

BYLAWS

OF

TANGLEWOOD TOWNHOUSE ASSOCIATION

ARTICLE I

Definitions

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

1.1 "Association" shall mean Tanglewood Townhouse Association.

1.2 "Common Properties" shall mean those areas of land shown or declared as such in any recorded subdivision plat of The Properties and intended to be devoted to the common use and enjoyment of the owners of The Properties.

1.3 "Declaration" shall mean the Declaration of Restrictions of Ditz-Crane or Oregon, Inc.

1.4 "Lot" shall mean any numbered plot of land shown upon any recorded subdivision plat of The Properties which is not designated as Common Properties.

1.5 "The Properties" shall mean all the property described in Exhibit A attached to the Declaration.

ARTICLE II

Membership

2.1 Eligibility. Eligibility for membership is set forth in Article III of the Articles of Incorporation.

2.2 Rights of Enjoyment. Each member shall be entitled to use and enjoyment of the Common Properties subject to the limitations set forth in the Declaration.

2.3 Voting Rights. Voting rights of members are set forth in Article IV of the Articles of Incorporation.

ARTICLE III

Meetings of Members

3.1 Annual Meeting. The annual meeting of the members shall be held in Lake Oswego, Oregon, or at such other place in Clackamas County and at such date and time in the month of May of each year as may be prescribed by the board of directors.

3.2 Special Meetings. Special meetings of the members may be called at any time by the board of directors or upon written request of the Class B member or of two or more Class A members.

3.3 Notice. Notice of all meetings of members shall be mailed by or at the direction of the secretary to each member, postage prepaid, at the address thereof as shall appear in the records of the Association or supplied by such member to the Association for the purpose of notice. Such notice shall be mailed not less than seven days nor more than 50 days prior to the date of such meeting. However, notice shall be mailed to each member as hereinabove set forth not less than 30 days nor more than 50 days with respect to any meeting called to consider any of the following matters:

- Merger or consolidation
- Mortgage of any part of the Common Properties
- Dissolution of the Association
- Levy of special assessment for capital improvements or change in maximum annual assessment

The notice of the meeting shall specify the place, day and hour of the meeting and in the case of a special meeting, the purpose of the meeting.

3.4 Quorum. Presence at any meeting in person or by proxy of members entitled to cast a majority of the votes of each class of membership shall constitute a quorum for any action. However, if such quorum shall not be present or represented at any meeting, the members entitled to vote thereon shall have power to adjourn the meeting from time to time without notice other than announcement at the meeting until a quorum as set forth above shall be present or be represented.

3.5 Proxy. A member may vote in person or by proxy executed in writing and filed with the secretary. Each proxy shall be revocable and shall automatically terminate upon termination of membership.

ARTICLE IV

Board of Directors

4.1 Number. The affairs of this Association shall be managed by a board of three directors until the first annual meeting. After the first annual meeting the board of directors shall consist of five members. Directors need not be members of the Association.

4.2 Term. The directors named in the Articles of Incorporation shall serve until the first annual meeting or until their successors are elected and take office. At the first annual meeting the Class A members shall elect one director for a term of one year and one director for a term of two years. The Class B member at such meeting shall elect two directors for a term of one year and one director for a term of two years. Thereafter, the members entitled to vote for directors as provided in the Articles of Incorporation shall elect directors for a term of two years to fill the term of office of the directors whose terms expire at such annual meeting. Directors shall serve until their successors are elected and assume office.

4.3 Vacancies. In the event of death, resignation or removal of a director, his successor shall be selected by a majority vote of the remaining directors elected by the Class B member, if the director was elected by the Class B member, and by a special meeting of the members if the director was elected by the Class A members. A director elected to fill a vacancy shall hold office during the remainder of the term of the director succeeded.

4.4 Compensation. No director shall receive compensation for any service he may render to the Association as a director. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties as a director and may receive compensation for services to the Association in other capacities than as a director.

4.5 Manner of Election. In any case where the number of nominations by Class A members for the board of directors exceeds the number of vacancies, election shall be by secret written ballot. At each election the members or their proxies may cast in respect to each vacancy as many votes as they are entitled to vote by the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted. The Class B member shall elect the directors it is entitled to elect by a written statement delivered to the secretary of the Association.

ARTICLE V

Meetings of the Board of Directors

5.1 Regular Meeting. Within ten days after each annual meeting of members, the directors elected at such meeting and those holding over shall hold an organization meeting for the purpose of electing officers as hereinafter provided and for transaction of such other business as may come before the meeting. If all directors are present at the time and place of such meeting, no prior notice of such meeting shall be required to be given to the directors.

The board of directors by resolution may establish the date, time and place for other regular meetings of the board.

5.2 Special Meetings. Special meetings may be called by the president and must be called by the president at the request of at least two directors. Such special meeting may be held at such time and place as the board of directors or the president shall determine and any business may be transacted at such meeting.

5.3 Notices. No notice need be given of regular meetings held pursuant to resolution of the board of directors as hereinabove specified. Notice of special meetings shall be given at least three days prior to the date of such meeting either personally, by mail, telephone or telegraph. Attendance at a meeting shall constitute a waiver of notice thereof.

5.4 Quorum. A majority of the directors shall constitute a quorum but no action of the board of directors shall be valid unless it is approved by an affirmative vote of at least three directors.

