures which include provisions for owners to appeal decisions to the Board. The Web Committee, the Weed Committee, the Fire Preparedness Committee, and other ad hoc committees are advisory to the Board. All owners are STRONGLY encouraged to participate on committees.

CC&R Sections 4: Owners

Contact Information: The Association Secretary is responsible for maintaining a list of current owners and their mailing address, consistent with the records filed at the Wallowa County Courthouse. In addition, owners are requested to voluntarily provide phone and email contact information to the secretary to enable emergency contact and to save mailing costs. The detail contact list is available to all members but will not be sold or given to any non-members.

Procedures for Welcoming New Owners: The President, Treasurer, Water Manager and Secretary need to be informed about any new owners. The Secretary sends a welcome packet directing the owners to the website, emphasizing the importance of following the CC&Rs and highlighting information about the water system and procedures and restrictions regarding any development or building on lots.

Communication with Owners:

Website: The *HighLostine.com* website is managed by an owner volunteer under direction of the Board. The President, Committee chairs and the secretary are responsible for giving the content to the webmaster.

Post Office Box: HLOA maintains a post office box for official correspondence, and the officers are responsible for picking up mail and distributing it appropriately.

Policy for Method of Communicating with Members (Approved 4/13/2018)

Formal Communications

- **Invoices for assessments.** The Treasurer sends all invoices by US Postal Service paper mail. (See Section 8 regarding late payments.)
- **Meeting notices.** Secretary sends notice of annual meeting with the agenda, additional reports, map, list of owners, and previous minutes.
 - Send the information by email to people who have provided an address, requesting confirmation of receipt by __(date)___
 - Send follow-up to selected people who are known to read email
 - Mail a paper copy to those who don't respond. (required by law)
- **Notice of individual violations** are delivered as paper mail either in person and/or by US Postal Service.
- **Legal action notices** are sent by certified mail.
- **Ballots.** Electronic communication is never used. See separate procedures in Section 5.1.4.
- **Documentation.** All formal communications are recorded with the HLOA records

Informal Communication

Newsletters and updates may be sent by the directors, officers and committees to people with email addresses on file. These are not recorded with the association records.

Membership and Voting:

The person or people who own one or more lots in the subdivision are considered ONE owner and have a single membership and a single vote in most association matters. In the case of an association member who owns more than one lot, the owner has one vote per lot owned for two matters: electing Directors to the Board and for changing the CC&Rs.

CC&R Section 5: Meetings of Owners

5.1 The Membership meets once per year to elect the Board, to learn about Board and committee activity, and to provide advice and input about issues. The date for the meeting is set in the preceding fall by the board, usually held in late April or early May. (The meeting is required to be held before June 27.) The meeting date is posted on the website. Attendance of all lot owners is strongly encouraged. The annual meeting is usually accompanied by a work party and a potluck to encourage all owners to be engaged in maintaining our common assets and sense of community. Guest speakers are sometimes invited to discuss issues relevant to owners.

5.1.3 The secretary provides a model proxy with the meeting notice, along with instructions for how it should be filed.

5.1.4 The interpretation of “quorum” is ambiguous. For the purpose of electing the five Directors, a quorum is the presence of or proxy for owners of 33% of lots. For other purposes a quorum is 33% of the owners. Oregon statute provides a procedure for owners associations to proceed with decision making in the absence of a quorum. As required, the Secretary includes a reference to this procedure in the meeting notice. Obtaining a quorum at the annual meeting has not been a problem in recent years.

Ballot in lieu of a meeting

Oregon law provides a mechanism for owners’ associations to vote by mail rather than in a face-to-face meeting. This is important to the HLOA because so many members do not reside locally. Following is the HLOA procedure:

Procedure for Voting by Ballot in Lieu of Meeting (appvd 11/20/2016)

- ◆ This procedure shall be used when a vote during a meeting of the association is not practical, e.g. when the percentage of votes required exceeds the number of owners usually in attendance at a meeting, or at any other time the Board determines it is appropriate.
- ◆ The CC&Rs specify when owners are entitled to a single vote versus a vote for each lot owned. Ballots shall be uniquely prepared for each lot or each owner as appropriate, with a signature line and affidavit for the owner to certify that they are entitled to cast the vote(s). Return envelopes will also uniquely indicate the lot number(s) on the outside to facilitate tracking and reminder calls.
- ◆ Voting information, instructions including a date by which the ballot is to be returned, a stamped return envelope to the association’s Lostine post office box, and the unique ballots, shall be sent to all owners by first class mail by the secretary.
- ◆ The Board may ask volunteers to contact all owners who have not returned ballots in a timely manner to encourage full participation. In the event a ballot was not received or is lost by an owner, the Board may send second ballots.

- ◆ Ballots will be held, unopened, by the person picking up the mail at the Lostine post office until such time as the president determines they will be counted. In no case shall that date be more than 30 days after the date the ballot was due.
- ◆ Votes will be counted by a committee composed of the association president, an owner not serving on the Board of Directors, and an association officer, on a date agreeable to all.
- ◆ The names of voting owners, and the total results, shall be officially recorded, but not how individual owners voted. Any owner may request to be present when votes are tallied by contacting the association president by phone.
- ◆ In order for a ballot to be counted the ballot must have a signed affidavit and must be postmarked no later than the day the count takes place.
- ◆ The secretary shall prepare minutes for “Ballot in Lieu of a Meeting” listing the names of owners returning ballots and the final vote tally for approval by the Board. This shall constitute “written approval of (*specific percent*) of the membership” as required by the CC&Rs. (The relevant percent is determined by the type of vote.) These minutes will be kept with the corporate records and be made available to the membership. After approval of the minutes by the board the ballots will be destroyed.
- ◆ In unusual circumstances, or at the initiation of a request from 10% of the members before the ballots are counted, a secret ballot procedure may be administered. In the case that a secret ballot method is chosen prior to mailing, the signature affidavit will be attached to the outside of a second security envelope, rather than to the ballot itself. In the case that a secret ballot method is chosen after ballots are mailed, an additional party will be responsible for opening the envelopes and giving the ballots to the counting committee with the identifying information removed.

***Note:**

Oregon law requires a secret ballot only if 10% or more of the owners request a secret ballot within proscribed time frames after notification that a vote will be taken. In general the HLOA expects owners to be willing to share their votes and views with others.

CC&R Section 6: Board of Directors

The Association acts through the Board. The Board attempts to make all its activities open to the membership, while also respecting the privacy of individual owners. Discussions of individual owners, such as financial issues and complaints, do not include names or lot numbers in the minutes except in sealed envelopes accompanying the minutes. Confidential correspondence is also kept in sealed envelopes with the minutes. The Board distributes an annual summary of its decisions to the membership for informational purposes. Minutes are not routinely distributed to the membership, but upon written or email request, the Secretary will make minutes available to a member after screening them for confidential issues.

