

BYLAWS
OF THE
TUMALO RIM
PROPERTY OWNERS ASSOCIATION

ARTICLE I

Name and Location of Association: The name of this Association is Tumalo Rim Property Owners Association. Its principal office is located at 1655 NW Awbrey Road, Bend, Oregon 97701.

ARTICLE II

Definitions: The following terms when used herein shall have the following meanings unless a different meaning is plainly required by the context:

1.1 All terms defined in the Tumalo Rim Declaration shall be so defined herein.

1.2 "Tumalo Rim Declaration" shall be that instrument entitled Declarations, Restrictions, Protective Covenants, and Conditions for Tumalo Rim, Deschutes County, Oregon, filed in Deed Records, Deschutes County, Oregon.

ARTICLE III

Membership: Members of the Association shall be every owner in Tumalo Rim as specifically set forth in the Tumalo Rim Declaration. There shall be no other qualification for membership. Membership shall terminate upon the transfer of a fee simple title to a lot or the contract purchaser's interest by a contract purchaser.

ARTICLE IV

Meeting of Members:

4.1 Place of Meetings: Meetings of the members shall be held at the principal office or place of business of the Association or at such suitable place convenient to the members as may be designated by the Board of Directors.

4.2 Annual Meetings: The annual meetings of the members shall be held on the third Saturday in October of each year at 10:00 a.m.

4.3 Special Meetings: Special meetings of the members may be called at any time by the Chairman of the Board of Directors upon resolution by the Board of Directors or written request of at least 25 percent of the members.

Francis & Martin W.P.U.

4.4 Notice: It shall be the duty of the Secretary to mail, at least 15 but not more than 60 days prior to a meeting, a notice of each annual or special meeting stating the purpose of the meeting and the time and place of the meeting stating the purpose of the meeting and the time and place of the meeting to each member at the address of the member in the records of the Association, or the address supplied by such member to the Association for the purpose of notice.

4.5 Quorum: Except as hereinafter provided, the presence either in person or by proxy of members entitled to cast at least 20 percent of the total votes of the Association shall constitute a quorum for the transaction of business at all meetings. 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 until a quorum is present.

4.6 Voting: At every meeting of the members each member present, whether in person or by proxy, shall have the right to cast one vote for each lot owned by such person. Fractional voting will be allowed for those lots having multiple ownership. If a majority of the owners of such lot cannot agree the vote for such lot will be counted fractionally.

4.7 Proxies: A member may vote in person or by proxy executed in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically terminate upon termination of membership.

ARTICLE V

Board of Directors:

5.1 Number and Qualifications: The affairs of the Association shall be governed by a Board of Directors composed of five persons. Directors must be members of the Association.

5.2 Term: The directors on the initial Board shall serve until the first annual meeting (with the right to run for re-election). At the first annual meeting the membership shall elect two directors for three-year terms, two directors for two-year terms, and one director for a one-year term, with all terms thereafter being for three years when filling vacancies caused by expiration of terms.

5.3 Vacancies: Vacancies in the Board of Directors shall be filled by a vote of a majority of the remaining directors. The remaining term of the vancy filled shall be served by the director so elected.

5.4 Removal of Directors: Directors may be removed from office before their term expires by a majority vote of all members, whether voting by proxy or in person, at a special meeting called for the purpose of such removal or at a general meeting.

5.5 Compensation: No director shall receive any compensation for any service he may render to the Association as a director. However, any director may be reimbursed for his acutal expenses which are incurred in the performance of his duties as director or may receive compensation for services to the Association in a capacity other than as a director.

5.6 Manner of Election: Prospective directors will run for a specific vacancy. After nominations from the floor at the annual meeting or by a nominating committee appointed by the chairman of the Board of Directors, a secret written ballot will be taken of all members or their proxies for each vacancy. Cummulative voting is not permitted. The person receiving the most votes for each vacancy shall be elected. Voting may be by show of hands unless at least three members shall request that written ballots be used.

ARTICLE VI

Meetings of the Board of Directors:

6.1 Regular Meeting: Immediately after each annual meeting of members, the directors elected at such meeting and those holding over shall hold a meeting for the purpose of electing officers as hereinafter provided and for the transaction of such other business as may come before the meeting. No prior notice of such meeting shall be required to be given to the directors.

The Board of Directors by resolution may establish other dates, times, and places for regular and special meetings of the Board.

