

BYLAWS
OF
MOUNTAIN GATE OWNERS' ASSOCIATION

ARTICLE I
DEFINITIONS

In construing these Bylaws,

1. "Board" means the Board of Directors of the Corporation.
2. "Corporation" means Mountain Gate Owners' Association, an Oregon nonprofit corporation.
3. "Declarant" means Double D Development, Inc., an Oregon corporation ("DDD").
4. "Declaration" means the Amended Declaration of Covenants, Conditions and Restrictions for Mountain Gate (Mountain Gate Owners' Association) dated as of April 15, 1993, and recorded in the Real Property Records of Washington County, Oregon on April 16, 1993, as Document No. 9329022, as amended from time to time.
5. "Development" means the Property as developed substantially in accordance with the Plat, as the same may be modified to the extent permitted in the Declaration.
6. "Director" means a member of the Board, selected or elected in accordance with Article IV.
7. "Improvement" means any improvement now or hereafter placed or constructed in, under, or upon the Property, including without limitation any building, road, driveway, parking area, fence, screening wall or barrier, retaining wall, stairs, deck, utility distribution facility, above or below ground pool, landscaping, and sign.
8. "Lot" means any parcel of land designated on the Plat as a Lot.
9. "Owner" means the record owner of fee simple title to any Lot, unless such Lot is being sold pursuant to a land sale contract, in which case Owner means the contract vendee of such Lot.

10. "Plat" means the final Plat of the Development as recorded in the Plat records of Washington County and any amendments thereto.

11. "President" means the President of the Corporation.

12. "Property" means the real property in Washington County, Oregon, legally described as the Mountain Gate Development as recorded in the Plat Records of Washington County and any amendments thereto.

13. "Residential Unit" means a building or portion of a building located on a Lot and designated or intended for separate residential occupancy.

14. "Secretary" means the Secretary of the Corporation.

15. "Turnover Date" means the earlier of (i) the date on which Declarant first has title to only one Lot within the Development; or (ii) the date on which Declarant elects in writing, in its sole discretion, to relinquish its control of the Corporation.

16. "Turnover Meeting" means the meeting of Declarant and the Board called for the purposes of passing control of the Corporation from Declarant to the Owners.

ARTICLE II OFFICES

The principal office of the Corporation shall initially be located at 2300 First Interstate Tower, 1300 S.W. Fifth Avenue, Portland, Oregon 97201. The Corporation may have such other offices, either within or without the State of Oregon, as the Board may determine or as the affairs of the Corporation require from time to time.

The Corporation shall have and continuously maintain in the State of Oregon a registered office, and a registered agent whose office is identical with such registered office, as required by the Oregon Non-Profit Corporation Act. The registered office may be, but need not be, identical with the principal office in the State of Oregon, and the address of the registered office may be changed from time to time by the Board.

ARTICLE III
MEMBERSHIP

Each Owner of a Lot shall be a member of the Corporation. The Corporation shall act through the Board as provided in these Bylaws and the Declaration.

ARTICLE IV
BOARD OF DIRECTORS

Section 1. General. The affairs of the Corporation shall be governed by the Board, which shall be comprised of the number of Directors determined as provided in Section 2. The Board shall have all requisite power, duty and authority to perform its obligations under the Declaration, including without limitation the power, duty, and authority to enforce the provisions of the Declaration and to acquire and pay for out of the common fund provided by assessments pursuant to the Declaration, all goods and services necessary or appropriate for the proper functioning of the Corporation in accordance with the Declaration. Without limiting the generality of the foregoing, the Board shall have the power, duty, and authority to undertake the actions described in Sections 3, 4, 5, 6, 7 and 8 of the Declaration, as amended.

Section 2. Number and Classification of Directors. Prior to the Turnover Meeting, Declarant shall select two Directors. From and after the Turnover Meeting, the Lot Owners shall elect five Directors in the manner provided in Section 3.

Section 3. Election of Directors. Each of the Directors shall be elected by majority vote of the quorum of Owners, with each such Owner having one vote for each Lot owned; provided, however, that if there is more than one Owner of any Lot, such Owners shall together be considered a single Owner with respect to such Lot for purposes of this Section 3 and shall determine between or among themselves the manner in which their vote shall be cast. The Directors shall be elected from time to time at a meeting of the Owners of the Lots conducted pursuant to Section 4.

Section 4. Meetings of Owners. Any meeting of Owners for the purpose of electing Directors pursuant to this Section 4 shall be conducted in accordance with the following procedures:

4.1 The first such meeting shall be held at least 5 days prior to the Turnover Meeting, on a date selected by the Secretary. Subsequent meetings shall be held at least 30 days prior to the expiration of the term of any Director.