6.3 The HLOA encourages a mix of resident and non-resident owners to serve on the Board at the time of election or when filling vacancies to encourage representation of all interests.

6.6 The Board meets immediately after the annual membership meeting to elect the President, Secretary and Treasurer and to appoint committee chairs. This fulfills the required “official annual meeting of the Board”. In addition, the Board meets immediately prior to the annual membership meeting and once in the fall. The Board may hold additional meetings as business requires.

6.11 Proxies. The Directors serving on the Board are accountable to the membership for their decisions. Although the CC&Rs permit Directors to vote by proxy, this is not permitted by Oregon law. How each Director votes on every issue is included in the minutes.

6.15 Voting by EMail.

Procedures for Board Voting by Email (Appvd 04/13/2018)

The HLOA board may vote by email when a decision is required in a timely manner and the board is unable to convene in-person prior to the next scheduled meeting. Voting by email is not optimal, thus its use will be limited to the following criteria:

- Urgent issues that cannot wait until the next scheduled board meeting,
- Sufficient discussion has already occurred,
- Issues limited in scope and complexity that require little discussion.

The following procedures must be followed for the vote to be considered valid:

1. The issue (or motion) is presented to all board members simultaneously via a group distribution including directors and officers.
2. An opportunity for discussion with a time limit is given before or after a motion is presented. All members must be copied on all questions or comments. Board members must use "reply all" so that all discussion is transparent and it must follow the same email thread.
3. Once the discussion has concluded, the issue should be brought to motion and seconded with a confirmation by the president or secretary.
4. A new email thread should be started. The subject/title of the new thread should follow the format, "Motion on xxxx." The full motion must be written in the email with a deadline for voting included.
5. Members vote by replying Yes, No, or Abstain. Members must "reply all" when voting. If a board member fails to respond or vote, then the issue cannot be taken up by email and must be moved to an in-person meeting.
6. The secretary will confirm whether the action has passed or failed by email to all directors.
7. If the decision is unanimous the motion passes. If it is not, then it fails or can only be taken up again at an in-person board meeting.
8. The results of the vote will be read into the minutes at the next scheduled board meeting.

6.19 Board members are notified of meetings via email unless they have notified the President and Secretary that written notification is necessary.

CC&R Section 7: Officers of the Association

7.1 In order to reduce the burden on our volunteers the Board splits the duties of the Secretary as authorized in the CC&Rs into two separate positions: Secretary and Treasurer. The Board traditionally appoints non-Directors to these two officer positions.

7.6 The directors and officers and committee chairs are reimbursed for their expenses, but are not otherwise compensated.

7.9 The Board does not issue certificates of membership because of our small size. In the event of a conflict regarding ownership, the county records prevail.

CC&R Section 8: Assessments

8.1 The General Annual Assessment amount is set by the Board in the fall to cover the expected expenses for the next calendar year. The Board maintains only a small additional balance in this general fund. General assessment invoices are mailed by the Treasurer in January. Traditionally the assessment has been \$100-\$150 per year. \$150 is the maximum allowed in CC&Rs.

8.2 Special Assessments. By written ballots the owners have authorized special assessments of various amounts to support the maintenance and operation of the High Lostine Owners Association water system. The current

assessment (approved 02/2016) authorizes the Board to set two annual fees: (a) base-rate-per-lot water fees and (b) water-usage fees. The amounts of the fees are set as reasonable and necessary to ensure the long-term functioning of the water system, and to comply with all laws and regulations as the community grows. The Board is required to annually report to the Owners on all water expenditures and the rationale for setting each assessment. This is usually done at the annual membership meeting. The Board sets the rates in the spring based on budgets and recommendations from the Water Committee. The base amount is due from owners in June for the next 12 months; the use amount is billed retrospectively for April 1 to March 31. The Board sets rates at a level that will cover operating expenses, prepare for emergency breakages, invest in capital improvements, and contribute to a reserve fund for long-term system needs.

8.4 Record of Assessments. The secretary is responsible for recording the authorization of assessments in meeting minutes, which are kept with corporate records at the office of Baum Smith, LLC, in La Grande. The treasurer keeps records of expenses, assessment payments and deposits funds in separate bank accounts for (a) general funds, (b) water system and (c) water system capital reserve funds. The Treasurer reports revenues and expenditures to the Board at least semiannually, and to the membership at the annual meeting. The Treasurer assures that property taxes are paid on HLOA common lots and that the HLOA accounts are reviewed annually by a qualified bookkeeper. In October 2020 the Board adopted comprehensive policies and procedures for managing the associations’ finances. These are included as an **Appendix** at the end of this document.

8.6 Enforcement of assessments. The Board attempts to accommodate reasonable requests to delay payments based on hardship. The Board also acts as a good steward on behalf of the entire ownership by collecting all of the payments that are owed. Reconciling these two principles is a delicate balance requiring diplomacy and respect. Following is the Boards enforcement schedule.

Overdue Assessments Policy Revised (Approved 02 02 2020)

Assessments to members are due 30 days after an invoice is sent. For assessment invoices to members that are more than 150 days past due the HLOA will apply an additional “Late Payment Penalty Fee” of 10% of the original amount of the unpaid invoice(s). The Board may waive this fee if the owner responds within 30 days to pay the outstanding amounts and/or to work out a payment plan with the Treasurer. If an owner fails to make payment or a payment plan within 30 days, an additional “Late Payment Penalty” equal to the original penalty will be cumulatively added to the balance due every month. Implication: after the original 150 days plus 10 “late billing” months the owner’s amount due will be twice the original amount. The Board may take more aggressive measures, such as adding interest and collection costs, and/or filing a lien if the cycle continues unaddressed by the owner. The owner may request a hearing with the Board.

Day	Formal Sender	Content <i>“This is your...”</i>	Warning	Late Payment Charge (Additive)	Postal Tracked/ Certified
1	Treasurer	Original Bill. Due in 30 days. Please pay promptly or request a payment plan	None	None	No
60	Treasurer	Polite Reminder. Offer payment plan. Need a response within 30 days	To avoid late payment penalty fees please pay promptly	None	No
90	Treasurer	Second reminder. Offer payment plan. Need a response within 30 days	Please avoid the 10% late payment penalty fees.	None	No
120	Treasurer	Final request for late payment. Offer payment plan. Need a response within 30 days	Referring to Board for collection. This will result in late payment penalty fees of 10% of your	None	Yes

			invoices that are >150 days in arrears. (\$xxx)		
150	"The Board"	Notice of implementing late payment penalty charges. (\$xxx) has been added to you bill. This is 10% of outstanding invoices >150 days. Offer payment plan. Fine will be waived if you respond in 30 days	This same late payment penalty fee (\$xxx) will be additionally and cumulatively added every month your account remains in arrears. Also provide warning if new invoices are reaching the 150 day mark.	10% of original invoices that are >150 days in arrears	Yes
180	"The Board"	Second notice of escalating late payment penalty charges. (\$xxx + \$xxx=\$yyyy) has been added to you bill. This is + 10% of original invoice amounts added last month plus an additional 10% (total 20%),	Your bill will continue to increase \$xxxx every month you fail to take action.	+ 10% of original invoice amounts (total 20%)	No
ETC	"The Board"	Third notice etc.	Etc.	Etc.	
Additional Overdue Assessment Penalty (Approved 10 03 2020) At 210 days delinquent the Board may exercise the option to deny present or future access to the water system and/or deny approval of any structural development on the property.					

