

**AMENDED BYLAWS OF
COLUMBIA HILLS HOMEOWNERS ASSOCIATION
An Oregon Nonprofit Corporation**

ARTICLE I: MEMBERS

The Members of the Association shall be as set forth in Article II, Section 5, of the Supplemental CC&Rs.

ARTICLE II: MEETINGS OF MEMBERS AND VOTING RIGHTS

Section 1: Initial Meeting. The Initial Meeting of the Members was held as required under the original Bylaws.

Section 2. Annual Meeting of the Association. Annual Meetings of the Association shall be held at a place determined by the Board. Annual Meetings of the Association shall be held at a date and time set by the Board and the Board shall provide Members with Notice mailed, emailed, or hand delivered to each Member, and to each mortgagee that has requested notice of meetings, at least (30) but not more than sixty (60) days in advance of such meeting time and date. Among the items of business to be attended to during the Annual Meetings of the Association are (a) election of the Board, (b) preliminary report of the condition of Association finances as of the end of the fiscal year, which is the calendar year, and (c) report(s) of any significant action(s) undertaken by the Board on behalf of the Association since the last Annual Meeting.

Section 3. Special Meetings. Special Meetings of the Association may be called by the President of the Board, a majority of the Members of the Board, or by the President or Secretary upon receipt of a written request by Members holding twenty-five percent (25%) or more of the votes in the Association. Notice of said Special Meeting shall state its time and place and its agenda item(s) including ,without limitation, the general nature of any proposed amendment to the Governing Documents, Resolutions requiring approval of the Members, any budget changes, or any proposal to remove any Director or Officer from the Board. Business transacted at a Special Meeting shall be confined to the specific purpose(s) stated in the Notice. Discussions may take place on other matters, but no tentative or final action may be taken. If Notice of the Special Meeting is not given within thirty (30) days after the date of the written request to the President or Secretary, any Member who signed the request may set the time and place of the meeting and provide the Notice. Notice shall be given in the manner set forth in Section 4 below.

Section 4. Notice, Quorum, and Action.

(a) Unless there is an emergency that requires action before notification time limits

specified herein, Notice of any Association Meeting called for the purpose of taking any action requiring a Membership vote as required herein (though not necessarily for all votes of the Association) shall be delivered to all Members, and all mortgagees that have requested notice of Association meetings, not less than thirty (30) days nor more than fifty (50) days in advance of the meeting or action. At any meeting called, the presence of Members or of proxies entitled to cast one-half (1/2) of all the votes of the membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same Notice requirement, and the required quorum at the subsequent meeting shall be one-fourth (1/4) of all the votes. No such subsequent meeting shall be held more than sixty (60) days nor less than two (2) days following the preceding meeting.

(b) Emergency action may be made by the Board on behalf of the Association at any time in the event any Parcel or Common Property, in the opinion of the Board, has been subject to casualty or loss or is in imminent danger of casualty or loss whether by act of God or Nature or any government agency or representative thereof, or when the general health, safety, and welfare of any Member is threatened. All Members must be provided Notice of such emergency action(s) within thirty (30) days thereof.

(c) There need be no meeting for actions requiring Written Affirmation of the Members. A Petition requiring Written Affirmation may be promulgated at any time by the Board or by Members. The contents of the Petition shall include:

- (1) The action being proposed in its entirety;
- (2) The effective date of the proposed action should the action be approved; and
- (3) Specific reference to the provisions of the Supplemental CC&Rs or these Bylaws where such action is required and authorized.

The two-thirds (2/3) vote by signatures in favor of the proposed action required for approval must take place within a sixty (60)-day period. The signatures must be attested by a Director of the Association as, to the best of his or her knowledge, valid. If approved, a copy of the Petition with the attested signatures shall be given to the Secretary who shall (i) notify the Board, (ii) retain the Petition with its signatures for a minimum of two (2) years, and (iii) if the action requires recordation (as, for example, would an amendment to the CC&Rs), record the Petition along with a notarized certification of the Written Affirmation by the Members.

Section 5. Voting Rights. Voting rights of the Members are more particularly described in the Supplemental CC&Rs.

Section 6. Proxies. Proxies granted by a Member to another person will be accepted. All proxies shall be in writing, signed by the Member granting the proxy, and shall be filed with the Secretary prior to or at the commencement of the meeting for which the proxy will be used or during the period for voting for a Written Affirmation of the members. Any proxy given by a person who is not a qualified Member at the time of the meeting or any proxy given more than eleven (11) months before the date of the meeting shall be void, unless such proxy is contained

in a Power of Attorney, in which case such proxy shall be valid for the duration of the Power of Attorney, unless duly revoked by the grantor.

