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By Harvey D. Cole

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SECRETARY OF STATE

Attorneys For The Capes Homeowners' Assoc.

ARTICLES OF INCORPORATION

OF

THE CAPES HOMEOWNERS' ASSOCIATION, INC.

308630-88

In compliance with the requirements of Chapter 65,
Oregon Revised Statutes (the "Act"), the undersigned
incorporator, a natural person over 18 years of age, does hereby
form a corporation not for profit and does hereby certify:

ARTICLE I

NAME

The name of the corporation is The Capes Homeowners'
Association, Inc. (the "Association").

ARTICLE II

NATURE OF CORPORATION

The Association is a mutual benefit corporation.

ARTICLE III

REGISTERED OFFICE

The initial registered office of the Association is
located at 101 S.W. Main Street, Suite 1100, Portland, Oregon
97204.

ARTICLE IV

REGISTERED AGENT

Stephen T. Janik, whose address is c/o Ball, Janik &
Novack, 101 S.W. Main Street, Suite 1100, Portland, Oregon
97204, is hereby appointed the initial registered agent of the
Association. The registered office of the Association is located
at the address given in the preceding sentence. The alternate

corporate mailing address required by Section 65.047(1)(e) of the Act is 121 S.W. Morrison Street, Portland, Oregon 97204.

ARTICLE V

PURPOSE AND POWERS OF THE ASSOCIATION

The Association does not contemplate pecuniary gain or profit to the members thereof and shall exist exclusively for non-profit purposes. No part of the net earnings of the Association shall inure to the benefit of any private member or members or any individual.

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

A. Declaration. The powers, duties and obligations granted to the Association by that certain Declaration of Covenants, Conditions and Restrictions for The Capes, which has been recorded at Book 343, Page 404 of the records of Tillamook County, Oregon, as the same may be amended from time to time as therein provided (the "Declaration"), and by the Bylaws of the Association (the "Bylaws").

B. Statutory Powers. The powers, duties, and obligations of a nonprofit corporation pursuant to the general nonprofit corporation laws of the State of Oregon and of a homeowners association of a planned community pursuant to the Oregon Planned Community Act, as either or both may be amended from time to time.

C. General. 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 (as those terms are defined in the Declaration).

The powers and obligations of the Association may from time to time be amended, repealed, enlarged or restricted by changes in the Declaration made in accordance with the provisions therein, accompanied by changes in these Articles of Incorporation or the Bylaws made in accordance with, and to the extent required under, such instruments and with the nonprofit corporation laws of the State of Oregon.

ARTICLE VI

MEMBERSHIP

The Association shall have members. Every Owner of one or more Lots (as those terms are defined in the Declaration) shall, during the entire period of such Owner's ownership of one or more Lots, be a member of the Association. Such membership shall commence, exist, and continue simply by virtue of such ownership, and need not be confirmed or evidenced by any certificate or acceptance of membership.

ARTICLE VII

VOTING RIGHTS

Voting rights within the Association shall be allocated as follows:

- A. Lots. Lots shall be allocated one vote per Lot.
- B. Classes of Voting Membership. The Association shall have two classes of voting membership:

Class A. Class A members shall be all Owners with the exception of Declarant (as that term is defined in the Declaration) (except that beginning on the date on which the Class B membership is converted to Class A membership, and thereafter, Class A members shall be all Owners, including Declarant). Class A members shall be entitled to voting rights for each Lot owned, computed in accordance with Article VII, Section A. When more than one person holds an interest in any Lot, all such persons shall be members, but all such persons shall collectively have only one vote. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more votes be cast with respect to any Lot than as set forth in Article VII, Section A.

Class B. The Class B member shall be Declarant and shall be entitled to three times the voting rights computed under Article VII, Section A 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:

a. The date of the turnover meeting described in Section 8.6 of the Declaration (the "Turnover Meeting"); or

b. At such earlier time as Declarant may elect in writing to terminate Class B membership.

ARTICLE VIII

BOARD OF DIRECTORS

The affairs of the Association shall be governed by the Board, which shall consist of three persons. Until the Turnover

Meeting has been held, the Board of Directors shall consist of those three directors of the Association ("Directors") designated in this Article, as such persons may be removed and replaced by Declarant or its designee pursuant to the Bylaws. At the Turnover Meeting, all three of the then-serving Directors shall resign and three Directors shall be elected in accordance with the Bylaws to serve until the first annual meeting of the Association. At the expiration of the initial term of office of each Director elected at the Turnover Meeting, such Director or his successor shall be elected to serve for the term indicated in the Bylaws. All Directors shall hold office for the term indicated in the Bylaws and until their successors have been qualified and elected. There shall be no limit on the number of successive terms a Director may serve on the Board of Directors, if elected as herein provided.