Implementation Notes:

- The Treasurer has some flexibility if exact number of days must vary. The Treasurer is encouraged to enlist a second party to help with billing if necessary to keep a consistent billing schedule.
- Treasurer may add phone calls and visits to encourage payment if productive.
- The Board has latitude as to what constitutes a satisfactory "payment plan". Considerations may include whether this is a primary residence, known health and financial hardships, past payment history, responsiveness, cooperation and other factors.
- Penalties may or may not be retroactively waived in certain circumstances depending on owners' good faith efforts and special hardship.
- As new invoices become >150 days late, 10% of these amounts are added to the monthly "Late Payment Penalty Fee" for that owner.

The Board has policies for not charging for water use due to a leak in an owner's service line, shutting off water when a leak is identified, for filling fire preparedness tanks, and for shutting off water due to non-payment of water assessments. See Section 10.5.11 below.

CC&R Section 9 Architecture and Design Control.

The Architecture Control Committee (ACC) is an important committee that the Board authorizes to carry out duties of the HLOA. The chair and members are appointed each year with attention to representing the range of views held by the membership. The chair regularly reports activity to the Board and the membership. The ACC is not authorized to make new guidelines without Board approval. In the event that applying and/or enforcing the guidelines addresses new issues, becomes controversial or is adversarial, the issue is directed to the Board for policy development or other action. The ACC meets as needed (in person or electronically) to review and respond to applications in a timely fashion specified below in the procedures.

As authorized in the CC&Rs the ACC has advised the Board to adopt a number of guidelines and procedures for implementation. The Committee keeps the www.HighLostine.com website up-to-date with contact information, forms and notices. Following are the items that have been approved by the Board to guide the Committee in

carrying out its duties. Only the **additions** to the CC&Rs are included here; there are numerous other restrictions contained in the CC&Rs.

Architectural Control Committee: Intent, Guidelines, and Process (Revised May 2012)

Statement of Intent.

The intent of the ACC is to ensure that all lot improvements (a) reflect adequate quality of construction, (b) utilize Northwest-style materials and colors that blend with the natural surroundings, (c) are compatible with existing structures on the applicant's lot and the High Lostine in general, and (d) honor property use restrictions set forth in the High Lostine Covenants, Conditions, and Restrictions (CC&Rs). Homeowners have a responsibility to review these documents prior to submitting an application to the ACC and prior to making improvements.

General Guidelines for Construction of Improvements.

1. The ACC shall receive an application prior to improvements to a lot, which are defined here as all structures (residence, parking structure, shed, and other outbuildings), fences or other screens, and exterior lighting. The term "improvements" refers to both new construction and modification of existing structures. The term "application" in this document refers to "Application for ACC Approval of Lot Improvements and Building Plans" (see www.HighLostine.com for forms).
2. The Wallowa County Planning Department (WCPD; phone 541-426-4543) should be contacted for the proper permit(s) when construction is being planned. WCPD should be consulted for all improvements, including those that do not require a contractor (e.g, installation of prebuilt sheds, wood storage units, etc). Floor plan and elevations submitted to WCPD can also be used when submitting an application to the ACC. Approval by the County does not imply or guarantee approval by the ACC, as High Lostine regulations and guidelines may be more restrictive.
3. Hookup to the High Lostine water system may occur before or during new construction or the addition of improvements. However, owners are reminded that an "Application for Connection to the High Lostine Community Water System" (Section 10.5.11) must be submitted and approved prior to a water hookup.
4. The following restrictions also apply to improvements (see the application and below for complete details).
 - (a) All improvements except for lot perimeter fences are to be set back from lot boundaries (measured at right angles) a distance of at least 25 feet and from the high-water mark of streams and rivers a distance of at least 100 feet.
 - (i) The 25 foot setback for structures applies only to lot lines between HLOA neighbors, and not to the outside property boundaries. For outside property boundaries with non-HLOA land owners the county, state, and federal law, rules and regulations apply. The HLOA has no role in interpreting, monitoring or enforcing these boundaries. (Appvd 9/2017)
 - (b) The majority of the structure must have a roof pitch of 4/12 or greater.

(c) The height of any structure cannot exceed 32 feet from the highest point of grade (backfill or terrain contacting the foundation).

(d) Fences should consist of natural materials native to, or consistent with, the natural environment, such as poles, boards, stonework, or a combination thereof.

5. In all cases, owners should be considerate of their neighbors. Any RVs, equipment, tarp-covered wood piles, garbage cans, tanks, and similar items should be placed in the least obstructive point in terms of visibility to neighbors and roadways. Please use restraint in the wattage, number, and utilization of exterior lights, and use reflectors that direct light downward.

ACC interpretations of the CC&Rs (Approved 04/28/2000)

The Architectural Control guidelines in the CC&Rs for the High Lostine Owner's Association provide general language related to maintenance of the appearance of lots that is open to interpretation by the ACC. The decisions described below were made 1) in light of the perceived intent of guidelines, 2) to extend these guidelines with some specificity where it appeared warranted, and 3) to modify the guidelines where their intent appeared contradictory to the safety and best interests of the subdivision and the surrounding forest.

1. Trailers, fifth wheels, campers, tractors, and non-routinely used vehicles. Every attempt is to be made to keep trailers, fifth wheels, campers, tractors, and non-routinely used vehicles as inconspicuous as possible so as not to negatively impact the natural beauty of the forest surroundings and the residential atmosphere of the neighborhood. Whenever possible, some form of visual screening is to be created by either evergreen natural plantings or by manufactured materials of matching or harmonizing color to the natural surroundings.

If unable to effectively provide such screening, trailers, fifth wheels, campers, and non-routinely used vehicles are to be parked behind or beside the main structure on the lot so as to lessen the visual impact from the public way. Any constructed protective structure for such vehicle(s) is also to be located adjacent to the main structure on the lot to lessen the visual impact from the public way, and must be approved by the ACC.

It is understood that such vehicles often require level ground or creation of a pad. Owners are therefore encouraged to submit pad or footprint plans with their main dwelling building plans to the ACC prior to construction. Owners of existing dwellings must also submit plans of vehicle storage structures for ACC review. Please feel free to consult a member of the ACC in advance should you have any questions or concerns.

