

**BYLAWS OF
MARINERS VILLAGE
HOMEOWNERS ASSOCIATION**

AND

ARTICLES OF INCORPORATION

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BYLAWS OF
MARINERS VILLAGE HOMEOWNERS ASSOCIATION

ARTICLE 1

GENERAL PROVISIONS

Section 1. Purpose and Location

These Bylaws are made for the purpose of governing the affairs of the Mariners Village Homeowners Association (herein referred to as "Association"), an Oregon nonprofit corporation. The principal office of the Association shall be located at such location in Florence, Oregon, as the Board may designate from time to time.

Section 2. Declaration and Articles Defined

"Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions of Mariners Village, recorded on June 30, 1994, as Instrument No. 9448800, Reel 1968R, in the Official Records of Lane County, Oregon, and duly recorded amendments thereto.

"Articles" shall mean and refer to the Articles of Incorporation of Mariners Village Homeowners Association, filed with the Secretary of State of the State of Oregon on June 28, 1994.

Section 3. Incorporation by Reference

The provisions of the Declaration and the Articles are hereby incorporated in these Bylaws by reference, as though fully set forth herein.

Section 4. Definitions

The terms defined in the Declaration shall have the same meaning when used in these Bylaws as when used in the Declaration.

ARTICLE 2

MEETINGS OF MEMBERS

Section 1. Annual Meetings

An annual meeting of Members shall be held at least once each calendar year. The Board shall determine the date of each annual meeting, which date does not have to fall on

the same date as the prior annual meeting; provided, however, that the Board must schedule an annual meeting not later than June 1st of each calendar year.

Section 2. Special Meetings

A special meeting of Members shall be called by the President or by the Board upon the vote for such a meeting by a majority of the Board, or upon receipt by the Board of a written request signed by Members representing at least twenty-five percent (25%) or more of the Members. Such a special meeting shall be held at a date and time fixed by the Board not less than thirty-five (35) nor more than ninety (90) days after the vote or receipt of the request.

Section 3. Notice and Location of Meetings

Written notice of annual and special meetings shall be given by the Board by mailing a notice, either by first class, registered or certified mail, to each Member, in the manner prescribed in the Declaration.

Such notice shall be given not less than ten (10) nor more than ninety (90) days before the date of any meeting at which Members are required or permitted to take any action; provided, however, that in the case of a special meeting such notice shall be given within twenty (20) days after the vote or receipt of the request.

Every notice shall specify the place, date and time of the meeting, and (1) in the case of a special meeting, the nature of the business to be transacted, and no other business may be transacted, or (2) in the case of an annual meeting, those matters which the Board, at the time the notice is given, intends to present for action by the Members; provided, however, that any proper matter may be presented at an annual meeting for action by the Members. The notice of any meeting at which a Director(s) is to be elected shall include the names of those nominated at the time the notice is given.

The Board shall specify the meeting place, which may be held outside the Project, if in the judgment of the Board, a larger meeting room is required than exists within the Project, in which case the meeting place selected shall be as close as possible to the Project.

Section 4. Special Notice Requirements

Any approval by the Members of the following actions, other than by unanimous approval of all Members, shall be valid only if the general nature of the proposed action was stated in the notice or in any written waiver of notice or consent to the holding of a meeting or approval of the minutes:

- (a) Removal of a Director(s);
- (b) Filling a vacancy on the Board;
- (c) Approving a contract or other transaction in which a Director has a material financial interest;
- (d) Amendment of the Articles, Bylaws, or Declaration; and
- (e) Plans for distribution of assets to Members in connection with dissolution.

Section 5. Quorum

The presence, in person or by proxy, of ten percent (10%) of the Members entitled to vote shall constitute a quorum of an annual or special meeting.

In the absence of a quorum, a majority of those present in person or by proxy may adjourn the meeting to another time, but may not transact business. Such adjournment shall be to a date not less than five (5), nor more than thirty (30) days from the date of the original meeting. At the adjourned meeting, the quorum may be set at the percent of the voting power of the Association represented by the number of members attending the adjourned meeting. If the time and place of the adjourned meeting is not fixed at the original meeting, or if a new date is fixed for the adjourned meeting after the adjournment, notice of the time and place of the adjourned meeting shall be given to the Members in the manner described in Section 3 above.

