HIDDEN SPRINGS SUMMIT OWNERS ASSOCIATION, INC.

BYLAWS

ARTICLE I

DEFINITIONS

1.1 "**Association**" shall mean the HIDDEN SPRINGS SUMMIT OWNERS ASSOCIATION, INC., a nonprofit corporation organized and existing under the laws of the State of Oregon.

1.2 "**Articles**" shall mean the Articles of Incorporation of the Association.

1.3 "**Declaration**" shall mean the Declaration of Protective Covenants, Conditions and Restrictions affecting Hidden Springs Summit recorded as Recorder's Fee No. 86-51161, Real Property Records of Clackamas County, Oregon, as the same may be subsequently amended and supplemented pursuant to the terms thereof.

1. 4 "**Principal Office**" shall mean the principal office of the Association as may be designated by the Board of Directors from time to time.

1.5 Except as otherwise provided herein, the terms which are defined in the Declaration mean the same in these Bylaws.

ARTICLE II

APPLICABILITY

The Association, all Owners, and all persons using any portion of the Property shall be subject to these Bylaws and to the Rules and Regulations which may be promulgated under the Declarations.

ARTICLE III

MEMBERSHIP

The Secretary or Managing Agent shall maintain at the Principal Office a membership roster of the name and address of each Share Owner. Upon acquisition of his Lot, each Owner shall notify the Association of his name and address and from whom he acquired his interest. The Secretary or Managing Agent may accept as satisfactory proof of such ownership an executed and duly acknowledged conveyance, a title insurance policy, or other evidence reasonably acceptable to the board of Directors. If more than one (1) person owns a Lot subjected to the Declaration, the persons so holding such an interest shall designate in writing to the Association one (1) address to which notices shall be sent.

ARTICLE IV

MEETINGS AND VOTING

4.1 Place of Meetings. Meetings of the members of the Association shall be held on the Property, or at such other place in Oregon, convenient to the members as may be designated in the notice of the meeting.

4.2 Annual Meeting. The annual meeting for the election of directors and for the transaction of such other business as may properly come before the meeting shall be held at a reasonable hour and on such reasonable day in September or October of each year as the President may designate, or if the President should fail to designate a date by the first day of September, then at 2:00 P.M. on the third Saturday in September.

4.3 Special Meetings. A special meeting of the Association may be called at any time by the President or by one-third (1/3) of the members of the Board of Directors. A special meeting shall be called upon receipt of a written request addressed to the President stating the purpose of the meeting from members having ten percent (10%) of the votes entitled to be cast at such meeting; provided, no special meeting may be called by members prior to the first annual meeting.

4.4 Notice of Meeting.

(a) Written or printed notice stating the place, day and hour of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called shall be delivered not less than ten (10) nor more than fifty

(50) days before the date of the meeting, either personally or by mail, by or at the direction of the President or the Secretary, to each member entitled to vote at such meeting subject to the restrictions of Section 3.2 above, and to any mortgagee who has requested such notice. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, with postage fully prepaid thereon, addressed to the member or mortgagee at his most recent address as it appears on the records of the Association.

(b) When a meeting is adjourned for thirty (30) days or more, or when a redetermination of the persons entitled to receive notice of the adjourned meeting is required by law, notice of the adjourned meeting shall be given as for an original meeting. In all other cases no notice of the adjournment or of the business to be transacted at the adjourned meeting need be given other than by announcement at the meeting at which such adjournment is taken.

4.5 Quorum. At any meeting of the Association members having twenty percent (20%) of the votes entitled to be cast at such meeting, present in person or by proxy, shall constitute a quorum. When a quorum is once present to organize a meeting it cannot be broken by the subsequent withdrawal of a member or members. If any meeting of members cannot be organized because of a lack of quorum, the members who are present, either in person or by proxy, may adjourn the meeting from time to time no less than forty eight (48) hours nor more than thirty (30) days from the time the original meeting was called until a quorum is present.

4.6 Record Date. The Board of Directors may fix a date in the future as a record date for the determination of the members entitled to notice of and to vote at any meeting of members. The record date so fixed shall not be more than sixty (60) days nor less than ten (10) days prior to such meeting. When a record date is so fixed only members of record on the date shall be entitled to notice of and to vote at the meeting, notwithstanding any transfer of the appurtenant Share after the record date.