ARTICLE III: BOARD OF DIRECTORS

Section 1. Membership. The Association shall be governed by a Board of Directors. As long as Declarant holds the majority of the total votes of Members, it shall choose whether the number of Directors is to be three (3) or five (5). Thereafter, the Board shall consist of five (5) Directors. All Directors shall serve, without compensation, until their successors have been duly elected at the next Annual Meeting of the Association. Except for ex officio Directors, Directors shall be elected from the Members of the Association. Members that are corporations, limited liability companies, or partnerships may select an officer, member, manager, employee, partner, or agent to act as a Director. Similarly, a trustee may serve on the Board of Directors if the trustee holds legal title to Parcel for the benefit of the owner.

Section 2. Election of Directors. Directors shall be elected to one (1) year terms annually at the end of the Annual Meeting of the Association. Nominations for Directors may come from the floor or in writing presented at the meeting. Voting shall be done by secret ballot and tallied by the Secretary in the presence of the Members present. The three (3) or five(5), as the case may be, nominees receiving the most votes shall be declared elected as Directors and certified as such by the Secretary.

Section 3. Removal of Directors. The Members may remove any Director from the Board, other than Directors appointed by the Declarant or persons who are ex officio Directors, with or without cause, by a majority vote of all Members present and entitled to vote at any meeting of the Association at which a quorum is present. Removal of a Director is not effective unless the matter of removal is an item on the agenda and is stated in the Notice of such meeting and the Director to be removed must first be given an opportunity to be heard at the meeting. In the event more than one(1) Director is slated for a vote on removal, the vote on each such Director shall be a separate vote. Any Director who is removed by Member vote remains a Director until a successor is elected by the Members at a meeting of Members and the Notice of such meeting states that filling the vacancy is on the agenda.

Section 4. Vacancies. In the event any elected Director no longer meets the requirements of membership under Section 1 of this Article, the position shall automatically become vacant. Vacancies on the Board shall be filled by the affirmative vote of a majority of the remaining Directors, and any such appointed Director shall hold office for the unexpired term of his/her predecessor in office.

Section 5. Ex Officio Directors. The Board may appoint any number of persons to serve as ex officio Directors, without vote and without any powers, who shall serve at the pleasure of the Board.

Section 6. Powers. Without limiting the generality of the foregoing, the Board shall have the power to:

(a) Develop a detailed program for the Maintenance of the Common Property and operation of the Association, and employ personnel necessary for the execution of such program;

(b) Appoint and remove at its pleasure all officers, agents and employees of the Association, prescribe their duties, fix their compensation and require of them security or fidelity bonds as it may deem expedient;

(c) Establish, levy, assess and collect Assessments and other charges as provided herein;

(d) Adopt and publish rules and regulations governing the use of the Common Property, and the personal conduct of Members, their families, tenants, and guests with respect thereto;

(e) Act on behalf of the Association in any manner which affects the recreation, health, safety, and general welfare of the Association or any of its Members;

(f) Remove a Director from the Board in the event such Director shall be absent from Three (3) consecutive regular meetings of the Board, no matter what the cause is, by action taken at the meeting in which the third (3rd) absence occurs or at the next meeting;

(g) Fill vacancies in its membership for the unexpired portion of any term; and

(h) Exercise the care required of fiduciaries.

Section 7. Duties of the Board. It shall be the duty of the Board to:

(a) Annually adopt a budget for the Association pursuant to provisions provided herein and provide a summary of the adopted budget to all Members within thirty (30) days after adoption;

(b) Cause to be kept a full, true and accurate account of its acts and corporate affairs and to present a statement thereof to the Members at the next annual meeting of the Association;

(c) Supervise all officers, agents and employees of the Association, and to see that their duties are properly performed;

(d) Fix the amount of Assessments and other charges as provided herein to be levied against each Member, including (1) notifying each Member in a timely manner of Assessments and charges levied on that Member's Parcel(s), (2) maintaining a list of each Parcel's current year's Assessments and charges and the status of payment thereof, and (3) making such list available for inspection by any Member;

(e) Unless litigation has been commenced and is pending against the Member, issue or cause an appropriate officer to issue, within ten (10) business days after written request by any Member, a certificate stating whether the Assessments have been paid by that Member, which certificate shall be conclusive evidence that any such Association Assessment stated therein has

or has not been paid. Such statement must include the amount of Assessments due and unpaid by such Member including General and Special Assessments, fines, and other charges, accrued interest, late payment charges and the percentage rate at which interest accrues and the manner of calculating late payments.

(f) Make available for inspection by any Member and first mortgagee the records of the Association:

(1) The Association shall make all proxies and ballots, assessment and bank records, financial statements and related documents reasonably available for examination and, upon written request, available for duplication by any Member or mortgagee that makes a request in good faith for a proper purpose except that personnel matters related to a specific identified person or a person's medical records and any contracts, leases or other business transactions that are currently under negotiation to purchase or provide goods and services, communications with legal counsel related thereto, or records prepared for or considered by the Board in executive session and files of individual Members other than these of a requesting mortgagee of a Member, including any individual Member's file kept by or on behalf of the Association and any information the disclosure of which would be in violation of law may be withheld from such examination and duplication.