Section 6. Meeting Agenda and Procedure

The President of the Board shall preside at every meeting of the Members. The President may delegate this duty to another Board Member or authorized agent of the Association. All meetings of Members shall be conducted according to the following order of business:

- (a) Proof of Notice of Meeting;
- (b) Establishment of quorum;
- (c) Reading and approval of Minutes of preceding meeting;
- (d) Reports of Board and Officers;
- (e) Election of Directors;
- (f) Old business;
- (g) New business; and
- (h) Adjournment.

Section 7. Proxies

At all meetings of Members, each Member entitled to vote may vote in person or by proxy. All proxies shall be in writing and filed by the proxy holder with the Secretary at or before the appointed time of each meeting. Except for an irrevocable proxy permitted under Oregon Law, every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot, or upon receipt of notice by the Secretary or the Board of the death or judicially declared incompetence of a Member, or upon the expiration of eleven (11) months from the date of the proxy, unless otherwise provided in the proxy, except that the maximum term of any proxy under Oregon Law shall be three (3) years from the date of execution.

Any revocable proxy covering a matter requiring a vote of the Members with respect to any of the following is not valid as to such matter(s) to be voted on:

- (a) Any matter referred to in Section 4 above;
- (b) Amendment of these Bylaws with respect to proxy rights;

- (c) Merger with another corporation;
- (d) Transfer of all or substantially all of the Association assets; and
- (e) Dissolution of the Association.

Where the proxy or written ballot is to be voted to fill vacancies in the Board, that proxy or written ballot shall set forth the names of the candidates to be approved or disapproved. All proxies for this purpose shall also provide that where a Member specifies a choice of candidate, the vote shall be cast in accordance with that choice. The Proxy shall also identify the person or persons authorized to exercise the proxy and the length of time the proxy will be valid.

Section 8. Adjournment

A majority of the Members present, in person or by proxy, may adjourn any meeting of the Members to a later date and time. If a time and place for an adjourned meeting is not fixed by those in attendance at the original meeting, or if a new date is fixed for the adjourned meeting after adjournment, or if after adjournment a new record date is fixed for the adjourned meeting, then notice of the time and place of the adjourned meeting shall be given to Members in the manner described in Section 3 above.

Provided the nature of the business to be discussed is announced in open session, the Board may, with the approval of a majority of a quorum of its Members, adjourn the meeting and reconvene in executive session to discuss and vote upon confidential matters involving personnel, litigation, or similar matters.

Section 9. Action Without Meeting

Any action which may be taken by the vote of Members at an annual or special meeting, except the election of Directors where cumulative voting is required, may be taken without a meeting if a written ballot is distributed to each Member of the Association in compliance with the provisions of Oregon Law.

Section 10. Waiver of Notice; Consent to Holding Meetings

The transactions of any meeting of Members, however called and noticed and wherever held, are valid as though transacted at a meeting duly held after proper notice if: (a) quorum is present; and if (b) each Member entitled to vote not present either in person or by proxy at the meeting signs a written waiver of notice or a consent to the holding of the meeting or an approval of the minutes thereof, either before or after the meeting. All such waivers, consents, or approvals are subject to the requirements of Article 2, Section 4 of these Bylaws. All such waivers, consents and approvals shall be filed with the Secretary or made a part of the minutes of the meeting.

Section 11. Membership and Voting

The qualifications for Membership in the Association, restrictions on transfer, and voting rights shall be as set forth in the Declaration.

ARTICLE 3

POWERS AND DUTIES OF THE ASSOCIATION AND THE BOARD OF DIRECTORS

The association shall have those powers, rights and duties provided for in law and in the Project Documents.

Subject to the provisions of Oregon Law and any limitations in the Project Documents relating to action required to be approved by the Members, the Association shall be managed and all Association powers shall be exercised by, or under the direction of, the Board of Directors.

ARTICLE 4

TERMS OF OFFICE, ELECTION, AND REMOVAL OF DIRECTORS

Section 1. Number and Term of Directors

The initial Board shall consist of the three (3) Directors whose names are signed hereto. Such Board shall serve until the first annual meeting of Members, at which time five (5) Directors shall be elected to replace them.