5.5 Action Without a Meeting. Directors may take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all of the directors to such action. Any action so taken shall have the same effect as though taken at a meeting of the directors.

ARTICLE VI

Powers and Duties of the Board of Directors

6.1 General Powers. The board of directors shall have power to exercise for the Association all powers, duties and authority vested in or delegated to the Association and not reserved to the membership by other provisions of these bylaws, the Articles of Incorporation or the Declaration.

6.2 Duties of the Board of Directors. It shall be the duty of the board of directors to:

A. Cause the Common Properties to be maintained and to take such action as may be required to provide exterior maintenance of the properties assessed by the Association in accordance with the requirements of the Declaration.

B. 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 year.

C. As more fully provided in the Declaration, to fix the amount of the annual assessment against each Lot, and give the owner subject thereto written notice of such assessment not less than 30 days prior to the due date thereof.

D. Cause to be obtained and maintained in full force and effect policies of casualty and liability insurance meeting the specifications therefor set forth in Article IX of the Declaration.

E. Cause all officers or employees having fiscal responsibilities to be bonded with sufficient surety for the faithful performance of their official duties, the premium on such bond to be paid by the Association.

ARTICLE VII

Committees

7.1 Improvement Committee. The board of directors shall appoint an Improvement Committee of three or more persons who need not be members of the Association, which Committee may act for the board of directors to the extent set forth in the Declaration.

7.2 Other Committees. The board of directors shall appoint such other committees as it in its discretion deems necessary to assist in the operation of the affairs of the Association.

ARTICLE VIII

Officers

8.1 Officers: The officers of this Association shall be a president and vice president who shall be members of the board of directors, and a secretary and a treasurer who may but need not be members of the board of directors. The board of directors may appoint an assistant secretary or an assistant treasurer by resolution entered in its minutes. The officers shall be elected at the organization meeting of the board of directors each year and the term of office shall be for a period of one year and until their successors are elected and assume office, unless such officer resigns or is removed.

8.2 Removal, Resignation and Vacancies. Any officer may be removed from office with or without cause by the board. A vacancy in any office may be filled in the manner prescribed for regular election. The officer elected to such vacancy shall serve for the remainder of the term of the officer he replaces.

8.3 President. The president shall preside at all meetings of the members of the Association and of the board of directors. He shall sign for the Association such contracts and other documents as he may be authorized by the board of directors to sign and shall perform all acts and duties usually performed by a president or as prescribed by the board of directors.

8.4 Vice President. In the absence or disability of the president the vice president shall preside and perform the duties of the president. He shall also perform such other duties as may be delegated to him by the board of directors.

8.5 Secretary. The secretary shall keep or cause to be kept a complete record of all meetings of the Association and of the board of directors; serve notice of the meetings of the board of directors and of its members; keep appropriate current records showing the members of the Association together with their addresses; perform such duties as he is required to perform in connection with assessments; and shall perform such other duties as may be required by the board. The assistant secretary may be authorized by the board of directors to perform the duties of the secretary.

8.6 Treasurer. The treasurer shall keep such records, make such reports and perform such other duties as may be required from time to time by the board of directors.

8.7 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 IX

Assessments

9.1 Basis and Determination. The basis for annual assessments on Lots is set forth and established in the Declaration. The board of directors may fix an annual assessment in any amount less than the maximum set forth in the Declaration. The maximum annual assessment established in the Declaration may be changed as provided in the Declaration by vote of the membership. Special assessments for capital improvements may likewise be established by vote of the membership as set forth in the Declaration.

9.2 Certificates with Respect to Assessment. The secretary shall cause to be furnished to the owner liable for an assessment upon demand of such owner a certificate in writing setting forth whether the assessments on the property of the owner have been paid. The secretary of the Association may cause to be filed in the office of the County Clerk of Clackamas County within 90 days after delinquency with respect to an assessment, a statement of the amount of the delinquent assessment together with interest, and upon payment in full thereof shall execute and file a proper release on such lien.

ARTICLE X

Books, Records, Seal, 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 at the office of the Association.

10.2 Corporate Seal. The corporate seal of the Association shall be circular in form and shall have inscribed thereon the name of the Association, the state of incorporation and the year of incorporation.

10.3 Audit. An audit shall be made at any time upon order of the board of directors or upon a majority vote of all of the Class A members entitled to vote at a regular or special meeting of members of the Association.

10.4 Execution of Corporate Documents. When the execution of any instrument has been authorized by the board of directors without specifying the executing officer, such instrument may be executed by any two of the following officers: the president, vice president, secretary, treasurer and assistant secretary. The board of directors may, however, authorize any one of such officers to sign any of such instruments for and on behalf of the Association and may designate officials or employees of the Association other than those named above who may sign such instrument.

ARTICLE XI

Amendments

11.1 These bylaws may be amended at a regular or special meeting of the members provided that such amendment shall have the assent of two-thirds of the votes of each class of members who are voting in person or by

proxy at such meeting and that notice of the amendment had been included in notice of the meeting. Any matter stated in these bylaws to be or which is in fact governed by the Declaration may not be amended except as provided in such Declaration. In the case of any conflict between such Declaration and these bylaws, the provisions of the Declaration shall control.