2. Wood and metal signs. The CC&Rs indicates that signs are to be small and unobtrusive and the language might be interpreted to limit the type of material used in such construction. The CC&Rs do state that there should be no more than one sign per lot. The ACC has interpreted this prohibition as pertaining to the posting of commercial signs as no business is to be established within the development. In the survey, several homeowners identified that their signs might be in violation of this rule. These were signs identifying the owners and the address and signs indicating that there should be no trespassing or similar warnings (e.g. beware of the dog). In the opinion of ACC such signs are deemed acceptable as long as they are of a size deemed reasonable for these purposes and they are not lighted in any way.

Generally, signs identifying the owners would be posted at or near the entrance to the lot and may be constructed of wood or metal. The ACC would rather not be proscriptive on size, but would be happy to consult with any homeowner that has a question. Having placed a sign to identify the owners will still allow the posting of an additional signs for purposes of warning (e.g. no trespassing, beware of the dog). However, these additional signs should be confined to a single post or tree near the entrance to the lot.

3. Stand-alone metal gates. The CC&Rs make provisions related to fencing, but are not specific with respect to gates. Several homeowners have placed gates, most frequently made of metal, in the absence of fencing. Our records do not show that the ACC had been approached about the gates. The ACC has determined that the gates present as of April 1, 2002 were of a type and style similar to that used by the U.S. Forest Service and would be considered acceptable in the future. That is, a gate must be unobtrusive, simple, and be of natural (green, brown, earth tone) color if painted. Gates must be maintained in good repair and appearance.

The ACC does, however, note that the CC&Rs are specific about fencing. Since gates are usually integral parts of fences, it is believed that the nature and construction of the gate should be specified in applications to the ACC in the future. In the future (i.e. post May 1, 2002) an application should be submitted to the ACC for the installation of gates, even when they stand alone.

4. Removal of trees and brush for fire protection. The CC&Rs allow for removal of trees and shrubbery within the immediate area of the building site and limit removal, except with prior approval of the ACC, on other portions of the lot. The ACC desires that lots be managed to reduce the hazard from wildfire, and will therefore support the judicious removal of ladder fuels and thinning of trees consistent with guidance provided by the Wallowa County Wildfire Protection Plan (WCWPP). The removal of trees and brush is to be done judiciously, and is not an endorsement for over-thinning of trees or a requirement for removal of all brush. The intent of the CC&Rs is to maintain indigenous vegetation and a woodland quality on the High Lostine lots. A mixture of large and small trees should be retained when thinning trees. To assist in retaining natural grouping of vegetation, owners may elect to retain patches of more dense trees or brush provided they are well separated from other patches. The CC&Rs state that owners who over-thin their lots will be heavily fined. Therefore, the ACC encourages owners to meet but not exceed WCWPP guidance. The committee is working on an approach to clarify and interpret this issue. If you have questions, consult with a member of the ACC prior to your thinning activities.

Process for Submitting an Application to the ACC.

1. Please submit an application as soon as plans are finalized, but no less than 90 days in advance of the intended construction start date. This will greatly reduce the potential for pre-construction delays in approval of the application.
2. Send the application to the chair of the ACC by email. If you do not have access to email, ground mail shall be used to send the application and the ACC response, however 35 day response times will replace the 28 day response times in parts 3 and 4 (Below). After the application has been received by all ACC committee members, the chair will contact you.
3. The ACC chair will provide a response to you within 28 days of when all ACC committee members have received the application. The response will either be approval, a request for additional written information, or a denial stating the points upon which the denial is based.
4. Submission of additional written information or a revision of a denied submittal will start a new

'clock' of 28 days from the time when all ACC committee members have received the new information.

5. Once approval is granted by the ACC:
 - a. Any changes in construction type, siding or roof material, siding or roof color, elevation, or location of the improvement requires a revised application.
 - b. Failure to begin construction within 180 days after approval by the ACC requires that the owner resubmit the application and re-obtain approval from the ACC.
 - c. The exterior of any structure must be completed within 1 year, and other improvements (fences or other screens, exterior lighting) must be completed within 1 year.
 - d. Should the building process exceed one year, a request for extension of time must be submitted to the ACC (see "Application to ACC for Time Extension for Lot Improvements and Building Plans" below), with a copy of the most recent approved application.

CC&R Section 10 Property Use and Restrictions

10.1 Improvements Permitted. See 10.5.6 below for further information.

10.2 Residential Use.

HLOA Policy Regarding Renters. (Approved 4/30/15 and 4/13/18 and 10/03/20)

The HLOA relies on volunteers to operate the fragile water system. Managing the health, safety and operational notifications to water users in emergencies is extremely difficult and complicated. Experience has demonstrated that the task is too complicated when homes are occupied by short-term transients. The number of long-term rentals also affects the HLOA tax status and may affect buyers' eligibility for some mortgages and insurance. Therefore rentals are restricted as follows:

- Rentals are not permitted for hotel, transient, or short-term stay purposes, e.g., AirBnB, HomeAway and other similar arrangements. Rental of units is restricted to long-term rentals of at least three months duration. Owners may have no more than one rental agreement in effect at any given time.
- No more than five lots within the subdivision may be used for rental purposes at any one time. If necessary, the Board will adopt procedures for allocating and managing rental options.
- The owner remains the point of contact for all formal communication regarding the HLOA;
- The owner remains responsible for all assessments;
- The owner is responsible for conveying information and responsibilities regarding the CC&Rs, water, fire, etc. to the renters, and should provide them with relevant copies of documents;
- The owners' rental leases must state that the renters may be evicted for failure to comply with the CC&R's;
- The owner is responsible for resolving any neighbors' complaints regarding the renters;
- Renters are welcome and encouraged to attend committee and membership meetings as well as social events, but they may not vote on any matters without a formal proxy;
- The Board of Directors, Secretary and Water Committee Chair, and Water Manager should be notified of all renters' and their contact information for use in emergencies, such as a "Boil Water Notice."

10.5.2 Animals. The language in the CC&Rs regarding permanently keeping horses and pack animals is confusing and has created substantial controversy in the past. At different times, lawyers have provided opposite interpretations to the Board. A committee recommended extensive limitations on when and how pack animals

may be managed and invited member input. Therefore, the Board adopted the following clarifying policy, which is consistent with the intent of the original creators of the CC&Rs:

10.5.2. Pack Animals (Approved 04/13/2018)

Pack animals (e.g., horses, mules, llamas, etc.) are not allowed to be kept or raised within the High Lostine, either on a temporary or permanent basis. An exception may be made for the single current owner who was raising pack animals at the time the CC&Rs were adopted in 1995. The Board may adopt further provisions regarding how this single owner's pack animals may be managed, permanently and temporarily, if it becomes relevant. These provisions will be consistent with the original recommendations of the 2007 CC&R revision committee.

The CC&Rs are restated here: Each Owner and Occupant may keep a reasonable number of household pets which are not kept, bred, or raised for commercial purposes and which are reasonably controlled so as not to be a nuisance.

10.5.3 Parking. In this rural community, with large lots and abundant equipment, the Board has found the CC&Rs unnecessarily restrictive regarding screening recreational equipment. The Board declines to enforce the restrictions regarding visual screening, but encourages owners to be respectful of neighbors' views.