(2) The Association shall further maintain a copy suitable for duplication of the Governing Documents including any rules and regulations then in effect, the most recent financial statement, the current operating budget, the reserve study, and architectural statements and guidelines, if any, and shall within ten (10) business days after receipt of a written request therefor provide the same to any Member.

(3) The Board may by Resolution adopt reasonable rules governing the frequency, time, location, notice, and duplication of records and may impose a reasonable fee for copies of the records.

(g) Annually cause to be filed the necessary income and property tax returns for the Association.

(h) Keep financial records sufficiently detailed for proper accounting purposes and Prepare annual financial statements of the Association consisting of a balance sheet and income and expense statement for the preceding year, and distribute such financial statement (or a preliminary statement if an official statement cannot then be provided) to all Members within one hundred twenty (120) days of the end of the fiscal year, including supplying first mortgagees with a copy thereof upon request at reasonable cost;

(i) Furnish, upon written request of the Declarant, a Member, or a prospective purchaser, a copy of a statement of any Assessments outstanding against any Member;

(j) Fill any vacancies in the Board;

(k) Record, if desired, the statement of information for the Association as set forth in the CC&Rs;

(l) Retain all proxies and ballots cast for Association matters for at least one (1) year, except that any such proxies and ballots related to any amendment to the Governing Documents must be retained for one (1) year from the date such amendment is effective;

(m) Hold all Assessments and other Association funds in one (1) or more separate federally insured bank accounts at a financial institution; all such funds must be maintained in an Association account until disbursed and all expenses shall be paid from such accounts; and

(n) At least every year, review the insurance coverage of the Association and obtain the insurance judged necessary, including:

(1) Insurance for all insurable improvements in the Common Property against loss or damage by fire or other hazards, including extended coverage, vandalism, and malicious mischief. The insurance shall cover the full replacement costs of any repair or reconstruction in the event of damage or destruction from any such hazard if the insurance is available at a reasonable cost:

The premiums for insurance obtained shall be a common expense of the Association. Policies may include a deductible in an amount determined from time-to-time by the Board to be reasonable and appropriate. The Board shall consider the availability, cost of insurance, and the loss experience of the Association when making its determination.

(2) Public liability insurance covering all the Common Property and all damage and injury caused by the negligence of the Association (such insurance shall not be brought into contribution with insurance purchased individually by Members).

(3) Directors, officers, and employees liability insurance, if deemed necessary by the Board.

In the performance of their duties for the Association, Officers and Directors shall be bound by the provisions of ORS 94.640 and the applicable provisions of ORS Chapter 65 as set forth therein.

Section 8. Adoption of Rules. If adoption of rules governing the operation and use of the Common Property are to be considered, then the draft of such rules shall be included in any notice of an Association meeting called in whole or in part for the purpose of considering such rules, but adoption of the rules or amendments thereto shall not be invalidated by failure to so provide.

ARTICLE IV: BOARD MEETINGS

Section 1. Annual Meeting. The Annual Meeting of the Board shall be held immediately following adjournment of the Annual Meeting of the Association.

Section 2. Regular Meetings. The Board shall meet at least annually. This provision notwithstanding, the time, date, and place of Regular Meetings may be changed by a majority of the Directors.

Section 3. Special Meetings. The President or a majority of the Directors may call a Special Meeting of the Board at any time.

Section 4. Announcement of Meetings; Waiver. Notice of all Meetings of the Board may be given by the President or any Director. Except for meetings to attend to emergency situations, as provided in the Supplemental CC&Rs, which need not be announced, written announcement of each meeting of the Board shall be posted in a conspicuous place on the building(s) located on the Common Property and may also be posted in other locations of the Common Property as the Board may desire at least three (3) days prior to the meeting. No announcement need be given to any Director who attends a meeting, nor to any Director who in writing before or after the meeting waives such announcement.

Section 5. Quorum. A quorum at any meeting of the Board shall be a majority of all Directors then serving. The act of a majority of the Directors present shall be the act of the Board. In the event the Association fails to fill vacancies on the Board sufficient to constitute a quorum, a Member or mortgagee may request that the Circuit Court in Columbia County appoint a receiver to manage the affairs of the Association under ORS 94.642.

Section 6. Action Without a Meeting. The Directors may take any action without a meeting, provided that such action is in writing and signed by all Directors.

Section 7. Open Meetings. Except for matters pertaining to litigation, personnel, negotiations of contracts with third parties or collection of unpaid assessments to be discussed in executive session, all meetings of the Board shall be open to all Members. In the event the Board elects to meet in executive session, the President or presiding officer of the Board shall state the general nature of the action to be considered and when and under what circumstances the deliberations can be disclosed to the Members. The statement, motion, and/or discussion to meet in executive session must be included in the minutes of the Board meeting. Any contract or action considered in executive session does not become effective until the Board reconvenes in open meeting and votes on the contract or action which must be identified in the open meeting and included in the minutes.

