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FILED
IN THE OFFICE OF THE SECRETARY
OF STATE OF THE STATE OF ORE.

AUG 17 1989

CORPORATION DIVISION

ARTICLES OF INCORPORATION

OF

FOREST HEIGHTS HOMEOWNERS' ASSOCIATION, INC.

The undersigned natural person of the age of 18 years or more, acting as incorporator under the Oregon Nonprofit Corporation Law set forth in Chapter 61 of the Oregon Revised Statutes, hereby adopts the following Articles of Incorporation:

ARTICLE I

DEFINITIONS

In construing these Articles,

1. "Commercial Lots" means those Lots designated as such in the declaration annexing any of such Lots to the Property.
2. "Condominium" means any property submitted to the Oregon Condominium Act in the manner provided by ORS 94.004 through 94.480.
3. "Declarant" means Nauru Phosphate Royalties (Portland), Inc., and its successors and assigns if such successor or assignee should acquire Declarant's interest in the remainder of the Property, or in less than all of the Property if a recorded instrument executed by Declarant assigns to the transferee all of Declarant's rights under the Declaration.
4. "Declaration" means the Declaration of Protective Covenants, Conditions and Restrictions Affecting Forest Heights, dated _____, 1989, and all of the easements, covenants, restrictions and charges set forth therein, together with any rules or regulations promulgated thereunder, as the same may be amended or supplemented from time to time in accordance with the provisions thereof.
5. "Lot" means a platted or partitioned lot, tract or Condominium unit within the Property, with the exception of any

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tract or Lot marked on a plat of the Property as being common or open space or so designated in the Declaration or the declaration annexing such property to the Property.

6. "Member" or "Membership" means any Owner or such Owner's membership in the Corporation.

7. "Owner" means the person or persons, including Declarant, owning any Lot in the Property (including the holder of a vendee's interest under a land sales contract), but does not include a tenant or holder of a leasehold interest or a person holding only a security interest in a Lot (including the holder of a vendor's interest under a land sales contract). The rights, obligations and other status of being an Owner commence upon acquisition of the ownership of a Lot and terminate upon disposition of such ownership, but termination of ownership shall not discharge an Owner from obligations incurred prior to termination.

8. "Property" means Forest Heights as defined in Article II of the Declaration.

9. "Residential Lots" means those Lots designated as such in the Declaration or in the declaration annexing any of such Lots to the Property.

10. "Termination Date" means the earlier of the date on which (i) eighty percent (80%) of the Lots in the final phase of the Property have been sold and conveyed to Owners other than Declarant, or (ii) Declarant elects in writing to terminate its Class B Membership (as defined in Article IV below).

11. "Turnover Date" means the date on which Lots representing seventy-five percent (75%) of the voting power computed in accordance with Section 8.3(a) of the Declaration have been sold and conveyed to Owners other than Declarant.

12. "Turnover Meeting" means the meeting of Declarant and the Board of Directors called for the purposes of turning over administrative control of this Corporation to the Corporation.

ARTICLE II

NAME

The name of this Corporation is Forest Heights Homeowners' Association, Inc., and its duration shall be perpetual.

ARTICLE III

PURPOSE

This nonprofit Corporation is a mutual benefit corporation. The purposes for which this Corporation are organized are: To engage in any and all activities necessary or appropriate to administer and enforce the Declaration and to exercise all powers granted or conferred thereby.

ARTICLE IV

MEMBERS

This Corporation shall have two classes of Members. Class A Members shall be those Owners with the exception of the Declarant, provided that beginning on the date on which the Class B Membership is converted to Class A Membership as set forth in the Declaration, Class A Members shall include all Owners including the Declarant. The Declarant shall be the sole Class B Member. The characteristics, qualifications, rights, limitations, and obligations attaching to each class of Members shall be as specified in the Declaration and the Bylaws of this Corporation.

ARTICLE V

PROHIBITED ACTIVITIES

No part of the net earnings of the Corporation shall inure to the benefit of, or be distributable to, its Members, directors, officers, or other private persons, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in Article III of these Articles. No substantial part of the activities of the Corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the Corporation shall not participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of any candidate for public office. Notwithstanding any other provision of these Articles, the Corporation shall not carry on any other activities not permitted to be carried on (a) by a corporation exempt from federal income taxation under Section 528 of the Internal Revenue Code of 1986 (or the corresponding provision of any future United States internal revenue law) or (b) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Internal Revenue Code of 1986 (or the corresponding provision of any future United States internal revenue law).

ARTICLE VI

DISSOLUTION

Upon the dissolution of the Corporation, the Board of Directors shall, after paying or making provision for the payment of all of the liabilities of the Corporation, dispose of all of the assets of the Corporation exclusively for the purposes of the Corporation in such manner, or to such organization or organizations organized and operated exclusively for charitable, educational, religious, or scientific purposes as shall at the time qualify as an exempt organization or organizations under Section 501(c)(3) of the Internal Revenue Code of 1986 (or the corresponding provision of any future provision of the United States internal revenue law), as the Board of Directors shall determine. Any such assets not so disposed of shall be disposed of by the Circuit Court of the State of Oregon for the County in which the principal office of the Corporation is then located, exclusively for such purposes or to such organization or organizations, as the court shall determine.

ARTICLE VII

REGISTERED OFFICE

The location of the initial registered office of this Corporation shall be 3500 U.S. Bancorp Tower, 111 S.W. Fifth Avenue, Portland, Oregon 97204. The initial registered agent shall be Richard A. Cantlin at such address.

