

BYLAWS
OF
QUAIL CROSSING OWNERS COMMITTEE, INC.
an Oregon Nonprofit Corporation

COPY

ARTICLE I. MEMBERS.

Section 1. MEMBERS. The Corporation shall have members. The Declarant, Quail Crossing, Inc., of the Quail Crossing subdivision and every owner of a Lot in Quail Crossing subdivision by virtue of ownership of such Lot shall be a member of the Association. Membership shall be appurtenant to and shall not be separated from ownership of any Lot. Until the turnover date, there shall be two classes of membership, Class A and Class B as described in Section 1.2 below.

1.2 Membership Class. The Association shall have two classes of voting membership:

1.2.1 Class A.

Class A members shall be all Owners with exception of Declarant (except that beginning on the date on which Class B membership is converted to Class A membership, and thereafter, Class A members shall be all Owners, including Declarant) and shall be entitled to one (1) vote for each Lot owned. When more than one (1) person holds an interest in any Lot, all such persons shall be members, but the vote for such Lot shall be exercised as they among themselves determine, and in no event shall more than one (1) vote be cast with respect to any lot.

1.2.2 Class B.

The Class B members shall be the Declarant, who shall be entitled to three (3) votes for each Lot it owns.

Section 2. AUTHORITY OF MEMBERS. The Members shall be entitled to vote once a year at the annual meeting on the election of the board of directors.

2.1 Annual Meetings of the Members. The annual meeting of members shall be held on the 1st day of October in each year, beginning with the year 2004, at the hour of 10:00 o'clock a.m., or at such other time on such other day within such month as shall be fixed by the board of directors for the purpose of electing directors and for the transaction of such other business as may come before the meeting.

If the election of directors shall not be held within the time designated herein for any annual

meeting of the members, or at any subsequent continuation after adjournment thereof, the board of directors shall cause the election to be held at a special meeting of the members as soon thereafter as convenient.

Section 3. SPECIAL MEMBERS' MEETINGS. Special meetings of the members, for any purpose or purposes, described in the meeting notice, may be called by the president, the secretary, or by the board of directors.

Section 4. PLACE OF MEMBERS' MEETING. The board of directors may designate any place within the tri-county area of Central Oregon as the place of meeting for any annual or special meeting of the members. If no designation is made, the place of meeting shall be the principal office of the corporation in the State of Oregon.

Section 5. NOTICE OF MEMBERS' MEETING

5.1 Required Notice. Written notice stating the place, date and hour of any annual or special members' meeting shall be delivered not less than 10 nor more than 60 days before the date of the meeting, either personally or by mail, by or at the direction of the president, the board of directors, or other persons calling the meeting, to each member of record entitled to vote at such meeting and to any other member entitled by the Oregon Nonprofit Corporation Act (ORS Chapter 65) or the articles of incorporation to receive notice of the meeting. Notice shall be deemed to be effective at the earlier of:

(1) When deposited in the United States mail, addressed to the member at the member's address as it appears on the corporation's current record of members, with postage thereon prepaid;

(2) On the date shown on the return receipt if sent by registered or certified mail, return receipt requested, and the receipt is signed by or on behalf of the addressee;

(3) When received; or

(4) Five days after deposit in the United States mail, if mailed postpaid and correctly addressed to the member at an address where the member receives mail other than that shown in the corporation's current record of members.

5.2 Adjourned Meeting. If any members' meeting is adjourned to a different date, time or place, notice need not be given of the new date, time and place, if the new date, time and place is announced at the meeting before adjournment.

5.3 Waiver of Notice. The member may at any time waive notice of the meeting (or any notice required by the Oregon Nonprofit Corporation Act, articles of incorporation, or bylaws) by a writing signed by the member entitled to the notice and delivered to the corporation

for inclusion in the minutes for filing with the corporate records.

A member's attendance at a meeting:

(1) Waives objection to lack of notice or defective notice of the meeting, unless the member at the beginning of the meeting objects to holding the meeting or transacting business at the meeting; and

(2) Waives objection to consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice, unless the Member objects to considering the matter when it is presented.

5.4 Contents of Notice. The notice of each special members' meeting shall include a description of the purpose or purposes for which the meeting is called. Except as provided in this Section, or as provided in the corporation's articles, or otherwise in the Oregon Nonprofit Corporation Act, the notice of an annual member meeting need not include a description of the purpose or purposes for which the meeting is called.

Section 6. PROXIES. At all meetings of members, a member may vote in person or by a proxy that is executed in writing by the member or that is executed by the member's duly authorized attorney-in-fact. Such proxy shall be filed with the secretary of the corporation or other person authorized to tabulate votes before or at the time of the meeting. No proxy shall be valid 11 months from the date of its execution, unless otherwise provided in the proxy.