ARTICLE V: OFFICERS

Section 1. Officers. The Officers of the Association shall include a President, Vice President, a Secretary, and a Treasurer, all of whom shall be Directors. As long as Declarant

holds the majority of the votes, one (1) person can hold more than one (1) office. Thereafter, each office must be held by a separate person.

Section 2. Election. All Officers shall be elected to their respective offices at the Annual Meeting of the Board and shall serve until they are removed from the office, their successors are elected, or they resign, whichever occurs first. Officers shall be chosen by majority vote of the Directors.

Section 3. President. The President shall serve as the chief executive officer of the Association. The President shall, if present, preside over all meetings of the Board and the Association. The President, with the Secretary, may sign in the name of and on behalf of the Association all notes, leases, mortgages, trust deeds, deeds, easements, amendments to the Governing Documents, and all other written instruments authorized by the Board, except as otherwise instructed by the Board. The President, with the Secretary, shall sign all vouchers for non-budget expenditures.

Section 4. Secretary. The Secretary shall be Secretary to the Board and the Association. The Secretary shall record all votes and keep the Book of Resolutions, including minutes of any Board and Association meeting. The Secretary shall sign certificates of membership and shall maintain, or by Board vote delegate the maintenance of, the current roster of Members, indicating which are of good standing. In the absence of the President, the Secretary, with the Vice President or Treasurer, may sign vouchers for payment of nonbudget items.

Section 5. Treasurer. The Treasurer shall be the chief financial officer of the Association.

(a) The Treasurer or the President shall receive and deposit in bank accounts approved by the Board all moneys of the Association and shall disburse such funds as directed by Resolution of the Board, provided that a Resolution of the Board shall not be necessary for the disbursements made in the ordinary course of business conducted within the limits of a budget approved by the Board.

(b) For nonbudget items, the Treasurer shall not make or enable making of any payment, except on signed voucher of the President and Secretary. For amounts up to \$2,000, including duly executed vouchers up to \$2,000, the Treasurer shall sign all checks and notes of the Association, unless otherwise instructed by the Board. Vouchers in excess of \$2,000 shall require the signature of two (2) of the three (3) officers.

(c) The Treasurer shall keep proper books of account and the preparation of an annual financial statement. The Treasurer shall distribute the annual financial statement, even if in preliminary form, to all Members within one hundred twenty (120) days of the end of the fiscal year. Prior to the next Annual Meeting, the Treasurer shall cause the official financial statement of the Association to be delivered to each Member according to the general procedure for Notice.

(d) Beginning with the fiscal year following the commencement of Homeowner Control, if the Association has annual Assessments exceeding \$75,000, the Treasurer shall cause the annual financial statement to be reviewed within one hundred eighty (180) days after the end of the fiscal year by an independent certified public accountant licensed in the State of Oregon in accordance with the Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

Section 6. Vice President. The primary duties of the Vice President shall be to serve in the absence of other officers as set forth in Section 7 and to fill such other roles as may be assigned by the Board. In the event the Board is comprised of three (3) Directors, the Board may choose to appoint a Vice President who is not a Member of the Board or the Secretary or Treasurer may also fill the role of Vice President.

Section 7. Succession. Except for signing vouchers for payment of nonbudget items, the Vice President shall serve as President in the absence of the President. In the absence of the Treasurer, the Vice President shall serve as Treasurer. In the absence of both President and Treasurer, and only in the case where the Board is comprised of five (5) Directors, all remaining Directors shall mutually serve and sign as both but only for matters needing action by both President and Treasurer before their return. When the Board is comprised of three (3) Directors, the Secretary and/or Vice President shall serve and sign as both but only for matters needing action by both President and Treasurer before their return. When the Board is comprised of three (3) Directors,

ARTICLE VI: ARCHITECTURAL REVIEW COMMITTEE

Section 1. Structure. Declarant shall be the Architectural Review Committee ("ARC") until the first to occur of Homeowner Control or Declarant notifying the Board that Declarant no longer wishes to serve in that capacity. After Declarant's tenure, the Board may choose to serve as the ARC or it may appoint three (3) persons who shall serve for one (1)-year terms and may be reappointed.