4.2 Any meeting pursuant to this Section 4 shall be held at such place within Washington County, Oregon, as may be

designated by the Secretary. The Secretary shall post a notice of the meeting at the Bull Mountain Road entrance/exit at least 10 days prior to the date of the meeting. In addition the Secretary shall give written notice of any such meeting at least 10 but not more than 30 days prior to the date set for such meeting to each Owner who has previously given written notice and a stamped envelope to the Secretary setting forth such Owner's name and address, which notice shall state the purpose, time, and place of the meeting. Notice of any such meeting may be waived by any Owner at any time. No Owner who is present at a meeting may object to the adequacy or timeliness of the notice given.

4.3 Any Owner may give a proxy to any person, so long as such proxy is in writing, signed by such Owner, and filed with the Secretary. A proxy shall expire on the earlier of (a) 11 months after the date of the proxy; or (b) the date of the sale of the Owner's Lot by its Owner.

4.4 The presence, in person or by proxy, of Owners together entitled to cast at least thirty-three percent of the total votes entitled to be cast at any meeting shall constitute a quorum.

Section 5. Terms of Directors

5.1 Initial Terms. Subject to the provisions of Section 8.2, Directors selected by Declarant pursuant to Section 2 shall serve at the pleasure of Declarant. The first five Directors elected by the Owners pursuant to Section 2 shall serve the following respective terms as determined by random means: the first two shall serve three-year terms, the second two shall serve two-year terms, and the third shall serve a one-year term.

5.2 Subsequent Terms. Except as provided in this Section 5 and Section 7, all Directors shall serve three-year terms. Any Director may serve more than one term.

Section 6. Resignation. Any Director may resign at any time by sending a written notice of such resignation to the Secretary. Unless otherwise specified in such notice, a resignation shall take effect upon receipt of the notice by the Secretary.

Section 7. Vacancies. Vacancies on the Board caused by the death or resignation of a Director or the cessation of a Director's ownership of a Lot shall be filled by vote of the majority of the remaining Directors, even if they constitute less than a quorum. Any Director so selected shall serve the remainder of the replaced Director's term.

Section 8. Meetings of the Board

8.1 Initial Meeting. The initial meeting of the Board shall occur within thirty (30) days after the date the Articles of Incorporation for the Corporation are filed.

8.2 Turnover Meeting. The Turnover Meeting shall be called by Declarant and held within thirty (30) days after the Turnover Date. Declarant shall give written notice of the purpose, time, and place of the Turnover Meeting to each Owner who has previously given Declarant written notice setting forth such Owner's address for such purpose. Declarant's notice shall be given at least five (5) but not more than twenty (20) days prior to the date of the Turnover Meeting. At the Turnover Meeting, the following shall occur:

8.2.1 The Directors selected by Declarant, the President, and the Secretary shall each resign. The Directors elected by the Owners pursuant to Sections 3 through 5 shall conduct their first meeting as the Board;

8.2.2 The new Board shall elect a President and a Secretary; and

8.2.3 Declarant shall deliver to the new Board all of the Corporation's property in Declarant's possession, including without limitation all books and records, funds, tangible personal property, insurance policies, and contracts to which the Corporation is a party.

8.3 Annual Meetings. The Board shall meet annually, within 180 days after the end of each calendar year. At each annual meeting, the Secretary shall present to the Board a report on the financial condition of the Association, including a report of receipts and disbursements for the preceding calendar year, the allocation thereof to each Lot, and the estimated receipts and expenses for the coming year.

8.4 Special Meetings. Special meetings may be called at any time by three or more Directors. Such meetings shall be scheduled by the Secretary within 30 days after the Secretary's receipt of the written requests signed by three or more Directors; provided that if the purpose of a special meeting is to elect a successor Secretary pursuant to Section 2 of Article V or to consider removal of the Secretary pursuant to Section 3 of Article V, such meeting may be scheduled by the President or, if the meeting is also for the purpose of electing a successor President or removing the President, any other Director.

8.5 Place of Meetings. Meetings of the Board shall be held at such place within Washington County, Oregon, as may be designated from time to time by the Board.

