

ARTICLES OF AMENDMENT
FIRST AMENDMENT
TO
ARTICLES OF INCORPORATION
OF
SPRINGLAKE COMMUNITY, INC.
An Oregon Nonprofit Corporation

WHEREAS, the Articles of Incorporation of Springlake Community, Inc. (the "Corporation") were filed with the Oregon Secretary of State on March 12, 2003;

WHEREAS, the Corporation is purchasing Springlake Manufactured Home Park ("Springlake") located in Scappoose, Columbia County, Oregon and will operate it on behalf of the residents therein as a cooperative;

WHEREAS, in anticipation of the Association's pending purchase of Springlake, the Corporation seeks to amend the Articles of Incorporation to provide for the sale of Memberships in the Corporation to Springlake residents;

WHEREAS the Corporation seeks to finance its purchase of Springlake with a first mortgage loan in the amount of \$5,830,000 (the "Loan") from Column Financial, Inc., a Delaware corporation (the "Lender");

WHEREAS, the Lender requires that the Corporation qualify as a single-purpose entity under its requirements in order to fund the Loan;

WHEREAS, the Corporation has reviewed the Lender's single-purpose entity requirements and hereby adopts these Articles of Amendment as the First Amendment to the Corporation's Articles of Incorporation ("First Amendment").

NOW, THEREFORE, pursuant to ORS 65.477, Springlake Community Inc. hereby adopts and executes these Articles of Amendment as the First Amendment to the Articles of Incorporation of the Corporation:

I.

PURPOSES

The Corporation's business and purpose shall consist solely of the following:

1. To engage solely in the ownership, operation and management of Springlake for and on behalf of the residents and homeowners therein, pursuant to and in accordance with this First Amendment and the Articles of Incorporation (collectively the "Articles"), and the Corporation's Bylaws;

2. To engage in such other lawful activities permitted to nonprofit corporations under ORS Chapter 65 and to exercise on behalf of its members all those general powers enumerated in ORS Chapter 65, all as are incidental, necessary or appropriate to the foregoing.

This statement of Purposes as set forth here in this Article I of this First Amendment hereby supplements the statement of purposes set forth in Article V of the original Articles files on March 12, 2003.

II.

MEMBERSHIP

Upon purchase of Springlake by the Corporation, Membership in the Corporation shall be upon the following terms and conditions:

1. The number of Memberships in the Corporation shall equal the number of leasable manufactured home lots in Springlake. The Corporation reserves and makes available a Membership for each leasable lot in Springlake. There shall be no Memberships not connected to a manufactured home lot in Springlake. There shall be 147 Memberships.

2. The owner or owners of the manufactured home on each lot are the only persons eligible to purchase the Membership for their lot. The owner or owners of the manufactured home on each lot may acquire the Membership for their lot upon their payment of the subscription price for such Membership, as established by the Board of Directors of the Corporation, and upon execution of a long-term proprietary lease for their lot. The length of the Proprietary Leases shall be set by the Board of Directors but shall not be less than thirty-five (35) years.

3. Upon purchase of a Membership, the Corporation shall issue to the manufactured homeowner or owners a Membership Certificate for that lot and shall execute with the homeowner or owners a long-term proprietary lease for their lot.

4. The Corporation shall at all times have a lien upon the Membership and Membership Certificate of each Member for all indebtedness and obligations owing and to be owing by such Member to the Corporation, arising under the provision of any proprietary lease issued by the Corporation or arising under these Articles, the Bylaws or any other contract between the Member and the Corporation. The lien shall be superior to all other liens except that the Board of Directors may at its discretion subordinate the Corporation's lien position to that of a lender to the Member who finances either the purchase of the Membership or the manufactured home of the Member. The Board of Directors may refuse to consent to the transfer of any Membership until all indebtedness is satisfied.

5. There is only one class of Membership in the Association.

III.

MEMBERSHIP FINANCING

1. Upon purchase of Springlake, the Board of Directors shall set the price for the Memberships. Certain Springlake residents will finance the purchase price of their Memberships ("Financed Members") with loans ("Membership Loans") from the Deubel Family Trust ("Membership Lender"), which will take security interests in their Memberships to secure repayment of the Membership Loans. Other Springlake residents will purchase Memberships with cash from other sources ("Cash Members"). Upon closing of the Membership Loans with the Membership Lender concurrent with the purchase of Springlake by the Corporation, the Corporation will assume all responsibility for making the monthly payments due to the Membership Lender on the Membership Loans and will indemnify and hold harmless each Financed Member from liability for such payment on his Membership Loan so long as he timely pays every month the maintenance fee or rent required under the Proprietary Lease. If the Corporation defaults in making the monthly payment required on the Membership Loan, the Financed Member who is the obligor on said loan may make such payment, and, so long as he timely pays every month the maintenance fee or rent required under the Proprietary Lease, he may require reimbursement for such payments from the Corporation.

