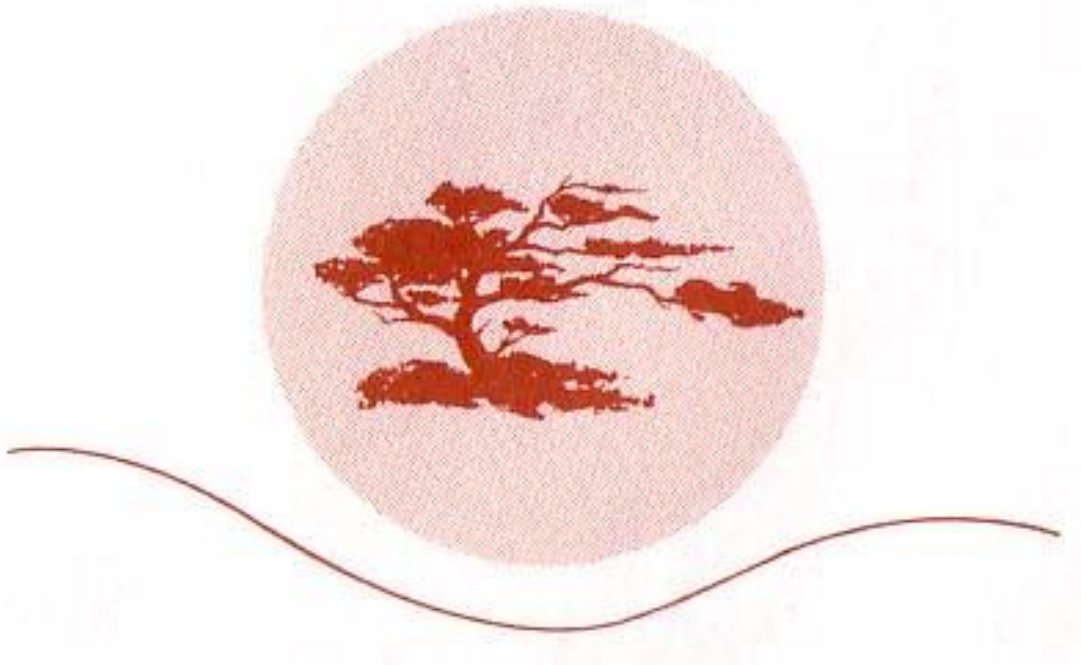


**Articles of Incorporation
Of
The Salishan Hills Owners Association**



Filed in the Office of the Corporation Commissioner of the State of Oregon on October 17, 1978, Frank J. Healy,
Corporation Commissioner

Articles Of Incorporation

Of

The Salishan Hills Owners Association

The undersigned natural person of more than 18 years of age, acting as incorporator under the Oregon Nonprofit Corporation Law, adopts the following Articles of Incorporation:

ARTICLE I – Name and Duration

The name of this corporation is THE SALISHAN HILLS OWNER ASSOCIATION (hereinafter called the “Association”) and its duration shall be perpetual.

ARTICLE II – Purposes

The purposes for which the Association is organized are to provide for the management, maintenance, protection, and preservation of Salishan Hills, a real estate development located in Lincoln County, Oregon, and to promote the health, safety, welfare and other general benefit of its members, not for profit, but for the mutual advantages to be derived therefrom, as contemplated in the Plan of Salishan Hills recorded on January 28, 1976, in Book 62, of the Film Records of Lincoln County, Oregon, at page 309, as the same may be subsequently amended and supplemented by instruments of record (hereinafter called the “Plan of Salishan Hills”). The definitions contained in the Plan of Salishan Hills are hereby adopted by reference.

ARTICLE III – Powers and Duties

(a) The Association shall at any time and from time to time accept any responsibilities of Salishan Hills, Inc. (hereinafter called “Developer”) contained in the Plan of Salishan Hills which Developer may delegate to the Association, provided that Developer shall provide funds from the maintenance fund to the Association necessary to enable it to carry out the responsibilities which it assumes. The Association shall accept title to the private ways and common areas within Salishan Hills at such time as Developer conveys the same to the Association.