4.7 Voting Rights and Types of Membership. Each Owner shall be entitled to one (1) vote for each Lot subjected to the Declaration; provided that, with respect to a Lot subjected to the Declaration, when more than one (1) person is an Owner all such persons and entities shall be members and the vote for such Owner shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Lot subjected to the Declaration.

4.8 Proxies. Every member entitled to vote or to execute any waiver or consent may do so either in person or by written proxy duly executed and filed with the Secretary prior to the commencement of the meeting at which the proxy is to be exercised. No proxy shall be valid after the expiration of eleven (11) months from the date of its execution unless a shorter period is expressly stated in the proxy. A proxy shall not be valid if it is undated or. purports to be revocable without notice. The Board of Directors may provide that any election of directors shall be conducted by mail.

4.9 Majority Vote. The vote of a majority of the votes entitled to be cast by the members present or represented by proxy, at which a quorum is present, shall by necessary for the adoption of any matter voted on by the members unless a greater proportion is required by law, by the Declaration, by the Articles of Incorporation or by these Bylaws. In the case of an election conducted by mail, a candidate for the Board of Directors must receive a majority of the votes cast at an election in which at least twenty percent (20%) of eligible votes are cast to be elected.

ARTICLE V

DIRECTORS: MANAGEMENT

5.1 Number and Qualification. The affairs of the Association shall be governed by a Board of Directors composed of persons who are members of the Association. The Board shall be composed of three (3) persons until the termination of Class B membership. Thereafter, the Board shall be composed of nine (9) persons.

5.2 Election and Tenure of Office.

(a) The directors shall be elected as provided in the Articles of Incorporation.

(b) The directors named in the Articles of Incorporation shall serve until their successors are elected. At the first annual meeting of the Association following the termination of Class B membership or at a special meeting called for such purpose following such termination, the members shall elect one (1) class of three (3) directors to serve for one (1) year and a second class of three (3) directors to serve for three (3) years. Thereafter the successors to each class of directors shall serve a term of three (3) years each.

(c) All directors shall hold office until their respective successors shall have been elected by the members.

5.3 Vacancies.

(a) A vacancy in the Board of Directors shall exist upon the death, resignation or removal of any director, or if the authorized number of directors be increased, or if the members fail, at any annual or special meeting of members at which any director or directors are to be elected, to elect the full authorized number of directors to be voted for at that meeting. The Board of Directors may declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors.

(b) Vacancies in the Board of Directors may be filled by a majority of the remaining directors even though less than a quorum, or by a sole remaining director. Each director so elected shall hold office for the balance of the unexpired term and until his successor is elected.

5.4 Removal of Directors. All or any number of the directors may be removed, with or without cause, at any meeting of members if the matter of removal is included in the notice of the meeting by a vote of a majority.

5.5 Powers. The Board of Directors shall exercise for the Association all powers, duties and authority vested in or delegated to the Association, except those reserved to the members in the Declaration, Articles of Incorporation or these Bylaws.

5.6 Delegation.

(a) On behalf of the Association the Board of Directors may approve the employment or contract for a Managing Agent at a compensation to be established by the Board of Directors, and may employ employees and independent contractors and prescribe their duties. The Board of Directors may delegate to the Managing Agent such duties and powers as it deems appropriate. Any agreement for professional management of the property shall comply with the requirements of the Declaration and these Bylaws.

(b) The Board shall also have the power to appoint committees, each committee to consist of one (1) or more directors, and to delegate to such committees any of the powers and authority of the Board of Directors in the management of the business and affairs of the Association.

5.7 Meetings.

(a) Meetings of the Board of Directors shall be held at such place as may be designated from time to time by the board of Directors or other persons calling the meeting.

(b) Annual meetings of the Board of Directors shall be held without notice immediately following the adjournment of the annual meetings of the members.

(c) Special meetings of the Board of Directors for any purpose or purposes may be called at any time by the President or by one-third (1/3) of the directors.

(d) All meetings of the Board of Directors shall be open to all members.

5.8 Notice of Special Meetings.

(a) Notice of the time and place of special meetings and the purpose of such meetings shall be given orally or delivered in writing personally or by mail or telegram at least seventy two (72) hours before the meeting. Notice shall be sufficient if actually received at the required time or if mailed or telegraphed not less than seventy two (72) hours before the meeting. Notice mailed or telegraphed shall be directed to the address shown on the records of the Association or to the director's actual address ascertained by the person giving the notice.

(b) Notice of the time and place of holding an adjourned meeting need not be given if such time and place is fixed at the meeting adjourned.