The names and addresses of the persons who are to act in the capacity of Directors until the selection of their successors, each of whom has consented to serve in such capacity, are:

<u>NAME</u>	<u>ADDRESS</u>
Franklin D. Piacentini	1034 S.W. Myrtle Drive Portland, OR 97201
Dorothy Piacentini	1034 S.W. Myrtle Drive Portland, OR 97201
Stephen T. Janik	101 S.W. Main Street Suite 1100 Portland, Oregon 97204

ARTICLE IX

AMENDMENTS OF BYLAWS

Except as expressly provided in the Declaration, the Bylaws may be amended or repealed and new bylaws may be adopted by a majority of the Directors present at any regular meeting or at any special meeting, if at least two days' written notice is given of intention to amend or repeal and adopt new bylaws at such meeting accompanied by a copy or summary of the amendment; provided, however, that the Board of Directors shall have no authority to amend or repeal any provision of the Bylaws relating to the election, qualifications, powers, duties or terms of Directors without the approval of the Owners given at a special meeting called for such purpose. No special declarant right (as defined in ORS 94.550(12)) contained in the Bylaws may be amended without the consent of Declarant and Declarant may unilaterally make the amendments to the Bylaws permitted by Section 13.2 of the Declaration and ORS 94.585.

ARTICLE X

DISSOLUTION

Subject to any contrary provisions of the Act and of Chapter 94, Oregon Revised Statutes, as amended, the Association may be dissolved with the assent given in writing and signed by Owners holding not less than 75 percent of the voting power within the Association, together with the vote or written consent of the Class B member, if such membership has not been terminated as provided in the Declaration. Upon dissolution of the Association, it shall automatically be succeeded by an

unincorporated association of the same name. All of the assets, property, powers, and obligations of the Association existing prior to dissolution shall thereupon automatically vest in the successor unincorporated association.

ARTICLE XI

DURATION

The corporation shall exist perpetually.

ARTICLE XII

LIABILITY OF DIRECTORS

To the fullest extent authorized by law and Section 8.5 of the Declaration, the personal liability of each Director to the Association or its Owners for monetary damages for conduct as a Director shall be eliminated.

ARTICLE XIII

INDEMNIFICATION

To the fullest extent authorized by law, the Board, acting on behalf of the Association, may indemnify or advance costs of defense, or commit the Association to indemnify or advance costs of defense in the future, to any person who is made or 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 Association), by reason of the fact that the person is or was a Director, officer, employee, or agent, of the Association, or serves or served at the request of the Association as a director, officer, partner, trustee, agent or employee of another corporation, partnership, joint

venture, trust, employee benefit plan, or other enterprise. In exercising the authority granted by this Article XIII, the Board may choose, on the Association's behalf, to utilize the procedures provided in the Act, prescribe other approval processes, or eliminate any procedures for specific findings or further approval in the individual matter. This Article XIII shall not be deemed exclusive of any other provision for indemnification of Directors, officers, fiduciaries, employees, or agents that may be included in any statute, Bylaw, resolution of Owners or Directors, agreement, or otherwise, either as to action in any official capacity or action in another capacity while holding office.

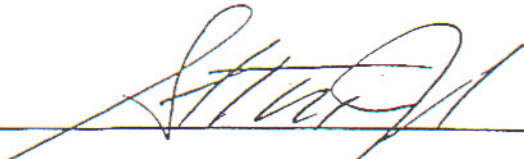
ARTICLE XIV

AMENDMENTS

These Articles, or any provision thereof, may be amended or repealed by the vote or written consent of Owners holding not less than 75% of the voting power within the Association, together with the vote or written consent of the Class B member, if such membership has not been terminated as provided in the Declaration.

IN WITNESS WHEREOF, for the purpose of forming this corporation under the laws of the State of Oregon, I, the undersigned, constituting the incorporator of this Association, have executed these Articles of Incorporation this 18th day of August, 1992, and declare that the foregoing Articles of

Incorporation, to the best of my knowledge and belief, are true,
correct and complete.


Name: Stephen T. Janik

Address: c/o Ball, Janik & Novack
101 S.W. Main Street
Suite 1100
Portland, OR 97204

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