6.2 Special Meetings: Special meetins may be called by the chairman at the request of at least two directors, or at the chairman's discretion. These special meetings may be held at such reasonable times and places as the chairman may determine and shall be limited to only those items of business described in the notice of such special meeting.

6.3 Notices: No notice need be given for regular meetings held pursuant to Section 6.1. Notice of special meetings must be given at least two days prior to the time of the meeting and shall include all business to be considered at such meeting. Attendance at a meeting shall constitute a waiver of notice thereof.

6.4 Quorum: A majority of the directors shall constitute a quorum. Directors may take any action without a meeting which is in their power by obtaining written approval of all the directors to such action.

ARTICLE VII

Powers and Duties of the Board of Directors:

7.1 General Powers: The Board of Directors shall have power to exercise all powers, duties, and authority vested in or delegated to the Association and not reserved to the membership by provisions of these bylaws, the Articles of Incorporation and the Tumalo Rim Declaration.

7.2 Assessment: The Board of Directors shall have the power, as more fully provided in the Tumalo Rim Declaration, to fix the amount of the annual assessment against each lot and give the owner subject thereto written notice of such assessment at least 30 days prior to the due date thereof, and to cause to be prepared a roster of property subject to assessment with assessments applicable to each such property and to keep such roster in the Association's office subject to inspection by any owner.

7.3 Other Powers: The Board shall have the power to declare the office of a member of the Board of Directors vacant in the event such member shall be absent without excuse from two regular meetings of the Board of Directors. The Board shall have power to employ employees and officials and prescribe their duties and fix their compensation.

7.4 Duties of the Board of Directors: 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 the proceedings of its meetings and to cause to be presented at the annual meeting of the members a report reviewing the business and affairs of the Association for the past year; (b) procure and maintain adequate insurance on property owned, leased, or otherwise used by the Association; (c) cause, in its discretion, all officers or employees having fiscal responsibilities to be bonded with sufficient surety for the faithful performance of their official duties with the premium on such bond to be paid by the Association; (d) to perform all other responsibilities given to it by the Tumalo Rim Declaration; and (e) to perform all other powers and duties granted by law.

7.5 Liability and Indemnification of Directors: The directors shall not be liable to the Association or the unit owners for any mistake of judgment, negligence, or otherwise except for their own willful misconduct or bad faith. The Association shall indemnify and hold harmless each director and the manager or managing agent, if any, against all contractual liability to others arising out of contracts made by the Board of Directors, manager, or managing agent on behalf of the Association unless any such contract shall have been made in bad faith or contrary to the provisions of the Declaration filed herewith or of these bylaws. Each director and the manager or managing agent, if any, shall be indemnified by the Association against all expenses and liabilities, including attorneys' fees, reasonably incurred or imposed upon them in connection with any proceeding to which they may be a party, or in which they may become involved, by reason of being or having been a director, manager, or managing agent and shall be indemnified upon any reasonable settlement thereof; provided, however, there shall be no indemnity if the director, manager, or managing agent is adjudged guilty of willful nonfeasance, misfeasance, or malfeasance in the performance of his duties.

ARTICLE VIII

Committees: The Board of Directors shall appoint such committees as it, in its discretion, deems necessary to assist in the operation of the affairs of the Association. Such committees shall exercise all powers and be subject to all duties which the Board of Directors shall give them. Committee members need not be members of the Board of Directors, but shall be members of the Association or employees or officers. A majority of the members of any committee shall fix its procedures.

ARTICLE IX

Officers:

9.1 Designation and Election: The principal officers of the Association shall be a president and a vice-president, who shall be members of the Board, and a secretary and treasurer who need not be members of the Board. The Board may appoint an assistant secretary or an assistant treasurer by resolution. The officers of the Association shall be elected annually by the Board of Directors and shall hold office at the pleasure of the Board.

9.2 Removal, Resignation and Vacancies: Any officer may be removed by an affirmative vote of the majority of the members of the Board of Directors. A vacancy in any office may be filled in the manner prescribed for regular elections with the officer elected filling the remainder of the term of the officer he replaces.

9.3 President: The president shall preside at all meetings of the Board and of the Association. He shall have all of the general powers and duties which are usually vested in the president of an association.

9.4 Vice-president: The vice-president shall take the place of the president and perform his duties whenever the president shall be absent or unable to act. If neither the president nor the vice-president is able to act, the Board will appoint some other board member to do so on an interim basis. He shall also perform such other duties as may be delegated to him by the Board of Directors.

