

**BYLAWS OF
THE INDIAN SHORES ASSOCIATION**

ARTICLE I — DEFINITIONS

Section 1 - Association

"Association" shall mean The Indian Shores Association, a nonprofit corporation organized and existing under the laws of the State of Oregon.

Section 2 - Articles of Incorporation

"Articles of Incorporation" shall mean the Articles of Incorporation of the Association.

Section 3 - Declaration

The "Declaration" shall mean the Declaration of Indian Shores Protective Covenants recorded on July 14, 1972, in Book 35 of the Film Records of Lincoln County, Oregon, at Page 38, as the same may be subsequently amended and supplemented pursuant to the terms thereof.

Section 4 - Incorporation by Reference

Except as otherwise provided herein, the terms which are defined in Article I of the Declaration are used in these Bylaws as therein defined.

ARTICLE II — MEMBERSHIP

Section 1 - Membership

Every owner of one or more parcels within Indian Shores shall, during the entire period of such ownership, be a member of the Association and shall have one vote per parcel. Such membership shall commence, exist and continue simply by virtue of such ownership, shall expire automatically upon termination of such ownership, and need not be confirmed or evidenced by any certificate or acceptance of membership.

Section 2 - Membership List

The Secretary shall maintain at the principal office of the Association a membership list showing the name and address of the owner of each unit. The Secretary may accept as satisfactory proof of such ownership a duly executed and acknowledged conveyance, a title insurance policy, or other evidence reasonably acceptable to the Board of Directors.

ARTICLE III — MEETINGS AND VOTING

Section 1 - Place of Meetings

Meetings of the members of the Association shall be held at such reasonable place convenient to the members as may be designated in the notice of the meeting.

Section 2 - Annual Meeting

The annual meeting of the members for the election of directors and for the transaction of such other business as may properly come before the meeting shall be held at such reasonable hour and on such reasonable day during the month of August or September of

each year as the President may designate, or if the President should fail to designate a date by the first day of August, then at 2:30 p.m. on the Saturday of the Labor Day weekend.

Section 3 - Special Meetings

A special meeting of the Association may be called at any time by the President or by any two members of the Board of Directors. A special meeting shall be called by the Board of Directors upon receipt of a written request stating the purpose of the meeting from members having 25 percent of the votes entitled to be cast at such meeting.

Section 4 - Notice of Meetings of the Association

(a) Written or printed notice stating the place, day and hour of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than seven nor more than 60 days before the date of the meeting, either personally or by mail, by or at the direction of the President, or the Secretary, or the persons calling the meeting, to each member entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, with postage fully prepaid thereon, addressed to the member at his most recent address as it appears on the records of the Association.

(b) When a meeting is adjourned for 30 days or more, or when a redetermination of the persons entitled to receive notice of the adjourned meeting is required by law, notice of the adjourned meeting shall be given as for an original meeting. In all other cases no notice of the adjournment or of the business to be transacted at the adjourned meeting need be given other than by announcement at the meeting at which such adjournment is taken.

Section 5 - Quorum

At any meeting of the Association, members having 40 percent of the votes entitled to be cast at such meeting, present in person or by proxy, shall constitute a quorum. When a quorum is once present to organize a meeting, it cannot be broken by the subsequent withdrawal of a member or members. If any meeting of members cannot be organized because of a lack of quorum, the members who are present, either in person or by proxy, may adjourn the meeting from time to time not less than 48 hours nor more than 30 days from the time the original meeting was called until a quorum is present.

Section 6 - Voting Rights

Each member in good standing shall have one vote on all matters submitted to the membership for each parcel to which he holds the beneficial ownership; provided, however, that any parcel owned by the Association shall not be voted or counted in determining the total number of parcels for voting purposes.

Section 7 - Joint Ownership

In any case in which two or more persons share the ownership of any parcel, the vote or consent of any one or more of such persons shall constitute the vote or consent of the entire ownership interest. In the event such persons disagree among themselves as to the manner in which any vote or right of consent held by them shall be exercised with respect to a pending matter, the majority decision will be acceptable for the voting. In case of no majority the vote will be disregarded. Any such person may deliver written notice of such disagreement to the Secretary of the Association and the vote or right of consent involved shall then be disregarded completely in determining the proportion of votes or consents given with respect to such matter.

Section 8 - Proxies

Every member entitled to vote or to execute any waiver or consent may do so either in person or by written proxy duly executed and filed with the Secretary of the Association. No proxy shall be valid after the meeting for which it was solicited and any adjourned meeting thereof, unless otherwise expressly stated in the proxy, and every proxy shall automatically cease upon sale by the member of the parcel or parcels upon which the proxy is based.

Section 9 - Majority Vote

The vote of a majority of the votes entitled to be cast by the members present or represented by proxy, at a meeting at which a quorum is present, shall be necessary for the adoption of any matter voted upon by the members, unless a greater proportion is required by law, by the Declaration, by the Articles of Incorporation, or by these Bylaws.