10.5.6 Temporary and Ancillary Structures
(Pending with the ACC as of this publication date)

WATER SYSTEM

10.5.11 Water System. Operating and maintaining the HLOA water system is by far our most expensive and complicated activity. The HLOA water system currently consists of a community well (near the northern entrance to the subdivision), a 50,000 gallon water reservoir (on Lot 1100) and a distribution system linking the reservoir to each lot. The original system was bare-bones and in some respects substandard; it has been upgraded in many ways over the years, and will require additional upgrades in the future. Regulation of the system is currently under Oregon statutes and administrative rules for small systems. As the number of permanent residents increases in the HLOA development (probably in the very near future) we will be required to adhere to regulations that are considerably more complex and will require additional revenue. Planning now for a more complex and expensive infrastructure is essential. It is important that all owners have a basic understanding of how support of the water system is organized and their responsibilities for protecting the system.

Additional and extensive information is available from the High Lostine website, the Water System Committee and in the records of the Association. Owners are strongly encouraged to become familiar with the ***HLOA Water System 30-Year Plan*** available on the website. Following are key issues that are important for understanding and implementing the CC&Rs.

Authority and Responsibility

The **members** of the HLOA are collectively responsible for assuring that we have a system for delivering safe drinking water to all our lots. With an aging, poorly designed system, and limited financial resources this presents a significant challenge. On behalf of the membership, the all-volunteer, elected Board plans for the long-term availability of water that meets state and federal standards for safety. The Board delegates much of the responsibility to an appointed all-volunteer Water Committee. This committee operates within the parameters described in (a) the ***HLOA Water System 30-Year Plan*** (approved 01/19/2019), (b) an extensive ***Operations and Maintenance Manual*** (updated periodically by the Water Committee and approved by the Board), and (c) within a Board-approved annual budget. The committee works extensively with rural-water-system experts. The Committee, Board and officers collaborate to

provide transparent and comprehensive reports to the membership at the annual membership meeting and in occasional mailings, all available on the HLOA website. The Board appoints volunteer Water System Liaisons, who are trained by the state to carry out water sampling procedures. The Board is considering contracting with a part-time water system manager.

Financing

The HLOA finances the operations, maintenance and infrastructure development of the water system by membership vote of “special assessments” as proscribed in Section 8.2 of the CC&Rs. As of February, 2016, these assessments consist of two parts: an annual base fee that is the same for all lots, and a variable fee based upon the volume of water used in the previous year. Base fees are paid annually in June in advance. Use fees are paid in June for the preceding 12 months. The amounts are set annually by the Board, based upon input from the Water Committee and from the membership. For any given year, the two fees are available on the website. Water system collections are kept in a separate account by the Treasurer. The annual fees and budget include an amount that is set aside in reserve for capital improvements and assuring the long-term viability of the system. See the ***HLOA Water System 30-Year Plan*** on the website for a thorough explanation.

Policies

Following are formal policies that the Board has approved to guide the Water Committee’s work, to inform owners of their responsibilities with respect to protecting their personal safety and safety of the water system, to allocate expenses between the association and owners, and to establish rights in a water system emergency.

Policy: Water System Participation (approved 1999 or 2000)

With one exception (a well developed prior to the creation of the HLOA), all owners must participate and contribute to maintenance of the HLOA water system. Private wells are not permitted. Formal water rights are being acquired by the HLOA on behalf of all members and the final permit will be formally secured in 2036 once most of the lots are developed.

Policy: Water System Ownership (approved a long-time ago)

The water system is owned by the Association. Only the water committee and water system liaisons have the authority to interact in any way with the community water system and settings. This includes the meter boxes and valves therein, pump house, reservoir, water mains, and valves on the mains and reservoir. The Association owns the service line into the meter box and equipment in the meter box. The lot owners own their service line from their house or standpipe back to where the line enters the meter box. Owners are not allowed to access meter boxes, and must notify a water committee member if there is an issue or concern with a meter box. Owners are encouraged to monitor their water usage from the above-ground meter read-out. In case of an emergency (for example, water line break/leak, loss of water supply, etc.) owners should contact a member of the water committee immediately to address potential contamination and/or system failure, to prevent water wastage, and to limit the owner’s financial liability. (See highlostine.com website for listing).

Policy: Water Pressure Reducing Valve (approved a long-time ago)

Owners on the lower two-thirds of the system, such as along Lostine River Road, experience high water pressure that can damage plumbing and fixtures. Installing a pressure reducing valve on the owner’s side of the service line is advisable to reduce this risk. Such valves are the responsibility of owners, not the HLOA.

Policy: Preventing Contamination of the Water System (approved 4/14/2001)

Owners are responsible for ensuring that vacuum-breaking devices are installed on all outlets on the owner's side of the meter box in order to (a) prevent back-siphoning of water from outside the water system into an owner's plumbing system and service line and (b) provide secondary protection of the community water system. Contamination from back-siphoning can occur when there is a drop in, or loss of, water pressure within either the owner's portion or the community portion of the water system. [Addendum to original policy: In 2006 and thereafter, the HLOA installed a backflow prevention valve(s) in each HLOA-owned meter box to protect the community water system, however grit may become lodged in this valve and cause incomplete sealing.] To prevent back-siphoning, owners are responsible for (1) ensuring their plumber installs vacuum-breaking devices on their exterior faucets (including those in garages and shops), outside standpipes, and irrigation lines and (2) ensuring hoses are not left in puddles, buckets, pesticide sprayers, watering troughs, pools, and other containers.

Policy: Protection Against Superheated Water in Home (approved 12/16/2006)

Owners are responsible for ensuring their plumber installs device(s) that protect against formation of superheated water. In the presence of a backflow prevention valve (which are required by law and are in each lot's meter box), if both the hot water heater thermostat and the hot water heater temperature and pressure (T&P) valve malfunctioned simultaneously, superheated water can cause water heaters to explode or can allow scalding steam to be released from faucets upon use. (Additional detail on highlostine.com Water System page.)

Policy: Low Lead/Remote Read Meter Requirement (Approved 04/29/2016, amended 10/13/2018, edited 11/2021)

Beginning in 2015, remote-read low-lead water meters are mandatory for all new meter installations, and all existing old style meters are being replaced in 2019. The HLOA purchases and supplies the meter and the owner reimburses the HLOA for the cost of the meter and shipping. However, installed water meters are the property of the HLOA. The charge for meter installation is paid by the owner to the trades people who perform the installation.

Policy: Water Meter Setters for Improved Structural Integrity (Approved 11/2016, edited 11/2021)

A "meter setter" strengthens the connection to water lines on the HLOA-side and owner-side of a meter. Beginning November 2016 addition of a meter setter onto a meter is mandatory when excavation is being performed to install a meter or repair/replace any part of the water system in/near the meter box. Where connections to two lots exist in a meter box, this policy applies to both connections. The HLOA water system operating account pays for the meter setter and one hour of labor to connect the setter to the pipes.