The Directors shall serve staggered terms as follows: Each of the first three (3) Directors elected (including Special Directors as defined in Section 3) at the first meeting of the Members shall serve a two-year term, and each of the next two (2) Directors elected at that meeting shall serve a one-year term. Thereafter, all Directors shall be elected to two-year terms. All elections and appointments of Directors under these Bylaws shall be for such terms as will preserve the staggering of terms as provided in this section. Each Director shall serve until the expiration of his/her term and his/her replacement is elected and qualified.

After that point in time at which Declarant owns or controls less than eighty percent (80%) of the Lots in the Project, all Directors must be Owners.

Section 2. Election of Directors

Nominations for election to the Board shall be made by the Board. The Board shall make as many nominations for election to the Board as it shall in its discretion determine, but not less than the number of vacancies that are to be filled.

In addition, any Member present, in person or by proxy, at a meeting at which Directors are to be elected, may place names in nomination.

All elections of Directors by Members shall be by secret written ballot at a duly called and held annual or special meeting of Members.

All elections in which more than two (2) positions on the Board are to be filled shall be conducted by cumulative voting; provided however, that no Member shall be entitled to cumulate votes for a candidate (s) unless such candidate's name(s) has been placed in nomination prior to the voting and at least one Member has given notice at the meeting of his intention to cumulate votes.

Section 3. Special Directors

From the first election of the Board and thereafter for so long as a majority of the voting power of the Association resides in Declarant, or for so long as there are two (2) outstanding classes of Membership in the Association, not less than twenty percent (20%) of the incumbent Directors on the Board shall be elected solely by the votes of Members other than Declarant.

Such Directors shall be known as Special Directors. To implement the intent of this provision, the following procedure shall be followed. At the first election of Directors, candidates for Special Director shall first be nominated and elected by Members other than Declarant. After election of the prescribed number of Special Directors, the remaining Directors shall be elected as directed by this section. The above procedure shall be used in any election where it is necessary to maintain the prescribed percentage of Special Directors.

Section 4. Removal

A Director may be removed from the Board with or without cause prior to the expiration of his term by a vote of the Members as follows:

(a) The entire Board may be removed from office at an annual or special meeting of the Members by the vote of at least sixty-six and two-thirds percent (66 2/3%) of the voting power of each class of Members.

(b) Unless the entire Board is removed from office, an individual Director shall not be removed prior to the expiration of his term of office if the number of votes cast against his removal, or not consenting in writing to such removal, would be sufficient to elect the individual Director if voted cumulatively at an election at which the same total number of votes were cast and the entire number of Directors authorized at the time of the Director's most recent election were then being elected.

(c) In addition to the restrictions on removal set forth in Section (b) above, a Special Director may be removed from office prior to the expiration of his term only by the affirmative vote of at least a bare majority of the Members other than the Declarant.

(d) A reduction in the number of authorized Directors shall not remove any Director prior to the expiration of such Director's term of office.

Section 5. Filling Vacancies

A vacancy on the Board created by the removal of a Director shall be filled by the Members pursuant to Section 2 above; provided, however that a vacancy created by the

removal of a Special Director shall be filled by a majority of the Members other than the Declarant.

A vacancy on the Board created by reason other than the removal of a Director shall be filled by the vote of the majority of the remaining Directors, whether or not less than a quorum, or by a sole remaining Director. The Members may elect a Director pursuant to Section 2 at any time to fill such a vacancy not filled within a reasonable time by the Directors.

Each Director elected to fill a vacancy shall serve for the remainder of the term of the Director he or she replaces.

MEETINGS OF DIRECTORS

Section 1. Regular Meetings

Regular meetings of the Board shall be conducted at least semi-annually at a time and place fixed by the Board. The meeting place may be held outside the Project, if, in the judgment of the Board, a larger meeting room is required than exists within the Project, in which case the meeting place selected shall be as close as possible to the Project. Notice of the time and place of regular meetings shall be communicated to each Director, personally or by mail, telephone or telegraph, at least four (4) days prior to the scheduled day of the meeting.

