

614422-82

**HAPPY VALLEY HEIGHTS
HOMEOWNERS ASSOCIATION
ARTICLES OF INCORPORATION**

FILED
JAN 22 1998
OREGON
SECRETARY OF STATE

The undersigned limited partnership, acting as incorporator under the Oregon Nonprofit Corporation Law, adopts the following Articles of Incorporation:

ARTICLE I - NAME

The name of this corporation is Happy Valley Heights Homeowners Association ("Association").

ARTICLE II - PURPOSES

This corporation is a mutual benefit, membership corporation. The purposes for which the Association is organized are to provide for the management, maintenance, protection and preservation of property in Happy Valley Heights, a planned development in Clackamas County, Oregon, and to promote the health, safety, welfare and other general benefit of its members, not for profit, but for the mutual advantages to be derived therefrom as contemplated in the Declaration of Protective Covenants, Conditions, Restrictions and Easements for Happy Valley Heights recorded or to be recorded in the Records of Deeds of Clackamas County, Oregon, as the same may be subsequently amended or supplemented by instruments of record (the "Declaration:.) The definitions contained in the Declaration are hereby adopted by reference.

ARTICLE III - POWERS AND DUTIES

(a) The Association shall have, exercise and perform all of the following powers, duties and obligations:

- (1) The powers, duties and obligations granted to the Association by the Declaration.
- (2) The powers and obligations of a nonprofit corporation pursuant to the general nonprofit corporation laws of the State of Oregon.
- (3) The powers, duties and obligations of a homeowners association pursuant to the Oregon Planned Community Act, whether or not such Act is applicable to the Association.

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614422-82

(4) Any additional or different powers, duties and obligations necessary or desirable for the purpose of carrying out the functions of the Association pursuant to the Declaration or otherwise promoting the general benefit of the Owners within the Property.

ARTICLE IV - REGISTERED OFFICE AND AGENT

(a) The street address of the initial registered office of the Association is 2164 S.W. Park Place, Portland, Oregon 97205 and the name of its initial registered agent who shall be amenable to service of process at such address is Walter O. Grodahl, III.

(b) The principal office and mailing address to which the Office of the Secretary of State may mail notices as required by law is 2164 S.W. Park Place, Portland, Oregon 97205.

ARTICLE V - DIRECTORS

The powers of the association shall be exercised and its properties controlled and its affairs conducted by a board of directors elected or appointed as provided in the Declaration and Bylaws.

ARTICLE VI - INCORPORATOR

The name and address of the incorporator is:

H.V. Rolling Hills Limited Partnership
2164 S.W. Park Place
Portland, Oregon 97205

ARTICLE VII - DISSOLUTION

In the event that the Association is at any time dissolved, whether inadvertently or deliberately, it shall automatically be succeeded by an unincorporated association of the same name. In that event all of the property, powers and obligations of the incorporated association existing immediately prior to its dissolution shall thereupon automatically vest in the successor unincorporated association and such vesting shall thereafter be confirmed and evidenced by appropriate conveyances and assignments by the incorporated association. To the greatest extent possible, any successor unincorporated association shall be governed by the Articles of Incorporation and Bylaws of the Association as it they had been made to constitute the governing documents of the unincorporated association.

614422-82

ARTICLE VIII - MEMBERSHIP AND VOTING RIGHTS

(a) Every Owner (as that term is defined in the Declaration) of one or more Lots in the Property shall, immediately upon creation of the Association and thereafter during the entire period of such ownership, be a member of the Association. 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.

(b) The Association shall have two classes of voting membership:

Class A: Class A members shall be all Owners with the exception of the Declarant and shall be entitled to voting rights for each Lot owned computed in accordance with Section 3.04 of the Declaration. When more than one person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more voting rights be cast with respect to any Lot as set forth in Section 3.04 of the Declaration.

Class B: Class B member shall be the Declarant and shall be entitled to three times the voting rights computed under Section 3.04 of the Declaration for each Lot owned by Declarant. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

(i) When the total votes outstanding in the Class A membership equals the total votes outstanding in the Class B membership ; or

(ii) Twelve (12) years from the date of recording these Covenants in the Country Deed Records.

ARTICLE IX - LIABILITY AND INDEMNIFICATION

A member of the board of directors or an officer of the Association shall not be liable to the Association or any member thereof for any damage, loss or prejudice suffered or claimed on account of any action or failure to act in the performance of his or her duties, except for acts of gross negligence or intentional acts. In the event any member of the board of directors or any officer of the Association is made a party to any proceeding because the individual is or was a director or officer of the Association, the Association shall indemnify such individual against liability and expenses incurred to the maximum extent permitted by law.

614422-82

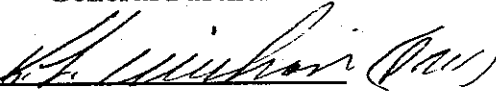
ARTICLE X - AMENDMENT

The provisions hereof may not be amended without the vote of members having less than a majority of the voting rights of the Association. Notwithstanding such vote, the provisions hereof shall not be amended so as to be inconsistent with the Declaration; if inconsistent, the Declaration shall be amended as provided in Section 8.04 thereof.

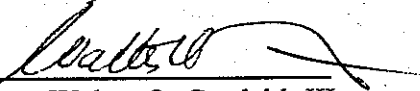
DATED: 1/16, 1998.

**H.V. Rolling Hills Limited Partnership
2164 S.W. Park Place
Portland, Oregon 97205**

**By: Wilson Homes & Development
General Partner**

By: 
Keith Wilson
Its: President

**By: GSL Properties, Inc.
General Partner**

By: 
Walter O. Grodahl, III
Its: CEO / Chairman