Policy: Requests for Partial Mitigation of a Water Bill (Approved 09/14/2013)

Owners are responsible for the integrity of their service line (i.e., the line from their meter to points of water use on their lots) and the use of water indicated by the annual reading of the water meter. In no case will a bill be reduced when a problem arises as a result of owner's negligence. However, there may be circumstances that the HLOA may consider partial mitigation of a water bill for cause. Owners may request partial mitigation of their water bill through the Water Committee. The request should document the reasons for the request in writing. If the excess bill arises through some failure in

the service line, frozen water lines, or similar failure the request should document the nature of the problem, when the problem was observed, and when appropriate repairs were made. The water committee will consider requests individually and make a documented judgment on the extent of the reduction that would be appropriate. This will be made in the form of a recommendation to the Board, with the Board having the final power to determine whether the reduction has been properly justified and finally determines the amount of the reduction. Water committee and Board members are not allowed to participate in discussions of and voting on reductions requested of their own bills.

Policy for Shutting Off Water to a Lot. (Approved: 09/14/2013; amended 05/03/2019)

The Water Committee is authorized to shut-off and lock (if necessary) the water supply to a lot for the following reasons:

1. Temporarily interrupt service to a lot or group of lots (i.e. determined by the distribution system) to prevent loss of water from a leak on the owner's service line or on a section of main that supplies an owner's service line. A leak can easily double or triple (or more) the normal daily water use of the entire HLOA. Contractors are sometimes slow in responding to a request to repair a leak, resulting in increased pumping cost and unnecessary drawdown of the aquifer.
2. Temporarily interrupt service to a lot or group of lots (i.e. determined by the distribution system) to allow a leak to be located or to allow repairs to be made. Owners shall be notified in advance for leak location and when repairs are planned. No notification would be required in an emergency (e.g., a main break).
3. An emergency exists that compromises the supply of water to other lots. This would generally be a break in the service line or section of main that supplies the service line, pipes within structures, or faults in lines that are used outside structures.
4. The owner's service line jeopardizes the safety of the system. This contingency is most likely to occur if the owners' system poses a risk of cross connections with sewer or septic tank service, an owners' system has a second supply of water whose safety has not been confirmed by appropriate tests, or an owner fails to take precautions to avoid cross connections (classically illustrated by a hose immersed in a bucket, pool, horse trough, etc.)
5. For non-payment of water bills including bills for reimbursing the HLOA water system for required work performed by contractors. Water may be shut off in the event of non-payment of water bills, as determined by the Treasurer after repeated attempts to collect, and in no case later than the next water billing cycle. The treasurer will consult with the Board, and direct the water committee to turn an owner's water off. If a bill is under negotiation, water may not be shut off.

Policy: Water Limit for Sprinklers in a Wildfire (Approved 05 03 2019)

To provide for at least one hour of water application in the event of a fire, owners installing sprinklers that rely on the community water system are limited to a total of eight gallons per minute (for example, eight sprinklers running at 1 gallon/minute). The Fire Committee may approve up to a total of 16 gallons per minute in unique situations. Owners are strongly encouraged to consult with the Committee before purchasing sprinklers, and to understand the best sprinkler placement. Owners are not prohibited from installing sprinkler systems that use a water source different than the HLOA community water system, in which case the above volume limits do not apply.

Policy: Private Water Tanks Filled Without Charge Annually (Approved 05 01 21)

To support the use of private water tanks to help protect structures from a wildfire, an owner will not be charged for water used to fill their tank up to once per year. The owner must submit a copy of the purchased tank to the water committee showing the volume of the tank. That volume will be

subtracted from the owner's annual water use each year that the tank is filled. Tanks must be filled before July 1st each year.

Additional Owners' Responsibilities

Owners' use of and interaction with the HLOA water system can have catastrophic effects. These include risks of draining the entire reservoir, causing excessive pumping, contaminating the entire system, and causing a break requiring extended system shutdown. Consequently, owners have the following responsibilities:

- Prior to connection to the water system, the owner must (a) notify and discuss their connection with the water committee, (b) complete the Application for Connection to the HLOA Community Water System (available on highlostine.com website), and (c) receive written approval from the water committee. Do NOT assume all contractors know and understand the HLOA requirements.
- The shut-off valve in the meter box is owned by the Association and should **not** be used by owners or plumbers hired by owners. Service lines extending from the main to meter boxes were installed in 1981 using substandard pipe. Therefore, use of this valve produces stress on the substandard pipe and can cause a break. If you intend to regularly or seasonally turn the water to your house on and off, you must install at your cost a second shut-off valve (including drain) near your house.
- Breaks sometimes occur on the owners' side of the meter (between the house or standpipe and the connection to the meter). Owners are responsible for the cost of repairs that occur on their side of the meter. In the event of a leak or break, it is highly recommended that the owner instruct the plumber to use HDPE pipe with a compression fitting, with all pipe and fittings rated at 250 pounds square inch or greater. During repair/replacement, to the extent possible, avoid introducing elbows/bends in the pipe. Elbows/bends distort flow and contribute to water hammer, a transient increase in water pressure resulting from closing of shut-off valves. Please notify the Water Committee before scheduling a repair.
- Comply with directives from the HLOA officers, Water System Liaisons and Water Committee in the event of an emergency and during system maintenance. It is important that owners NOT use water while the Water Committee is in the process of repairing and decontaminating the system.
- Owners are encouraged to use water conservation practices to reduce their water bill and protect our limited aquifer; this is particularly true in the late summer and fall when the aquifer is less charged.
- **Contact a water committee member (listed on www.highlostine.com) who is a full-time resident** if you notice a red flashing light on the pump house or experience loss of water pressure.
- Please pay water bills promptly or notify the Treasurer if you desire a payment plan.

Section 11. Right of Entry; Fines

Policy for Right of Entry; Fines (Approved 8/15/2021)

The CC&Rs provide extensive, nearly unlimited authority for enforcement of the provisions in governing documents. Without waiving its right to subsequently exercise any other remedy, this policy provides formal procedures as follows:

1. Right of Entry for Water System Maintenance.
 - (a) In the event of an emergency that threatens the integrity of the community water system, the Board or its authorized representative shall have the right to enter any lot without notice and regardless of whether the owner is present at the time or not.
 - (b) After not less than fifteen (15) days written notice to the affected Owner, the Board of Directors or its authorized representative or contractor shall have the right to enter upon any lot for non-

emergency maintenance of the community water system, regardless of whether or not the owner is present.

2. Fines for Failure to Comply with Property Use and Restrictions

An Owner who violates the provision of the CC&Rs and/or the *Companion Document* regarding property use and restrictions is provided written notice, in reasonable detail, setting forth the violation and required corrective action. If the owner fails to comply within 30 days, or if the problem is repeated, procedures may be initiated for levying a fine.