8.6 Notice. The Secretary shall give written notice to each Director of each Board meeting at least 10 but not more than 30 days prior to the date set for such meeting, stating the purpose, time, and place of the meeting. Notice shall be sent to the address of each Director as listed on the books of the Corporation, or to such other address as any Director may designate by written notice to the Secretary given at least 10 days prior to the giving of notice of the meeting. Notice of any meeting may be waived by any Director at any time. No Director who is present at a meeting may object to the adequacy or timeliness of the notice given. When a meeting is adjourned for fewer than 30 days, whether or not a quorum is present at the adjourned meeting, no notice of the resumption or reconvening of such adjourned meeting need be given other than by announcement at the meeting at which such adjournment takes place.

Section 9. Voting by the Board. Each Director shall have one vote. So long as a quorum is constituted, the vote of Directors together holding a majority of the total votes cast, whether the Directors voting are present in person or by proxy, or the vote by mail of Directors together holding more than 50 percent of the total votes, shall be a binding vote of the Board for all purposes, unless a greater percentage is required by law or the Declaration.

Section 10. Proxies. A Director may vote in person or by proxy. A proxy may be given by a Director to any person, so long as the proxy is in writing, signed by such Director, and filed with the Secretary. A proxy shall expire on the earlier of (i) the end of the Director's term; or (ii) three months after the date of the proxy. Notwithstanding the foregoing, in no event shall any Director give a proxy to any other Director more than once in any twelve month calendar period.

Section 11. Quorum. The presence, in person or by proxy, of a majority of the Directors shall constitute a quorum for voting at a Board meeting. When voting is by mail pursuant to the provisions of Section 12, a quorum shall be constituted if the number of votes cast equals at least 51 percent of the total votes entitled to be cast. The Board shall have the power to adjourn a meeting even if more than a quorum is present.

Section 12. Voting by Mail. Voting of the Directors may be by mail with respect to any matter before the Board. In any case in which voting by mail is necessary or desirable, the Secretary shall give written notice to all Directors, which notice shall (a) include a written resolution setting forth the proposed action, (b)

state that the Directors are entitled to vote by mail for or against such resolution, and (iii) specify a date not less than 25 days after the effective date of such notice by which all votes must be received at the principal office of the Corporation. Votes received after the date specified shall not be effective.

Section 13. Compensation of Directors. No Director shall receive compensation for serving on the Board.

Section 14. Insurance. The Board may purchase & maintain insurance on behalf of any Director against any liability incurred by such Director in such capacity, if such insurance is available at a cost and on terms that the Board determines to be reasonable.

ARTICLE V OFFICERS

Section 1. Officers. The officers of the Corporation shall be the President and the Secretary, both of whom shall be elected by the Board. The same person shall not concurrently hold the offices of President and Secretary. The Board may designate such additional officers as it deems appropriate.

Section 2. Election and Term of Office. The officers of the Corporation shall be elected annually by the Board and shall hold office at the pleasure of the Board and until their successors are elected and qualified. If any office becomes vacant, the Board shall elect a successor to fulfill the unexpired term at a special meeting of the Board called for such purpose.

Section 3. Removal. The Board may remove any officer, at any time, with or without cause, and a successor may be elected at a special meeting of the Board called for such purpose.

Section 4. Compensation. Other than reimbursement of out-of-pocket expenses incurred on behalf of the Corporation, neither the President nor any other officer of the Corporation other than the Secretary shall receive any compensation from the Corporation for acting as an officer. The Board in its sole discretion shall have the authority to authorize compensation for the Secretary in an amount not to exceed \$500.00 per year.

Section 5. President. The President shall be a Director and shall be the chief executive officer of the Corporation. The President shall preside at all meetings of the Board, and, unless otherwise provided in the Declaration, shall have all of the general powers and duties normally incident to the office of the chief executive officer of a corporation.

Section 6. Secretary. The Secretary shall not be required to be a Director. The Secretary shall keep the minutes of all proceedings of the Board and all other Corporation records and shall attend to the giving of all notices to the Board and other notices pursuant to these Bylaws, the Declaration, or required by law. The Secretary shall be responsible for Corporation funds and shall keep full and accurate financial records and books of account sufficient for proper accounting purposes showing all receipts and disbursements necessary for the preparation of all financial data and tax returns. The Secretary shall be responsible for the deposit of all Corporation funds in such depositories as may from time to time be designated by the Board, and shall disburse Corporation funds for such purposes as may be permitted under these Bylaws or the Declaration. The Secretary shall perform all other duties incident to the office of secretary of a corporation or as may be directed by the Board. The Secretary shall perform all of such duties at the expense of the Corporation.