2. The Corporation may offer financing to Springlake residents for the purchase of Memberships. Unless otherwise set by the Board of Directors, the terms for such financing shall be eight percent (8%) interest per annum amortized over twenty (20) years. Any such financing shall be secured by a security interest in favor of the Corporation in the Membership of the Member so financed.

3. As Memberships are sold and the Corporation is able to reduce the monthly maintenance fee or rent charged to Members, preference shall be given to reduce the maintenance fee or rent of Cash Members until the difference between the maintenance fee or rent of the Cash Members and the maintenance fee or rent of the Financed Members equals an annual eight percent (8%) rate of return on the cash paid for their Memberships by the Cash Members. Once the difference in maintenance fee or rent between Cash Members and Financed Members reaches a sum equal to an annual rate of return of eight percent (8%) on the Membership purchase price paid by Cash Members, any further reduction in maintenance fee or rent shall be given equally to all Members. As long as the Corporation is obligated to make the monthly payments on Membership Loans for the purchase of their Memberships, the Corporation shall maintain this difference between Cash Members and Financed Members in the maintenance fee or rent charged.

IV.

DISTRIBUTIONS

1. Members shall not be entitled to receive any distributions of surplus funds or monies from the Corporation assets except: (a) that, if the purchase of Springlake is not completed, then monies remaining in any Corporation account shall, after payment of all expenses associated with the attempt to purchase Springlake, be distributed to Members in same proportion as their contributions to the Corporation: or (b) as a return of surplus assessments, rent or maintenance fees paid to the Corporation by Members or maintenance fees paid to the Corporation by the Members to be distribute to Members in the same proportion as their Membership bears to the total number of issued and outstanding Memberships.

2. Upon dissolution or final liquidation of the Corporation, each Member shall be entitled to receive a distribution of the net liquidated assets after settlement of all Corporation obligations, including the expenses of liquidation, in an amount according to the ratio which each Membership bears to the total number of issued and outstanding Memberships.

This provision as set forth in this Article IV of this First Amendment hereby replaces in its entirety the provisions set forth in Article VI of the original Articles filed on March 12, 2003.

V.

MEMBERS' RIGHTS

Upon the purchase of Springlake by the Corporation, Members' Rights in the Corporation shall be as follows:

1. The owner or owners of each Membership shall be entitled to one vote for that Membership at all duly called Membership meetings of the Corporation. No Members shall be disqualified from voting because of any outstanding debts owed by such Members to the Corporation.

2. Members shall be entitled to receive from the Corporation a proprietary long-term lease for at least thirty-five (35) years on the manufactured home lot on which their manufactured home is located and to enjoy the possession and use of the lot for so long as such Member remain in the Corporation and comply with the terms of the proprietary lease. Each such lease shall be subject and subordinate to the deed of trust or mortgage on Springlake of any lender which has made a loan to the Corporation, including but not limited to the Lender, and which is secured by a deed of trust or mortgage encumbering Springlake.

3. Members may not assign or transfer their Membership in the Corporation or their interest in the long-term lease for their lot except as set forth in the Bylaws to be adopted by the Corporation. Membership in the Corporation shall always be contingent upon ownership of the manufactured home on the lot for which the Membership is issued.

VI.

LIMITATIONS

Notwithstanding any other provisions of the Articles and any provision of law that otherwise so empowers the Corporation, so long as any portion of the Loan remains outstanding, the Corporation shall not, without the unanimous consent of the Board of Directors, do any of the following:

1. Engage in any business or activity other than those permitted hereby or own any assets other than those related to Springlake;
2. Do any act which would make it impossible to carry on the ordinary business of the Corporation, except as otherwise provided in these Articles;
3. Borrow money or incur any indebtedness or assume or guaranty any indebtedness of any other entity, other than normal trade accounts or lease obligations incurred in the ordinary course of business, or grant consensual liens on the Corporation's property; except, however, the Corporation is hereby authorized to secure the Loan for the Corporation from the Lender in such amount and on such terms as the signing officer of the Corporation may elect, and to grant a mortgage, deed of trust, lein or liens on the Corporation's property to secure such Loan, as well as incur other indebtedness to the extent expressly pursuant to the documents further evidencing the Loan;
4. Dissolve or liquidate, in whole or in part;
5. Sell or lease or otherwise dispose of all or substantially all of the assets of the Corporation except in a manner, if any, consistent with the requirements of the documents evidencing the Loan;
6. Institute proceedings to be adjudicated bankrupt or insolvent, or consent to the institution of bankruptcy or insolvency proceeding against it, or file a petition seeking or consenting to reorganization or relief under any applicable federal or state law relating to bankruptcy, or consent to the appointment of a receiver, liquidator, assignee, trustee, sequester (or other similar official) of the Corporation or a substantial part of property of the Corporation, or make any assignment for the benefit of creditors, or

admit in writing its inability to pay its debts generally as they become due, or take corporate action in furtherance of any such action;

7. Amend the Articles or the Bylaws of the Corporation; or

8. Consolidate or merge with or into any other entity or convey or transfer or lease its property and assets substantially as an entirety to any entity.

