

BY-LAWS
OF
DELINE HOMEOWNER'S ASSOCIATION, INC.,
A Nonprofit Oregon Corporation

ARTICLE I

NAME AND LOCATION

The name of the corporation is Deline Homeowner's Association, Inc., hereinafter referred to as the "Association". The principal office of the corporation shall be located at P.O. Box 5091, Aloha, Oregon 97007, but meetings of members and directors may be held at such places within the State of Oregon, County of Washington, as may be designated.

ARTICLE II

DEFINITIONS

Section 1: "Association" shall mean and refer to Deline Homeowner's Association, Inc., its successors and assigns.

Section 2: "Properties" shall mean and refer to that certain real property described in Declaration of Covenants, Conditions and Restrictions recorded in Book 1024, Page 549, Film Records, Washington County, Oregon, and additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 3: "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the members of the Association.

Section 4: "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties with the exception of the Common Area.

Section 5: "Member" shall mean and refer to every person or entity who holds a membership in the Association.

Section 6: "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to an lot which is a part to the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 7: "Declarant" shall mean and refer to Glen R. Gordon, Ardythe Ann Gordon, David Dimeo and Darlene Dimeo.

Section 8: "Declaration" shall mean and refer to the Declaration of Covenants, Conditions, and Restrictions applicable to the Properties recorded in the office of the Recorder of Washington County, Oregon.

ARTICLE III

Section 1: Membership. Every person or entity who is a record owner of a fee or undivided

interest in common in any Lot which is subject by covenants or record to assessment by the Association, including contract sellers, shall be a member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any Lot, which is subject to assessment, by the Association. Ownership of such Lot shall be the sole qualification for membership.

Section 2: Suspension of Membership. During any period in which a member shall be in default in the payment of any annual or special assessment levied by the Association, the voting rights and the right to the use of the recreational facilities of such member shall be suspended by the Board of Directors until such assessment has been paid.

ARTICLE IV

PROPERTY RIGHTS: RIGHTS OF ENJOYMENT

Section 1: Each member shall be entitled to the use and enjoyment of the Common Area and recreational facilities. Any member may delegate his rights of enjoyment of the Common Area and facilities to the members of his family or guests who reside on the property, or renters who reside on the property. Such member shall notify the secretary in writing of the name of any such delegee. The right and privileges of such a delegee are subject to suspension to the same extent as those of the member.

ARTICLE V

DIRECTORS

Section 1: Number. The affairs of the Association shall be managed by a Board of seven (7) directors, who must be residents and members of the Association.

Section2: Election. At the annual meeting on February 2, 1982, the members shall elect three directors for terms of one year and three directors for terms of two years. At each annual meeting thereafter, the members shall elect replacements fill the positions of the directors whose terms are then expiring. These subsequent replacements shall all serve two-year terms,

Section 3: Removal. Any director may be removed form the Board, with or without cause, by a majority vote of the members of the Association,

Section 4: Vacancy. Any vacancy occurring in the Board of Directors may be filled by the affirmative vote of a majority of the remaining Directors though less than a quorum of the Board of Directors. A director elected to fill a vacancy shall be elected for the unexpired portion of the term of his predecessor in office.

Section 5: Compensation. No director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for actual expenses incurred in the performance of his duties.

Section 6: Meetings. Meetings of the Board of Directors, regular or special, may be held either within or without the State of Oregon.

Section 7: Annual Meetings. The regular annual meeting of the Board of Directors shall be held immediately following the annual meeting of the shareholders, at the time and place determined by the Board of Directors.

Section 8: Special Meetings. Special meetings of the Board of Directors may be called by the President on three day's notice to each Director, either personally, or by mail or by telegram; special meetings shall be called by the President or Secretary in the same manner and with similar notice of the written request of two directors.

Section 9: Quorum. A majority of the total number of directors shall constitute a quorum for the transaction of business at a meeting of the Board of Directors. The act of the majority of the directors present at a meeting attended by a quorum shall be the act of the Board of Directors.