ARTICLE IV – DIRECTORS, MANAGEMENT

Section 1 - Number and Qualification

The affairs of the Association shall be governed by a Board of Directors composed of persons who are members of the Association. The initial Board shall be composed of five persons. Thereafter, the number of directors may be changed by a Bylaw adopted by the method stated in these Bylaws; provided, however, that no reduction of the number of directors shall have the effect of removing any director prior to the expiration of his term of office.

Section 2 - Election and Tenure of Office

The directors named in the Articles of Incorporation shall serve until the first annual meeting and until their successors are elected. At the first annual meeting of the Association the members shall elect one class of three directors to serve for one year and a second class of two directors to serve for two years. Thereafter the successors to each class of directors shall serve for terms of two years each. All directors shall hold office until their respective successors shall have been elected by the members. Election shall be by secret ballot.

Section 3 - Vacancies

(a) A vacancy in the Board of Directors shall exist upon the death, resignation or removal of any director, or if the authorized number of directors be increased, or if the members fail at any annual or special meeting of members at which any director or directors are to be elected to elect the full authorized number of directors to be voted for at that meeting.

(b) Vacancies in the Board of Directors may be filled by a majority of the remaining directors even though less than a quorum, or by a sole remaining director. Each director so elected shall hold office for the balance of the unexpired term and until his successor is elected.

Section 4 - Removal of Directors

All or any number of the directors may be removed, with or without cause, at a meeting of members called expressly for that purpose, by a vote of a majority of the number of votes entitled to be cast at an election of directors.

Section 5 – Powers

The Board of Directors shall exercise for the Association all powers, duties and authority vested in or delegated to the Association, except those reserved to the members in the Declaration, Articles of Incorporation or these Bylaws.

Section 6 - Managing Agent or Manager

On behalf of the Association, the Board of Directors may employ or contract for a managing agent or a manager at a compensation to be established by the Board of Directors. The Board of Directors may delegate to the managing agent or manager such duties and powers as are appropriate to the office.

Section 7 - Meetings

(a) Meetings of the Board of Directors shall be held at such place as may be designated from time to time by the Board of Directors.

(b) Annual meetings of the Board of Directors shall be held without notice immediately following the adjournment of the annual meetings of the members.

(c) Special meetings of the Board of Directors for any purpose or purposes may be called at any time by the President or by any two directors.

Section 8 - Notice of Special Meetings of Board of Directors

(a) Notice of the time and place of special meetings shall be given orally or delivered in writing personally or by mail or telegram at least 24 hours before the meeting. Notice shall be sufficient if actually received at the required time or if mailed or telegraphed not less than 72 hours before the meeting. Notice mailed or telegraphed shall be directed to the address shown on the records of the Association or to the director's actual address ascertained by the person giving the notice.

(b) Notice of the time and place of holding an adjourned meeting need not be given if such time and place be fixed at the meeting adjourned.

(c) Attendance of a director at a meeting shall constitute a waiver of notice for that director of such meeting.

Section 9 - Quorum and Vote

(a) A majority of the directors shall constitute a quorum for the transaction of business. A minority of the directors, in the absence of a quorum, may adjourn from time to time but may not transact any business.

(b) The action of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors unless a greater number is required by law, the Declaration, the Articles of Incorporation or these Bylaws.

Section 10 - Liability

Neither the Board of Directors nor any member thereof shall be liable to the Association or to any member for any damage, loss or prejudice suffered or claimed on account of any action or failure to act of the Association, its Board of Directors or any member of its Board of Directors, provided only that the board member has, in accordance with the actual knowledge possessed by him, acted in good faith.

Section 11 - Compensation

No director shall receive any compensation from the Association for acting as such.

ARTICLE V – OFFICERS

Section 1 - Designation and Qualification

The officers of the Association shall be the President, the Secretary and the Treasurer and such Vice Presidents and subordinate officers as the Board of Directors shall from time to time appoint. The President shall be a member of the Board of Directors, but the other officers need not be directors. Any two offices may be held by the same person except the offices of President and Secretary.

Section 2 - Election and Vacancies

The officers of the Association shall be elected annually by the Board of Directors at the organization meeting of each new board to serve for one year and until their respective successors are elected. If any office shall become vacant by reason of death, resignation, removal, disqualification or any other cause, the Board of Directors shall elect a successor to fill the unexpired term at any meeting of the Board of Directors.

Section 3 - Removal and Resignation

(a) Any officer may be removed upon the affirmative vote of a majority of the directors whenever in their judgment the best interests of the Association will be served thereby. The removal of an officer shall be without prejudice to the contract rights, if any, of the officer so removed.