The Board provides written notice to the owner that the procedure for levying fines has begun. The owner has thirty (30) days after the effective date of this second notice to either (a) contact the board with documentation of a process which will remedy the situation or (b) request in writing a hearing with the Board. If neither occurs, fining will commence. If the owner requests a hearing, the Board will conduct a hearing within 30 days and decide if fining continues to be warranted.

If a satisfactory resolution is not reached, the Board will notify the owner that a fine is levied as follows:

- (a) first offense \$ 25
- (b) second offense \$ 50
- (c) third and each subsequent offense \$100

For on-going problems, each 30 days that the problem is not corrected will constitute an additional violation.

If the Owner fails to pay a fine within thirty (30) days after the effective date of such written notification, the Board may also charge late fees, interest, administrative expenses, collection costs and attorney's fees as described in Section 8 regarding collection of assessments.

3. Fines and Right of Entry for Failure to Comply with Architecture Control Provisions.

If the ACC determines that an Owner has not constructed, remodeled or modified an improvement consistent with the specifications of a required ACC approval or has constructed, remodeled, or modified an improvement without obtaining ACC approval the following steps apply:

- (a) The ACC notifies the Owner in writing that failure to commence diligently remedying such noncompliance within 30 days will result in referral of the matter to the Board.
- (b) If the problem is not remedied within 30 days, the Board shall request the owner's presence at a hearing.
- (c) The Board will take action commensurate with the magnitude of the problem up to and including all provisions allowed in the CC&Rs.

Common Areas: Tamarack Lane, Lots 1100 and 3500

The HLOA has three properties held in common.

- Lot 3500 is located on Lostine River Road. A rough trail provides river access for recreational use by all members of the HLOA. The area is intentionally left undeveloped; there are risks associated with recreation near and in the Lostine River. Owners assume all responsibility for damage or harm associated with using this property.
- Lot 1100 is located on the western perimeter of the development and includes the water system tank. The Association is currently working with authorities to reduce the risk of wildfire on this lot.
- The Association is responsible for maintenance and winter snow removal on Tamarack Lane. From time to time, and as funds allow, the Board authorizes expenditures for improving the road. Each fall the Board approves a snow removal plan using a contractor. The Association will make reasonable effort to provide safe and reliable road conditions, but cannot guarantee that the road will always be passable. Owners are expected to have vehicles that are appropriate for a minimally maintained mountain road that will include difficult travel during winter weather where accumulated snow and ice are present. The Board created an ad hoc committee (February, 2017); owners on Tamarack are encouraged to coordinate winter maintenance efforts and provide input to the Board through this committee.

Conflict/Dispute Resolution Guidelines (Approved 04/23/2004)

The following principles, adopted from the Community Association Institute, are used by the Board to guide resolution when two or more owners have a conflict regarding interpretation or application of the HLOA governance documents.

- Any owner who feels aggrieved by any other owner is expected to communicate with that owner in a respectful manner to try to arrive at a resolution of the problem.
- If the problem persists in spite of efforts to resolve it, the aggrieved owner will write a letter to the Board of Directors describing the problem and the steps taken to date to resolve it.
- Upon receipt of such a letter a member of the Board will discuss the situation with the owner against whom the complaint has been registered.
- If the problem continues to exist the aggrieved owner needs to notify the Board again.
- At this point a formal letter should be sent to the offending owner describing the complaint, the sections of the CC&Rs and Bylaws that have been violated, the steps taken to resolve the problem, and potential consequences if the owner does not correct the problem.
- If the problem is still not corrected, the Board needs to notify both owners that a fair hearing to examine all sides of the issue will be scheduled at the convenience of all parties.
- After hearing all the concerns, the Board will advise those involved when to expect a decision.
- After a decision is made all parties need to be notified in writing as to the determination of the Board.

Additional Information and Resources

Living With Wildlife:

The High Lostine Development is adjacent to a wilderness and national forest. Consequently, many wild animals travel through and live in our development. Owners are strongly encouraged to be familiar with the guidelines of the ODFW regarding wild animals and human contact and living with wildlife.

Information can be found at: www.dfw.state.or.us/wildlife/living_with/

Disclaimer: The HLOA will not be held responsible for any adverse consequences following wild animal behavior in the subdivision, including damage to persons or property.

Additional Owners' Responsibilities Regarding Water and Fire

Disclaimer: The HLOA is not liable for damage or losses due to a fire. The HLOA water system is primarily for household use and has limited capacity to counter a fire.

Owners are encouraged to study the information found on the HLOA website (see HLOA Activities -- Fire Committee) and to consider one or more of the following mitigations, which are voluntary.

- Have garden hoses and sprinklers pre-deployed or at the ready during fire season. Special low-volume sprinklers should be used per HLOA water policies – contact the water committee before making a purchase.
- Extend the time your sprinklers can run by using a supplemental or alternative source of water. Owners can purchase their own several-thousand gallon tank (collapsible or solid) and fill it by July 1 each year without being charged for the water. Owners with lots adjacent to the river can use river water to extend the run time of their sprinklers by purchasing their own pumping and delivery equipment.
- Reduce fuel load by thinning.

Firefighting equipment (barrels containing water hoses and nozzles, and hydrants) are available to owners. Operation instructions are on a laminated sheet of card underneath the lid. Barrels are locked; to open the lock dial the combination to numerals 2-0-1-1. The shackle (upside down U) must be strongly depressed and released to disengage the latch so the lock will open. See the **operation instructions sheet underneath the barrel lid** for instructions about when and how to use the equipment. Participate in training when offered.

Individual owners may have additional firefighting equipment available. The HLOA is not responsible for use of this equipment.

APPENDIX

Financial Policies and Procedures

Approved 10/3/2020

These policies and procedures are designed to assure that HLOA revenues and expenditures are managed in a timely and accurate manner. They provide an appropriate degree of division of authority as well as oversight and accountability to the members of the association for an organization of our size. These have been approved by the Board of Directors October 3, 2020.

Authority

The Board has accountability for all financial activities of the association. Duties are delegated as follows:

- The Treasurer is elected annually by the Board. The Treasurer is not a Board member. The Treasurer is responsible for the operations and management of financial activities as outlined below.
- Officers and committee chairs are authorized to make expenditures as approved by the Board through annual budgets and special one-time actions. These expenditures are coordinated and managed by the Treasurer.
- One director or officer provides auditing oversight of the Treasurer's records.

Fiscal Year

The HLOA records are maintained on a cash (not accrual) basis for the fiscal year beginning on January 1 and ending December 31. In addition, the Water Committee uses the Treasurer's reports to create water-year reports for April 1-March 31.

Banking

The Board determines which banking institutions will be used for specific purposes, assuring that all funds are kept in FDIC insured institutions. To the extent possible the HLOA seeks bank accounts that pay interest, but does not otherwise make financial investments. The Board may approve certificates of deposit for reserve account funds to the extent allowed by Oregon statutes.