Section 2. Special Meetings

A special meeting of the Board may be called by written notice signed by the President of the Association or by any two (2) Directors other than the President. Notice of the time and place of the meeting and a description of the nature of any special business to be considered shall be given in the manner prescribed for regular meetings, not less than 72 hours prior to the meeting.

Section 3. Action Without a Meeting

The Board may take actions without a meeting if all of the Directors approve in writing to the action to be taken. If the Board resolves by unanimous written approval to take action, an explanation of the action taken shall be posted at a prominent place within the Common Area within three (3) days of the required approval.

Section 4. Waiver of Notice

Notice of a meeting of the Board need not be given to any Director who has signed a waiver of notice or a written consent to the holding of such meeting or an approval of the minutes thereof, whether before or after the meeting, or who attends the meeting without protesting at the earliest reasonable opportunity, the lack of notice to such Director. All such waivers, consents, and approvals shall be filed with the Secretary or made a part of the minutes of the meeting.

Section 5. Quorum; Voting

The presence in person of a majority of the authorized number of Directors at a meeting of the Board shall constitute a quorum for the transaction of business.

The vote of a majority of the Directors present at a meeting duly held at which a quorum is present shall constitute the act of the Board, unless a different vote is expressly provided for in the Project Documents.

Section 6. Adjournment

A majority of the Directors present, whether or not a quorum is present, may adjourn any meeting to another time and place. If the meeting is adjourned for more than twenty-four (24) hours, notice of the adjourned meeting shall be given to all Directors not present at the time of adjournment.

Section 7. Board Meetings Open to Members

Regular and special meetings of the Board shall be open to all Members of the Association; provided, however, that Members who are not on the Board may not participate in any deliberation or discussion unless expressly so authorized by a majority or quorum of the Board.

Section 8. Executive Session

The Board may, with the approval of a majority of a quorum of its Members, adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Association is or may become involved, and orders of business of a similar nature. The nature of any and all business to be considered in executive session shall first be announced in open session. An executive session shall not be open to Members of the Association unless approved by the Board.

ARTICLE 6

OFFICERS

Section 1. Enumeration

The Officers of the Association shall be President, Vice-President, and Secretary, who shall at all times be elected from current Directors, and a Treasurer, and such other special officers as the Board may from time to time by resolution create. Each Officer shall be elected annually by the Board and shall hold office for one (1) year unless he or she shall sooner resign, or shall be removed, or otherwise be disqualified to serve.

Section 2. Election and Term of Officers

The election of Officers shall take place at the first meeting of the Board following each annual meeting of the Members.

But not from the board

Section 3. Resignation and Removal

Any Officer or Director may resign effective upon giving written notice to the Board, the President, or Secretary, unless the notice specifies a later time for the effectiveness of such resignation. If the resignation is effective at a future time, a successor may be elected to take office when the resignation becomes effective. Unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. Any Officer may be removed from office by a vote of the Board at any time with or without cause.

Section 4. Filling Vacancies

A vacancy in any office may be filled by election by the Board. The Officer elected to such vacancy shall serve for the remainder of the term of the Officer he replaces.

Section 5. 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 offices created pursuant to Section 1 above.

Section 6. President

The President shall be the Chief Executive Officer of the Association and shall, subject to the control of the Board, have general supervision, direction, and control of the business and the Officers of the Association. The President shall preside at all meetings of the Board and at all meetings of the Members. The President shall have such powers and duties as may be prescribed by these Bylaws, the Declaration, or the Board. The President shall sign all leases, mortgages, deeds and other written instruments, and shall co-sign all checks and promissory notes.

Section 7. Vice-President

The Vice-President shall act in the place of the President in the event of the President's absence, inability or refusal to act, and shall exercise such powers and discharge such duties as may be required by the Board.

Section 8. Secretary

The Secretary shall keep all minutes of Board and Member meetings at the principal office of the Association. Such minutes shall include the time and place of each meeting, the notice given, the names of Directors present at a Board meeting, the number of Members present in person or by proxy at a Members' meeting, and the proceedings of each meeting.

The Secretary shall give notice to the Members of all meetings of the Board and of the Members as required in these Bylaws.