Section 7. ACTION BY MEMBERS WITHOUT MEETING. Any action required or permitted to be taken at a meeting of the members may be taken without a meeting if one or more consents in writing, setting forth the action so taken, shall be signed by all of the members entitled to vote with respect to the subject matter thereof and are delivered to the corporation for inclusion in the minute book. A consent signed under this Section has the effect of a meeting vote and may be described as such in any document.

Section 8. ACTION BY WRITTEN BALLOT. Any action which may be taken at any annual, regular, or special meeting of members may be taken without a meeting if the Corporation delivers a written ballot to all members entitled to vote on the matter. The written ballot shall set forth the proposed action and provide an opportunity to vote for or against such proposed action. Approval by written ballot shall be valid only when the number of votes cast by ballot equals or exceeds any quorum required to be present at a meeting authorizing the action and the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot. All solicitation for votes by written ballot shall indicate the number of responses needed to meet the quorum requirements; and specify a reasonable time by which a ballot must be received by the Corporation in order to be counted.

Section 9. VOTING FOR DIRECTORS. Unless otherwise provided in the articles of incorporation, directors are elected by a plurality of the votes cast by the shares entitled to vote in the election at a meeting at which a quorum is present.

Section 10. QUORUM. Members, represented in person or by proxy, with an aggregate of forty percent (40%) of the authorized votes shall constitute a quorum at any meeting of the members.

ARTICLE II. BOARD OF DIRECTORS: NUMBER, POWERS, MEETINGS.

Section 1. GOVERNING BODY; COMPOSITION. The affairs of the Corporation shall be governed by a board of directors. The directors shall be members. The initial director shall be the Declarant, Patrick G. Bauer, until a successor board is appointed at the Turnover Meeting.

Section 2. NUMBER OF DIRECTORS. The Corporation will have a variable-range size board of directors. The minimum number of directors shall be three (3) and the maximum number of directors shall be five (5). The number of directors may be fixed or changed periodically, within the minimum and maximum, by resolution of the directors; provided, however, that the Declarant shall set the initial number of directors at the Turnover Meeting. The Directors shall be appointed as provided in Section 3 of this Article.

Section 3. APPOINTMENT OF DIRECTORS. Directors shall be elected by the Members at annual meetings.

Section 4. APPOINTMENT AND TERM OF OFFICE. Notwithstanding any other provision contained herein, at the Turnover Meeting and at each annual meeting thereafter directors shall be appointed. The term of each director shall be three (3) years. The members of the board of directors shall hold office until their respective successors shall have been elected.

Section 5. REMOVAL OF DIRECTORS. Any director who has three (3) consecutive unexcused absences from Board meetings may be removed by a majority vote of the directors at a meeting, a quorum being present.

Section 6. VACANCIES. Vacancies in the board of directors caused by any reason, shall be filled by a vote of the majority of the remaining Directors, even though less than a quorum, at any meeting of the Board. Each person so elected shall serve the unexpired portion of the vacated term.

Section 7. ORGANIZATION MEETINGS. The first meeting of the members of the board of directors shall be at such time and place as shall be fixed by the Board.

Section 8. REGULAR MEETINGS. Regular meetings of the board of directors may be held at such time and place as shall be determined from time to time by a majority of the directors. Notice of the time and place of the meeting shall be communicated to directors by regular mail not

less than four (4) days prior to the meeting; provided, however, notice of a meeting need not be given to any director who has signed a waiver of notice or a written consent to holding of the meeting.

Section 9. SPECIAL MEETINGS. Special meetings of the board of directors shall be held when called by written notice signed by the President, or Secretary of the Corporation, or by any two (2) directors. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. The notice shall be given to each director by one of the following methods: (a) by personal delivery; (b) written notice by first class mail, postage prepaid; (c) by telephone communication, including facsimile transmissions, either directly to the director or to a person at the director's office who would reasonably be expected to communicate such notice promptly to the director; or (d) by telegram, charges prepaid. All such notices shall be given or sent to the director's address or telephone number as shown on the records of the Corporation. Notices sent by first class mail shall be deposited into a United States mailbox at least four (4) days before the time set for the meeting. Notices given by personal delivery, telephone, or telegraph shall be delivered, telephoned, or given to the telegraph company at least seventy-two (72) hours before the time set for the meeting.

Section 10. WAIVER OF NOTICE. The transactions of any meeting of the board of directors, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice if (a) a quorum is present, and (b) either before or after the meeting each of the directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting shall also be deemed given to any Director who attends the meeting without protesting before or at its commencement after the lack of adequate notice.