Currently the HLOA maintains three separate accounts at the Community Bank in Enterprise, Oregon: (a) the general fund checking account, (b) the water system fund checking account and (c) the water system reserve fund savings account. The Treasurer and Secretary are the authorized signatories on the accounts and share the password for on-line banking.

Security

The Treasurer assures that the following items are safely stored, and could be obtained by the HLOA officers in an emergency: blank check stock, passwords for bank accounts, owner invoice and payment records, banking records and the revenue and transaction logs for each account. When a new Treasurer is appointed, passwords are changed, signatories are updated, and final bank statements are reviewed by a Board member. Post Office Box keys are kept by the Treasurer and President .

Budgets and Assessments

See Section 8 of the *Companion Document*

Vendors and Contractors

In securing materials, supplies and services the HLOA seeks providers who meet high standards for expertise and integrity, and who offer acceptable quality at a reasonable price. Bids from multiple vendors are sought whenever possible by committees and/or the board, with final selection either determined or delegated by the Board. Contracts must have a clear scope of work, accountability for deliverables, reasonable remuneration and a schedule of payments. The President is the only authorized signer on contracts unless specifically delegated by the Board. The Board may reimburse HLOA members for expenses incurred on the association's behalf, but generally does not contract with members for services.

Record Keeping and Retention

The Treasurer creates and stores the following records:

- A printout of the monthly bank statements for all accounts, including copies of electronically written checks
- A duplicate carbon copy of all hand-written checks
- All voided HLOA checks
- Original checks to the HLOA that have been deposited electronically
- An electronic **Revenue and Expenditure Register** of all income and expenditure transactions by account for each year
- A dated invoice for every expenditure filed by vendor
- An **Owner Invoice and Payment Register** of HLOA regular, water and special assessments
- Annual tax forms

Registers are printed annually and kept permanently. Year-end bank statements are retained permanently. Invoices, check copies, and monthly bank statements are retained for five years. A year end summary is filed by the Secretary with the corporate records.

Accounts Receivable (Income)

The Treasurer sends invoices to members for assessments as directed by the Board and in accordance with *Companion Document* Section 8. General assessments are billed in January; water assessments in the spring; special assessments as they arise. The Treasurer keeps an **Owner Invoice and Payment Register** of all invoices to and payments from owners.

All funds come to the HLOA via check mailed to the post office box in Lostine. (Exceptions are rare and discouraged by the Treasurer.) The Treasurer picks up the mail at least monthly. Checks are endorsed and deposited electronically within 72 hours. The paper copy is dated and filed in the income file. The record of payment is noted in the **Owner Invoice and Payment Register** and the **Revenue and Expenditure Register**.

Occasionally the Treasurer is given a check as a special donation from an owner or from a grant. The Board directs how these funds will be deposited and used. The HLOA does not use any cash for transactions.

Lot Turnover: when a lot is sold the Treasurer and Secretary work with the appropriate title company to assure that the HLOA receives all outstanding payments at sale closure.

Late Payment: All HLOA invoices are due in 30 days. The Treasurer follows a prescribed schedule of timely reminders that is fair and consistent across the membership. The Treasurer keeps the Board informed regarding owners whose accounts fall seriously behind. See Section 8.6 of the *Companion Document* for the HLOA policy on additional notice and Late Payment Penalty Fee schedule for late payments. Notices and penalties are tracked in the ***Owner Invoice and Payment Register***.

Accounts Payable

Disbursements: the Treasurer is authorized to disburse funds from the general account and the water account that have been approved by the Board. Approval may be through an annual budget process, a specific expense or “in perpetuity” for routine on-going expenses. Invoices related to the water system account are reviewed for accuracy by the Water Committee Chair prior to payment. The Treasurer seeks guidance from the officers if there is any uncertainty regarding appropriateness or accuracy of an invoice. Bills are paid promptly using electronic payment when possible, or by paper check. A copy of the bill, together with any related receipt, purchase order and packing slips are marked paid and filed by vendor. The payments are recorded in the Treasurer’s ***Revenue and Expenditures Register***.

Reserve Account

The Reserve Account is managed in accordance with Federal Internal Revenue Service regulations and Oregon state law. A full description of the reserve account is addressed in Section 10.5.11 in the *Companion Document*. Transfers into the Reserve Account are for capital improvements only and managed as part of the Water Committee Budget approval process. Transfers out of the Reserve Account require specific Board approval to assure they are consistent with regulations and the “30 Year HLOA Water System Plan Long-term Plan”. If the Board determines that borrowing from the reserve account is necessary for other purposes, approval will be accompanied with a repayment plan, such as a special assessment voting process. Reserve Account funds are expended only by transferring an appropriate sum to the Water System Account.

Reconciliation



Within 60 days after the monthly closing, the Treasurer downloads the monthly bank statement and reconciles the bank balances and individual transactions with the ***Revenue and Expenditures Register***. The Treasurer assures that proper documentation for all invoices are filed and any problems reconciled. Once everything is in agreement the Treasurer signs, dates, and files the bank statement. Her signature indicates that HLOA records and Bank Records are in agreement.

At least twice per year an officer of the Board compares the account balances in the association records with the balances in the bank records. Any discrepancies are reconciled. Once per year (in January) this review officer obtains the balances directly from the bank (by logging on electronically or visiting the bank) and compares these to the HLOA Treasurer’s records, reconciling any discrepancies. The officer verifies that documentation for checks paid to the Treasurer have appropriate documentation. The reviewing officer completes and signs an auditing report. In addition the officer may select a sample of invoices and verify that documentation is complete by signing the invoice.

Reporting

The Treasurer prints and files a year-end report of the ***Revenues and Expenditures Register*** and the ***Owner Invoice and Payment Register***. The Treasurer prepares additional summary reports for Board and membership meetings. These are designed to help the Board with budgeting and to inform the membership about the use of their assessments. The Water Committee receives detailed logs of expenditures and revenues from that account for the purposes of water budget management.

Tax Preparation and Filing

The HLOA is a for-profit corporation that meets state and federal definitions of a home owners association. The Board manages the HLOA finances to take advantage of the special Federal Internal Revenue Service's provisions for home owners associations. The Board does not pursue "non-exempt income" or "non-qualified expenses" without careful consideration of the tax implications.

Each February the Treasurer provides the following information to a bookkeeping firm chosen by the Board (currently Silver Creek Financials):

- Monthly bank statements

- The Revenue and Expenditures log for the calendar year

- Summaries of income and expenditures classified by IRS categories for form 1120H

The Treasurer signs the return and files the forms and sends payment if appropriate. The Treasurer circulates one copy of the return to the Board at its next meeting. The Treasurer keeps one copy and the secretary files one copy with the corporate records.

The Treasurer pays the Wallowa County property taxes for the two common lots each October. The HLOA is not usually required to file state income taxes.

Write-offs

All write-offs of accounts receivable or other assets require Board approval.