(c) Attendance of a director at a meeting shall constitute a waiver of notice of such meeting except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

5.9 Quorum and Vote.

(a) A majority of the directors shall constitute a quorum for the transaction of business. A minority of the directors, in the absence of a quorum, may adjourn from time to time but may not transact any business.

(b) The action of a majority of the directors present in person or by proxy or by telephone at any meeting at which there is a quorum shall be the act of the Board of Directors unless a greater number is required by law, the Declaration, the Articles of Incorporation or these Bylaws.

5.10 Liability. Neither the Board of Directors nor any member thereof nor officer of the Association shall be liable to the Association or to any member for any damage, loss or prejudice suffered or claimed on account of any action or failure to act of the Association, its officers, Board of Directors or any member of its Board of Directors, provided only that the board member or officer has, in accordance with the actual knowledge possessed by him, acted in good faith.

5.11 Compensation. No director shall receive any compensation from the Association for acting as such.

ARTICLE VI

OFFICERS

6.1 Designation and Qualification. The officers of the Association shall be the President, the Vice President, the Secretary and the Treasurer and such other and subordinate officers as the board of Directors shall from time to time appoint. The President and the Vice President shall be members of the Board of Directors but the other officers need not be directors. Officers need not be members of the Association. Any two (2) offices may be held by the same person except the offices of President and Secretary.

6.2 Election and Vacancies. The initial officers of the Association shall be elected by a majority vote of the directors at the first meeting of the Board for a term of two (2) years. Thereafter, officers shall be chosen, removed or replaced at any subsequent meeting of the Board by a majority vote of the total number of directors on the Board, provided that after the first annual meeting no officer may serve a single term of longer than three (3) years. If any office shall become vacant by reason of death, resignation, removal, disqualification or any other cause, the Board of Directors shall elect a successor to fill the unexpired term at any meeting of the Board of Directors.

6.3 Removal and Resignation.

(a) Any officer may be removed upon the affirmative vote of a majority of the directors whenever in their judgment the best interests of the Association will be served thereby. The removal of an officer shall be without prejudice to the contract rights, if any, of the officer so removed.

(b) Any officer may resign at any time by giving written notice to the Board of Directors, the President or the Secretary of the Association. Any such resignation shall take effect upon receipt of such notice or at any later time specified therein. Unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective, provided that the Board of Directors may reject any post-dated resignation by notice in writing to the resigning officer. The effectiveness of such resignation shall not prejudice the contract rights, if any, of the Association against the officer so resigning.

6.4 President. The President shall be the chief executive officer of the Association and shall, subject to the control of the Board of Directors, have general supervision, direction and control of the business and affairs of the Association. The President shall preside at all meetings of the members and of the Board of Directors and shall see that orders and resolutions of the Board of Directors are carried out. The President shall be ex officio a member of all the standing committees, including the executive committee, if any, shall have the general powers and duties of management usually vested in the office of president of a non-profit corporation, and shall have such other powers and duties as may be prescribed by the Board of Directors or these Bylaws.

6.5 Vice President. The Vice President shall perform such duties as the Board of Directors shall prescribe. In the absence or disability of the President, the President's duties and powers shall be performed and exercised by the Vice President.

6.6 Secretary.

(a) The Secretary shall keep or cause to be kept a Book of Minutes of all meetings of directors and members showing the time and place of the meeting, whether it was regular or special, and if special, how authorized, the notice given, the names of those present at directors' meetings, the number of memberships present or represented at members' meetings, and the proceedings thereof.

(b) The Secretary shall give or cause to be given such notice of the meetings of the members and of the Board of Directors as is required by these Bylaws or by law. The Secretary shall keep the seal of the Association, if any, and affix it to all documents requiring a seal, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or these Bylaws.

6.7 **Treasurer.** The Treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the Association, including accounts of its assets, liabilities, receipts and disbursements. The books of account shall at all reasonable times be open to inspection by any director. The Treasurer shall deposit all monies and other valuables in the name and to the credit of the Association with such depositories as may be designated by the Board. The Treasurer shall disburse the funds of the Association as may be ordered by the Board, shall render to the President and directors, whenever they request it, and account of all of the Treasurer's transactions as Treasurer and of the financial condition of the Association, and shall have such other powers and perform such other duties as may be prescribed by the Board or these Bylaws.