Section 11. QUORUM OF BOARD OF DIRECTORS. At all meetings of the board of directors, a majority of the directors shall constitute a quorum for the transaction of business, and the votes of a majority of the directors present at a meeting at which a quorum is present shall constitute the decision of the board of directors. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting. If less than a quorum is present at any meeting, the Board members present shall adjourn the meeting to such time and place as they may decide within thirty (30) days of the original meeting. At such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

Section 12. COMPENSATION. No director shall receive any compensation from the Corporation for acting as such unless approved by a majority vote of the Board.

Section 13. CONDUCT OF MEETINGS. The Chairman shall preside over all meetings of the board of directors, and the Secretary shall keep a minute book of the board of directors, recording therein all resolutions adopted by the board of directors and a record of all transactions and proceedings occurring at such meetings.

Section 14. OPEN MEETINGS. All meetings of the Board shall be open to the members, but the members may not participate in any discussion or deliberation unless expressly so authorized by a majority of a quorum of the Board.

Section 15. EXECUTIVE SESSION. The board may, with approval of a majority of a quorum, adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Corporation is or may become involved, and orders of business of a similar nature. The nature of any and all business to be considered in executive session shall first be announced in open session.

Section 16. ACTION WITHOUT A FORMAL MEETING. Any action to be taken at a meeting of the directors or any action that may be taken at a meeting of the directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all the directors.

Section 17. POWERS. The board of directors shall be responsible for the affairs of the Corporation and shall have all the powers and duties necessary for the administration of the Corporation's affairs.

The board of directors shall delegate to one of its members the authority to act on behalf of the board of directors on all matters which might arise between meetings of the board of directors.

In addition to the duties imposed by these Bylaws or by any resolution of the Corporation that may be hereafter adopted, the board of directors shall have the power to and be responsible for the following, in way of explanation, but not limitation:

- (a) Preparation and adoption of an annual budget;
- (b) Designating, hiring and dismissing the personnel necessary for the operation of the Corporation and its property and, where appropriate, providing for the compensation for such personnel and for the purchase of equipment, supplies and materials to be used by such personnel in the performance of their duties; collecting fees, depositing the proceeds thereof in a bank depository which it shall approve and using the proceeds to administer the Corporation;
- (c) Making and amending rules and regulations;
- (d) Opening of bank accounts on behalf of the Corporation and designating the signatories required;
- (e) Enforcing by legal means the provisions of the Articles, these Bylaws, and the rules and regulations adopted by it and bringing any proceedings which may be instituted on behalf of or against the Corporation;

- (f) Obtaining and carrying any necessary insurance and paying the premium costs thereof;
- (g) Paying the cost of all services rendered to the Corporation; and
- (h) Keeping books with detailed accounts of the receipts and expenditures affecting the Corporation and its administration, specifying the expenses incurred.

ARTICLE III. OFFICERS.

Section 1. OFFICERS. The officers of the Corporation shall be a President, Secretary and Treasurer. The board of directors may elect such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it shall deem desirable, such officers to have the authority and perform the duties prescribed from time to time by the board of directors. Any two or more offices may be held by the same person, excepting the offices of President and Secretary. The officers shall be elected from among the members of the board of directors.

Section 2. ELECTION, TERM OF OFFICE AND VACANCIES. The officers of the Corporation shall be elected annually by the board of directors at the annual meeting of the board of directors. A vacancy in any office arising because of death, resignation, removal, or otherwise may be filled by the board of directors for the unexpired portion of the term.

Section 3. SALARIES. Officers shall be uncompensated for acting as such unless approved by a majority vote of the Board.

Section 4. REMOVAL. Any officer may be removed by the board of directors whenever in its judgment the best interests of the Corporation will be served thereby.

Section 5. POWERS AND DUTIES. The officers of the Corporation shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as may from time to time be specifically conferred or imposed by the board of directors. The President shall be the Chairman of the Board of the Corporation. The President shall appoint such committees as he or she may desire or are required by the Bylaws. The Vice President shall substitute for the President when the he or she is unable to perform presidential duties. While assuming the office of President, the Vice President shall have the same authority as the President. The Secretary shall keep an accurate record of the proceedings of all meetings, and perform such other duties as may be required in keeping with the office. The Treasurer shall have primary responsibility for the preparation of the budget as provided for in these Bylaws and may delegate all or part of the preparation and notification duties to a finance committee, management agent, or both.

Section 6. RESIGNATION. Any officer may resign at any time by giving written notice to the board of directors, the President, or the Secretary. Such resignation shall take effect on the date of the receipt of such notice or at any later time specified therein, and unless otherwise specified

therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 7. AGREEMENTS, CONTRACTS, DEEDS, LEASES, CHECKS. All agreements, contracts, deeds, leases, checks, and other instruments of the Corporation shall be executed by at least two (2) officers or by such other person or persons as may be designated by resolution of the board of directors. The directors and officers of the Corporation may be interested directly or indirectly in any contract relating to or incidental to the operations conducted by the Corporation, and may freely make contracts, enter transactions, or otherwise act for and on behalf of the Corporation. No contract, transaction or act shall be taken on behalf of the Corporation if such contract, transaction, or act would result in denial of the tax exemption under Section 503 or Section 507 of the Internal Revenue Code and its regulations as they now exist or as they may hereafter be amended. The Board shall have full authority to invest any property of the Corporation at its discretion. However, no action shall be taken by or on behalf of the Corporation if such action is a prohibited transaction or would result in the denial of tax exemption under IRC Section 503 or Section 504 and its regulations as they now exist or as they may hereafter be amended.