9.5 Secretary: The secretary shall keep the minutes of all meetings of the members of the Association and of the Board; shall serve notice of any such meetings; shall keep appropriate records of the names and addresses of the Association members; and shall perform other duties incident to the office of secretary.

9.6 Treasurer: The treasurer shall have care and custody of and be responsible for all the funds of the Association and shall deposit such funds in the name of the Association in such banks or safe deposit companies as the Board may designate; shall make, sign, and endorse in the name of the Association all checks, drafts, notes, and other orders for the payment of money; and further shall perform all duties incident to the office which the treasurer of an association normally performs.

9.7 Delegation and Change of Duties: In the event of absence or disability of any officer, the Board of Directors may delegate during such absence or disability the powers or duties of such officer to any other officer or any director.

ARTICLE X

Books, Records, Audit:

10.1 Inspection by Members: The books, records, and papers of the Association shall at all times during reasonable business hours be subject to inspection by any member or his authorized agent at the office of the Association.

10.2 Accounting: An annual accounting shall be made by a Certified Public Accountant previous to the date of each annual meeting, at which meeting such report shall be presented. A special audit shall be made at any time upon order of the Board of Directors or upon a majority vote of the members at any regular or special meeting.

10.3 Execution of Instruments: All checks, drafts, notes, bonds, acceptances, deeds, leases, contracts, and other instruments shall be signed by such person or persons as may be designated by general or special resolution of the Board of Directors and, in the absence of any such general or special resolution applicable to any such instrument, then such instrument shall be signed by the chairman.

ARTICLE XI

Amendment: These bylaws may be amended by two-thirds of the members voting in person or by proxy at any special or regular meeting provided that a suorum is present. Amendments may be proposed by the Board of Directors or by petition signed by at least 20 percent of the members. A statement of any proposed amendment shall accompany the notice of any regular or special meeting at which such proposed amendment shall be voted upon. In the case of any conflict between the Tumalo Rim Declaration and these bylaws such Declaration will control.

ARTICLE XII

12.1 Notices: All notices to the Association or to the Board of Directors shall be sent to the principal office of the Association, or to such other address as the Board of Directors may hereafter designate from time to time. All notices to any member shall be sent to such address as may have been designated by him from time to time, in writing, to the Board of Directors.

12.2 Waiver: No restriction, condition, obligation, or provision constained in these bylaws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches thereof which may occur.

12.3 Invalidity; Number; Captions: The invalidity of any part of these bylaws shall not impair or affect in any manner the validity, enforceability, or effect of the balance of these bylaws. As used herein, the singular shall include the plural, and the plural the singular; the masculine and neuter shall each include the masculine, feminine, and neuter, as the context requires. All captions used herein are intended solely for convenience of reference and shall in no way limit any of the provisions of these bylaws.

411 - 0197

I ELAINE ZUBER Certify that I am the treasurer of the Tumalo Rim Home Owners Association. I certify that the attached Bylaws are true, accurate and in force as of May 27, 1996.

Elaine Zuber

STATE OF OREGON)
) ss.
County of Deschutes)

On this 27th day of May, 1996, personally appeared ELAINE ZUBER, who being sworn, stated that she is the Treasurer of the corporation that executed the foregoing instrument and that the foregoing instrument was voluntarily signed on behalf of the corporation by authority of its Board of Directors.



Arlene J. Parker
Notary Public for Oregon
My commission expires: 5-28-2000

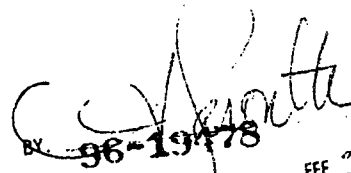
411 - 0198

STATE OF OREGON)
COUNTY OF DESCHUTES) SS.

I, MARY SUE PENHOLLOW, COUNTY CLERK AND
RECORDER OF CONVEYANCES, IN AND FOR SAID
COUNTY, DO HEREBY CERTIFY THAT THE WITHIN
INSTRUMENT WAS RECORDED THIS DAY:

96 MAY 29 PM 4:14

MARY SUE PENHOLLOW
COUNTY CLERK

BY  DEPUTY
96-19478 FEE 45
NO. _____
DESCHUTES COUNTY OFFICIAL RECORDS