6.8 **Compensation of Officers.** No officer who is a member of the Board of Directors shall receive any compensation from the Association for acting as an officer, unless such compensation is authorized by a resolution duly adopted by the members. The Board of Directors may fix any compensation to be paid to other officers.

ARTICLE VII

BUDGET

7.1 **Adoption of Budget.** The Board of Directors annually shall adopt a budget in accordance with the Declaration.

7.2 **Summary of Budget.** Within thirty (30) days after adopting a proposed annual budget the Board of Directors shall provide a summary of the budget to all Owners.

7.3 **Budget Meeting.** If the Board of Directors is petitioned by Owners representing twenty percent (20%) of the votes, the Board shall call a meeting of the Owners to consider rejection of the budget. The date of the meeting shall be not less than fourteen (14) nor more than thirty (30) days after the summary is provided to the Owners. At the meeting, whether or not a quorum is present, the budget shall be adopted unless a majority of the votes rejects the budget. If the proposed annual budget is rejected, the last annual budget shall continue in effect until the Owners approve a subsequent budget.

ARTICLE VIII

RECORDS

8.1 General Records. The Board of Directors shall keep or cause to be kept detailed records of the actions of the Board of Directors, minutes of the meetings of the Board of Directors and minutes of the meetings of the Association. The Board of Directors shall maintain a Book of Resolutions containing the rules, regulations and policies adopted by the Association and the Board of Directors. The Board of Directors shall maintain a list of Share Owners entitled to vote at meetings of the Association.

8.2 Records of Receipts and Expenditures. The Board of Directors shall keep detailed, itemized and accurate records, in chronological order, of all receipts and expenditures. Such records and the vouchers authorizing the payments shall be available for examination upon reasonable notice by any member. Accounts shall be kept as provided in the Declaration.

8.3 Assessment Poll. The assessment roll shall be maintained in a set of accounting books in which there shall be an account for each Owner. Such account shall designate the name and address of the Owner or Owners, the amount of each assessment against the Owners, the dates and amounts in which the assessment comes due, the amounts paid upon the account and the balance due on the assessments.

8.4 Reports. Within ninety (90) days of the end of its fiscal year, the Board of Directors shall cause to be prepared and distributed to each Owner, and upon written request any mortgagee of an Owner, an annual financial statement consisting of a balance sheet and income and expense statement for the preceding fiscal year.

8.5 Checks, Drafts, Etc. All checks, drafts or other orders for payment of money, notes or other evidences of indebtedness issued in the name of or payable to the Association shall be signed or endorsed by such person or persons and in such manner as, from time to time, shall be determined by resolution of the Board.

8.6 Contracts, Etc., How Executed. The Board, except as otherwise provided in these Bylaws, may authorize any office or officers, Managing Agent or Agents, or employees, to enter into any contract or execute any instrument in the name and on behalf of the Association and such authority may be general or confined to specific instances; and unless so authorized by the Board, no officer, Managing Agent, other agent or employee shall have any power or authority to bind the Association by a contract or engagement or to pledge its credit or to render it liable for any purpose or to any amount.

8.7 Documents. The Association shall keep at its Principal Office the original or a certified copy of the Articles and Bylaws and Declaration, as amended to date, together with a current membership list which shall be open to inspection by the Members at all reasonable times.

ARTICLE IX

AMENDMENTS, CONFLICTS

9.1 Amendments. These Bylaws may be amended from time to time in accordance with the following provisions:

(a) By consent of a majority of the then authorized directors; or

(b) By vote or written consent of members holding a majority of the total voting power of the Association of any duly called, noticed and held meeting of the Members.

Amendments shall be kept by the Secretary with the other records and books of the Association and shall become effective upon the execution of such written instrument as required by this Section without any further action or requirement.

9.2 Conflicts. In the event of any inconsistency between these Bylaws and the Articles, the Articles shall control and in the event of any inconsistency between these Bylaws or the Articles and the Declaration, the Declaration shall control.

9.3 Action Without a Meeting. Any action which Oregon law, the Declaration or the Bylaws require or permit the Owners or directors to take at a meeting may be taken without a meeting if a consent in writing setting forth the action so taken is signed by all the Owners or directors entitled to vote on the matter. The consent, which shall have the same effect as a unanimous vote of the Owners or directors, shall be filled in the records of minutes of the Association.

DATED this________ day of ____________________ , 2004.

HIDDEN SPRINGS SUMMIT OWNERS ASSOCIATION, INC.

By: ____

Name: ______________________________________

Title:_______________________________________