(b) Any officer may resign at any time by giving written notice to the Board of Directors, the President or the Secretary of the Association. Any such resignation shall take effect upon receipt of such notice or at any later time specified therein. Unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective, provided that the Board of Directors may reject any post-dated resignation by notice in writing to the resigning officer. The effectiveness of such resignation shall not prejudice the contract rights, if any, of the Association against the officer so resigning.

Section 4 – President

The President shall be the chief executive officer of the Association and shall, subject to the control of the Board of Directors, have general supervision, direction and control of the business and affairs of the Association. He shall preside at all meetings of the members and of the Board of Directors. He shall be ex officio a member of all the standing committees, including the executive committee, if any, shall have the general powers and duties of management usually vested in the office of president of a nonprofit corporation, and shall have such other powers and duties as may be prescribed by the Board of Directors or these Bylaws.

Section 5 - Vice Presidents

The Vice Presidents, if any, shall perform such duties as the Board of Directors shall prescribe. In the absence or disability of the President, his duties and powers shall be performed and exercised by the Senior Vice President as designated by the Board of Directors.

Section 6 - Secretary

(a) The Secretary shall keep or cause to be kept a Book of Minutes of all meetings of directors and members showing the time and place of the meeting, whether it was regular or special, and if special, how authorized, the notice given, the names of those present at directors' meetings, the number of memberships present or represented at members' meetings and the proceedings thereof.

(b) The Secretary shall give or cause to be given such notice of the meetings of the members and of the Board of Directors as is required by these Bylaws or by law. He shall keep the seal of the Association, if any, and affix it to all documents requiring a seal, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or these Bylaws.

(c) If there are no Vice Presidents, then in the absence or disability of the President, his duties and powers shall be performed and exercised by the Secretary.

Section 7 – Treasurer

The Treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the Association, including accounts of its assets, liabilities, receipts and disbursements. The books of accounts shall at all reasonable times be open to inspection by any director. The Treasurer shall deposit all moneys and other valuables in the name and to the credit of the Association with such depositories as may be designated by the Board. He shall disburse the funds of the Association as may be ordered by the Board, shall render to the President and Directors, whenever they request it, an account of all of his transactions as Treasurer and of the financial condition of the Association, and shall have such other powers and perform such other duties as may be prescribed by the Board or these Bylaws.

Section 8 - Compensation of Officers

No officer who is a member of the Board of Directors shall receive any compensation from the Association for acting as an officer, unless such compensation is authorized by a resolution duly adopted by the members. The Board of Directors may fix any compensation to be paid to other officers.

ARTICLE VI – EXECUTIVE AND OTHER COMMITTEES

Subject to law, the provisions of the Articles of Incorporation and these Bylaws, the Board of Directors, by a vote of a majority of the directors in office, may appoint an executive committee and such other standing or temporary committees as may be necessary from time to time, consisting of not less than two of the directors in office and having such powers as the Board of Directors may designate. Such committees shall hold office at the pleasure of the Board.

ARTICLE VII – ASSESSMENTS, RECORDS AND REPORTS

Section 1 - Maintenance Assessments

After Developer has assigned to the Association or the Association has otherwise acquired all of Developer's powers and obligations under the Declaration as provided in Article VI of the Declaration and after the Association accepts, the Association shall do the following:

(a) Maintain, or provide for the maintenance of the private ways and common areas and all improvements thereon as provided in Section 6.01 of the Declaration.

(b) Assess and collect from every owner the maintenance assessment in the manner described in Section 6.02 of the Declaration.

(c) Keep all funds received by the Association as maintenance assessments, together with any other funds received by the Association pursuant to the Declaration which are by the

terms thereof to be deposited in the "Maintenance Fund," and use such fund only for the purposes described in Section 6.03 of the Declaration.

(d) From time to time, and at least annually prior to July 1 of each year, prepare a budget for the Association, estimating the common expenses expected to be incurred with adequate allowance for reserves, determine whether the annual maintenance assessment should be increased or decreased and report the same to the membership and, where appropriate, seek adjustments in the maintenance assessment as provided in Section 6.04 of the Declaration.

(e) Enforce the maintenance assessments in the manner provided in the Declaration.

(f) Keep records of the receipts and expenditures affecting the maintenance fund and make the same available for examination by members at convenient hours, maintain an assessment roll showing the amount of each assessment against each owner, the amounts paid upon the account and the balance due on the assessments, give each member written notice of each assessment at least two weeks prior to the time when such assessment shall become due and payable, and promptly provide any owner who makes a request in writing with a written statement of his unpaid assessments. Prior to such complete acquisition of responsibility and authority with respect to maintenance, the Association shall accept and perform such limited responsibilities respecting maintenance as it receives pursuant to the Declaration.