ARTICLE VI
SHARES OF STOCK AND DIVIDENDS PROHIBITED

The Corporation shall not have or issue shares of stock. No dividends shall be paid and no part of the income of the Corporation shall be distributed to its Directors or Officers. The Corporation may pay compensation in a reasonable amount to its trustees or officers for services rendered as provided by the Articles, the Declaration, and other provisions of these Bylaws.

ARTICLE VII
LOANS TO DIRECTORS AND OFFICERS PROHIBITED

Section 1. No loan shall be made by the Corporation to its Directors or Officers. The Directors of the Corporation who vote for or assent to the making of a loan to a Director or Officer of the Corporation, and any Officer or Officers participating in the making of such loan, shall be jointly and severally liable to the Corporation for the amount of such loan until the repayment thereof.

Section 2. Any Director against whom a claim shall be asserted under or pursuant to this Article VII shall be entitled to contribution from the other Directors who voted for the action upon which the claim is asserted. To the extent that any Director is required to pay such claim, he shall be subrogated to the rights of the Corporation against the debtor on the loan.

ARTICLE VIII
INDEMNIFICATION

Section 1. Subject to the provisions of Sections 3, 5 and 6, below, 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 or arising from the fact that he or she is or was a Director or Officer of the Corporation, or is or was serving at the request of the Corporation as a Director, Officer, partner or trustee of another Corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorney fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding if (i) he or she acted in good faith and in a manner he or she 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 or her conduct was unlawful, or (ii) his or her act or omission giving rise to such action, suit or proceeding is ratified, adopted or confirmed by the Corporation or the benefit thereof received by the Corporation. 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 or she 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 his or her conduct was unlawful, and settlement shall not constitute any evidence of any of the foregoing.

Section 2. Subject to the provisions of Sections 3, 5 and 6 below, 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 or suit by or in the right of the Corporation to procure a judgment in its favor by reason of or arising from the fact that he or she is or was a Director or Officer of the Corporation, or is or was serving at the request of the Corporation as a Director, Officer, partner or trustee of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorney fees) actually and reasonably incurred by him or her in connection with the defense or settlement of such action or suit if he or she (i) acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Corporation, or (ii) his or her act or omission giving rise to such action or suit is ratified, adopted or confirmed by the Corporation or the benefit thereof received by the Corporation; provided, however, that no indemnification shall be made in respect to any claim, issue or matter as to which such person shall have been adjudged to be liable for gross negligence or deliberate misconduct in the

performance of his or her duty to the Corporation unless, and only to the extent that, the court in which action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the court shall deem proper.

Section 3. Determination of Right to Indemnification in Certain Cases. Subject to the provisions of Section 5 and 6, below, indemnification under Sections 1 and 2 of this Article automatically shall be made by the Corporation unless it is expressly determined by a majority vote of a quorum of the Board consisting of Directors who were not parties to such action, suit, or proceeding, or if such a quorum of disinterested Directors so directs, or by independent legal counsel in a written opinion, that indemnification of the person who is or was an Officer, or Director, or is or was serving at the request of the Corporation as an Officer, Director, partner or trustee of another corporation, partnership, joint venture, trust or other enterprise, is not proper in the circumstances because he or she has not met the applicable standard of conduct set forth in Section 1 or 2.

Section 4. Indemnification of Persons Other than Officers or Directors. In the event any person not included within the group of persons referred to in Sections 1 and 2 of this Article was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit, or proceeding of a type referred to in Sections 1 and 2 of this Article by reason of or arising from the fact that he or she is or was an employee or agent of the Corporation, or is or was serving at the request of the Corporation as an employee or agent of another Corporation, partnership, joint venture, trust or other enterprise, the Board by a majority vote of a quorum (whether or not such quorum consists in whole or in part of Directors who were parties to such action, suit or proceeding) may, but shall not be required to, grant to such person a right of indemnification to the extent described in Sections 1 or 2 of this Article as if he or she were an Officer or Director referred to therein, provided that such person meets the applicable standard of conduct set forth in such Sections.

Section 5. Successful Defense. Notwithstanding any other provision of Sections 1, 2, 3, or 4 of this Article, but subject to the provisions of Section 6 below, if a Director, Officer, employee or agent is successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Sections 1, 2 or 4 of this Article, or in defense of any claim, issue or matter therein, he or she shall be indemnified against expenses (including attorney fees) actually and reasonably incurred by him or her in connection therewith.