Section 2. Functions. The ARC shall review the home design and the landscape design for every parcel for conformance with the Master CC&Rs and the Supplemental CC&Rs, the general quality of the workmanship proposed, the harmony of external design and location in relation to surrounding structures and topography, and the extent to which the landscaping emphasizes natural vegetation, minimal irrigation, and the retention of trees, though opportunities for views shall be taken into consideration. The ARC may adopt such standards for design, exterior colors and materials, landscaping, fencing, and procedure as it deems necessary, consistent with the Governing Documents. The ARC shall:

(a) Accept plans for review;

(b) Determine their adequacy. If the plans are inadequate, the Committee shall so notify the applicant or the applicant's representative within fourteen (14) days of submittal. Failure to notify of inadequacies within fourteen (14) days shall be deemed a determination of adequacy of the plans for review; and

(c) Decide to approve or disapprove the plans. Failure to disapprove the plans within twenty-eight (28) days after the plans are deemed adequate shall be deemed an approval.

Section 3. Review. Approval by the ARC shall not be unreasonably withheld. An applicant dissatisfied with the decision of the ARC may have the question arbitrated by an architect registered in Oregon who is acceptable to both the ARC and the applicant, and whose expenses shall be borne by the applicant.

ARTICLE VII: ARBITRATION AND LITIGATION

Section 1. When a dispute arises regarding interpretation or enforcement of the Governing Documents and it cannot be resolved informally, either the Association or the Member may initiate proceedings to resolve the dispute in accordance with the requirements of the Supplemental CC&Rs. The initiator may choose whether to arbitrate or litigate and the respondent shall be bound by this choice. If arbitration is chosen, then the arbitration shall be conducted under the commercial rules then appertaining of the Arbitration Service of Portland, Inc. with costs of arbitration to be shared equally. If the initiator chooses to proceed by litigation, then such initiator shall file the necessary complaint in the proper court. If the Association is the initiator, it may act on its own initiative or at the request of a Member.

ARTICLE VIII: BUDGETS AND ASSESSMENTS

Section 1. Budget. The Budget of the Association shall consist of individual budgets prepared and adopted by the Board for each fiscal year. These budgets shall be for general purposes and other purposes. Budgets for general purposes shall be funded by General Assessments. Budgets for other purposes shall be funded by other Assessments more particularly specified below. All budgets shall specify projected expenditures. These expenditures shall be the basis on which the Assessments are based.

Section 2. Assessments, General Provisions.

(a) Liability for Assessments. In order to meet its obligations, the Association shall assess and collect from every Member with a recorded Covenant on its Parcel and, if applicable, on any Lots owned by such Member, and every such Member shall pay to the Association, Assessments as specified in this Article. The Assessments shall be used exclusively to promote the recreation, health, safety, and general welfare of the residents of Columbia Hills. The Assessments shall be used to pay the Association expenses, including but not limited to current maintenance expenses, capital improvements expenses, operations expenses, payments to funds and debt service. No Member may claim exemption from liability for payment of Assessments by waiving the use or enjoyment of any Common Property or by abandoning its Parcel or Lot. No offset may be claimed by a Member based on the Association's failure to perform its obligations under the Governing Documents.

(b) General Assessments. General Assessments shall include Maintenance Assessments And Operations Assessments. Maintenance Assessments provide the funds for the Association's

expenditures in the fulfillment of its responsibilities for the annual maintenance of the Common Property. Reserve Fund Assessments cover reconstruction and major maintenance, repair, and replacement of the Common Property and improvements thereon needed in more than one (1) and less than thirty (30) years, as more particularly described in the Supplemental CC&Rs, Article V. Operations Assessments provide funds to the Association for its annual operations and administration expenses.

(c) Specific Purpose Assessments. In addition to the foregoing, there are the following other Assessments to finance the budgets for other purposes as may be adopted by the Board.

(1) Special Benefit Assessments. The Association may incur expenses on behalf of and for the primary benefit of two (2) or more Members and may therefore impose Association-wide Special Assessments on all Members or Local Special Assessments on one (1) or more but less than all Members in the manner provided in Section 5 below;

(2) Restoration Assessments. An Assessment for the restoration of a Parcel or Lot (and improvements constructed on it) that is in such a deteriorated condition that it detracts from the attractiveness of the community may be levied against any Member, whether or not a Covenant was recorded;

(3) Member Liability Assessment. Member Liability Assessments may be levied against any Member to recover any expense incurred by the Association that is attributable to the action(s), fault, or negligence of that Member, whether or not a Covenant was recorded. Such Assessments may include interest, costs of process, collection and reasonable attorneys' fees; and

(4) Judgment Assessment. The Board may levy a Judgment Assessment against any or all Members, whether or not a Covenant was recorded, pursuant to court order in the manner provided below.

(d) Assessment Differentials. Specific Purpose Assessments may be apportioned in the same ratio or alternatively at the discretion of the Board. The change in Assessments for a Parcel with a new home constructed thereon shall begin in the fiscal year following issuance of the occupancy permit by the County.

(e) Assessment Limits. General Assessments are limited as set forth in the Supplemental CC&Rs.

(f) Timing. Assessments are assessed annually and payable as and when billed to Members by the Association.

(g) Refunds. Assessments paid into the Association funds or accounts are the property of the Association and are not refundable.