ARTICLE VIII

NOTICE

The address to which notices may be mailed by the Oregon Secretary of State until the principal office of the Corporation has been designated in an annual report is:

George J. Marshall
31960 Charbonneau Drive
Post Office Box 280
Wilsonville, Oregon 97070

ARTICLE IX

DIRECTORS

1. The number of directors constituting the initial Board of Directors of this Corporation is three. The names and addresses of the persons who are to serve as the initial directors until their successors are elected and qualified are:

George J. Marshall
31960 Charbonneau Drive
Post Office Box 280
Wilsonville, OR 97070

Robert Hartford
117 S.W. Taylor St.
Portland, OR 97204

Ann E. Thompson
117 S.W. Taylor St.
Portland, OR 97204

The incorporator has obtained the consent of each person named above to serve as a director.

2. Prior to the Turnover Date, Declarant shall appoint all directors.

3. From and after the Turnover Date, the Board of Directors shall be comprised of three directors elected in the manner provided in Article X. Voting for directors shall not be cumulative.

ARTICLE X

ELECTION OF DIRECTORS

From and after the Turnover Date, directors shall be elected in the following manner:

1. Until the Termination Date, two directors shall be appointed by Declarant. The remaining director shall be elected by a majority vote of the remaining Owners at a meeting called as provided in the Bylaws of the Corporation, with each Residential Lot Owner having one vote for each Residential Lot owned, each Condominium unit Owner having one vote for each Condominium unit owned, and each Commercial Lot Owner having the number of votes set forth in the declaration annexing the Commercial Lot to the Property. When more than one person holds an ownership interest in any Residential Lot or Condominium unit, the vote for such Residential Lot or Condominium unit shall be exercised as the holders of such interests determine, but in no event shall more than one vote be cast with respect to any such Residential Lot or Condominium unit.

2. From and after the Termination Date, all directors shall be elected by the Owners, with each Owner having the number of votes set forth in Section 1 of this Article X. Within thirty (30) days after the Termination Date, a meeting of Owners shall be called as provided in the Bylaws of the Corporation for the purpose of electing replacement directors. At such meeting the directors elected pursuant to Section 1 above shall resign and their successors shall be elected by the Owners as provided in this Section 2, the Declaration and the Bylaws of the Corporation.

ARTICLE XI

TERMS OF DIRECTORS

1. Subject to Article X, Section 2, the first director elected by Declarant pursuant to the terms of Article X, Section 1 shall serve a three-year term, the second a two-year term, and the remaining director elected by the Owners shall serve a one-year term.

2. The first director elected by the Owners pursuant to the terms of Article X, Section 2 shall serve a three-year term, the second a two-year term, and the third a one-year term.

3. Except as provided in Sections 1 and 2 of this Article XI, all directors shall serve three-year terms. Any director may serve more than one term.

ARTICLE XII

INDEMNIFICATION

1. The Corporation shall indemnify each of its directors and officers to the fullest extent permissible under the Oregon Nonprofit Corporation Law, as the same exists or may hereafter be amended, against all expense, liability, and loss (including, without limitation, attorneys' fees) incurred or suffered by such person by reason of or arising from the fact that such person is or was a director or officer of the Corporation, or is or was serving at the request of the Corporation as a director, officer, partner, trustee, employee, or agent of another foreign or domestic business or nonprofit corporation, partnership, joint venture, trust, employee benefit plan, or other enterprise, and such indemnification shall continue as to a person who has ceased to be a director or officer and shall inure to the benefit of his or her heirs, executors, and administrators. The Corporation may, by action of the board of directors, provide indemnification to employees and agents of the Corporation who are not directors or officers with the same scope and effect as the indemnification provided in this Section 1 to directors and officers. The indemnification provided in this Section 1 shall not be exclusive of any other rights to which any person may be entitled under any statute, bylaws, agreement, resolution of Members or directors, contract, or otherwise.

2. Each director or uncompensated officer of the Corporation shall have no personal liability to the Corporation or its Members for monetary damages for conduct as a director or officer, provided this Section 2 shall not eliminate or limit the liability of a director or officer for (i) any breach of the director's or officer's duty of loyalty to the Corporation or its Members; (ii) acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (iii) any unlawful distribution; (iv) any transaction from which

the director or officer derived an improper personal benefit; or (iv) any other act or omission specified by the provisions of the Oregon Nonprofit Corporation Law, as the same exists or may hereafter be amended. No subsequent repeal of or amendment to this Section 2 shall adversely affect any right or protection of a director or officer of the Corporation existing at the time of such repeal or amendment.

ARTICLE XIII

CONSENT TO AMENDMENTS TO BYLAWS

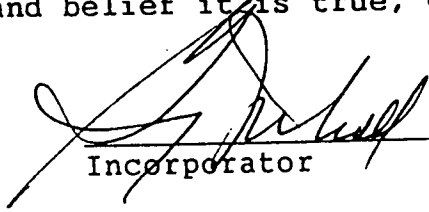
The Bylaws of the Corporation may not be amended such that any "special declarant rights" (as defined in ORS 94.550(12)) are modified without the Declarant's consent and the Declarant may unilaterally amend the Bylaws in accordance with ORS 94.585 and Section 13.2 of the Declaration.

ARTICLE XIV

INCORPORATOR

The name of the incorporator is George J. Marshall, and his address is 31960 Charbonneau Drive, Post Office Box 280, Wilsonville, Oregon 97070.

I, the undersigned incorporator, declare under penalties of perjury that I have examined the foregoing and to the best of my knowledge and belief it is true, correct and complete.



Incorporator