Section 2 - Capital Improvement Assessments

When the Association has 25 or more members exclusive of Developer, the Association shall assess and collect from each owner excluding Developer such capital improvement assessments as have been approved by the vote or written consent of owners owning not less than 80 percent of the parcels within Indian Shores subject to such assessment and which are levied pursuant to Section 5.05 of the Declaration.

Section 3 – Records

The Association shall keep correct and complete books and records of accounts and shall keep minutes of the proceedings of its members, Board of Directors and committees having any of the authority of the Board of Directors.

Section 4 - Inspection of Books and Records

All books and records of the Association may be inspected by any owner or officer of the Association or any condominium association, or his agent, attorney or lender, for any proper purpose at any reasonable time during normal business hours.

Section 5 - Certification and Inspection of Bylaws

The original or a copy of the Bylaws and any amendments thereto, certified by the Secretary, shall be open to inspection by the owners, officers and directors in the manner and to the extent required by law.

Section 6 - Checks, Drafts, etc.

All checks, drafts and other orders for payment of money, notes or other evidences of indebtedness, issued in the name of or payable to the Association, shall be signed or endorsed by such person or persons and in such manner as shall be determined from time to time by resolution of the Board of Directors.

Section 7 - Execution of Documents

The Board of Directors may, except as otherwise provided in the Declaration, Articles of Incorporation or these Bylaws, authorize any officer or agent to enter into any contract or execute any instrument in the name of and on behalf of the Association. Such authority may be general or confined to specific instances. Unless so authorized by the Board of Directors, no officer, agent or employee shall have any power or authority to bind the Association by any contract or engagement, or to pledge its credit, or to render it liable for any purpose or for any amount.

Section 8 - Reports and Audits

An annual report of the receipts and expenditures of the Association, if any, together with a statement of assets and liabilities of the maintenance fund, if any, shall be rendered by the Board of Directors to all owners and to all mortgagees of parcels who have requested the same within 90 days after the end of each fiscal year. From time to time and at least annually the Board of Directors, at the expense of the Association, shall obtain an audit of the books and records pertaining to the Association and furnish copies thereof to the members. At any time, any member or holder of a mortgage or trust deed may, at his own expense, cause an audit or inspection to be made of the books and records of the Association.

ARTICLE VIII – GENERAL PROVISIONS

Section 1 - Seal

The Board of Directors may, by resolution, adopt a corporate seal.

Section 2 – Notice

All notices to the Association or to the Board of Directors shall be sent care of the managing agent, or if there is no managing agent, to the principal office of the Association or to such other address as the Board of Directors may hereafter designate from time to time. All notices to members shall be sent to the member's parcel or to such other address as may have been designated by the member from time to time in writing to the Board of Directors.

Section 3 - Waiver of Notice

Whenever any notice to any member or director is required by law, the Declaration, the Articles of Incorporation, or these Bylaws, a waiver of notice in writing signed at any time by the person entitled to notice shall be equivalent to the giving of the notice.

Section 4 - Action without Meeting

Any action which the law, the Declaration, the Articles of Incorporation or the Bylaws require or permit the members or directors to take at any meeting may be taken without a meeting if a consent in writing setting forth the action so taken is signed by all of the members or directors entitled to vote on the matter. The consent, which shall have the same effect as a unanimous vote of the members or directors, shall be filed in the records of minutes of the Association.

Section 5 – Conflicts

These Bylaws are intended to comply with the Oregon Nonprofit Corporation Law, the Declaration and the Articles of Incorporation. In case of any irreconcilable conflict, such statute and documents shall control over these Bylaws.

ARTICLE IX — AMENDMENTS TO BYLAWS

Section 1 - How Proposed

Amendments to these Bylaws shall be proposed by either a majority of the Board of Directors or by members having one-fourth of the votes entitled to be cast for such amendment. The proposed amendment must be reduced to writing and shall be included in the notice of any meeting at which action is to be taken thereon.

Section 2 – Adoption

The proposed amendment may be adopted by the membership at a regular or special meeting of the members called for that purpose, at which a quorum is present, by a majority vote of the members present, in person, or by proxy at such meeting, provided, however, that those provisions of these Bylaws which are governed by the Declaration or the Articles of Incorporation of this Association may not be amended except as provided in those documents.

Section 3 – Recording

Once adopted, such amendment shall be copied in the appropriate place of the Minute Book of the Association containing the original Bylaws. If any Bylaw is repealed, the fact of such repeal and the date on which the repeal occurred shall be stated in such book and place.

CERTIFICATION

I, the undersigned, do hereby certify that I am the duly elected and acting Secretary of the Indian Shores Association, an Oregon corporation; that the foregoing Bylaws constitute the original Bylaws of said Association, and that they were duly adopted at a meeting of the Board of Directors thereof, held on the _____ day of _____, 197 ____.

IN WITNESS WHEREOF, I have hereunto subscribed my
name this the _____ day of _____, 197 ____.

Secretary