(h) Borrowing Funds. After Homeowner Control, the Board may borrow from any fund

financed by Assessments in order to meet high seasonal demands or to meet temporary or emergency expenses. Borrowed funds must be repaid from Assessments or other Association income within one hundred twenty (120) days after the end of the fiscal year in which the borrowing took place. Any borrowing for longer periods shall require two thirds (2/3) approval of the Members in a meeting of the Members of the Association duly called for that purpose.

Section 3. Maintenance Assessments.

(a) Board Determination of Assessments for Annual Maintenance and Reserve Account Funds. The Board shall set annually the budget for annual maintenance which shall be financed by an annual Maintenance Assessment in the manner specified below. The Board shall also set annually the budget for the Reserve Fund Assessments needed to fund upcoming major reconstruction, maintenance, repair and replacements of Common Property and any improvements thereon as set forth in the Supplemental CC&Rs based on the reserve study. At the end of the fiscal year, the unused balance in the annual Maintenance budget may, at the discretion of the Board, be budgeted for maintenance in the following year or transferred to the Reserve Fund defined in the Supplemental CC&Rs.

(b) Deferred Maintenance. The Board shall not defer annual Maintenance or major maintenance, reconstruction, repair or replacement, whether required pursuant to the reserve study or otherwise, to the detriment of any Common Property.

(c) Annual Maintenance. The maintenance budget shall specify those items of Maintenance to be expended from the annual Maintenance Assessments and/or the Reserve Fund Assessments.

Section 4. Operations Fund. The Association shall create and maintain an Operations Fund financed by Assessments, fees, charges and other income in order to pay for any taxes assessed against the assets of the Association; pay the costs of insurance, including insurance protecting the Declarant, the Board, and the Association and its Members against liability arising out of their functions and activities in the administration of the Supplemental CC&Rs and these Bylaws; pay the cost of enforcing the Supplemental CC&Rs and these Bylaws, including attorneys' fees, expert fees, and court costs; and pay the cost of other services which the Board deems to be of general benefit to the Association including but not limited to accounting, legal, surveying, planning, engineering, secretarial, janitorial, property management, maintenance, and other administrative services.

Section 5. Specific Purpose Assessments. The Association may incur expenses on behalf of and for the primary benefit of two (2) or more Members in two (2) ways: Association-wide Specific Purpose Assessments and Local Specific Purpose Assessments.

(a) Association-wide Special Assessments. Upon Written Affirmation of the Members, the Board acting on behalf of the Association shall incur additional expenses for the purpose of providing additional benefits to all Parcel and as applicable Lot owners, including but not limited to the acquisition, maintenance, repair, replacement, operation, and administration of real, personal, and other property. A Special Assessment shall be levied on all Members in whole or

in proportion to share of the additional costs. (The Association may agree also to pay part of the cost.)

(b) Local Special Assessment. A Local Special Assessment may be levied by the Board upon petition by at least two-thirds (2/3) of the votes of the Members representing all of the Parcels to be assessed for the purpose of providing additional benefits only to such Members, including but not limited to the acquisition, maintenance, repair, replacement, operation, and administration of real, personal, and other property. Such expenses may be for limited Common Property benefitting only those Members. In the event a common expense or any part thereof benefits fewer than all Parcels, the Board may assess such expense(s) only against the benefitted parcels without petition from the members that own the benefitted parcels.

Section 6. Restoration Assessments. Pursuant to provisions of Article V, Section 6(c), of the Supplemental CC&Rs, the Board may levy a Restoration Assessment upon any Member who fails to maintain its Parcel or home in the manner approved by the Board pursuant to architecture control exercised in Article IV, Sections 3 and/or 6 of the Supplemental CC&Rs whether or not a Covenant was recorded. Restoration Assessments shall be limited to the amount necessary to meet the cost of restoring or making-up any deficiency necessary to bring the Parcel and/or the home constructed thereon up to the level approved by such architectural control plus the cost of collecting the Restoration Assessment.

Section 7. Judgment Assessments. Assessments to pay a judgment against the Association as determined by a court of competent jurisdiction may be levied by the Board only against those who are Members at the time the judgment was entered whether or not a Covenant was recorded and only in proportion to their General Assessment liabilities. This also means that such Judgment Assessment may only be levied against certain Members.

Section 8. Member Liability Assessments. If, in the determination of the Board, any Association expense is clearly the fault of any Member, the Board may levy a Member Liability Assessment to recover such expense exclusively on the Parcel(s) or Lots as applicable owned by the Member whether or not a Covenant was recorded.

Section 9. Due Dates.

(a) General Assessments shall be levied as of the first (1st) day of each fiscal year but may be billed on the first (1st) business day of each calendar year following the annual levy thereof or such other date as the Board shall determine. The Board shall determine the amount of the General Assessment to be levied against each Parcel and notify each Member of its Assessment at least thirty (30) days in advance of that date.