Section 10: Regular Meetings. Regular meetings of the Board of Directors shall be held monthly without notice; at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

ARTICLE VI

NOTICES: INFORMAL ACTION BY DIRECTORS

Section 1: Whenever, under the provisions of the Oregon Business Corporation Act or of these By-laws, notice is required to be given to any director or member, it shall not be construed to mean personal notice, by such notice may be given in writing and mailed, postage prepaid, to a director or shareholder, or his address that appears on the corporation's records. The notice shall be deemed to be given at time when it is deposited in the United States Mail.

Section 2: Whenever any notice is required to be given to any member or director under the provisions of the Oregon Business Corporation Act or by these By-Laws, a waiver signed at any time by the person entitled to this notice shall be deemed equivalent to the giving of this notice.

Section 3: Any action required by the Oregon Business Corporation Act to be taken at a meeting of the directors or members, or any other action which may be taken at such meeting, may be taken without a meeting if all of the directors or members entitled to vote on the question consent in writing to the action.

Section 4: A director's attendance at a meeting shall constitute a waiver of notice of meeting, except when a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully convened. Neither the business to be transacted at, nor

the purpose of any meeting of the Board of Directors need be specified in the notice of waiver of notice of the meeting.

ARTICLE VII

NOMINATION AND ELECTION OF DIRECTORS

Section 1: Nomination for election to the Board of Directors shall be made from the floor at the annual meeting.

Section 2: Election: Election to the Board of Directors shall be by secret written ballot. At such election the members or their proxies may cast, in respect to each vacancy, as many votes, as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected.

ARTICLE VIII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1: Powers. The Board of Directors shall have power to:

- (a) Adopt and publish rules and regulations governing the use of the Common Area and facilities, and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof;
- (b) Exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these By-Laws, and Articles of Incorporation, or the Declaration;
- (c) 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 meetings of the Board of Directors; and
- (d) Employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties.

Section 2: Duties. It shall be the duty of the Board of Directors to:

- (a) Cause to be kept a complete record of all of its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members;
- (b) Supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;
- (c) As provided herein and in the Declaration, to fix the amount of the annual assessment as provided in the recorded Covenants, Conditions and Restrictions;

(d) Procure and maintain adequate liability and hazard insurance on property owned by the association;

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

(f) Cause common area to be maintained; and

(g) Cause the exterior of the dwellings to be maintained.

ARTICLE IX

COMMITTEES

Section 1: The board of directors shall appoint committees deemed appropriate in carrying out its purposes.

Section 2: It shall be the duty of each committee so appointed to receive complaints from members on any matter involving the Association functions, duties and activities within its field of responsibility. It shall dispose of such complaints, as it deems appropriate or refer them to such other committee; director or officer of the Association as is further concerned with the matter presented.

ARTICLE X

MEETINGS OF MEMBERS

Section 1: Annual Meetings. The first annual meeting of the members shall be held within one year from the date of incorporation of the Association, and each subsequent regular annual meeting of the members shall be held on the same day of the same month of each year thereafter, at the hour of 7:30 P.M. If the date of the annual meeting falls on a legal holiday, or a Saturday or Sunday, the annual meeting shall be held on the following workday.

(Changed at 1992 Annual Meeting to first week in May at 7:00 P.M.)

Section 2: Special Meetings. Special meetings of the members may be called at any time by the President or by the Board of Directors, or upon written request of the members who are entitled to vote one-fourth (1/4) of all of the votes of the entire Membership or who are entitled to vote one-fourth (1/4) of the votes of the membership.

Section 3: Business transacted at any special meeting shall be confined to the purpose stated in the notice.

Section 4: Notice of Meetings. Written notice of each meeting of the members shall be given by, or at the discretion of, the secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least ten (10) days before such meeting to each member entitled to vote, addressed to the member's address last appearing on the books and records of the Association, or supplied by such manner to the Association for the purpose of notice or by personally serving the notice to a member of the members household 18 years of age or older. Such notice shall specify the place, day and hour of the meeting and, in the case of a special meeting, the purpose of the meeting.

Section 5: Quorum. The presence at the meeting of members entitled to cast, or of proxies entitled to cast, one-tenth (1/10) of the votes of membership shall constitute a quorum for any action except as otherwise provided in the recorded Declaration of Covenants, Conditions and Restrictions. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote there at shall have the power to adjourn the meeting from time to time, without notice, other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 6: Proxies. At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his Lot.