ARTICLE IV. INDEMNIFICATION: INTERESTED PARTIES.

Section 1. INDEMNIFICATION. The Corporation shall indemnify to the fullest extent permitted by the Oregon Nonprofit Business Corporation Act any person who has been made, or is threatened to be made a party to an action, suit or proceeding, whether civil, criminal, administrative, investigative, or otherwise (including an action, suit or proceeding by or in the right of the Corporation) by reason of the fact that the person is or was a director or officer of the Corporation. The right to and the amount of indemnification shall be determined in accordance with the provisions of the Oregon Nonprofit Business Corporation Act in effect at the time of determination.

Section 2. INTERESTED PARTIES. A director of the Corporation shall not be disqualified by the director's office from contracting with the Corporation as vendor, purchaser, or otherwise; nor shall any contract or arrangement entered into by or on behalf of the Corporation in which any director is in any way interested be avoided on that account, provided that such contract or arrangement shall have been approved or ratified by a majority of the board of directors without counting the interested director, although such director may be counted toward a quorum, and the interest shall have been disclosed or known to the approving or ratifying directors.

ARTICLE V. COMMITTEES.

Section 1. GENERAL. Committees to perform such tasks and to serve for such periods as may be designated by a resolution adopted by a majority of the directors present at a meeting at which a quorum is present are hereby authorized. Such committees shall perform such duties and have such powers as may be provided in the resolution. Each committee shall be composed as required by law and shall operate in accordance with the terms of the resolution of the board of directors designating the committee or with rules adopted by the board of directors.

ARTICLE VI. AMENDMENTS.

Section 1. GENERAL. These Bylaws may be altered, amended or repealed and new Bylaws may be adopted by the board of directors by a majority vote of the full Board at any regular or special meeting.

ARTICLE VII. MISCELLANEOUS.

Section 1. FISCAL YEAR. The initial fiscal year of the Corporation shall be a calendar year.

Section 2. PARLIAMENTARY RULES. Except as may be modified by Board resolution establishing modified procedures, Robert's Rules of Order (current edition) shall govern the conduct of Corporation proceedings when not in conflict with Oregon law, the Articles of Incorporation, or these Bylaws.

Section 3. CONFLICTS. If there are conflicts or inconsistencies between the provisions of Oregon law, the Articles of Incorporation and these Bylaws, the provisions of Oregon law, the Articles of Incorporation, and the Bylaws (in that order) shall prevail.

Section 4. NEUTRALITY. The Corporation shall be nonpartisan and nonsectarian.

Section 5. COMPLIANCE WITH I.R.C. SECTION 501(c). Notwithstanding any other provision of these Bylaws, no director, officer, employee or representative of this Corporation shall take any action or carry on any activity by or on behalf of the Corporation not permitted to be taken or carried on by an organization exempt under IRC Section 501(c) and its regulations as they now exist or as they may hereafter be amended.

Section 6. INSPECTION BY DIRECTORS. Every director shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Corporation and the physical properties owned or controlled by the Corporation. The right of inspection by a Director includes the right to make extracts and copies of documents at the expense of the Corporation.

Section 7. DEFINITIONS. Capitalized terms not defined in these Bylaws shall have the meaning given to them in the Articles of Incorporation or Declaration.

Section 8. NOTICES. Unless otherwise provided in these Bylaws, all notices, demands, bills, statements, or other communications under these Bylaws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by registered or certified mail, return receipt requested, first class postage prepaid:

(a) If to the Corporation or the board of directors, at the principal office of the Corporation or board of directors, if any, or at such other address as shall be designated by the notice

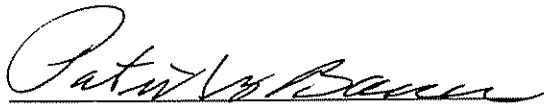
in writing to the members pursuant to this Section.

We, the undersigned, being all the directors of the Quail Crossing Owners Committee, Inc., do hereby certify:

That we are entitled to exercise all the voting power of said Corporation; and

That we hereby assent to the within and foregoing Bylaws and hereby adopt the same as the Bylaws of said Corporation.

IN WITNESS WHEREOF, we have hereunto subscribed our names this 30th day of July, 2003.



Patrick G. Bauer, Director