(b) The due date for other Assessments shall be established by Resolution of the Board. Provisions of such Resolution notwithstanding, any other Assessment which is not paid before the first (1st) business day after the one hundred twentieth (120th) day of the date the Assessment was billed shall become past due.

(c) The due date for any other charge(s) that may be levied by the Association on a

Member as provided pursuant to the Supplemental CC&Rs and these Bylaws shall be established by Resolution of the Board. Such Resolution shall include the date such other charge(s) is past due.

(d) If the Association reallocates common expense liabilities, any installment of an Assessment not yet due shall be recalculated according to the reallocated common expense liabilities.

ARTICLE IX: ENFORCEMENT

Section 1. Default in Payment of Levies. Each Assessment or other charge levied pursuant to the Supplemental CC&Rs and these Bylaws shall be a separate, distinct and personal debt and obligation of the Member against whom the levy is made. Sale or transfer of the Parcel by the Member shall not release the Member from personal liability imposed hereunder. If the Member fails to pay such levy or installment thereof when due, the Member shall be in default, and the amount of the levy not paid, together with interest, liquidated damages, costs and attorneys' fees shall be a lien upon the Parcel(s) against whose Member the levy is made, from the first day the levy was due. If the levy is payable in installments, the full amount of the levy is a lien from the date the first installment becomes due. The provisions regarding the attachment, notice, recordation and duration of liens established on real property under ORS 87.352 to ORS 87.392 (or successor statutes) and the provisions regarding the foreclosure of liens under ORS Chapter 88 (or successor statutes) apply to a lien created hereby. Such a lien shall be subordinate to the lien of any first mortgage or deed of trust upon such Parcel which was made in good faith and for value and was recorded prior to the recordation of the notice of such lien. The claim to recover a money judgment for such unpaid levy may be maintained without foreclosure or waiving the lien securing the same.

Section 2. Liquidated Damages; Interest; Expenses and Attorneys' Fees. Because actual damages from late payment of any levy are uncertain and difficult to ascertain, failure to make any payment when due shall result in liquidated damages being assessed against the Member in an additional amount of ten percent (10%) of the past due amount. The total amount due the Association, including any additional levies above, shall bear interest from the due date until paid at the rate of twelve percent (12%) per annum. In the event the Association shall bring any suit or action to interpret or enforce the Governing Documents, to collect any money due it hereunder or to enforce a lien, the prevailing party shall be entitled to recover all costs and expenses incurred in connection with such suit or action, including costs of a foreclosure or title report, and such amount as the court may determine to be reasonable attorneys' fees at trial or upon any appeal thereof.

ARTICLE X: LOCATION

The principal office and mailing address of the Association shall be located at:

50606 Crystal Ridge Road
Scappoose OR 97056

ARTICLE XI: FISCAL YEAR

The fiscal year of the Association shall begin on January 1 and end on December 31.

ARTICLE XII: BOOK OF RESOLUTIONS

Section 1. Book of Resolutions Created. The Book of Resolutions is located at the Association Office. The Book of Resolutions shall be the official record of the Association. The Book of Resolutions shall include Minute Resolutions, Administrative Resolutions, Compliance Resolutions, regulations for land use and fines for violations thereof, design standards, landscape standards, and General Resolutions.

Section 2. Minute Resolutions. Minute Resolutions are those Resolutions adopted by the Board relating to any action taken by the Board or the Association in meetings of the same. Minute Resolutions constitute the log of decisions made by the Board and Association.

Section 3. Administrative Resolutions. Administrative Resolutions are those Resolutions adopted by the Board which deal with:

(a) The business operations of the Association including but not limited to a resident orientation program, establishing bank accounts and assigning signatories to such accounts, and the form of the annual budget;

(b) Levy procedures, fine billing procedures, delinquent payments, foreclosures, and appeals therefrom to be considered by the Board;

(c) How the Architectural Review Committee is organized and how it operates, and any adopted design standards and landscape standards;

(d) Specific Purpose, Restoration, Judgment, and Member Liability Assessment procedures, mindful that such procedures need not be more particularly specified until the clear and present need for them becomes apparent, and how such process once established can be applied to past or present situations appropriate for such treatment within the limitations of law; and

(e) Any operation of the Governing Documents for which the Board determines that a procedure is necessary.

Section 4. Compliance Resolutions. Compliance Resolutions are those which specify the procedures whereby Members comply with the Governing Documents. Without limiting the generality of the foregoing, Compliance Resolutions shall include the procedures for filing complaints on or between Members as to compliance with the Governing Documents, service of complaint, notice of hearing, defense, provisions for amending or supplementing a complaint before submission, discovery, hearing procedures, and decision.

Section 5. Resolutions Regulating Land Use. These Resolutions clarify or interpret or make more certain or broad or add to any provisions relating to land use within the Parcels and Lots as generally provided in the Governing Documents.