(b) The Association shall exercise and perform all of the following powers and obligations:

- (i) The powers and obligations delegated conveyed or otherwise assigned to the Association by Developer;
- (ii) The powers and obligations of a nonprofit corporation pursuant to the general nonprofit corporation laws of the State of Oregon; and
- (iii) Any additional or different powers and obligations necessary or desirable for the purpose of carrying out the functions of the Association pursuant to the Plan of Salishan Hills or otherwise promoting the general benefit of owners of property within Salishan Hills.

ARTICLE IV – Registered Office and Agent

The address of the initial registered office of the Association is Lot 472, Salishan Hills Drive, Gleneden Beach, Oregon 97388, and the name of its initial registered agent at such address is Willard Schwarz.

ARTICLE V – Directors

- (a) The powers of the association shall be exercised, its properties controlled and its affairs conducted by a board of directors. The initial board shall be composed of three directors. Thereafter, until changed as provided below the board shall be composed of five directors, who shall be divided into two classes. At the first annual meeting of the Association, the members shall elect one class of three directors to serve for one year and a second class of two directors to serve for two years. Thereafter, the successors to each class of directors shall serve for terms of two years each. The total number of directors and the number of directors in any class may be changed by a bylaw duly adopted by the members.
- (b) The names and addresses of the persons who are to serve as directors until the first annual meeting and until their successors are elected and shall qualify are:
1. Willard Schwarz
Lot 487
Lookout Drive
Gleneden Beach, Oregon 97388
 2. Emma Schwarz
Lot 487
Lookout Drive
Gleneden Beach, Oregon 97388
 3. Gary Hilbert
Lot 489
Fairway Drive
Gleneden Beach, Oregon 97388

ARTICLE VI – Incorporator

The name and address of the incorporator are:

Howard M. Feuerstein
Twenty-Third Floor
900 SW Fifth Avenue
Portland, Oregon 97204

ARTICLE VII – Dissolution

In the event the Association shall at any time be dissolved, whether inadvertently or deliberately, it shall automatically be succeeded by an unincorporated association of the same name. In that event all of the property, powers and obligations of the incorporated association existing immediately prior to its dissolution shall thereupon automatically vest in the successor unincorporated association, which vesting shall thereafter be confirmed and evidenced by appropriate conveyances and assignments by the incorporated association. To the greatest extent possible any such successor unincorporated association shall be governed by the Articles of Incorporation and Bylaws of the incorporated association as if they had been made to constitute the governing documents of the unincorporated association.

ARTICLE VIII – Membership and Voting Rights

(a) Every owner (as that term is defined in the Plan of Salishan Hills) within Salishan Hills shall, during the entire period of such ownership, be a member of the Association. Such membership shall commence, exist and

continue simply by virtue of such ownership, shall expire automatically upon termination of such ownership, and need not be confirmed or evidenced by any certificate or acceptance of membership.

(b) Each member in good standing shall have one vote on all matters submitted to the membership of the Association for each unit owned by him within Salishan Hills; provided, however, that any unit owned by the Association shall not be voted or counted in determining the total number of units in Salishan Hills for voting or quorum purposes.

(c) In any case in which two or more persons share the ownership of any unit, the vote or consent of any one or more of such persons shall constitute the vote or consent of the entire ownership interest; provided, however, that in the event such persons disagree among themselves as to the manner in which any vote or right of consent held by them shall be exercised with respect to a pending matter, any such persons may deliver written notice of such disagreement to the secretary of the Association, and the vote or right of consent involved shall then be disregarded completely in determining the proportion of votes or consents given with respect to such matter.

ARTICLE IX – Amendment

Amendments to these Articles shall be made in the following manner:

- (a) The majority of the Board of Directors shall adopt a resolution setting forth the proposed amendment and directing that it be submitted to a vote at an annual or special meeting of the members. Written or printed notice setting forth the proposed amendment or a summary of the changes, to be effected thereby shall be given to each member entitled to vote at such meeting within the time and in the manner provided by the Bylaws for the giving of notice of meetings of members.
- (b) The proposed amendment shall be adopted upon receiving at least two-thirds of the votes which members present at such meeting or represented by proxy are entitled to cast.