Section 6. Condition Precedent to Indemnification Under Sections 1, 2 or 5. Any person who desires to receive the benefits otherwise conferred by Sections 1, 2 or 5 of this Article shall notify the Corporation reasonably promptly that he or she has been named a defendant to an action, suit or proceeding of a type referred to in Sections 1 or 2 and that he or she intends to rely upon the right of indemnification described in Sections 1, 2 or 5 of this Article. The notice shall be in writing and mailed via registered or certified mail, return receipt requested, to the President at the executive offices of the Corporation or, in the event the notice is from the President, to the registered agent of the Corporation. Failure to give the notice required hereby shall entitle the Board by a majority vote of a quorum (consisting of Directors who, insofar as indemnity of employees or agents is concerned, may or may not have been parties) to make a determination, in their sole discretion, that such failure was prejudicial to the Corporation in the circumstances and that, therefore, the right to indemnification referred to in Sections 1, 2 or 5 of this Article shall be denied in its entirety or reduced in amount.

Section 7. Insurance. At the discretion of the Board, the Corporation may purchase and maintain insurance on behalf of any person who is or was a Director, Officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him or her and incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not the Corporation would have the power to indemnify him or her against such liability under the provisions of this Article.

Section 8. Former Officers and Directors. The indemnification provisions of this Article VI or each of any of such provisions individually shall be extended 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 9. Purposes and Exclusivity. The indemnification referred to in this Article shall be deemed to be in addition to and not in lieu of any other rights to which those indemnified may be entitled under any statute, rule or law or equity, agreement, action of the Board or otherwise.

ARTICLE IX
CONTRACTS, CHECKS, DEPOSITS AND FUNDS

Section 1. Contracts. The Board by resolution may authorize any Officer or Officers, agent or agents of the Corporation, in

addition to the Officers so authorized by these Bylaws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.

Section 2. Checks, Drafts, Etc. All checks, drafts or orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation, shall be signed by such Officer or Officers, agent or agents of the Corporation and in such manner as shall from time to time be determined by the Board by resolution.

Section 3. Deposits. All funds of the Corporation shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the Board may select.

Section 4. Gifts. The Board may accept on behalf of the Corporation any contribution, gift, bequest or devise for the general purposes or for any special purpose of the Corporation.

ARTICLE X ARCHITECTURAL AND DESIGN CONTROL

Section 1. Establishment of the Architectural Control Committee. On or prior to the Turnover Date, an Architectural Control Committee shall be established to review and approve or deny plans, specifications, design, construction, and alterations of all Improvements built within the Development. The Architectural Control Committee shall consist of three members appointed, removed, and replaced by the Board, at least one of whom shall be an architect, engineer, or contractor or shall have such other similar qualifications as the Board may deem appropriate. The members of the Architectural Control Committee shall be compensated by the Corporation in such amount, if any, as may be determined from time to time by the Board. Until such time as the Architectural Control Committee is established, Declarant shall have full power and authority to act as the Architectural Control Committee.

Section 2. Duties and Powers. The Architectural Control Committee shall perform and shall be empowered to perform all acts as provided in Sections 5.2 and 5.3 of the Declaration.

ARTICLE XI BOOKS AND RECORDS

Section 1. General. The Corporation shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of the Board and committees having any of the

authority of the Board and shall keep at its registered or principal office a record giving the names and addresses of the Directors entitled to vote. All books and records of the Corporation may be inspected by any Director, or his agent or attorney, for any proper purpose at any reasonable time.

Section 2. Financial Statements. At the close of each taxable year the Directors shall engage an accountant to prepare a financial statement for the Corporation.

ARTICLE XII
AMENDMENTS TO BYLAWS

Except as expressly provided in the Declaration, as amended, these Bylaws may be altered, amended, or repealed and new Bylaws may be adopted by a majority of the Directors present at any regular meeting or at any special meeting, if at least two days written notice is given of intention to alter, amend or repeal or to adopt new Bylaws at such meeting.

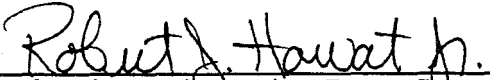
ARTICLE XIII
WAIVER OF NOTICE

Whenever any notice is required to be given under the provisions of the Oregon Non-Profit Corporation Act or under the provisions of the Articles of Incorporation or the Bylaws of the Corporation, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE XIV
HEADINGS

The headings contained in these Bylaws are for convenience and shall not in any way affect the meaning or interpretation of these Bylaws.

I, Robert J. Horvat, Jr., as Secretary of Mountain Gate Owners' Association, do hereby certify the foregoing to be the Bylaws of the Corporation, as adopted by the Board as of the 23rd day of April, 1993.


Robert J. Horvat, Jr., Secretary