The Secretary shall also keep (at the principal office of the Association) a current membership register of all Members, showing the names of all Members, their addresses and the class of membership held by each.

Section 9. Treasurer

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; shall co-sign all checks and promissory notes of the Association; and shall keep proper books of account and prepare or have prepared financial statements as required in the Declaration.

ARTICLE 7

COMMITTEES

Section 1. Committees

The Board may appoint such committees, composed of Directors and/or non-directors, with such authority as the Board shall deem necessary from time to time. All committees shall serve at the pleasure of the Board. The Board may not delegate to a committee the authority of the Board to approve any of the following actions for which the approval of the Members is required:

- (a) Filling a vacancy on the Board or any committee which has the authority of the Board;
- (b) The appointment of committees of the Board or the members thereof;
or
- (c) Any other non-delegable authority set forth in the Project Documents or at law.

Section 2. Minutes

All committees shall keep written minutes or their proceedings, report their proceedings to the Board, and file their minutes with the Secretary.

ARTICLE 8

AMENDMENT OF BYLAWS

These Bylaws may be amended only by the vote or written assent of the Board of Directors and Members as follows:

- (a) By the vote or written assent of a bare majority of the Members entitled to vote and present, in person or by proxy, at a duly called and held meeting of Members.

(b) (1) So long as the Class A and Class B Memberships (as established in the Declaration) exist, upon the vote or written assent of fifty-one percent (51%) of each class; or

(2) After conversion of the Class B to Class A Memberships, upon the vote or written assent of fifty-one percent (51%) of the Members, including fifty-one percent (51%) of the Members other than Declarant (as defined in the Declaration).

ARTICLE 9

MISCELLANEOUS PROVISIONS

Section 1. Indemnity

To the extent permitted by Oregon Law, each Director and Officer of the Association shall be indemnified by the Association against all expenses and liabilities, including reasonable attorney's fees, reasonably incurred by or imposed by judgment or settlement in connection with any proceeding to which he may be a party or in which he may become involved by reason of his being or having been a Director or Officer of the Association, except in cases of fraud, gross negligence or bad faith of the Director or Officer in the performance of his or her duties or exercise of his or her powers.

Section 2. Compensation

No Director or Officer of the Association shall receive any salary or other compensation for services performed in the conduct of the Association's business; provided, however, that the Board may authorize reimbursement for expenses actually incurred by a Director or Officer in carrying on the business of the Association.

Section 3. Standards of Conduct

Each Director shall perform his duties in accordance with the standards of conduct set forth in ORS 60.367.

Section 4. Conflicts

Conflicts between provisions of these Bylaws and the other Project Documents shall be resolved as set forth in the Declaration.

Section 5. Fiscal Year

Unless otherwise resolved by the Board, the fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year.

ADOPTION OF BYLAWS

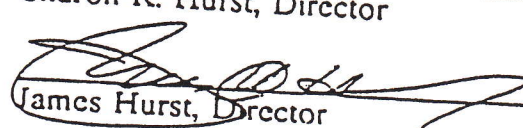
We, the undersigned, being all of the Directors of MARINERS VILLAGE Homeowners Association, do hereby certify:

That we are entitled to exercise all of the voting power of the Board of said Association, and that we hereby assent to the within and foregoing Bylaws and hereby adopt the same as the Bylaws of said Association.

Executed by the undersigned on July 15, 1994.

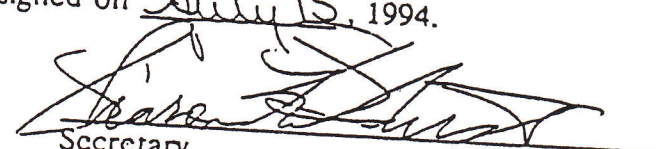

Eugene Brink, Director


Sharon K. Hurst, Director


James Hurst, Director

I, the undersigned, the duly elected and acting Secretary of MARINERS VILLAGE Homeowners Association, an Oregon nonprofit corporation, do hereby certify that the within and foregoing Bylaws were adopted as the Bylaws of said Association on July 15, 1994, and that the same do now constitute the Bylaws of said Association.

Executed by the undersigned on July 15, 1994.


Secretary