ARTICLE XI

OFFICERS AND THEIR DUTIES

Section 1: Enumeration of Office. The officers of this Association shall be a president and vice-president who shall at all times be members of the Board of Directors, a secretary and a treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2: Election of Officers. The election of officers shall take place at the *first* meeting of the Board of Directors following each annual meeting of the members.

Section 3: Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 4: Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 5: Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the president or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6: Vacancies. A vacancy in any office may be filled in the manner prescribed for regular election. The officer elected to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7: Multiple Offices. The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special office created pursuant to Section 4 of this Article.

Section 8: Duties. The duties of the officers are as follows:

President

(a) The president shall preside at all meetings of the Board of Directors; shall see that orders

and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds or other written instruments and shall co-sign all checks and promissory notes.

Vice-President

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

Secretary

(c) The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; keep appropriate current records showing the members of the Association together with their addresses, and shall perform such other duties as required by the Board.

Treasurer

(d) The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the, Board of Directors, and shall sign all checks and promissory notes of the Association, keep proper books of account; cause an annual audit of the Association books to be made by a public accountant, or by three members of the Board of Directors, at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the members.

ARTICLE XII

VOTING RIGHTS OF MEMBERS

Section 1: All members shall be owners and shall be entitled to one vote for each lot owned. When more than one person holds an interest in any lot, all such persons shall be considered as one member. The vote for such lot shall be exercised as they, among themselves, determine, but in no event shall more than one vote be cast with respect to any lot.

Section 2: Suspension of Voting Rights. The Association, by and through its Board of Directors, shall have the power to suspend the voting rights and the right to the use of any recreational or common facilities including swimming facilities in and upon the common areas, if any, by an owner for any period during which any assessment against his or her lot remains unpaid and for a period not to exceed 60 days for any infraction of its published rules and regulations other than the failure to pay any such assessment.

ARTICLE XIII

BOOKS AND RECORDS

The books, records, and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any member. The Declaration, The Articles of Incorporation and the

By-Laws of the Association shall be available for inspection by any member at the home of the secretary, where copies may be purchased at reasonable cost.

ARTICLE XIV

INDEMNIFICATION

Section 1: In furtherance and not in limitation of the powers conferred by statute, the association shall indemnify Glen R. Gordon and David Dimeo, and each of them, collectively and individually, as incorporators and members of the original Board of Directors of the Association, and hold them free and harmless from any obligation, liability, charge, expense or indebtedness arising out of, or related to, their activities in incorporating the Association and conducting Its first and organizational meeting of the Board of Directors and Membership.

Section 2: The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful.

The termination of any action, suit or proceeding, by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 3: The corporation shall indemnify any person who was or is a party or is threatened to be made a party or is threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation, as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnify for such expenses which such court shall deem proper.

Section 4: To the extent that a director, officer, employee or agent of a corporation has been successful on the merits or otherwise in defense of any action, suit, or proceeding referred to in Sections (1) and (2) of this Article, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him In connection therewith.

Section 5: Any indemnification under Sections (1) and (2) of this Article- (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of the director, officer, employee or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in Sections (1) and (2) of this Article. Such determination shall be made (a) by the Board of Directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (b) if such a quorum is not obtainable, or, even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (c) by the shareholders.

Section 6: Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding as authorized in the manner provided in subsection (4) of the Article upon receipt of an undertaking by or on behalf of the director, officer, employee or agent to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the corporation as authorized in this Article.

Section 7: The indemnification provided by this Article shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any By-law, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in his official capacity and as action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 8: The directors of the corporation have the authority on behalf of the corporation to authorize the purchase and maintenance of insurance on behalf of any person who is or was a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this Article.

ARTICLE XV

AMENDMENTS

Section 1: The By-Laws of the corporation may be altered, amended or repealed and new By-Laws may be adopted by the affirmative vote of a two-thirds (2/3) majority of the members present at any annual Association meeting.

Section 2: Any petition for changes in the By-Laws shall be submitted to the Board ninety (90) days before the annual meeting.

Section 3: Any petition submitted to the Board for changes to the By-Laws must have ten percent (10%) of the Association member's signatures.

Section 4: Any petition placed on a ballot for an annual meeting is subject to approval by a majority vote as specified in Covenants and/or By-Laws as the case may be.