In addition to the foregoing, the Corporation shall not, without the written consent of the holder of the promissory note evidencing the Loan so long as it is outstanding, take any action set forth in items 1 through 5 or items 7 or 8 above.

VII.

TITLE TO CORPORATION PROPERTY

All property owned by the Corporation shall be owned by the Corporation as an entity and, insofar as permitted by applicable law, no Corporation member or officer shall have any ownership interest in any Corporation property in its individual name or right and, each share or membership interest in the Corporation shall be personal property for all purposes.

VIII.

SEPARATENESS PROVISIONS

The Corporation shall:

1. Maintain books and records and bank accounts separate from those of any other person;

2. Maintain its assets in its own name and in such a manner that it is not costly or difficult to segregate, identify, or ascertain such assets;

3. Hold itself out to creditors and the public as a legal entity separate and distinct from any other entity;

4. Hold regular meetings of the Board of Directors and of the members, as appropriate, to conduct the business of the Corporation, and observe all other corporate formalities;

5. Prepare separate tax returns and financial statement and not permit its assets to be listed as assets on the financial statements of any other entity, or if a part of a consolidated group, then it will be shown as a separate member of such group;

6. Allocate and charge fairly and reasonably any common employee or overhead shared with affiliates;

7. Transact all business with affiliate on an arm's-length basis and pursuant to enforceable agreements, the term of which are intrinsically fair, commercially reasonable, and are not less favorable than would be obtained in a comparable transaction with an unrelated third party;

8. Conduct business in its own name, and use separate stationery, invoices, and checks;

9. Neither make any loans or advances to any person or entity nor hold evidence of indebtedness issued by any person or entity;

10. Not assume, guaranty or pay the debts or obligations of any other person or hold out its credit as being available to satisfy the obligations of others;

11. Timely pay all of its tax obligations;

12. Pay its own liabilities only out of its own funds;

13. Not pledge its assets for the benefit of any other entity;

14. Pay the salaries of its own employees, if any, and maintain a sufficient number of employees in light of the contemplated business operations;

15. Correct any known misunderstanding regarding its separate identity;

16. Not acquire any securities or obligations of its officers, members, or any affiliates;

17. Cause the officers and other representatives of the Corporation to act at all time with respect to the Corporation consistent and in furtherance of the foregoing and in the best interests of the Corporation while simultaneously considering the interests of its creditors;

18. Maintain adequate capital in light of the Corporation's contemplated business purpose, transactions, and liabilities;

19. Remain solvent and pay all of its debts and liabilities from its assets as they become due; and

20. Not identify any of its members or any affiliate thereof as a division or part of the Corporation, and will not identify as a division or part of any other entity.

IX.

SUBORDINATION OF INDEMNITIES

All indemnification obligations of the Corporation are fully subordinated to any obligations relative to the Loan or respecting Springlake and such indemnification obligation shall in no event constitute a claim against the Corporation if cash flow in excess of amounts necessary to pay obligations under the Loan is sufficient to pay such indemnification obligations.

X.

INDEMNIFICATION OF OFFICERS AND DIRECTORS

Each director or officer now or hereafter serving the Corporation and the respective heirs, executors and administrators of each of them, shall be indemnified by the Corporation against all costs, expenses, judgments and liabilities, including attorney fees, reasonably incurred by or imposed upon them in connection with or resulting from any action, suit, or proceeding, civil or criminal, in which he or she is or may be made a party by reason of being or having been such director or officer or by reason of any action alleged to have been taken or omitted as such director or officer, whether or not he or she is a director or officer at the time of incurring such costs, expenses, judgments and liabilities, except in relation to matter as to which he or she shall be finally adjudged, with right of further appeal in such actions, suit or proceeding, to have been liable for willful misconduct in the performance of his or her duty as such director or officer. Such indemnification shall be made with respect to adjudications other than on the merits and shall extend to settlement and compromises. The foregoing right of indemnification shall not be exclusive of other rights to which such director or officer may be entitled as a matter of law.

XI.

CONSTRUCTION

As used in these Articles, the masculine, feminine and neuter gender and the singular and plural number shall each be deemed to include the others whenever the context so indicates.

XII.

AMENDMENTS

In addition to the requirement set forth in Article VI, Paragraph 7 above, any amendment to these Articles shall require the affirmative vote of two-thirds (2/3) of the Members present in person or by proxy at any regular or special meeting of the Membership called to amend the Articles in compliance with Oregon law except that any amendment to Paragraph 1 of Article III shall require the affirmative vote of eighty

percent (80%) of the Financed Members and any amendment to Paragraph 3 of Article III shall require the affirmative vote of eighty percent (80%) of the Cash Members.

IN WITNESS WHEREOF, the undersigned, being the President and Secretary of the Association, executed these Articles of Amendment as the First Amendment to the Articles of Incorporation of Springlake Community, Inc. on this 19th day of August, 2003.

[Signed]
Frederic V. Winter, Jr., President

[Signed]
Betty Butzer, Secretary