Section 6. General Resolutions. General Resolutions are those Resolutions which relate to specific expenditures, single task functions, and other such general matters of the Board and Association which have no continuing, far-reaching, or precedent-setting implications as determined by the Board. General Resolutions shall be identified only within the Minute Resolutions.

ARTICLE XIII: MISCELLANEOUS PROVISIONS

Section 1. Amendment and Repeal. These Bylaws, or any provision thereof, shall run with and bind the Parcels, for the initial twenty (20) year period set forth in the Supplemental CC&Rs after which they shall be automatically extended for successive periods of ten (10) years corresponding with any such automatic extensions of the Supplemental CC&Rs. These Bylaws may be amended or repealed by majority vote of the Members present, in person or by proxy, at the meeting of the Members duly called for this purpose or by written ballot in lieu of a meeting under ORS 94.647. Amendments to the Bylaws shall be certified, acknowledged, recorded and effective in the same way as Supplemental CC&R amendments.

Section 2. Lessees and Other Invitees. Lessees, invitees, contractors, family members and other persons entering Columbia Hills and/or Hillcrest under rights derived from a Parcel owner shall comply with all of the provisions of the Governing Documents. The Parcel owner shall be responsible for obtaining such compliance and shall be liable for any failure of compliance by such persons in the same manner and to the same effect as if the failure had been committed by the Parcel owner.

Section 3. Construction; Severability; Plural; Gender; Number; Captions. The Governing Documents shall be liberally construed as an entire document to accomplish the purposes hereof. Nevertheless, each provision of the Supplemental CC&Rs and these Bylaws shall be deemed independent and severable, and the invalidation or partial invalidation of any provision by a court of competent jurisdiction shall not affect the validity or enforceability of any part and all of the remaining provisions. As used herein, the singular shall include the plural and the plural and the singular, and the masculine and neuter shall each include the masculine, feminine and neuter, as the context requires. All numbers and captions used herein are intended solely for convenience of reference and shall in no way limit any of the provisions of the Supplemental CC&Rs and these Bylaws.

Section 4. Notices. Any notice or other written materials required to be given under the Supplemental CC&Rs or these Bylaws, except as specifically set forth herein, may be given to a Director or Member by email, facsimile or other form of electronic communication. However, no such electronic means of notice may be used to give notice of failure to pay an Assessment or of foreclosure of an Association lien or any action that the Association may take against a Member. Any Member or Director may provide written notice to the Board that such Member or Director declines to receive notice by electronic means and directing the Board to provide notice

in the manner prescribed in the applicable provisions of the Oregon Planned Community Act as specified in the Supplemental CC&Rs.

Section 5. Rules of Order. All meetings of the Association and the Board shall be conducted according to the latest edition of Robert's Rules of Order. However, no decision of the Association Board may be challenged because the appropriate rules were not used unless the person making the challenge was denied the right to be heard and raised an objection at such meeting. All decisions of the Association and Board are deemed valid without regard to procedural errors one (1) year after the decision was made unless the error appears on the face of the written instrument memorializing the decision.

ARTICLE XIV: INSURANCE OF MEMBERS

Each Member is responsible for obtaining all insurance such Member deems necessary or appropriate, and such Member is not precluded from obtaining any insurance. Insurance obtained by the Association shall not be brought into contribution with any insurance obtained by the Member.

ARTICLE XV: DEFINITIONS

Unless more particularly defined herein, all terms defined in the Master CC&Rs and Supplemental CC&Rs apply herein. The following terms as defined herein do not necessarily have the same meaning as in the Master CC&Rs.

Section 1. "Assessment" shall mean and refer to those charges levied upon Members for all types of expenses, costs and liabilities as more particularly specified in Article VIII including Maintenance Assessments, Operations Assessments, and other Assessments (including Association-wide Special Assessments, Local Special Assessments, Restoration Assessments, Judgment Assessments, Member Liability Assessments, and those Assessments as may be provided by amendment to these Bylaws).

Section 2. "Book of Resolutions" shall mean and refer to that official document of the Association containing the Resolutions of the Association (see definition of Resolution below).

Section 3. "Bylaws" shall mean and refer to the Bylaws of the Columbia Hills Homeowners Association herein set forth in this entire document, as they may be from time to time amended.

Section 4. "Director" shall mean and refer to any Member who is also elected to and serves on the Board of Directors.

Section 5. "Notice" shall mean and refer to (1) written notice delivered personally or by first class mail to the last known address of the intended recipient, or (2) notice published at least once in a newspaper having general circulation in Columbia County south of Dutch Canyon Road and west of U.S. Highway 30. Notice may also be given by electronic means if approved by any person to whom it is to be given.

Section 6. "Resolution(s)" shall mean and refer to the rules, regulations, and policies of the Association as they may from time to time be adopted and amended. Resolutions shall be kept in a Book of Resolutions.